THE MARTIN AND EDITH STEIN HOSPICE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2018 AND 2017

CliftonLarsonAllen LLP

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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 Financial Statements

We have audited the accompanying financial statements of The Martin and Edith Stein Hospice, which comprise the balance sheets as of December 31, 2018 and 2017, 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.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
The Martin and Edith Stein Hospice

Opinion

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, 2018 and 2017, 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.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, The Martin and Edith Stein Hospice adopted a provision of Financial Accounting Standards Board Accounting Standards Updates 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The new accounting standard changes the presentation of various classifications and disclosures within the financial statements. Our opinion is not modified with respect to that matter.

Report on 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

Plymouth Meeting, Pennsylvania
June 19, 2019

THE MARTIN AND EDITH STEIN HOSPICE
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 458,635	$ 367,712
Accounts Receivable, Patients Net of Allowance of $8,183 in 2018 and $46,451 in 2017	511,008	468,817
Investments, at Fair Value	293,128	303,281
Prepaid Expenses	10,871	8,366
Due from Related Party	1,295	690
Total Current Assets	1,274,937	1,148,866
INTEREST IN NET ASSETS OF THE FOUNDATION	250,000	250,000
EQUIPMENT, NET	7,198	10,764
Total Assets	$ 1,532,135	$ 1,409,630
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 306,643	$ 280,659
Due to Related Party	12,603	6,257
Total Current Liabilities	319,246	286,916
NET ASSETS		
Net Assets Without Donor Restrictions	962,889	872,714
Net Assets With Donor Restrictions	250,000	250,000
Total Net Assets	1,212,889	1,122,714
Total Liabilities and Net Assets	$ 1,532,135	$ 1,409,630

See accompanying Notes to Financial Statements.

THE MARTIN AND EDITH STEIN HOSPICE
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUE		
Net Patient Service Revenues	$ 4,412,628	$ 4,685,717
Grant Revenue from Foundation	15,174	16,189
Realized and Unrealized Gains (Losses)	(18,527)	40,556
Donations and Other Revenue	17,139	22,935
Total Revenue	4,426,414	4,765,397
OPERATING EXPENSES		
Patient Care, Nursing	2,972,340	3,286,096
General and Administrative	1,363,899	1,295,050
Total Operating Expenses	4,336,239	4,581,146
REVENUES IN EXCESS OF EXPENSES AND CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	90,175	184,251
Net Assets - Beginning of Year	1,122,714	938,463
NET ASSETS - END OF YEAR	$ 1,212,889	$ 1,122,714

See accompanying Notes to Financial Statements.

THE MARTIN AND EDITH STEIN HOSPICE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 90,175	$ 184,251
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	3,566	3,566
Net Realized and Unrealized Losses (Gains) on Investments	10,153	(30,396)
(Increase) Decrease in Assets:		
Accounts Receivable, Patients	(42,191)	(47,269)
Prepaid Expenses	(2,505)	(2,161)
Due from Related Party	(605)	2,196
Increase in Liabilities:		
Accounts Payable and Accrued Expenses	25,984	13,143
Due to Related Party	6,346	1,430
Net Cash Provided by Operating Activities	90,923	124,760
NET INCREASE IN CASH AND CASH EQUIVALENTS	90,923	124,760
Cash and Cash Equivalents - Beginning of Year	367,712	242,952
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 458,635	$ 367,712

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 and Cash Equivalents

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.

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 collections is estimated based upon a periodic review of individual accounts, and was $8,183 and $46,451 at December 31, 2018 and 2017, 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.

Investments

Investments in investments held by the Foundation are measured at fair value. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of (less than) expenses unless the investments are trading securities. Dividends are measured using the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Corporation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the accompanying balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying balance sheets could change materially in the near term.

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 – 15 Years
Equipment	5 – 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, 2018 and 2017.

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, 2018 and 2017, 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 deficit as Net Assets Released from Restrictions. At December 31, 2018 and 2017, net assets with donor restrictions included $250,000, which are perpetual in nature.

New Accounting Standard — ASU No. 2016-14

During the year ended December 31, 2018, the Corporation adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions) and also changes various disclosures within the financial statements. The adoption of this accounting standard did not have an impact on the Corporation’s financial position or changes in its net assets.

The adoption of the standard was retrospectively applied to the financial statements ended December 31, 2017 in order to provide a comparative presentation of the Corporation’s balance sheets, statements of operations and changes in net assets, and functional expenses in Note 7.

New Accounting Standard — Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Corporation’s leasing activities. The Corporation will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2019. The Corporation is evaluating the impact of adoption of ASU No. 2016-02 on its financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standard — Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08 related to the accounting for contributions received and contributions made. This update applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied. For contributions, the guidance in Subtopic 958-605 should be followed and for exchange transactions, Topic 606 should be followed. The ASU is effective for the Corporation for the year ended December 31, 2019. The Corporation is currently evaluating the impact this guidance will have on its financial statements.

New Accounting Standard – Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This amended guidance was issued to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Corporation for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of the amended revenue recognition guidance on the Corporation's financial statements.

Revenue Recognition

The Corporation provides palliative care to patients and invoices third-party payors (Medicare, Medicaid, or private insurance companies) when the service is provided. Medicaid room and board revenue is based on a percentage of the attendant nursing home's contractual Medicaid room and board rate. Billings to Medicaid and Medicare for hospice services are based on pre-established rates for the specific service provided. Billings to private insurance companies are based on the patients' insurance contracts and the level of service provided. The Corporation reimburses the attendant nursing home for the use of its facilities at the nursing home's contractual Medicaid rate.

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, 2018 and 2017 were $66,517 and $95,680, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues in Excess of (Less than) Expenses

The statements of operations and changes in net assets include the determination of revenue in excess of (less than) expenses. Changes in unrestricted net assets, which are excluded from the determination of revenues in excess of (less than) 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 (IRC) 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.

Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 19, 2019, 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, 2018, the Corporation has a working capital of $955,691 and average days cash on hand of 123.

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:

	2018
Financial Assets as of Year-End:	
Cash and Cash Equivalents	$ 458,635
Investments	293,128
Accounts Receivable from:	
Residents / Patients	511,008
Affiliates	1,295
Total Financial Assets	$ 1,264,066

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2018 and 2017, investments held by the Corporation at market value were $293,128 and $303,281, respectively, and were held in a single mutual fund.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Corporation for identical assets. These generally provide the most reliable evidence and are used to measure fair value when available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The following is a description of the valuation methodologies used for assets measured at fair value and for financial instruments disclosed at fair value. There have been no changes in methodologies used at December 31, 2018 and 2017.

Mutual Funds – Valued at the net asset value (NAV) of shares (basis for trade) held by the Foundation at year-end.

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables provide information for assets measured at fair value on a recurring basis as of December 31:

	Assets at Fair Value as of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Reported at Fair Value:				
Assets:				
Mutual Funds	$ 293,128	$ 293,128	$ -	$ -
Total	$ 293,128	$ 293,128	$ -	$ -

	Assets at Fair Value as of December 31, 2017			
	Total	Level 1	Level 2	Level 3
Reported at Fair Value:				
Assets:				
Mutual Funds	$ 303,281	$ 303,281	$ -	$ -
Total	$ 303,281	$ 303,281	$ -	$ -

During 2017, all assets held in pooled investments were liquidated and re-invested in mutual funds managed by a separate institution. The Corporation did not hold any pooled investments as of December 31, 2018 and 2017.

NOTE 4 EQUIPMENT, NET

Equipment consisted of the following at December 31:

	2018	2017
Office Equipment	$ 51,972	$ 51,972
Less: Accumulated Depreciation	(44,774)	(41,208)
Total	$ 7,198	$ 10,764

Depreciation expense was $3,566 for each of the years ended December 31, 2018 and 2017.

NOTE 5 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 $204,444 and $323,073 for the years ended December 31, 2018 and 2017, respectively. Amounts due to the nursing home facility at December 31, 2018 and 2017 for services provided totaled $29,677 and $31,320, respectively, and are included in accounts payable and accrued expenses. The Agreement allows the Corporation access to the nursing home facilities but does not guarantee it any specific availability of beds.

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 $11,950 and $17,750 in 2018 and 2017, respectively, and is included on the statements of operations and changes in net assets.

From time to time, the Corporation receives and provides cash advances on an unsecured, noninterest-bearing basis from or to other entities affiliated through common board members and management. As of December 31, 2018 and 2017, the net amounts due from (to) such entities totaled $(11,308) and $(3,827) respectively. All amounts are expected to be repaid within the next operating cycle.

During 2018 and 2017, $15,174 and $16,189, respectively, was transferred from the Foundation to cover cost of the Corporation from the endowment held by the Foundation for the Corporation's benefit.

NOTE 6 NET PATIENT SERVICE REVENUE

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, 2018 and 2017, 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.

The following tables set forth revenues and receivables by major payors for the years ended December 31, 2018 and 2017:

	Revenue	
	2018	2017
Medicare (Hospice)	$ 3,821,834	$ 3,737,776
Medicaid (Hospice, Room and Board)	305,899	469,014
Private Insurance	284,895	478,927
Total	$ 4,412,628	$ 4,685,717

	Accounts Receivable	
	2018	2017
Medicare (Hospice)	$ 398,363	$ 316,995
Medicaid (Room and Board)	58,257	55,660
Private Insurance and Other	62,571	142,613
Subtotal	519,191	515,268
Less: Allowance for Doubtful Accounts	(8,183)	(46,451)
Total	$ 511,008	$ 468,817

NOTE 7 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, 2018 and 2017:

	Program Services	Management and General	Fundraising and Development	Total
December 31, 2018				
Grants and Other Assistance	$ 15,953	$ -	$ -	$ 15,953
Salaries and Wages	1,415,174	844,756	-	2,259,930
Employee Benefits	328,323	79,771	-	408,094
Patient and Residential	587,199	-	-	587,199
Professional Services	-	109,673	-	109,673
Office Supplies	-	194,720	-	194,720
Operating and Maintenance	565,583	62,507	-	628,090
Travel and Meetings	60,108	7,820	-	67,928
Insurance	-	13,701	-	13,701
Depreciation	-	3,566	-	3,566
Other Expenses	-	47,385	-	47,385
Totals	$ 2,972,340	$ 1,363,899	$ -	$ 4,336,239
December 31, 2017				
Grants and Other Assistance	$ 26,455	$ -	$ -	$ 26,455
Salaries and Wages	1,423,200	838,013	-	2,261,213
Employee Benefits	311,073	70,893	-	381,966
Patient and Residential	906,239	-	-	906,239
Professional Services	-	55,693	-	55,693
Office Supplies	-	199,566	-	199,566
Operating and Maintenance	573,012	61,337	-	634,349
Travel and Meetings	46,117	7,723	-	53,840
Insurance	-	13,821	-	13,821
Depreciation	-	3,566	-	3,566
Other Expenses	-	44,438	-	44,438
Totals	3,286,096	1,296,953	-	4,581,146
Less: Expenses Included with Revenues on the Statements of Operations: Investment Management Fees	-	(1,903)	-	(1,903)
Total Expenses Included in the Expense Section on the Statement of Operations	$ 3,286,096	$ 1,295,050	$ -	$ 4,581,146

NOTE 8 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, 2018 and 2017.

NOTE 9 OFFICE LEASE

The Corporation leases office space under an agreement which expires on August 31, 2019, with the option to renew the terms at that time. The Corporation will not renew the agreement following its expiration. Rent expense for each of the years ending December 31, 2018 and 2017, was $56,794. The future minimum lease payments under the agreement are as followed:

Year Ending December 31,	Amount
2019	$ 37,863
Total	$ 37,863

NOTE 10 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 11 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.

THE MARTIN AND EDITH STEIN HOSPICE
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
PATIENT CARE, NURSING		
Medical Director	$ 70,260	$ 63,780
Registered Nurse Salaries	492,819	453,091
Registered Nurses, on Call	79,627	91,046
Home Health Aide Salaries	676,519	729,903
Chaplain and Social Work Salaries	94,000	84,000
Benefits and Payroll Taxes	327,238	310,245
Pharmacy Expense	161,874	158,597
Other Medical Expenses	418,061	437,713
Nursing Home Room and Board	585,599	903,789
Nursing Home, Other Charges	1,600	2,450
Other	64,743	51,482
Total Patient Care, Nursing	$ 2,972,340	$ 3,286,096
GENERAL AND ADMINISTRATIVE		
Salaries	$ 838,724	$ 822,120
Benefits and Payroll Taxes	85,803	86,786
Rent	56,794	56,794
Liability Insurance	13,701	13,821
Advertising and Marketing	66,517	95,680
Professional Fees	109,673	55,693
Communications	8,666	10,795
Licenses and Fees	26,808	25,071
Office Expense	87,257	89,111
Depreciation	3,566	3,566
Utilities	5,713	4,543
Other Administrative Expenses	60,677	31,070
Total General and Administrative	$ 1,363,899	$ 1,295,050

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.