

KINGSWAY COMMUNITY CARE CENTER, INC.
d/b/a HOPE HEALTHCARE SERVICES

FINANCIAL STATEMENTS
Together with Independent Accountants' Compilation Report

For the Years Ended December 31, 2023 and 2022



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Donovan CPAs

Independent Accountants' Compilation Report

To the Board of Directors
Kingsway Community Care Center, Inc.

Management is responsible for the accompanying financial statements of Kingsway Community Care Center, Inc. d/b/a Hope Healthcare Services, which comprise the statements of financial position - modified cash basis as of December 31, 2023 and 2022, and the related statements of activities and change in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the years then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining the modified cash basis of accounting is an acceptable financial reporting framework. We performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

DONOVAN

Indianapolis, Indiana
May 24, 2024

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KINGSWAY COMMUNITY CARE CENTER, INC.
d/b/a HOPE HEALTHCARE SERVICES
STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CASH	\$ 264,294	\$ 284,053
PROPERTY AND EQUIPMENT		
Land and improvements	55,000	55,000
Furniture and equipment	187,201	152,425
Building	355,271	355,271
Less: accumulated depreciation	<u>(286,019)</u>	<u>(262,859)</u>
<i>Property and equipment, net</i>	<u>311,453</u>	<u>299,837</u>
TOTAL ASSETS	<u>\$ 575,747</u>	<u>\$ 583,890</u>
LIABILITIES AND NET ASSETS		
CURRENT PORTION OF NOTE PAYABLE	\$ 16,361	\$ 15,728
NOTE PAYABLE, NET OF CURRENT PORTION	<u>93,456</u>	<u>129,675</u>
<i>Total liabilities</i>	109,817	145,403
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>465,930</u>	<u>438,487</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 575,747</u>	<u>\$ 583,890</u>

See independent accountants' compilation report and accompanying notes to the financial statements

KINGSWAY COMMUNITY CARE CENTER, INC.

d/b/a HOPE HEALTHCARE SERVICES

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS - MODIFIED CASH BASIS

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
Special event revenue	\$ 75,239	\$ 61,737
Special event expense	<u>(23,361)</u>	<u>(19,101)</u>
<i>Net special event income</i>	51,878	42,636
Grants and contributions	345,340	355,415
In-kind donations of services	169,285	126,340
Patient fees	84,549	59,471
In-kind donations of equipment and supplies	55,303	22,949
Rental income	6,000	6,000
Other	<u>3,273</u>	<u>787</u>
<i>Total revenue and support</i>	<u>715,628</u>	<u>613,598</u>
EXPENSES		
Program services	444,159	350,451
Management and general	205,248	184,902
Fundraising	<u>38,778</u>	<u>34,929</u>
<i>Total expenses</i>	<u>688,185</u>	<u>570,282</u>
CHANGE IN NET ASSETS	27,443	43,316
NET ASSETS, BEGINNING OF YEAR	<u>438,487</u>	<u>395,171</u>
NET ASSETS, END OF YEAR	<u><u>\$ 465,930</u></u>	<u><u>\$ 438,487</u></u>

See independent accountants' compilation report and accompanying notes to the financial statements

KINGSWAY COMMUNITY CARE CENTER, INC.
d/b/a HOPE HEALTHCARE SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Years Ended December 31, 2023 and 2022

	2023				2022			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 186,221	\$ 107,434	\$ 28,590	\$ 322,245	\$ 150,110	\$ 76,278	\$ 26,235	\$ 252,623
In-kind donations of services	119,693	42,167	7,425	169,285	71,922	47,310	7,108	126,340
Medical and dental supplies	67,215	-	-	67,215	64,048	-	-	64,048
Marketing	-	24,585	-	24,585	-	30,137	-	30,137
Depreciation	21,817	1,343	-	23,160	15,366	1,343	-	16,709
Utilities	11,486	2,027	-	13,513	9,397	1,658	-	11,055
Insurance	13,014	-	-	13,014	13,582	-	-	13,582
Payroll taxes and benefits	7,316	4,221	1,123	12,660	5,925	3,011	1,035	9,971
Professional fees	4,030	7,750	-	11,780	6,160	7,500	-	13,660
Office expense	1,504	5,790	249	7,543	1,504	6,412	249	8,165
Building expense	4,966	876	-	5,842	3,211	567	-	3,778
Interest	3,934	694	-	4,628	6,263	1,105	-	7,368
Travel	-	4,133	-	4,133	-	1,989	-	1,989
Other volunteer expense	-	-	1,391	1,391	-	-	302	302
Loss on disposal of property	-	-	-	-	-	452	-	452
Miscellaneous	2,963	4,228	-	7,191	2,963	7,140	-	10,103
<i>Total functional expenses</i>	<u>\$ 444,159</u>	<u>\$ 205,248</u>	<u>\$ 38,778</u>	<u>\$ 688,185</u>	<u>\$ 350,451</u>	<u>\$ 184,902</u>	<u>\$ 34,929</u>	<u>\$ 570,282</u>

See independent accountants' compilation report and accompanying notes to the financial statements

KINGSWAY COMMUNITY CARE CENTER, INC.
d/b/a HOPE HEALTHCARE SERVICES
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 27,443	\$ 43,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,160	16,709
In-kind donations of property and equipment	(25,753)	-
Loss on disposal of property and equipment	-	452
	24,850	60,477
 <i>Net cash provided by operating activities</i>		
INVESTING ACTIVITIES		
Purchases of property and equipment	(9,023)	(40,374)
FINANCING ACTIVITIES		
Principal payments on note payable	(35,586)	(36,519)
NET CHANGE IN CASH	(19,759)	(16,416)
CASH, BEGINNING OF YEAR	284,053	300,469
CASH, END OF YEAR	\$ 264,294	\$ 284,053
 SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 4,628	\$ 7,368

See independent accountants' compilation report and accompanying notes to the financial statements

KINGSWAY COMMUNITY CARE CENTER, INC.
d/b/a HOPE HEALTHCARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Kingsway Community Care Center, Inc., d/b/a Hope Healthcare Services (the “Center”), was formed in March 2004 as a non-profit corporation in the State of Indiana. The Center’s mission is to minister to the physical and spiritual health burdens of uninsured people in the community as the hands and feet of Jesus. Substantially all ongoing financial support is provided by grants and contributions, in-kind donations, proceeds from fundraising events, and patient fees. The Center’s facility is located in Avon, Indiana.

Financial Statement Presentation – The Center reports its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions, which include unrestricted resources available for the operating objectives of the Center; and
- Net assets with donor restrictions, which represent resources restricted by donors for specific purposes.

All net assets were without donor restrictions as of December 31, 2023 and 2022.

Basis of Accounting – The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, certain revenues and related assets are recognized when received rather than when earned and certain expenses and related liabilities are recognized when paid rather than when the obligation is incurred. This basis differs from accounting principles generally accepted in the United States of America where revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents – For the purpose of the statements of cash flows - modified cash basis, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2023 or 2022.

Property and Equipment – Property and equipment are carried at cost and are depreciated over the estimated useful lives of the assets. Donated assets are recorded at the estimated fair market value at the time of donation and are depreciated over the estimated useful lives of the donated items if above the Center’s capitalization policy threshold of \$500. Building assets are depreciated using the straight-line method over a useful life of 39 years. All other property and equipment is depreciated using accelerated methods over useful lives ranging from 5 to 7 years.

KINGSWAY COMMUNITY CARE CENTER, INC.
d/b/a HOPE HEALTHCARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Taxes on Income – The Center received a determination from the U.S. Treasury Department stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the Center would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended December 31, 2023 and 2022, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the Center to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Center has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax years ended after December 31, 2019 are open to audit for both federal and state purposes.

Accounting Estimates – The preparation of financial statements requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events – The Center evaluated subsequent events through May 24, 2024, the date these financial statements were available to be issued. Events and transactions occurring through that date have been evaluated to determine whether recognition or disclosure in the financial statements would be required.

NOTE 2 - REVENUE RECOGNITION

Revenue Recognition Policy – In accordance with the modified cash basis of accounting, revenues are recorded when received by the Center. Contributions with and without donor restrictions, including in-kind donations of services, equipment, and supplies, are not considered exchange transactions, and therefore are excluded from the requirements of ASU 2014-09.

The Center receives income from contributions and fundraising events supporting certain activities. These receipts are reported as restricted support if they are received with stipulations limiting their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets - modified cash basis as net assets released from restrictions.

Disaggregation of Revenue – Revenue is disaggregated by category on the statements of activities and change in net assets - modified cash basis.

KINGSWAY COMMUNITY CARE CENTER, INC.
d/b/a HOPE HEALTHCARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

NOTE 3 - NOTE PAYABLE

Note payable consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Note payable to Christian Financial Resources, Inc., payable in monthly installments of \$1,837.56, including interest at a variable rate (3.95% as of December 31, 2023), through December 2031. Secured by real estate.	\$ 109,817	\$ 145,403
Less: current portion	<u>(16,361)</u>	<u>(15,728)</u>
Long-term portion	\$ <u>93,456</u>	\$ <u>129,675</u>

Principal maturities of the note payable are as follows for the years ending December 31:

2024	\$ 16,361
2025	17,019
2026	17,704
2027	18,415
2028	19,157
Thereafter	<u>21,161</u>
	\$ <u>109,817</u>

NOTE 4 - LIQUIDITY

The Center's only financial asset is cash, which totaled \$264,294 and \$284,053 as of December 31, 2023 and 2022, respectively, all of which was available to meet general expenditures within one year.

From time to time, the Center receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For the years ended December 31, 2023 and 2022, there were no restricted assets.

KINGSWAY COMMUNITY CARE CENTER, INC.
d/b/a HOPE HEALTHCARE SERVICES
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2023 and 2022

NOTE 5 - IN-KIND CONTRIBUTIONS

In-kind contributions included in the statements of activities and change in net assets – modified cash basis are comprised of the following for the years ended December 31:

<u>Non-Financial Asset</u>	<u>2023</u>	<u>2022</u>	<u>Program Benefitted</u>
Services:			
Office support	\$ 1,002	\$ 4,062	Management and General
Board of Directors	30,941	31,005	Management and General
Maintenance	8,666	5,780	Management and General
Counseling	4,055	5,560	Program Services
Dental	11,886	3,136	Program Services
Technology	1,558	6,463	Management and General
Medical	76,078	49,982	Program Services
Special projects	10,446	1,097	Program Services
Special events	7,425	7,107	Fundraising
Spiritual care	9,572	7,378	Program Services
Other	<u>7,656</u>	<u>4,770</u>	Program Services
<i>Total services</i>	169,285	126,340	
Equipment and supplies	<u>55,303</u>	<u>22,949</u>	Program Services
<i>Total</i>	\$ <u>224,588</u>	\$ <u>149,289</u>	

The Center recognizes contributed support for professional services received at the fair market value of those services. These amounts were calculated using various rates, determined by the level of professional services provided, times the total number of hours contributed by the volunteers. These amounts are then recorded as in-kind donations of services in the same period as the support income is recognized. For the years ended December 31, 2023 and 2022, total hours were 3,240 and 2,816, respectively.

The fair values of contributed equipment and supplies are recorded as reported by donors. If a fair value for contributed non-financial assets is not provided by the donor, the Center makes a reasonable effort to quantify the value of the contribution.

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been classified as program services, management and general, and fundraising based on the actual direct expenditures and cost allocation based on estimates of time usage by the Center's personnel and programs.