THE MARTIN AND EDITH STEIN HOSPICE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2022 AND 2021

THE MARTIN AND EDITH STEIN HOSPICE
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Martin and Edith Stein Hospice
Somerset, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Martin and Edith Stein Hospice, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Martin and Edith Stein Hospice as of December 31, 2022 and 2021, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 The Martin and Edith Stein Hospice 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 Regarding a Change in Accounting Principle

As discussed in Notes 1 and 12 to the financial statements, in 2022, The Martin and Edith Stein Hospice adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Martin and Edith Stein Hospice's ability to continue as a going concern for one year after the date 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Martin and Edith Stein Hospice's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Martin and Edith Stein Hospice'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 30, 2023

THE MARTIN AND EDITH STEIN HOSPICE
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	As Restated 2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 68,076	$ 636,421
Accounts Receivable, Patients, Net of Allowance of $10,758 and $5,607 as of 2022 and 2021, Respectively	417,448	501,422
Prepaid Expenses	11,250	12,089
Due from Affiliates	18,349	17,326
Total Current Assets	515,123	1,167,258
INTEREST IN NET ASSETS OF THE FOUNDATION	250,000	250,000
RIGHT-OF-USE ASSET – FINANCE LEASES	1,181	8,540
Total Assets	$ 766,304	$ 1,425,798
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 152,243	$ 190,469
Current Portion of Lease Liability – Finance Leases	1,318	7,734
Due to Affiliates	92,028	52,115
Total Current Liabilities	245,589	250,318
LONG-TERM LEASE LIABILITIES – FINANCE LEASES (LESS CURRENT MATURITIES)	-	1,318
Total Liabilities	245,589	251,636
NET ASSETS		
Net Assets Without Donor Restrictions	270,715	924,162
Net Assets With Donor Restrictions	250,000	250,000
Total Net Assets	520,715	1,174,162
Total Liabilities and Net Assets	$ 766,304	$ 1,425,798

See accompanying Notes to Financial Statements.

THE MARTIN AND EDITH STEIN HOSPICE
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	As Restated 2021
REVENUE		
Net Patient Service Revenues	$ 3,975,154	$ 4,659,095
Grant Revenue from Foundation	17,537	13,033
Federal COVID Grant Revenue	-	431,370
Donations and Other Revenue	438	6,111
Total Revenue	3,993,129	5,109,609
OPERATING EXPENSES		
Patient Care, Nursing	3,254,266	3,203,862
General and Administrative	1,384,741	1,667,731
Total Operating Expenses	4,639,007	4,871,593
OTHER EXPENSES		
Interest Expense	210	498
Contributions to Related Parties	-	401,076
Amortization Expense	7,359	7,359
Total Other Expenses	7,569	408,933
DEFICIT OF REVENUE OVER EXPENSES AND CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(653,447)	(170,917)
Net Assets - Beginning of Year	1,174,162	1,345,079
Cumulative Effect of FASB ASC 842	-	512
Net Assets - Beginning of Year, 2021 As Restated	1,174,162	1,345,591
NET ASSETS - END OF YEAR	$ 520,715	$ 1,174,162

See accompanying Notes to Financial Statements.

THE MARTIN AND EDITH STEIN HOSPICE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	As Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (653,447)	$ (170,917)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	-	1,525
Amortization of ROU Asset	7,359	7,359
Provision for Bad Debts	36,595	6,035
(Increase) Decrease in Assets:		
Accounts Receivable, Patients	47,379	(115,411)
Prepaid Expenses	839	(2,580)
Due from Affiliates	(1,023)	(13,693)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(38,226)	22,739
Due to Affiliates	39,913	(380,547)
Net Cash Used by Operating Activities	(560,611)	(645,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sale of Investments	-	401,076
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Finance Leases	(7,734)	(7,446)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(568,345)	(251,860)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	636,421	888,281
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 68,076	$ 636,421
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	$ 210	$ 498
Equipment Received in Exchange for Finance Leases	$ -	$ 15,899

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Martin and Edith Stein Hospice (the Corporation) was incorporated under the New Jersey nonprofit law in January 2005 for the purpose of operating a patient and family centered hospice program to provide interdisciplinary services for the palliation and management of terminal illness in central New Jersey.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents represent cash in bank accounts and other liquid investments with original maturities of less than three months at the date of purchase. The carrying amount reported in the balance sheets for cash and cash equivalents approximates its fair value. The Corporation did not have any restricted cash at December 31, 2022 and 2021.

Accounts Receivable

Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based upon a periodic review of individual accounts, and was $10,758 and $5,607 at December 31, 2022 and 2021, respectively.

Interest in Net Assets of the Foundation

The Corporation and the Foundation of the Oscar and Ella Wilf Campus for Senior Living, Inc. (the Foundation) are financially interrelated organizations. The Corporation recognizes its rights to the assets held by the Foundation as interest in the net assets of the Foundation in the accompanying balance sheets unless the Foundation has been granted variance power. The Corporation adjusts that interest for its share of the change in the net assets of the Foundation as a change in net assets with donor restrictions in the accompanying statements of operations and changes in net assets. The endowment is for $250,000 and is held by the Foundation, and up to 5% of the three-year average value of the fund is to be used to support the Corporation each year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment

The Corporation capitalized all expenditures for equipment with costs over $1,000 and an estimated life greater than one year. The cost of maintenance and repairs are charged against operations as incurred. Property and equipment is stated at cost or at fair value at the date of donation.

Depreciation is computed on the straight-line method over the following estimated useful lives:

Furniture and Fixtures	5 to 15 Years
Equipment	5 to 15 Years

The Corporation records impairment loss on property and equipment when events and circumstances indicate that it is probable that assets are impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Based on management's estimation process, no impairment losses have been recorded as of December 31, 2022 and 2021.

Net Assets

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

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At December 31, 2022 and 2021, the governing board has not made this designation.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations and changes in net assets as Net Assets Released from Restrictions. At December 31, 2022 and 2021, net assets with donor restrictions included $250,000, which are perpetual in nature.

Leases

The Corporation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating leases and lease liabilities – operating leases, and finance leases are included in right-of-use (ROU) assets – finance leases and lease liabilities – finance leases, on the balance sheets.

ROU assets represent the Corporation’s right to use an underlying asset for the lease term and lease liabilities represent the Corporation’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. For individual lease contracts that do not provide information about the discount rate implicit in the lease, the Corporation elects to use its incremental borrowing rate as the discount rate for computing the present value of lease liabilities (see Note 11). The Corporation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheets.

New Accounting Pronouncements – ASU 2016-02

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* This new standard increases the transparency of and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Corporation adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the earliest comparative period presented, using a modified retrospective approach, with certain practical expedients available. As a result, the Corporation recognized a change in accounting principle for leases (see Note 12).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements – ASU 2020-07

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.* The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide users of financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized. Contributed nonfinancial assets are to be presented as a separate line item in the statement of operations, apart from contributions of cash and other financial assets.

The Corporation adopted the requirements of the guidance and applied the provisions of this standard using a retrospective approach to each period presented. The adoption of this accounting standard did not have an impact on the financial position or changes in net assets. There were no material nonfinancial asset contributions received by the Corporation during the years ended December 31, 2022 and 2021.

Advertising Costs

All costs related to marketing and advertising are expensed when incurred. Advertising expenses incurred by the Corporation for the years ended December 31, 2022 and 2021 were $30,359 and $51,854, respectively.

Deficit of Revenue over Expenses

The statements of operations and changes in net assets include the determination of the deficit of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from the determination of the deficit of revenue over expenses consistent with industry practice, include permanent transfers of assets to and from subsidiaries for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state codes.

The Corporation follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Corporation's financial statements.

The Corporation's tax returns are subject to review by the taxing authorities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain amounts on the 2021 financial statements were reclassified to conform to the current financial statement presentation.

Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 30, 2023, the date the financial statements were issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in these financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

As of December 31, 2022 and 2021, the Corporation had a working capital of $269,534 and $916,940, respectively, and average days cash on hand of 5 and 48, respectively.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are as follows:

	2022	2021
Financial Assets as of Year-End:		
Cash and Cash Equivalents	$ 68,076	$ 636,421
Accounts Receivable from:		
Residents / Patients	417,448	501,422
Affiliates	18,349	17,326
Total Financial Assets	$ 503,873	$ 1,155,169

NOTE 3 EQUIPMENT, NET

Equipment consisted of the following at December 31:

	2022	2021
Office Equipment	$ 51,972	$ 51,972
Less: Accumulated Depreciation	(51,972)	(51,972)
Total	$ -	$ -

Depreciation expense charged to operations was $-0- and $1,525 for the years ended December 31, 2022 and 2021, respectively.

NOTE 4 RELATED PARTY TRANSACTIONS

The Corporation utilizes The Jewish Home and Healthcare Center (JHHC), a facility related through common board membership, for the provision of services to its Medicaid patients pursuant to a March 2005 agreement (the Agreement). Under the terms of the Agreement, reimbursements to JHHC for the use of its facilities and other services are at JHHC's regular Medicaid billing rates. In March 2007, the operation of JHHC was leased to an unrelated, for-profit entity under a long-term lease. The new operator of the JHHC has verbally agreed to abide by the terms of the Agreement. Payments to the nursing home facility totaled \$133,208 and \$72,641 for the years ended December 31, 2022 and 2021, respectively. Amounts due from and to the nursing home facility at December 31, 2022 and 2021 for reimbursement of excess payments and for services provided totaled (\$4,463) and \$14,851, respectively, and are included in accounts payable and accrued expenses.

The Corporation bills Medicaid for room and board services provided to Medicaid patients at 95% of the nursing home's contractual Medicaid rate, less the residents' portion. The Corporation pays the nursing home facility 100% of its contractual Medicaid rate, less the residents' portion.

Under the terms of the Agreement, the nursing home facility is responsible for collecting the residents' portion of the room and board. The Agreement was renewable for additional one-year periods. The Agreement also provides for the Corporation to reimburse the nursing home facility at the rate of \$5 per day for each Hospice bed day through August 30, 2013, and was increased to \$10 a day from September 1, 2013. This fee totaled \$6,740 and \$3,580 in 2022 and 2021, respectively, and is included on the statements of operations and changes in net assets.

During 2019, the Corporation began paying rent expense to the Foundation for its usage of office space. Annual rent expense of \$72,000, to be paid to the Foundation in equal installments each month, was determined based on estimated square footage of space used by the Corporation. There is no formal, signed agreement between the Corporation and the Foundation for this arrangement. Total rent expense for each of the years ended December 31, 2022 and 2021 was \$72,000.

NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)

From time to time, the Corporation receives and provides cash advances to entities affiliated through overlapping board of trustee members and management. The Corporation had outstanding unsecured, noninterest-bearing cash advances to and from related entities that there are no set repayment terms, repayment is expected within one year as of December 31, 2022 and 2021, as follows:

	2022	2021
Due (to) from Related Parties:		
The Martin and Edith Stein		
Assisted Living Residence, Inc,	$ 562	$ 1,165
Wilf at Home	(11,538)	900
The Foundation of the Oscar and Ella Wilf		
Campus for Senior Living, Inc.	11,409	14,226
The Oscar and Ella Wilf Campus for		
Senior Living, Inc.	(74,112)	(51,080)
Total Due to Related Parties	$ (73,679)	$ (34,789)

During 2022 and 2021, $17,537 and $13,033, respectively, was transferred from the Foundation to cover cost of the Corporation from the endowment held by the Foundation for the Corporation’s benefit.

During 2021, the Investments held by the Foundation on the balance sheet were moved to another investment advisor. These funds were no longer needed by the Corporation and were transferred back to the Foundation as a related party contribution of $401,076 on the statements of operations.

NOTE 5 NET PATIENT SERVICE REVENUE

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient services and care. Patient services includes monthly fees, health care services, and patient and other services on the statements of operations. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients monthly for services and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

NOTE 5 NET PATIENT SERVICE REVENUE (CONTINUED)

Patient Service Revenue (Continued)

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving skilled nursing or other services within the facility. The Corporation measures the performance obligation from admission into the facility or commencement of services to the point when the Corporation is no longer required to provide services to that patient, which is generally at the time of discharge or completion of patient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the patients and customers in a retail setting (e.g., pharmaceuticals and medical equipment) and the Corporation does not believe it is required to provide additional goods or services related to that sale.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy and/or implicit price concessions provided to patients. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience.

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, review, and investigations. For the years ended December 31, 2022 and 2021, all net patient service revenue was derived from billings to Medicare, Medicaid, and commercial insurance companies. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 5 NET PATIENT SERVICE REVENUE (CONTINUED)

Patient Service Revenue (Continued)

The composition of net patient service revenues and receivables by major payors for the years ended December 31, 2022 and 2021 is as follows:

	Revenue	
	2022	2021
Medicare	$ 3,458,390	$ 4,302,499
Medicaid	9,964	55,204
Private Insurance and Other	506,800	301,392
Total	$ 3,975,154	$ 4,659,095

Revenue from patient's deductibles and coinsurance are included in the categories presented above based on the primary payor. Additionally, the portion of Medicaid from the Corporation does not represent direct Medicaid services provided. As previously stated in Note 5, the Corporation bills Medicaid for room and board services provided to Medicaid patients at 95% of the nursing home's contractual Medicaid rate, less the residents' portion. The Corporation pays the nursing home facility 100% of its contractual Medicaid rate, less the residents' portion.

	Accounts Receivable	
	2022	2021
Medicare	$ 346,515	$ 403,191
Medicaid	245	-
Private Insurance and Other	81,446	103,838
Subtotal	428,206	507,029
Less: Allowance for Doubtful Accounts	(10,758)	(5,607)
Total	$ 417,448	$ 501,422

The composition of patient care service revenue based on its service lines, method of reimbursement, and timing of revenue recognition are as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Service Lines:		
Client Care and Coordination	$ 3,975,154	$ 4,659,095
Total	$ 3,975,154	$ 4,659,095
Method of Reimbursement:		
Fee for Services	$ 3,975,154	$ 4,659,095
Total	$ 3,975,154	$ 4,659,095
Timing of Revenue and Recognition:		
Services Transferred Over Time	$ 3,975,154	$ 4,659,095
Total	$ 3,975,154	$ 4,659,095

NOTE 5 NET PATIENT SERVICE REVENUE (CONTINUED)

Patient Service Revenue (Continued)

The opening and closing balances in Accounts Receivable were as follows:

Balance at January 1, 2021	$	392,046
Balance at December 31, 2021		501,422
Balance at December 31, 2022		417,448

Financing Component

The Corporation has elected the practical expedient allowed under FASB Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

Contract Costs

The Corporation has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs with an amortization period of under one year are expensed as they are incurred.

NOTE 6 FUNCTIONAL EXPENSES

The Corporation provides nursing and health care services to patients. All categories of expenses that are not directly related to the Corporation's program are allocated to one or more management and administrative functions based on estimates of time and effort involved. The functional allocation of these expenses related to these services is as follows for the years ended December 31, 2022 and 2021:

	Program Services	Management and General	Fundraising and Development	Total
December 31, 2022				
Grants and Other Assistance	$ 7,771	$ -	$ -	$ 7,771
Salaries and Wages	1,749,886	768,015	-	2,517,901
Employee Benefits	450,307	94,680	-	544,987
Patient and Residential	457,791	-	-	457,791
Professional Services	-	65,263	-	65,263
Office Supplies	-	163,970	-	163,970
Operating and Maintenance	504,930	72,000	-	576,930
Travel and Meetings	71,859	1,281	-	73,140
Interest	-	210	-	210
Insurance	-	26,967	-	26,967
Amortization	-	7,359	-	7,359
Other Expenses	4,550	199,737	-	204,287
Total	$ 3,247,094	$ 1,399,482	$ -	$ 4,646,576
December 31, 2021				
Grants and Other Assistance	$ 404,219	$ -	$ -	$ 404,219
Salaries and Wages	1,894,214	1,046,002	-	2,940,216
Employee Benefits	353,089	101,601	-	454,690
Patient and Residential	340,196	-	-	340,196
Professional Services	-	68,344	-	68,344
Office Supplies	-	214,813	-	214,813
Operating and Maintenance	511,290	72,000	-	583,290
Travel and Meetings	74,277	3,059	-	77,336
Interest	-	498	-	498
Insurance	-	22,815	-	22,815
Depreciation and Amortization	-	8,884	-	8,884
Other Expenses	-	165,225	-	165,225
Total	$ 3,577,285	$ 1,703,241	$ -	$ 5,280,526

NOTE 7 PENSION PLAN

The Corporation participates in the JHHC salary deferral 401(k) plan covering eligible employees. The Corporation may elect to contribute 25% of employee contributions up to 4% of compensation. There were no contributions to the 401(k) plan for the years ended December 31, 2022 and 2021.

NOTE 8 CONCENTRATIONS OF CREDIT RISK

The Corporation grants credit without collateral to its patients, some of whom are insured under third-party payor arrangements.

The Corporation maintains cash accounts and certificates of deposit, which, at times, may exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts and certificates of deposit in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts and certificates of deposit.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Compliance

Laws and regulations governing the Medicare and Medicaid program are complex and subject to interpretation. The Corporation believes it is in compliance with all other applicable laws and regulations and is not aware of any other current pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid program.

Other

There are various legal actions that can occur in the ordinary course of business, and management is not aware of any such matters that would have a material effect on the financial condition or results of operations of the Corporation. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect to the Corporation’s financial position.

NOTE 10 FEDERAL COVID GRANT REVENUE

Paycheck Protection Program Loan

In January 2021, the Corporation applied for and received additional funding under the Paycheck Protection Program (PPP) in the amount of $431,370. The Corporation applied for forgiveness of this loan in 2021 and retained the documentation to substantiate expenses permissible under the program. In September 2021, the Corporation received formal forgiveness from the SBA for the entire obligation under the PPP Loan and recognized the entire amount of proceeds as Federal COVID Grant Revenue on the statements of operations and changes in net assets as of December 31, 2021.

The forgiveness of these loans are subject to review by the SBA for six years.

NOTE 11 LEASES

The Corporation leases equipment under a long-term, noncancelable lease agreement. The lease expires in 2023 and provides for renewal options. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease.

The following table provides quantitative information concerning the Corporation's finance lease:

	2022	2021
Lease Cost		
Finance Lease Costs:		
Amortization of Right-of-Use Assets	$ 7,359	$ 7,359
Interest on Lease Liabilities	210	498
Total Lease Costs	$ 7,569	$ 7,857
Other Information		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows From Finance Leases	$ 210	$ 498
Financing Cash Flows From Finance Leases	7,734	7,446
Right-of-Use Assets Obtained In Exchange for New Finance Lease Liabilities:	-	15,899
Weighted-Average Remaining Lease Term - Finance Leases	0.1 years	1.1 years
Weighted-Average Discount Rate - Finance Leases	3.80%	3.80%

The Corporation classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

Year Ending December 31,	Finance Lease
2023	$ 1,324
Total Lease Payments	1,324
(Less): Interest	(6)
Present Value of Lease Liabilities	$ 1,318

At December 31, 2022, there are no lease payments related to options to extend lease terms that are reasonably certain to be exercised or minimum lease payments for leases that have been signed but not yet commenced.

NOTE 12 CHANGE IN ACCOUNTING FOR LEASES

During the year ended December 31, 2022, the Corporation adopted FASB issued ASU 2016-02, *Leases (Topic 842).* Previously, capital leases had not been recognized on the Corporation's balance sheets. As a result of the adoption of the new lease accounting guidance, the Corporation recognized on January 1, 2021 a lease liability of $16,498, which represents the present value of the remaining finance lease payments of $17,212, discounted using the Corporation's incremental borrowing rate, and a right-of-use asset of $15,899, which represents the finance lease liability. The difference between the additional lease assets and lease liabilities was recorded as an adjustment to retained earnings.

The standard had a material impact on the balance sheets as well as the statements of operations and statements of cash flows. The following table presents the change in accounting for leases for total assets, liabilities, net assets, expenses, and cash flows:

	Total Assets
Total Assets, as Originally Reported - December 31, 2021	$ 1,417,258
Change in Accounting for Leases, Right-of-Use Assets – Finance Leases	8,540
Total Assets, as as Restated - December 31, 2021	$ 1,425,798

	Total Current Liabilities
Total Current Liabilities, as Originally Reported - December 31, 2021	$ 242,584
Change in Accounting for Leases, Current Portion of Lease Liabilities – Finance Leases	7,734
Total Current Liabilities, as as Restated - December 31, 2021	$ 250,318

	Total Long-Term Liabilities
Total Long-Term Liabilities, as Originally Reported - December 31, 2021	$ -
Change in Accounting for Leases, Long-Term Lease Liabilities – Finance Leases	1,318
Total Long-Term Liabilities, as as Restated - December 31, 2021	$ 1,318

NOTE 12 CHANGE IN ACCOUNTING FOR LEASES (CONTINUED)

	Total Net Assets
Total Net Assets, as Originally Reported - December 31, 2021	$ 1,174,674
Change in Accounting for Leases,	
Deficit of Revenue over Expenses	(512)
Total Net Assets, as as Restated - December 31, 2021	$ 1,174,162

	Total Expenses
Total Expenses, as Originally Reported - December 31, 2021	$ 5,280,014
Change in Accounting for Leases,	
General and Administrative Expense	(7,345)
Interest Expense	498
Amortization Expense	7,359
Total Expenses, as as Restated - December 31, 2021	$ 5,280,526

	Cash Flows
Net Cash Provided by Operating Activities, as Originally Reported - December 31, 2021	$ (652,936)
Change in Accounting for Leases,	
Change in Net Assets	(512)
Amortization of ROU Assets	7,359
Accounts Payable and Accrued Expenses	599
Net Cash Provided by Operating Activities, as as Restated - December 31, 2021	$ (645,490)
Net Cash Used by Financing Activities, as Originally Reported - December 31, 2021	$ -
Change in Accounting for Leases,	
Payments on Finance Leases	(7,446)
Net Cash Used by Financing Activities, as as Restated - December 31, 2021	$ (7,446)

THE MARTIN AND EDITH STEIN HOSPICE
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
PATIENT CARE, NURSING		
Medical Director	$ 67,399	$ 71,201
Registered Nurse Salaries	705,881	707,123
Registered Nurses, on Call	153,744	190,094
Home Health Aide Salaries	686,481	641,474
Chaplain and Social Work Salaries	133,423	281,051
Benefits and Payroll Taxes	454,687	375,533
Pharmacy Expense	120,618	124,450
Other Medical Expenses	391,633	389,983
Nursing Home Room and Board	457,253	340,044
Nursing Home, Other Charges	538	152
Other	82,609	82,757
Total Patient Care, Nursing	$ 3,254,266	$ 3,203,862
GENERAL AND ADMINISTRATIVE		
Salaries	$ 767,716	$ 1,045,628
Benefits and Payroll Taxes	82,423	81,064
Rent	72,000	72,000
Liability Insurance	26,967	22,815
Advertising and Marketing	30,359	51,854
Professional Fees	65,263	68,344
Communications	2,531	3,030
Licenses and Fees	33,617	45,578
Office Expense	74,301	92,674
Provision for Bad Debts	36,595	6,035
Depreciation	-	1,525
Transfers to Affiliates	2,554	1,085
Other Administrative Expenses	190,415	176,099
Total General and Administrative	$ 1,384,741	$ 1,667,731