CN 2011

Washington State Department of Health

Certificate of Need Program
P.O. Box 47852
Olympia, Washington 98502-7852

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CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH

Application for Certificate of Need
Hospice Care Center
(Use this form for only hospice care center projects)

To be accepted Certificate of Need applications must include the appropriate fee identified in Washington Administrative Code (WAC) 246-310-990.

Applications must be submitted in accordance with rules and regulations adopted by the Department of Health [WAC 246-310 and Revised Code of Washington (RCW) 70.38, respectively]. I certify that the statements made in this application are correct to the best of my knowledge and belief. I understand that any misrepresentation, misleading statements, evasion, or suppression of material fact in this application may be used to take actions identified in WAC 246-310-500.

My signature authorizes the Department of Health to verify any responses provided. The department will use the information as appropriate to further program purposes. The department may disclose this information when requested to the extent allowed by law.

Applicants(s)

Owner:	**Operator:**
Legal Name of Owner: Tri-Cities Chaplaincy d/b/a Chaplaincy Healthcare	Legal Name of Operator: Same as owner
Address of Owner: 1480 Fowler Street Richland, WA 99352	Address of Operator: Same as owner
Name and Title of Responsible Officer: **(Print)** Gary Castillo, Executive Director	Name and Title of Responsible Officer: **(Print)** Gary Castillo, Executive Director
Signature of Responsible Officer Sign here please	Signature of Responsible Officer Sign here please
Date: November 25, 2019	Date: November 25, 2019
Telephone: 509-783-7416 Ext. 1002	Telephone: 509-783-7416 Ext. 1002

Type of Ownership:
[ ] District
[X] Private Non-Profit
[ ] Proprietary - Corporation
[ ] Proprietary - Individual
[ ] Proprietary - Partnership
[ ] State or County

Operation of Facility:
[X] Owner Operated
[ ] Management Contract
[ ] Lease

Project Description Summary:

Replace the existing 10 bed hospice care center

Estimated Capital Expenditure as defined in WAC 246-310-280(2):
$ 8,467,618

Intended Project Start Date: September 2020 Intended Project Completion Date: January 2022

Application Contacts:

Primary:

Name: Gary Castillo
Title: Executive Director
Address: 1480 Fowler Street
Richland, WA 99352
Phone: (509) 783-7416 Ext. 1002

Financial Projections/Statements

Name: Jim Main
Title: Chief Financial Officer & Security Officer
Address: 1480 Fowler Street
Richland, WA 99352
Phone: (509) 783-7416

Other:

Role: ____
Name: ____
Title: ____
Address: ____
____
Phone: (____) ____

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February 6, 2020

Randall Huyck, Certificate of Need Analyst
Office of Community Health Systems
Health Systems Quality Assurance
Washington State Department of Health
111 Israel Road S.E.
Tumwater, WA 98501

Dear Mr. Huyck:

On October 7, 2019, and after a lengthy analysis, Tri-Cities Chaplaincy (Chaplaincy) submitted a Determination of Non-Reviewability (DOR) related to its proposal to replace its existing, nearly 25-year old Hospice House, which, while located in Benton County, primarily serves residents of Benton and Franklin Counties. Based on a number of factors, Chaplaincy fully expected that the Certificate of Need Program (CN Program) would determine that replacement hospice care centers do not require prior CN review and approval. These factors included:

1. **Chaplaincy is replacing an existing Center, not establishing a new health care facility:** WAC 246-310 020 (1) (a) states that it is the establishment of a *new* health care facility, not the replacement of an existing, that requires prior CN review. Further, upon completion of the replacement, the existing Hospice House will close. No new beds are proposed, and both the existing and replacement beds are located in the same planning area (Benton County).

2. **The CN Program has a consistent history of exempting replacement projects from prior CN review.** The CN Program has a long, consistent and documented history of determining that replacement projects do not require prior review. Specifically, the CN Program has issued Determinations of Reviewability to many entities included under the definition of health care facility in WAC 246-310-020(l)(a).

To the surprise of Chaplaincy, on November 26, 2019, the CN Program issued its determination and concluded that the replacement project proposed by Chaplaincy was subject to CN review and approval. Due to the timing of the decision, the CN Program agreed that Chaplaincy needed only to submit the

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signed cover form and the review fee to meet the November 2019 concurrent review cycle timeline. That initial application was submitted under protest, as we were confident that we do not need prior CN approval. However, and assuming the Program can act timely, the application process is faster than an appeal.

The application was assigned and an initial screening issued by the CN Program on December 12, 2019. The initial screening requested that Chaplaincy complete the hospice care center application form. A complete application is included with this letter.

The screening letter also asked seven other questions. The response to these questions has been fully incorporated into the Application document. However, we have attached a separate document (labelled Response to Screening) that provides a crosswalk, so that the Program can easily find the response within the larger application.

On January 27, 2020, we mutually agreed to extend the deadline for response to your December 12, 2019 letter to February 3, 2020. On February 3, 2020, Tri Cities Chaplaincy requested and was granted a 2nd extension until February 6, 2020.

Per the requirements of WAC 246-310-090 (2) (c), Tri-Cities Chaplaincy requests that the Department of Health continue screening until the information is complete.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Gary Castillo, Executive Director
Chaplaincy Healthcare

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Response to Screening Questions

The crosswalk below lists the Question number (from the December 12, 2019 screening) and a crosswalk to where the response is located in the larger Application.

Question #	Section	Question	Response Located at:
1	Project Description	Provide the implementation timeline for this project, identifying projected opening date of the new facility, closure date of the existing facility, and explaining any overlap in services that may occur between the two dates.	Page 8
2	WAC 246-310-210 Need	Identify the complete assumptions used to project patient volumes and utilization statistics.	Exhibit 6, p 52.
3	WAC 246-310-220 Financial Feasibility	If the applicant intends to finance this project through a capital campaign, provide the plan for financing the project if the campaign does not raise sufficient funds.	Page 16
4		Provide pro-forma income statements and balance sheets for the hospice care center alone through the third full year of operation, both with and without construction of the new facility.	Exhibit 6, page 51
5		Provide pro-forma income statements and balance sheets for the parent entity through the third year of operation, both with and without the proposed project.	Exhibit 6, page 51
6		Provide all assumptions used for the financial projections.	Exhibit 6, p 52.
7		Identify any pre-operating expenses or startup costs.	Exhibit 6, p 52.

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CERTIFICATE OF NEED APPLICATION

REPLACEMENT
OF
EXISTING HOSPICE CARE CENTER

February 2020

SECTION 1
Applicant Description

A. Owner Description

1. Legal name(s) of owner(s)

The legal name of the owner is Tri-Cities Chaplaincy d/b/a Chaplaincy Healthcare. Throughout this application, Chaplaincy Healthcare will be referred to as "Chaplaincy".

2. Address of each owner(s)

The address of the owner is:

1480 Fowler St.
Richland, WA 99352

3. Provide the following information about each owner

a. Identify each person or individual with a ten percent or greater financial interest and the percent of financial interest.

b. For out-of-state corporations or partnerships, provide proof of registration with Secretary of State, Corporations, Trademarks, and Limited Partnerships Division.

c. Show relationship to any organization as defined in Section 405.427 of the Medicare Regulations.

d. Provide a chart showing organizational relationship to any related organizations as defined in Section 405.427 of the Medicare Regulations.

Chaplaincy is neither an out of state corporation nor a partnership. Chaplaincy is a not for profit organization, governed by a local Board of Directors. No individual owns any percentage of Chaplaincy.

B. Operator Description

1. **Provide the legal name and address of operating entity. If same as owner, so state.**
   a. **For out-of-state corporations or partnerships, submit:**
      i. **Proof of registration with Secretary of State, Corporations, Trademarks, and Limited Partnerships Division.**
      ii. **A chart showing organizational relationship to any related organizations as defined in Section 405.427 of the Medicare Regulations.**

The operating entity is the same as the owner.

2. **Is the applicant currently reimbursed for services provided under the Medicare program?**

Chaplaincy is currently reimbursed for Medicare services.

3. **If the answer to question 2 is "No," does the applicant propose to be reimbursed for services provided under the Medicare program?**

This question is not applicable.

4. **Is the applicant currently reimbursed for services provided under Medicaid program?**

Chaplaincy is currently reimbursed for Medicaid services.

5. **If the answer to question 4 is "No," does the applicant propose to be reimbursed for services provided under the Medicaid program?**

This question is not applicable.

6. **For each Washington and out-of-state health care facility owned or managed by the applicant or related party list the following:**
   a. **Name**
   b. **Address**
   c. **Medicare provider number**
   d. **Medicaid provider number**
   e. **Specify whether facility is owned or managed.**

Chaplaincy owns and operates a Medicare/Medicaid certified hospice agency including Hospice House:

Tri-Cities Chaplaincy d/b/a Chaplaincy Healthcare
1480 Fowler St.
Richland, WA 99352

Provider numbers for both the agency and the hospice care center are:

Medicare:	501510
Medicaid:	3990728 (room and board)
	3000124 (all other billing)

7. **For each out-of-state health care facility owned or managed by the applicant or related party, provide the following contact information for the state entity responsible for the licensing or certification of each facility.**
   a. **Entity Name**
   b. **Address**
   c. **Phone number**
   d. **Contact person**
   e. **Applicant or related party facility name**

This question is not applicable.

SECTION II
General Information

A. Site Information

1. Indicate if this is a new or existing hospice care center.

This project proposes the replacement of an existing hospice care center.

2. If this is an existing hospice care center, provide the name and address of the care center.

The name and address of both the existing and replacement hospice care center is provided in Table 1:

Table 1
Tri-Cities Chaplaincy - Existing and Replacement

	Existing Hospice Care Center	Proposed Replacement Hospice Care Center
Facility Name	The Hospice House	The Hospice House
Address	2108 W. Entiat	1336 Spaulding Avenue
City, State, Zip	Kennewick, WA 99336	Richland, WA 99352
County of Location	Benton	Benton

Source: Applicant

3. If this is an existing hospice care center, identify the number of beds currently licensed at the care center.

The existing hospice care center is licensed for 10 beds. The replacement hospice center will also be licensed for 10 beds.

4. If this is a new hospice care center, provide the name and address of the care center.

This question does not propose a new hospice care center.

5. **If this is a new hospice care center, identify the number of beds proposed to be licensed at the care center. [WAC 246-310-295(9)(b) limits the number of beds at a hospice care center to 20.]**

This question is not applicable.

SECTION III
Project Description

1. Provide a description of new services or changes in services represented by this project.

This project proposes to replace Chaplaincy's existing hospice care center (Hospice House). It does not propose any new services, any new beds or any change in service.

Hospice House was one of the very first hospice care centers in Washington State, opening with six beds as an acute care hospital (because there was no hospice care center licensure category in Washington in 1996). In 2002, a four- bed expansion occurred. In 2002, the State adopted a hospice care center licensure category, and in 2004, Chaplaincy submitted a CN application to change Hospice House's licensure category from a hospital to a hospice care center. CN #1313 was issued on July 19, 2005. This CN was simply for the change in licensure category.

Chaplaincy's existing Hospice House has now operated for more than 23 years at 2108 W Entiat Ave, in Kennewick (Benton County). Over the years, the Benton/Franklin community has been steadfast in its support of Hospice House, financially and otherwise. Since opening, Hospice House has served more than 17,000 patients and families, with the vast majority coming from Benton and Franklin Counties. We have also received multi-million dollars in contributions and in-kind support.

After several years of analysis, Chaplaincy's Board and leadership has concluded that the existing Hospice House needs significant updates and improvements. Because the existing facility would need to be closed during the renovation (estimated at 10 to 12 months), and because the cost was nearly as high as new construction, it was decided that replacement was superior. Chaplaincy has acquired property at 1336 Spaulding Ave., a location approximately 5.6 miles from our current location in Kennewick. This new property is also located in Benton County.

Upon completion of the replacement, the existing Hospice House will close.

2. Describe any changes to the hospice agency's support services and operations.

This project does not propose any changes to the hospice agency's support services or operations. The replacement Hospice House will, however, be located closer to the agency's administrative offices so that administrative staff time traveling to and from the Hospice House will be reduced. All existing services will continue to be provided at the replacement facility.

3. **Describe any changes to the owner or operator's overall support services and operations.**

No changes to the owner's overall support services and operations are proposed with this project. As noted in response to the previous question, the replacement Hospice House will be located closer to the administrative services so staff time traveling to and from the hospice care center will be reduced.

4. **Percentage of patient revenue by payer source:**

The current payer mix is detailed in Table 2. No change in payer mix is proposed for the replacement Hospice House.

Table 2
Chaplaincy Hospice House
Current and Proposed Payer Mix

Source of Revenue	Current hospice care center (if applicable)
Medicare	69%
Medicaid	11%
Private/Self Pay	12%
Commercial Insurance	8%
Total	**100%**

Source: Applicant

5. **If construction or alterations to existing space is involved, provide a description of any proposed conversion or renovation of existing space.**

As was discussed in earlier sections of this application, this project proposes neither a conversion nor a renovation of existing space.

6. **Provide single line drawings to scale of the current space that identifies all support services.**

Single line drawings of the existing Hospice House are included in Exhibit 1.

7. **Provide single line drawings to scale of the proposed facility showing all proposed support services.**

Single line drawings of the proposed Hospice House are also included in Exhibit 1.

8. **The Certificate of Need Program is required to monitor approved projects through completion or the expiration date, whichever occurs last. If this project is approved, the dates provided below will be used to monitor the project.**

Please note that the existing Hospice House will close upon the opening of the replacement facility.

a. **For ALL Projects:**
   i. Month/Year 25% toward service implementation completed: December 2020
   ii. Month/Year 50% toward service implementation completed: March 2021
   iii. Month/Year 75% toward service implementation completed: June 2021
   iv. Month/Year service implementation complete and offering services: January 2022

b. **For ALL projects involving construction:**
   i. Month/Year for obtaining construction financing: July 2020
   ii. Month/Year for obtaining permanent financing: July 2020
   iii. Month/Year for obtaining funds necessary to undertake the project: July 2020
   iv. Month/Year submission of preliminary drawings to Construction Review Services: April 2020
   v. Month/Year submission of final drawings to Construction Review Services: July 2020
   vi. Month/Year construction contract award: March 2020
   vii. Month/Year 25% of construction completed: December 2020
   viii. Month/Year 50% of construction completed: March 2021
   ix. Month/Year 75% of construction completed: June 2021
   x. Month/Year construction completed: October 2021

SECTION IV
NEED

A. Numeric Need

1. Identify all Medicare certified hospice care centers located in the same county as this proposal.

There are no other hospice care centers located in Benton County (nor in Franklin County either). The closest hospice house is located in Yakima, in Yakima County.

2. Compute the numeric need methodology using the method outlined in WAC 246-310-295(6).

As was confirmed with CN Program staff on January 14, 2020, because this is a replacement hospice care center, numeric need is deemed met.

B. Existing Hospice Care Center Services and Volumes

For existing hospice care centers only An "existing hospice care center" for this purpose is currently operating as a hospice care center and is requesting to expand its Medicare certified service area or the number of hospice care center beds.

1. Complete the table below (by marking an 'X' in the appropriate column) showing the counties currently served by the hospice agency (the applicant) and whether Medicare certified or licensed only services are provided. [Add more pages as necessary.]

Table 3
Tri-Cities Chaplaincy
Counties Served - Medicare Certification or Licensed Only

Counties Served	Medicare Certified	Licensed Only
Benton	X	
Franklin	X	

Source: Applicant

2. **Provide the total number of hospice patient days served at the existing hospice care center. This data must be provided for the most recent three years.**

The requested information is provided in Table 4.

The data presented in Table 4 shows flat hospice care center census over the past three years. There are several reasons for the flat volumes (despite local population growth), these factors include:

1) The vast majority of our hospice patients prefer to spend the end of their lives in their own homes. We have responded by increasing services, support and programming in the home to help them realize this goal. Chaplaincy views the purpose of the hospice care center as providing general inpatient care (GIP) and respite care, not routine home care. In 2019, only 4% of our hospice patients used Hospice House.

2) 73% of the days provided at Hospice House in 2019 were GIP (in lieu of hospitalization) and respite care. These stays are typically short and the overall length of stay for all patients was less than 6 days.

There were also several market factors, unique to the greater Tri-Cities region that also served to flatten census. Specifically, the local palliative care program was without a medical director for the latter part of 2018 and much of 2019 which reduced the number of referrals. Significant and extended winter weather in early 2019 also impacted census as did a scheduled flooring project in July and August at Hospice House.

Given that we have already adjusted programming to better support our routine home care patients, we do expect census to grow slightly again, due to the strong population growth in the service area, especially within the 65+ population. As an FYI, for the first month of 2020, Hospice House's ADC has been over 6.0.

Table 4
Chaplaincy Hospice House
Number of Patients Admitted, Patient Days, ADC and Occupancy, 2017-2019

Year	Number of Patients Admitted at Hospice House	Number of Patient Days at Hospice House	Hospice House ADC	Occupancy
2017	409	2,186	6.0	59.9%
2018	356	2,102	5.8	57.6%
2019	366	2,087	5.7	57.2%

Source: Applicant

3. **Provide the total number of hospice patients admitted to the existing hospice care center. This data must be provided for the most recent three years.**

This information was provided in response to Question #2.

4. **Provide the hospice care center's average daily census for the most recent year.**

This information was provided in response to Question #2.

5. **Provide the hospice care center's average occupancy rate for the most recent year.**

This information was provided in response to Question #2.

6. **If this project proposes to add beds to an existing hospice care center, provide the hospice care center's average occupancy rate for the nine months immediately preceding submission of this application. [WAC 246-310-295(8)(c)]**

This project does not propose to add any beds to the existing hospice care center.

C. Proposed Hospice Care Center Services and Volumes

1. **Complete the table below (by marking an 'X' in the appropriate column) showing the type(s) of hospice services proposed to be provided. Indicate whether services would be provided directly by the agency or provided under contract with another entity.**

Table 5
Proposed Hospice Services

	Direct	Contracted
Skilled Nursing	X	
Pain Management	X	
Emotional/Spiritual Bereavement	X	
Medical Social Work	X	
Home Health Aide	X	
Medical Director	X	
Respite Care	X	
Therapies (PT, OT, ST)*	X	
IV Therapy	X	
Other (list): Dietitian*	X	

*Provided on an as needed basis which has historically been very limited.

2. **If any services are proposed to be provided under contract with another entity, identify the entity and provide a copy of the contract to be used for the service(s). For Certificate of Need purposes, draft contracts are acceptable if the draft identifies all entities entering into the contract, outlines all roles and responsibilities of the entities, identifies all costs associated with the contract, includes all exhibits referenced in the contract, and all entities identified in the draft contract provide a signed "Letter of Intent to Finalize" the agreement if a Certificate of Need for the project is issued.**

No services are provided under contract.

3. **Provide the total number of hospice patient days per year beginning with the first calendar year of operation through three years following project completion. Include partial years if applicable. This information should be broken down discipline (i.e., skilled nursing, pain management, social worker, etc.).**

The projected number of hospice patients and patient days is provided in Table 6. As was confirmed with CN Program staff on January 14, 2020, this information does not need to be provided by discipline.

Table 6
Tri-Cities Chaplaincy
Hospice House
Projected Patients and Patient Days

Year	Patients	Patient Days	ADC	Occupancy
2020	390	2,223	6.09	61%
2021	397	2,263	6.20	62%
2022	404	2,303	6.31	63%
2023	411	2,343	6.42	64%
2024	418	2,383	6.53	65%

Source: Applicant

4. **Provide the total number of hospice patients per year per year beginning with the first calendar year of operation through three years following project completion. Include partial years if applicable.**

This information was provided in response to Question #4.

5. **Identify all assumptions used to project the data provided in response to the proposed number of patient and patient days.**

Table 6 provides the estimated patients and patient days for 2020-2024. Chaplaincy assumed the following:

- Based on 4th Quarter 2019 and January 2020 actual, total 2020 patients admitted to Hospice House is assumed to be 390 at an average length of stay of 5.7 (2019 actual). This calculated to 2,223 (ADC of 6.1) patient days.
- Patients are assumed to grow by about 1.7% per year between 2020 and 2024; which is approximately one-half of the projected growth rate for the 65+ population in Benton and Franklin Counties.

6. **Provide the projected average occupancy per year beginning with the first calendar year of operation through three years following project completion.**

This information was provided in response to Question #4.

7. **WAC 246-310-295(8)(b) requires the applicant to maintain a minimum occupancy rate of 65% after the first three years of operation. Provide documentation to demonstrate intent to meet this requirement.**

As demonstrated in response to Question #4, Chaplaincy is projecting an average occupancy above 65% by the 3rd full year of operation of the new Hospice House.

D. Access to Services

1. **Document how the hospice care center intends to assure access to services by:**
   a. **Low income persons**
   b. **Racial and ethnic minorities**
   c. **Women**
   d. **Disabled persons**
   e. **Other underserved groups**

   Provide a copy of the hospice agency's admissions policy to demonstrate compliance with the access to services requirement above.

Copies of Chaplaincy's admission and non-discrimination policies are included in Exhibit 2.

3. **Provide a copy of the hospice agency's patient referral policy[1].**

A copy of Chaplaincy's patient referral policy is included in Exhibit 2.

4. **Provide a copy of the hospice agency's charity care policy.**

A copy of Chaplaincy's charity care policy is included in Exhibit 2.

5. **Provide a copy of the hospice care center's patient referral policy AND charity care policy if different from the hospice agency's policies.**

The Hospice House charity care and patient referral policies are the same as the larger hospice agency's policies.

6. **If applicable, substantiate the following special needs and circumstances the proposed project is to serve.**
   a. **The special needs and circumstances of entities such as medical and other health professions' schools, multi-disciplinary clinics, and specialty centers that provide a substantial portion of their services, resources, or both, to individuals not residing in the health services areas in which the entities are located or in adjacent health services areas.**
   b. **The special needs and circumstances of biomedical and behavioral research projects which are designed to meet a national need and for which local conditions offer special advantages.**
   c. **The special needs and circumstances of osteopathic hospitals and non-allopathic services with which the proposed facility/service would be affiliated.**

Not applicable.

[1] Please note that there is no question #2 in the CN Program's hospice care center application form.

SECTION V
Financial Feasibility

A. Capital Expenditure

1. Provide a breakdown of the total estimated capital expenditure for this project using the table below.

The capital expenditure for this project is:

Table 7
Capital Expenditure

	Estimated Costs
a. Land Purchase	596,402[2]
b. Land Improvements	500,000
c. Building Purchase	
d. Residual Value of Assets Replaced	
e. Construction Costs	5,402,168
f. Moveable Equipment	221,050
g. Fixed Equipment (not in construction costs)	
h. Architect/ Engineer Fees	722,477
i. Consulting Fees	177,092
j. Site Preparation	
k. Site planning services	
l. Force Account	
m. Building owner tenant improvements	
n. Equipment or Facility Donations	
o. Supervision & Site Inspection	37,370
p. Cost of Securing Financing	
q. Costs of Financing to include construction financing	70,000
r. Washington State Sales Tax	507,665
s. Other: please specify	
Permits, Insurance, Inspections	154,100
Fundraising Cost	435,500
Total Estimated Capital Costs	**8,823,824**

[2] This includes the purchase price of $560,000 for land. Chaplaincy's already purchased the land and paid $500,000 and the owners donated $60,000. The remaining amount of $36,402 is for an additional piece of property that Chaplaincy is in the process of acquiring.

2. **Provide a copy of a signed nonbinding contactor's estimate of the project's construction cost, movable equipment, fixed equipment, consulting fees, site preparation, and supervision and inspection of the site (Items e, f, g, I, j, and o, above).**

The nonbinding cost estimator letter is included in Exhibit 3.

3. **Provide a list all equipment expected to be donated.**

No equipment is expected to be donated.

4. **Provide a list of all new or replaced equipment. This list should include a description of equipment to be replaced, including cost of equipment and salvage value, if any, or disposal or use of the equipment to be replaced.**

The proposed new/replacement equipment is included in Exhibit 4. Any equipment being replaced will be at the end of its useful life and will have no salvage value.

B. Project Financing

1. **Identify the sources and amounts of financing for the project**

Source of Financing	Amount
a. Capital Campaign	$1,350,000
b. Bond Issue	0
c. Commercial Loans	$5,500,000
d. Government Loans	0
e. Grants	0
f. Bequests and Donations	0
g. Private Foundations	0
h. Accumulated Reserves	$2,000,000
i. Internal Loans	
j. Capital Allowance	0
k. Other –	0
TOTAL (must equal the total capital expenditure)	**$8,850,000**

Chaplaincy recently initiated a capital campaign for the replacement Hospice House. While we are confident that the capital campaign will raise the funds needed for this project, for purposes of this application, we are providing a conservative, "worst case scenario" that converts the $5.5 million construction loan to permanent financing, and assumes interest and principal payments on a 25 year term loan at an interest rate of 3.5%.[3]

[3] We expect to have $3 million pledged by September 2020, and the remaining by the time the facility is ready to open in January 2022

The $2,000,000 in reserves includes $500,000 that Chaplaincy already used to acquire land. The remaining $1,500,000 is available as seen on the balance sheet. Commitment to use these reserves is documented in Exhibit 5 (letter from Board Chair, Mr. Rosselli).

2. **For projects to be totally or partially funded from capital allowance, provide both (a) and (b) below.**
    a. **Identify the amount(s) of capital allowance and budget year(s) that the funds would be used.**
    b. **Copies of Governing Board minutes authorizing the financial support of the proposed project.**

This project will not be funded by a capital allowance.

3. **For projects to be totally or partially financed by funds other than capital allowance, submit (a) through (f) below.**
    a. **Copies of letter(s) from lending institution(s) stating a willingness to finance the proposed project. The letter(s) should include:**
    b. **Status of the loan application(s)**
    c. **Purpose of the loan(s)**
    d. **Proposed interest rate(s). Identify whether the interest rate is fixed or variable**
    e. **Proposed term (period) of the loan(s)**
    f. **Copies of Governing Board minutes authorizing the proposed project**

As was discussed in earlier questions in this section, Chaplaincy does not expect that permanent financing or financing beyond the construction period will be necessary. However, our pro forma conservatively assumes permanent debt, and we expect to have documentation of the terms of the loan within the next 30 days.

Included in Exhibit 5 is a letter from Bob Rosselli, Board President, documenting the commitment to use existing reserves of $1.5 million towards the project. The audited financials in Appendix 1 demonstrate that these funds are available.

4. Provide a cost comparison analysis, including a discussion of the advantages/disadvantages and costs, of each of the following alternative financing methods:
   a. Purchase
   b. Lease
   c. Capital Allowance
   d. Board designated reserves
   e. Interfund loan
   f. Commercial loan

The financing proposed by Chaplaincy was selected because:

1) With the exception of the loan, the capital campaign and the use of reserves do not result in any financing costs or debt to the organization. Assuming that the capital campaign is a success, no additional financing expenses will be needed to construct the replacement Hospice House. However, in an effort to be conservative and to be fully responsive to the December 2019 screening questions, Chaplaincy has included the costs associated with permanent financing (a term loan of $5.5 million).

2) We have not identified any purchase or lease options available in Benton/Franklin Counties for a Hospice House.

5. For projects involving construction, identify:
   a. The anticipated interest rate on the construction loan. 3.5%
   b. Whether the long-term loan will have a fixed or a variable interest rate and the rate of interest:
      i. Fixed Interest rate. 3.5**%**
      ii. Variable interest rate beginning at _____% and ending at _______%

As noted above, in an effort to be conservative, Chaplaincy has included the financing costs of a permanent loan in the pro forma financials contained in Exhibit 6.

6. Amortization schedule(s) for each financing arrangement including long-term, and any short-term start-up or initial operating deficit loans, setting forth the:
   a. Principal
   b. Term (number of payment periods) (long term loans may be annualized)
   c. Interest
   d. Outstanding balance at end of each payment period

The requested amortization schedule is included in Exhibit 7.

C. Site Control

1. **For existing hospice care centers where the proposed services would be provided from an existing care center, provide (a) or (b) below.**
   a. **An executed purchase agreement for the site.**
   b. **An executed lease agreement for at least three years with options to renew for not less than a total of two years.**

This question is not applicable.

2. **For existing hospice care centers where the proposed services would be provided from an existing main or branch office, provide any amendments, addendums, or substitute agreements to be created as a result of this project. For Certificate of Need purposes, draft agreements are acceptable if the draft identifies all entities entering into the agreement, outlines all roles and responsibilities of the entities, identifies all costs associated with the agreement, includes all exhibits referenced in the agreement, and all entities identified in the draft agreement provide a signed "Letter of Intent to Finalize" the agreement if a Certificate of Need for the project is issued.**

Chaplaincy's hospice care center is operated as a cost center of the larger hospice organization. There are no separate agreements and this question is not applicable.

3. **For all other projects, site control for the proposed site must be demonstrated. Documentation includes one of the following**
   a. **An executed purchase agreement for the site.**
   b. **A draft purchase agreement for the site. The draft agreement must include a signed "Letter of Intent to Finalize" the agreement if a Certificate of Need for the project is issued.**
   c. **An executed lease agreement for at least three years with options to renew for not less than a total of two years.**
   d. **A draft lease agreement. For Certificate of Need purposes, draft agreements are acceptable if the draft identifies all entities entering into the agreement, outlines all roles and responsibilities of the entities, identifies all costs associated with the agreement, includes all exhibits referenced in the agreement, and all entities identified in the draft agreement provide a signed "Letter of Intent to Finalize" the agreement if a Certificate of Need for the project is issued.**

A copy of the purchase and sales agreement for the main property for the replacement Hospice House is included in Exhibit 8. As noted in Table 7, Chaplaincy is in the process of securing an additional small parcel of land that would allow for a better siting of the hospice care center.

D. Financial Statements

1. **Complete the financial statements attached as Appendix A to this application form. The financial statements must be in the format provided. Provide financial statements for at least three full years following project completion including partial years, if any.**

2. **Identify all assumptions, formulas, and calculations used to project the revenues and expenses identified above.**

The information requested in 1 and 2 is included in Exhibit 6. In addition to the above and in response to the December 12, 2019 screening letter, Chaplaincy has included the following within the Exhibit:

1) Pro forma income statements for the Hospice House both with and without the project. As was confirmed with CN Program staff on January 27, 2020, because the Hospice House is a cost center of the larger organization, no separate balance sheet was prepared. CN Program staff agreed that no balance sheets are required for the Hospice House.
2) Pro forma income statements and balance sheets for the larger Chaplaincy both with and without the project.
3) All assumptions used for the financial projections including any pre-opening and/or start-up costs.

As a cost center, Hospice House does not break even from operations. As a separate cost center, it has never broken even from operations. Chaplaincy uses a part of its annual donations to subsidize Hospice House This information was also discussed with CN Program staff (January 24, 2020) and CN staff indicated that it understood the situation and that this would not be an obstacle to securing CN approval.

SECTION VI
Project Rationale
STRUCTURE AND PROCESS (QUALITY) OF CARE

A. Staffing-General

1. **The hospice care center must be staffed to perform services as proposed in the application. Identify the number of full time equivalents (FTEs) proposed by this project. [Attach additional pages if necessary]**

Table 8 details the current and proposed staffing by FTE. No increase in staffing is proposed as a result of the replacement.

Table 8
Current and Proposed Incremental Staffing by Discipline

Staff Position	Incremental Increase of FTEs Each Year				Total FTEs
	Current FTEs	2023	2024	2025	
RN/LPN	7.30	0.00	0.00	0.00	7.30
MD	0.20	0.00	0.00	0.00	0.20
CNA	7.60	0.00	0.00	0.00	7.60
Social Worker	0.75	0.00	0.00	0.00	0.75
Chaplain	0.30	0.00	0.00	0.00	0.30
Therapies (PT, OT, ST)	0.00	0.00	0.00	0.00	0.00
Volunteer Staff	2.00	0.00	0.00	0.00	2.00
Dietician*	0.0	0.00	0.00	0.00	0.0
Chef	0.75	0.00	0.00	0.00	0.75
HCC Supervisor RN	1.00	0.00	0.00	0.00	1.00
Total	**19.90**	**0.00**	**0.00**	**0.00**	**19.90**

Source: Applicant

2. **For existing hospice care centers, complete the table below to show your current staff to visit ratio.**

Table 9
Staff to Visit Ratio

Type of Staff	Staff / Visit Ratio
Skilled Nursing	
Pain Management	
Emotional/Spiritual Bereavement	
Medical Social Work	
Home Health Aide	
Respite Care	
Therapies (PT, OT, ST)	
IV Therapy	
Other (list):	

As was confirmed with CN Program staff on January 14, 2020, this question is not applicable to a hospice care center.

3. **For new hospice care centers, complete the table below to show your projected staff to visit ratio.**

Table 10
Projected Staff to Visit Ratio

Type of Staff	Staff / Visit Ratio
Skilled Nursing (RN & LPN)	
Physical Therapist	
Occupational Therapist	
Medical Social Worker	
Speech Therapist	
Home Health Aide	
Other (list)	
Total	

Chaplaincy is not proposing a new hospice care center. This question is not applicable.

4. **Provide an explanation of how this ratio compares with national or state standards of care and existing providers for similar services in the proposed service area.**

As was confirmed with CN Program staff on January 14, 2020, this question is not applicable to a replacement hospice care center.

5. **Identify and document the availability of sufficient numbers of qualified health manpower and management personnel. If the staff availability is a problem, describe how the problem will be addressed.**

As detailed in Table 8, this project does not propose the addition of any new staff. Chaplaincy enjoys longevity in staff (average length of employment is 9 years) and regularly has qualified individuals asking if there are openings.

6. **Provide copies of the agency's in-service training plan for staff. (Components of the training plan should include continuing education and any hospice or home health aide training to meet Medicare criteria, etc.).**

The requested information is included in Exhibit 9.

7. **Describe your methods for assessing customer satisfaction and quality improvement.**

Chaplaincy uses CAHPS to assess customer satisfaction and quality improvement.

8. **Identify your intended hours of operation. In addition, please explain how patients will have access to services outside the intended hours of operation.**

The Hospice House is a 24/7 operation.

9. **The specific means by which the proposed project will promote continuity in the provision of health care to the defined population and avoid unwarranted fragmentation of services. This section should include the identification of existing and proposed formal working relationships with hospitals, nursing homes, and other health resources in the proposed planning area. This description should also include recent, current, and pending cooperative planning activities, shared services agreements, and transfer agreements. Copies of relevant agreements and other documents should be included.**

This project proposes a replacement hospice care center. Under Washington statute only existing Medicare/Medicaid certified hospice agencies can own and operate a hospice care center. By design, hospice promotes continuity by coordinating services and managing and supporting the family.

Chaplaincy has a long and proven history of working closely with community providers throughout Benton and Franklin Counties to ensure that timely and seamless patient transitions continue to occur. A partial listing of providers is included below:

Kadlec Medical Center
Lourdes Medical Center
Prosser Memorial Health
Trios Health
Life Care Center of Kennewick
Regency Canyon Lakes Rehabilitation and Nursing Center
Life Care Center of Richland
Richland Rehabilitation Center
Avalon Health & Rehabilitation Center - Pasco
Amber Hills,
Bonaventure of the Tri-Cities,
Brookdale Canyon Lakes,
Brookdale Meadow Springs,
Brookdale Richland,
Brookdale Torbett,
Callaway Gardens
Alzheimer's Special Care Center,
Creekstone Care Homes, LLC,
Fieldstone Grandridge Independent and Assisted Living,
Guardian Angel Homes (the Cottage),
Hawthorne Court,
Parkview Estates,
Prestige Assisted Living at Richland,
Rosetta Assisted Living, Fisher
Rosetta Assisted Living-Hoxie,
Rosetta Assisted Living-Olympia,
Rosetta Pasco
Royal Columbian Retirement Inn,
Ruan's Garden,
Sun Terrace Prosser,
Three Rivers Place,
Tri-Cities Retirement Inn
Tri-Cities Cancer Center

Additionally, we work closely with physician offices and clinics and Adult Family Homes throughout Benton and Franklin Counties. No changes to these working relationships are proposed with the replacement Hospice House.

10. Identify if the owner, operator, or medical staff identified in this application has had any of the following in this state or other states:
   a. Decertification from Medicare
   b. Decertification from Medicaid
   c. Convictions related to the competency to practice medicine or own or operate a hospital
   d. Denial of a license
   e. Revocation of a license
   f. Voluntary withdrawal from Medicare or Medicaid while decertification processes were pending.

Chaplaincy is both the owner or operator. Neither Chaplaincy nor any member of our medical staff has a history with any of the above mentioned sanctions.

11. If yes to any part of the above question, describe the incident and provide clear, sound, and convincing evidence that the occurrence is not likely to re-occur.

This question is not applicable.

12. Identify the medical director and provide the medical director's credential number.

The medical director is Wayne Kohan, MD. Dr. Kohan's professional license number is MD MD00024796.

13. For existing hospice care centers, provide (a) and (b) below.

a. **The executed medical director agreement for supervising the facility. This agreement must outline all roles and responsibilities of both entities, identify all costs associated with the agreement, and include all exhibits referenced in the agreement.**

b. **Any amendments, addendums, or substitute agreements to be created as a result of this project. For Certificate of Need purposes, this agreement may be in draft format if the draft identifies a medical director, outlines all roles and responsibilities of both entities, identifies all costs associated with the agreement, and includes all exhibits referenced in the agreement.**

Dr. Kohan is employed, and so no agreement exists. The CN Program has historically accepted job descriptions when the medical director is employed. A copy of his job description is included in Exhibit 10.

14. For <u>new</u> hospice care centers, a draft or executed medical director agreement for supervising the facility. For Certificate of Need purposes, draft medical director agreements are acceptable if the draft identifies a medical director, outlines all roles and responsibilities of both entities, identifies all costs associated with the agreement, and includes all exhibits referenced in the agreement.

This question is not applicable.

SECTION 7
Cost Containment

1. Identify each alternative to this project that was considered before submitting the current application. (Note: This project is not an alternative to this project)

Chaplaincy actively evaluated three options over a period of nearly three years. These options included: 1) staying in the current location and remodeling the existing facility, 2) staying in the current location with no remodel (status quo) and 3) relocate and replace at a site other than the site ultimately selected.

2. For each alternative identified in question 1, provide at least the following information:
   a. Advantages
   b. Disadvantages
   c. Impact on operating costs to the facility
   d. Impact on staffing
   e. Impact on costs to the patient
   f. Legal restrictions
   g. Other (specify)
   h. Reason for rejecting each option

Table 11 provides the above information for each of the other options considered:

Table 11
Alternatives Considered

Criteria	Option 1: Remodel at existing location	Option 2: No remodel; remain at existing location	Option 3: Relocate to another site other than the one selected
Advantages/ Disadvantages	No advantages identified. Likely more costly than new facility and very disruptive to patients as facility closed during remodel/renovation.	The advantages are no new debt and no need for a capital campaign. However, the facility is in need of upgrades; particularly extensive heating/cooling system upgrades. Without any remodel/renovation, existing infrastructure could fail; negatively impacting patient care as patients would be moved to another care setting not dedicated to hospice.	No disruption to patient care; another site doesn't offer the staffing efficiencies to be gained by co-locating with existing hospice agency and other administrative support. The other site evaluated would have had higher capital costs (property was more expensive) and taken longer to build because streets would need to be constructed.
Impacting on operating costs to the facility	Potential to increase operating costs at the facility as repairs/renovations needed.	No increase in operating costs but systems could fail and then operating costs would increase. Admissions might be delayed or reduced; impacting access.	Decrease in operating costs with reduced utility expenses (new systems are more energy efficient).
Impact on staffing	Staff would need to be reassigned, if possible, during closure.	Existing working environment not as efficient as it should be.	Better, more efficient environment.
Impact on costs to the patient	No impact on costs to patients but would result in decreased access during temporary closure. Could cause temporary increase in ED use, etc.	No impact on costs to patients but could result in decreased access if facility needed to close for repairs/maintenance.	No increase in costs to patients but would have higher operating costs due to the higher capital cost.
Legal Restrictions	None	None	None
Other	No CN required	No CN required	CN required
Reason for rejecting each option	Disruption to patient care	Potential for disruption to patient care and/or reduced access if repairs needed.	Selected location is closer to existing operations and this was determined to be superior and less costly than other site evaluated.

Source: Applicant

3. **Identify the specific ways this project will promote staff efficiency and productivity.**

The design of the replacement facility offers a better layout in terms of the nursing station and access to supplies, reducing staff travel within the facility. Oxygen and suction will be permanent in the walls, not wheeled in as needed. This reduces operating costs and also provides a better care environment for patients.

4. **Identify the specific ways this project will promote system efficiency.**

The location of the replacement facility is about three minutes from the administrative offices of Chaplaincy. For meetings, staff travel will be reduced (currently it is about 12 minutes to the existing Hospice House). The replacement facility will require much less maintenance and therefore, lower costs for maintenance and repairs.

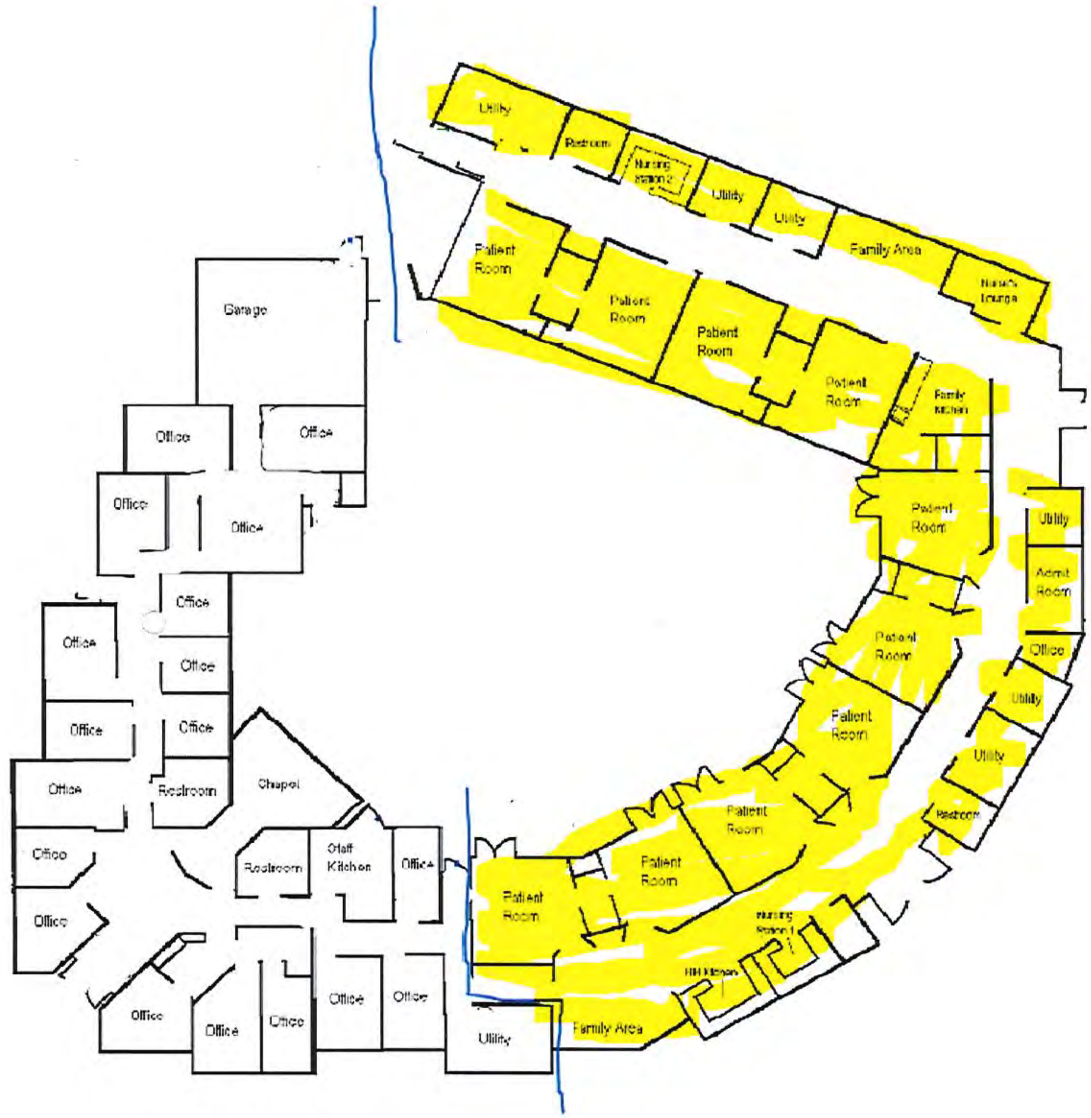
5. **For projects involving construction, provide an analysis focused on the reasonableness of the construction costs. This should include the impact of the costs for this facility on costs and charge.**

As part of the planning and design process for the replacement facility, Chaplaincy is engaging in value engineering which will specifically be focused on minimizing the cost of construction without compromising the quality of the construction. This process is expected to ensure that the project is completed within budget and on time.

As noted above, the cost of construction has no impact on the costs and charges for services.

Exhibit 1:
Single Line Drawings

CHAPLAINCY HEALTH CARE – CURRENT HOSPICE CARE CENTER (YELLOW AREA ONLY)



CHAPLAINCY HEALTH CARE – NEW HOSPICE CARE CENTER - PROPOSED

Exhibit 2:
Admission, Non-Discrimination, Patient Referral, and Charity Care Policies

Policy Title:	CHARITY CARE	Policy No.:	AD.C01
Original Date:	11/11/2019	Rev. Date(s):	
NHPCO Std(s).:			
Reg. Citation(s):			
L-Tag(s):			
Approval Sign.:	[signature]	Date:	11/14/19

POLICY

Chaplaincy Health Care is committed to provide Hospice and Palliative services to all terminally ill patients who need it, to provide quality Behavioral Health counseling services, and will not deny care to any patient because of their inability to pay. Chaplaincy Health Care will identify those patients who qualify for Charity Care and will provide assistance in the completing the Charity Care application. Patients who qualify may receive services at no charge or at a discount. The patient is ultimately responsible to fulfill their financial obligation to Chaplaincy Health Care and is not granted assistance until the applications has been completed and approved.

In rare situations Chaplaincy Health Care may at its option approve assistance outside of the scope of this policy. This may be based on examples such as social diagnosis, homelessness, patient with no estate, bankruptcy, etc. Documentation must be provided that supports the patient's inability to pay. The Executive Director, or designee has authority to approve in this situation.

DEFINITIONS

Charity Care refers to services that are provided at no charge or at a discounted amount.

Financial Assistance Application (FAA) refers to the document where the patient applies for financial assistance.

Patient includes Hospice or Palliative Care patients and Behavioral Health clients.

PROCEDURE

1. All patients will be provided with admission documents and the Financial Assistance Application (FAA). These documents may be provided prior to or at the time of admission to the Hospice or Palliative care programs either at their current facility or at their home, or when a patient is being referred for Behavioral Health services.

2. Charity Care is secondary and will not be provided for amounts that will or should be paid by third party payors. To complete the FAA, third party payors such as Medicare, Medicaid, insurance, or other third-party primary or secondary payors must be utilized.

3. Patients failing to apply for or obtain Medicaid coverage based on either the timeliness of the application or the completeness of the information provided to DSHS to enable DSHS to establish eligibility may not qualify for charity care. Charges will be assessed based on cash discount rates.

4. The FAA must be completed by the patient, spouse, guardian, or an individual with Durable Power of Attorney (POA).

    - Copies of guardianship and POA documents must be attached to the application.

    - Copies of supporting documentation called for in the FAA must also be attached.

- Note: Medical POA can make health care decisions only, a Durable POA can make financial decisions.

5. Once the FAA has been completed and received, it will be reviewed. All existing primary and secondary insurance information must be provided.
6. A sliding scale will be used to determine the amount of the charity care. See Exhibit 1. The attached scale will be updated annually based on information provided by U. S. Department of Health and Human Services.
7. Once the FAA has been reviewed and approved, the patient will be informed by a Chaplaincy Health Care Social Worker of the decision and the value of charity care, if qualified. The Executive Director, or designee, will have the authority to approve or deny the application.
8. Patient balances remaining after the application of the sliding scale are payable to Chaplaincy Health Care. Chaplaincy Health Care will accept cash, check, credit/debit cards, and will work out a repayment plan that do not assess interest.

<u>Billing Process</u>

1. Chaplaincy Health Care mails out invoices to all patients per the address on file. Chaplaincy Health Care accepts cash, checks, credit/debit cards and will set up a non-interest-bearing repayment plan.
2. The Billing department will follow up with phone calls as needed on unpaid invoices.
3. If a FAA was involved and approved, only the patient responsible balance will be collected.
4. If the responsible party does not pay the balance in full and after no response to the third invoice, the balance will be written off as bad debt.
5. Chaplaincy Health Care reserves the right to employ a collection agency and may report adverse information to consumer credit reporting agencies or credit bureaus.

Exhibit 1
Sliding Scale

Chaplaincy Health Care will apply a sliding scale to the balance due based on the patients FAA. Patients with gross family income, adjusted for family size, at or below 300% of the Federal Poverty Guideline (FPG) will be eligible for financial assistance so long as no other financial resources are available, the patient or guardian completes the FAA, and it is approved. Patients will be responsible for the Amount of Balance in column B as shown below.

	A	B
Percent of Federal Poverty Guideline (FPG)	Amount of Balance to be Written Off as Charity Care	Amount of Balance to be Paid by Patient/Guarantor
Under 101%	100%	00%
101-133%	80%	20%
134-150%	60%	40%
151-200%	30%	70%
201-300%	10%	90%
Over 301%	00%	100%

2019 Federal Poverty Guidelines:

Household Size	100%	133%	150%	200%	300%
1	$12,490	$16,612	$18,735	$24,980	$37,470
2	16,910	22,490	25,365	33,820	50,730
3	21,330	28,369	31,995	42,660	63,990
4	25,750	34,248	38,625	51,500	77,250
5	30,170	40,126	45,255	60,340	90,510
6	34,590	46,005	51,885	69,180	103,770
7	39,010	51,883	58,515	78,020	117,030
8	43,430	57,762	65,145	86,860	130,290

Federal Poverty Guidelines: 2019 Federal Poverty Guidelines (FPG) annual income levels are published in the Federal Register of February 1, 2019, Volume 84, Number 22, on pages 1167-1168

Example:

Charges are $100 and patient qualifies for an 80% reduction, the patient will be billed for the balance of $20.

Policy Title:	ADMISSION TO HOSPICE CARE	Policy No.:	PC.A25
Original Date:	9/16/2015 Rev. Date(s): 12/13/2017		
NHPCO Stds(s):	PFC 2.1; IA 1.2; OE 2.1; CLR 2.2; IA 1.3		
Reg. Citation(s):	42 CFR 418.25		
L-Tag(s):	None		
Approval Sign.:		Date:	1/28/18

POLICY

Patients who meet the admission criteria are admitted to Chaplaincy Health Care regardless of race, sexual preference, age, handicap, gender, communicable disease or religion, and/or ability to pay.

PROCEDURE

1. During the referral process, Chaplaincy Health Care's hospice staff determine the patient's eligibility for hospice based on the following criteria:

   a. Verbal or written certification by the patient's attending physician (if any) and the hospice medical director that the patient has a prognosis of 6 months or less if the disease follows its normal course;
   b. The patient resides in the geographic area served by the hospice program;
   c. The patient understands and accepts the palliative nature of hospice care and no longer seeks aggressive or curative treatment;
   d. There is a capable primary caregiver or, if no caregiver is available, the patient agrees to assist Chaplaincy Health Care in developing a plan of care to meet his or her needs;
   e. Chaplaincy Health Care has adequate resources, staffing, and competency to meet the needs of the patient; and
   f. The patient and/or caregiver wish to receive hospice services.

2. Chaplaincy Health Care's billing department checks the common working file and other resources as necessary to determine if the patient has a prior history of hospice care and to ensure that the patient is admitted into the correct benefit period.

3. If a patient is transferring from another hospice and is in his or her third or later benefit period, the intake department determines whether a face-to-face encounter was provided by the transferring hospice for the current benefit period or if one needs to be completed prior to admission.

4. If a patient has received hospice care previously and is in his or her third or later benefit period, then a face-to-face encounter must be completed prior to admission.

5. Chaplaincy Health Care obtains orders from a physician according to law and regulation and professional standards of practice before providing care.

6. If it is determined that the patient does not meet the criteria for admission, reasons for non-acceptance are documented in the electronic medical record and communicated to the referrer and patient/caregiver as appropriate.

7. Efforts are made to refer ineligible patients to appropriate community resources or other health care providers.

8. Chaplaincy Health Care collects data regarding the appropriateness and timeliness of admissions that are utilized in Chaplaincy Health Care's Quality Assessment and Performance Improvement program.

9. If a patient or family member refuses to allow the hospice medical director or nurse practitioner to make the required visit, discharge procedures may be considered since failure to have the face-to-face encounter impedes the hospice's ability to provide care.

10. Failure to meet the required timeframes for the face-to-face encounter for new admissions result in failure to meet the recertification of terminal illness eligibility requirement and the patient is not eligible for the Medicare Hospice Benefit unless the failure is due to an exceptional circumstance.

11. When an exceptional circumstance occurs, it must be documented and the face-to-face encounter must occur within two days after admission to be considered timely. If the patient dies within two days of admission without a face-to-face encounter, a face-to-face encounter is considered complete.

Discrimination is Against the Law

Chaplaincy Health Care complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. Chaplaincy Health Care does not exclude people or treat them differently because of race, color, national origin, age, disability, or sex.

Chaplaincy Health Care:

• Provides free aids and services to people with disabilities to communicate effectively with us, such as:

o Qualified sign language interpreters

o Written information in other formats (large print, audio, accessible electronic formats, other formats)

• Provides free language services to people whose primary language is not English, such as:

o Qualified interpreters

o Information written in other languages

If you need these services, contact Shannon Novakovich or Jill Adcock

If you believe that Chaplaincy Health Care has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance with: Shannon Novakovich, or Jill Adcock, Civil Rights Coordinators, 1480 Fowler St, Richland, WA 99352 Phone: 509-783-7416, Fax: 509-735-7850, shannonn@chaplaincyhealthcare.org jilla@chaplaincyhealthcare.org . You can file a grievance in person or by mail, fax, or email. If you need help filing a grievance, Shannon Novakovich or Jill Adcock are available to help you.

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at https://ocrportal.hhs.gov/ocr/portal/lobby.jsf , or by mail or phone at:

U.S. Department of Health and Human Services
200 Independence Avenue, SW
Room 509F, HHH Building
Washington, D.C. 20201
1-800-368-1019, 800-537-7697 (TDD)

Complaint forms are available at http://www.hhs.gov/ocr/office/file/index.html.

Español (Spanish): ATENCIÓN: si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 1-509-783-7416.

中文 (Chinese): 注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電 1-509-783-7416。

Tiếng Việt (Vietnamese): CHÚ Ý: Nếu bạn nói Tiếng Việt, có các dịch vụ hỗ trợ ngôn ngữ miễn phí dành cho bạn. Gọi số 1-509-783-7416.

K 한국어 (Korean): 주의: 한국어를 사용하시는 경우, 언어 지원 서비스를 무료로 이용하실 수 있습니다. 1-509-783-7416 번으로 전화해 주십시오.

Русском (Russian): ВНИМАНИЕ: Если вы говорите на русском языке, то вам доступны бесплатные услуги перевода. Звоните 1-509-783-7416.

Filipino (Tagalog) : PAUNAWA: Kung nagsasalita ka ng Tagalog, maaari kang gumamit ng mga serbisyo ng tulong sa wika nang walang bayad. Tumawag sa 1-509-783-7416.

Українською (Ukrainian): УВАГА! Якщо ви розмовляєте українською мовою, ви можете звернутися до безкоштовної служби мовної підтримки. Телефонуйте за номером 1-509-783-7416).

ភាសាខ្មែរ (Mon-Khmer, Cambodian): ប្រយ័ត្ន៖ បើសិនជាអ្នកនិយាយ ភាសាខ្មែរ, សេវាជំនួយផ្នែកភាសា ដោយមិនគិតឈ្នួល គឺអាចមានសំរាប់បំរើអ្នក។ ចូរ ទូរស័ព្ទ 1-509-783-7416។

日本語: 注意事項 (Japanese) : 日本語を話される場合、無料の言語支援をご利用いただけます。1-509-783-7416 まで、お電話にてご連絡ください。1-509-783-7416

አማርኛ (Amharic)፡ ማስታወሻ: የሚናገሩት ቋንቋ ኣማርኛ ከሆነ የትርጉም እርዳታ ድርጅቶች፣ በነጻ ሊያግዝዎት ተዘጋጀተዋል፡ ወደ ሚከተለው ቁጥር ይደውሉ 1-509-783-7416.

Oroomiffa (Cushite): XIYYEEFFANNAA: Afaan dubbattu Oroomiffa, tajaajila gargaarsa afaanii, kanfaltiidhaan ala, ni argama. Bilbilaa 1-509-783-7416.

(Arabic) للغوية:

ملحوظة: إذا كنت تتحدث اذكر اللغة، فإن خدمات المساعدة اللغوية تتوافر لك بالمجان. اتصل برقم 1-509-783-7416

ਪੰਜਾਬੀ (Panjabi): ਿਧਆਨ ਿਦਓ: ਜੇ ਤੁਸ ਪੰਜਾਬੀ ਬੋਲਦੇ ਹੋ, ਤ ਭਾਸ਼ਾ ਿਵੱਚ ਸਹਾਇਤਾ ਸੇਵਾ ਤੁਹਾਡੇ ਲਈ ਮੁਫਤ ਉਪਲਬਧ ਹੈ। 1-509-783-7416 'ਤੇ ਕਾਲ ਕਰੋ।

Deutsch (German): ACHTUNG: Wenn Sie Deutsch sprechen, stehen Ihnen kostenlos sprachliche Hilfsdienstleistungen zur Verfügung. Rufnummer: 1-509-783-7416.

ພາສາລາວ (Laotian): ໂປດຊາບ: ຖ້າວ່າ ທ່ານເວົ້າພາສາ ລາວ, ການບໍລິການຊ່ວຍເຫຼືອດ້ານພາສາ, ໂດຍບໍ່ເສັຽຄ່າ, ແມ່ນມີພ້ອມໃຫ້ທ່ານ. ໂທຣ 1-509-783-7416.

Policy Title:	**REFERRALS TO HOSPICE CARE**			**Policy No.:**	**PC.R13**
Original Date:	12/7/2011	**Rev. Date(s):**	10/26/2015		
NHPCO Stds(s):	PFC 2.1; CES 1.1				
Reg. Citation(s):	None				
L-Tag(s):	None				
Approval Sign.:				**Date:**	11/7/16

POLICY:

The Tri-Cities Chaplaincy (The Chaplaincy) accepts referrals of patients for hospice admission 24 hours a day, 7 days a week.

PROCEDURE:

1. The Chaplaincy's Intake Office accepts new referrals during scheduled working hours of 8:00 AM to 5:00 PM, Monday through Friday.

2. Outside of scheduled working hours, referrals are taken by the Admit or On-Call Nurse who notifies the referral source that a hospice representative will return their call the same day or next day. The Admit Nurse responds to urgent referrals for admission.

3. When a patient or family member makes the referral, the Intake Office or the Admit Nurse contacts the patient's attending physician to confirm the patient's eligibility for hospice care, and to obtain the attending physician's orders to admit the patient for hospice services.

4. If the attending physician denies approval of the referral to hospice, the Intake Office or Admit Nurse notifies the referral source of the attending physician's response. Documentation is done in the electronic medical record (EMR) of why the patient was not admitted.

5. When the referral is initiated or approved by the attending physician and orders have been obtained, the Intake Office or Admit Nurse:

   a. Contacts the patient/caregiver to schedule an appointment for the admitting RN to visit;
   b. Notifies the admitting RN of the date, time, and the location of the appointment;
   c. Provides a copy of pertinent information to the admitting RN; and
   d. Notifies the referral source of the hospice intervention.

6. The common working file is checked for every referral to identify patients who have a history of prior hospice care to ensure the patient is admitted to the correct hospice benefit period.

Exhibit 3:
Nonbinding Cost Estimator Letter

Strategic Construction Management℠

January 27, 2020

Randy Huyck, Management Analyst
Licensed Facilities and Certificate of Need
Heath Systems Quality Assurance
Washington State Department of Health
P.O. Box 47852
Tumwater, WA 98501

Dear Mr. Huyck:

On behalf of Tri-Cities Chaplaincy, I am writing regarding the certificate of need application for the replacement hospice care center. Based on the master budget we have developed in conjunction with the architect—ALSC—and other consultants as noted, following are items included for budgeting purposes excluding sales tax:

Description	Estimated Cost
Building Construction	$5,402,168
Moveable Equipment	$221,050
Fixed Equipment	0
Consulting Fees	$177,092
Site Preparation	Included in building costs
Supervision and Inspection	$37,370
Total	**$5,837,680**

Building Construction and Site preparation fees are attached as developed for the conceptual design per Thomas Consulting for ALSC Architects.

Moveable Equipment was developed based on the anticipated needs at this point in time for furniture, fixtures and equipment for the new Hospice Care Center after a review of needs with the staff at the existing location.

At this time, it is assumed that most fixed equipment will be contractor installed and incorporated into the building construction.

Supervision and Inspection services include Geotech, Special Inspections, and Building Commissioning per budgets provided by local consultants based on the conceptual design.

Please do not hesitate to contact me if you have any questions or require additional information.

Regards,

David L. Robison, CCM, LEED A.P.
Principal

Opinion of Probable Cost

ThomasConsulting

Hospice House
Chaplaincy Health Care
Richland, WA
PD2 2nd DRAFT

Todays Date=	11/18/19
Est. Bid Date=	Nov-20
MACC	unknown
GSF	12,549

DIV	Desc of Work	SEC		Cost/SF	% Total	Compare w/last Est		Notes
		TOTAL		Bldg	Cost		diff	
1a	General Conditions	$	184,220	14.68	3.4%		184,220	
1b	Allowances	$	100,000	7.97	1.9%		100,000	
32a	Site Demo/Prep	$	101,885	8.12	1.9%		101,885	61.39
32b	Site Impvts	$	321,755	25.64	6.0%		321,755	
32c	Site Utilities	$	146,623	11.68	2.7%		146,623	
32d	Ldscp/Irrig	$	200,105				200,105	
2a	Selective Demolition	$	-	15.95	3.7%		-	
3a	Concrete Fdn/Slab-on-Grade	$	176,269	14.05	3.3%		176,269	200.57
3b	Precast Arch. Concrete	$	18,824	1.50	0.3%		18,824	
4a	Masonry	$	149,350	11.90	2.8%		149,350	
5a	Floor Framing	$	-	0.00	0.0%		-	
5b	Roof Framing	$	301,095	23.99	5.6%		301,095	
5c	Misc Steel	$	15,049	1.20	0.3%		15,049	
5d	Stairs/Railings	$	2,000	0.16	0.0%		2,000	
6a	Ext. Wall Framing	$	140,070	11.16	2.6%		140,070	
6b	Rough Carpentry	$	16,072	1.28	0.3%		16,072	
6c	Finish Carpentry	$	89,895	7.16	1.7%		89,895	
7a	Ext. Wall Finish Systems	$	229,633	18.30	4.3%		229,633	
7b	Insulation/Roofing/Sheetmetal	$	162,242	12.93	3.0%		162,242	
8a	Windows & Doors	$	173,530	13.83	3.2%		173,530	
8b	Doors & Openings	$	96,765	7.71	1.8%		96,765	
9a	GWB Wall & Clg Systems	$	245,680	19.58	4.5%		245,680	
9b	Acoustic Ceilings/Systems	$	18,670	1.49	0.3%		18,670	
9c	Wall & Ceiling Finishes	$	101,597	8.10	1.9%		101,597	
9d	Floor Finishes	$	100,261	7.99	1.9%		100,261	
10a	Specialties & Accessories	$	34,799	2.77	0.6%		34,799	
11a	Equipment	$	142,500	11.36	2.6%		142,500	
12a	Architectural Casework	$	100,392	8.00	1.9%		100,392	
12b	Furnishings	$	18,100	1.44	0.3%		18,100	
13a	Special Const	$	-	0.00	0.0%		-	
14a	Elevators & Lifts	$	-	0.00	0.0%		-	
							-	
	Sub-total	$	3,387,379	269.93	62.7%		3,387,379	
							-	
15a	Fire Protection	$	67,166	5.35	1.2%		67,166	71.18
15b	Mechanical	$	509,254	40.58	9.4%		509,254	
16a	Electrical	$	316,841	25.25	5.9%		316,841	
							-	
	Sub-total	$	4,280,640	341.11	79.2%		4,280,640	
							-	
26.2%	**Front-End Costs**	$	1,121,528	89.37	20.8%		1,121,528	
							-	
1.0%	Bonds (Incl Tax)		42,806	3.41	0.8%		42,806	89.37
0.5%	B&O Tax		21,403	1.71	0.4%		21,403	
0.7%	Insurance		29,964	2.39	0.6%		29,964	
0.0%	Permits - by Owner		-	0.00	0.0%		-	
0.0%	Market Adjustment (Gen Only)		-	0.00	0.0%		-	
6.0%	GC Overhead & Profit		256,838	20.47	4.8%		256,838	
12.0%	Contingency		513,677	40.93	9.5%		513,677	
6.0%	Escalation - (Nov. 20')		256,838	20.47	4.8%		256,838	
							-	
	Total Opinion of Cost	**$**	**5,402,168**	**430.49**			5,402,168	
8.6%	Sales Tax	$	464,586	37.02			464,586	
	Total Incl. Sales Tax	**$**	**5,866,755**	**467.51**			5,866,755	

Exhibit 4:
Proposed Equipment List

Hospice Care Center

FFE List

Item	Quantity to order	General Notes	Cost per Item	Total Cost
Public Spaces			**Subtotal**	$ 27,000.00
Exterior Spaces	3	Patio Furniture	$ 20,000.00	$ 20,000.00
Small Interior Seating Areas	4	Two chairs and table	$ 10,000.00	$ 10,000.00
Chapel	1	Furnishings, artwork	$ 5,000.00	$ 5,000.00
Dining Room	1	Tables, chairs in small seating arrangements	$ 10,000.00	$ 10,000.00
Furnishings	1	Sofa, table, chairs, end tables, lamps	$ 15,000.00	$ 15,000.00
Entry Space	1	Furnishings, artwork	$ 2,000.00	$ 2,000.00
Patient Room			**Subtotal**	$ 64,600.00
Sleeper Chair	6	2 per room. Current stock of 14 will be relocated	$ 3,000.00	$ 18,000.00
High Low Hospital Bed	4	Six beds can transfer; 3 high low beds	$ 1,500.00	$ 6,000.00
Mattress	10	By the time of the move, replacement will be required.	$ 250.00	$ 2,500.00
Bariatric Bed	1		$ 3,200.00	$ 3,200.00
Bariatric Bed Mattress	1		$ 350.00	$ 350.00
Bariatric Sheets	1		$ 315.00	$ 315.00
Lamp	10	Allowance for table top lamps.	$ 1,000.00	$ 1,000.00
Dresser	10	1 per room.	$ 1,200.00	$ 12,000.00
Night Stand	10	1 per room.	$ 750.00	$ 7,500.00
Over bed table	10	1 per room.	$ 150.00	$ 1,500.00
Wipe warmer	10	1 per room. Do not order; place on wish list	$ 25.00	$ 250.00
Phone	10	New phones will be required throughout the facility.	$ 125.00	$ 1,250.00
Overhead bed light	10	The current option will not relocate.	$ 325.00	$ 3,250.00
Television	10	Wall mounted (current is 32" would like something larger)	$ 300.00	$ 3,000.00
Clock	10	Wall mounted - needs to be larger than current clock and no tick. Prefer wired or digital clocks	$ 140.00	$ 1,400.00
White board	10	3'x3' white board. White board replaces patient name plate)	$ 130.00	$ 1,300.00

Hospice Care Center

FFE List

Item	Quantity to order	General Notes	Cost per Item	Total Cost
CD radio player	10	1 per room	$ 56.00	$ 560.00
Folding Chairs	20	2 chairs per room. Buy costco style for each room and take current stock to supplement	$ 20.00	$ 400.00
Privacy Curtain	15	1 per room is required, but additional for cleaning. 108"x84" $55 each Direct Supply	$ 55.00	$ 825.00
Patient Room Bathroom			**Subtotal**	$ 250.00
Shower curtain	10		$ 25.00	$ 250.00
Tech Requirements			**Subtotal**	$ 65,000.00
Bed Alarm System	1		$ 50,000.00	$ 50,000.00
Computer on wheels	2	Need to order new with battery packs. Team currently has two on hand, but one works intermittently. Cost includes COW, computer	$ 7,500.00	$ 15,000.00
Safety Requirements			**Subtotal**	$ 4,500.00
Burn kit	2	One in kitchen / one in oxygen room	$ 50.00	$ 100.00
First Aid Kit	5	Team will review WAC to determine what will be required throughout the facility	$ 50.00	$ 250.00
Fire extinguishers	10	Need to determine number required (placeholder added)	$ 200.00	$ 2,000.00
Wall signs for emergency exiting	10	Need to determine number required (placeholder added)	$ 200.00	$ 2,000.00
Eye wash kit	3	Portable in public restroom	$ 50.00	$ 150.00
Nurses Station/Office Space			**Subtotal**	$ 28,000.00
Computer	10	Computers include computer, screen, peripherals	$ 2,500.00	$ 25,000.00
Phone	8	New Phones planned in the facility. 2 for nurses station, six for office/staff areas	$ 125.00	$ 1,000.00

Hospice Care Center

FFE List

Item	Quantity to order	General Notes	Cost per Item	Total Cost
Office chair	10	One for every station and one per COW. Some of the chairs from current location will be transferred. Number to be determined based on functionality at the time of the move.	$ 200.00	$ 2,000.00
High Chair for COW	3		$ 200.00	$ 600.00
General office	6	Pencil holders, desk storage supplies, etc.	$ 300.00	$ 1,800.00
L Desk	4	1 per office - four office areas	$ 3,000.00	$ 12,000.00
Guest Chairs	12	2 per office - six office/staff areas	$ 200.00	$ 2,400.00
Filing cabinet	4		$ 100.00	$ 400.00
Clock	6	1 per office - six office/staff areas	$ 140.00	$ 840.00
Trash can	6	1 per office - six office/staff areas	$ 20.00	$ 120.00
Bookshelf (tall)	6	1 per office - six office/staff areas	$ 500.00	$ 3,000.00
Wall mounted files	6	1 - 3 file configuration for six office/staff areas	$ 25.00	$ 150.00
Medical Equipment			**Subtotal**	$ 2,750.00
Hoyer Lift	1	Need to order one; bring one from current location, and bariatric room will have built-in		$ 2,000.00
Sit to stand	1			$ 750.00
Meeting Room			**Subtotal**	$ 21,250.00
Conference Table, chairs, Projector, White Board	1	Allowance at this time pending team decisions on what should be added to this room.	$ 20,000.00	$ 20,000.00
Med Room			**Subtotal**	$ 1,250.00
Isolation Cart	2	Keep current use as "backup"; buy two new that are designed for this function	$ 500.00	$ 1,000.00
Laundry Hamper	1	Keep current and order additional	$ 250.00	$ 250.00
Staff Break Room			**Subtotal**	$ 1,250.00
Lockers	1	need space for 8 staff	$ 1,000.00	$ 1,000.00
Mailboxes	1		$ 250.00	$ 250.00
Laundry			**Subtotal**	$ 4,500.00
Washer	2		$ 1,000.00	$ 2,000.00

Hospice Care Center

FFE List

Item	Quantity to order	General Notes	Cost per Item	Total Cost
Dryer	2		$ 1,000.00	$ 2,000.00
Laundry cart	1	Use current and order one additional	$ 500.00	$ 500.00
Miscellaneous			**Subtotal**	$ 700.00
Clocks	5	Need wall mounted in halls, activity areas, break areas, nurses station, etc. Estimate for additional areas needs to be verified.	$ 140.00	$ 700.00
				$ 221,050.00

Exhibit 5:
Bob Rosselli Financing Letter

Chaplaincy
HEALTH CARE

HOSPICE CARE | PALLIATIVE CARE | GRIEF CARE | BEHAVIORAL HEALTH

January 24, 2020

Randy Huyck, Management Analyst
Licensed Facilities and Certificate of Need
Heath Systems Quality Assurance
Washington State Department of Health
P.O. Box 47852
Tumwater, WA 98501

Dear Mr. Huyck:

As President of the Board of Directors for Chaplaincy Health Care, I am writing to confirm our commitment to replace our existing Hospice House with a new facility. Chaplaincy Health Care will undertake a capital campaign that will raise most of the funds for this project. However, in an effort to be conservative, our certificate of need pro forma financials do assume the interest expense associated with a term loan. In addition to the capital campaign, Chaplaincy Health Care is committing to use reserves/endowments of $1.5 million towards this project.

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,

Bob Rosselli,

President of Board of Directors at Chaplaincy

Exhibit 6:
Pro Forma Financials

Hospice House Financial Assumptions

Volume Assumptions

Provided in Table X of the application. Details regarding assumptions were included in response to Question #X of the application.

Revenues

1. Gross patient revenues for the projected years of 2022 through 2024 are proportionate to the increase in patient days. Gross revenue per patient day is based upon preliminary 2019 financials which includes an adjustment to revenue to the FY2020 new Medicare rates (effective 10/1/2019) for general inpatient care, respite care and routine home care. No other inflation or increases in charges were assumed.

   The percentage of days by level of care was based on preliminary 2019 experience. No changes were assumed.

Table X
Daily Rates by Level of Care and Percentage of Total Patient Days

Level of Care	Daily Rate	% of Total Patient Days
General Inpatient Care	$1,000.07	52%
Inpatient Respite Care	$442.21	21%
Routine Care < 61 days	$190.17	27%
Routine Care > 60 Days	$150.30	0%

Source: Applicant

2. Net patient revenue for each year of 2022 through 2024 is consistent with the reimbursement by payer contracts for preliminary 2019. The pro forma statement does not assume any increases or decreases in reimbursement. Charity care and bad debt expense are proportionately the same as the base year of 2019. Specifically, charity care is 6.5% of gross patient service revenues and bad debt is 1.7% of gross patient services revenues.

3. Consistent with Medicare cost reporting, a 2% adjustment has been made each year for the sequester (reduction in revenue).

4. Other Revenue:

   MD Fees: Assumed to be the same as 2019.

   Public support: donations to the hospice house were assumed to remain flat even though census is projected to grow slightly.

Thrift Store: Chaplaincy presently operates two thrift stores and the net revenues from these two stores are used to support Hospice House. A 3rd store will be established by April 2020 in a rapidly growing area of Pasco. It will have twice the square footage of the existing thrift stores and is projected to generate a profit of $140,000 with a full 12 months of operation. However, we have conservatively assumed no growth in net revenue between 2022 and 2024. And, it is expected that by 2022, it is expected that the three stores will have net revenues to Hospice House of 250,000.

Expenses

5. Salary expense corresponds to the current and proposed FTE's needed for the Hospice House. No increase in FTEs was assumed. The statement does not include any compensation increases.
6. Employee benefits are kept constant throughout the statement, at the same percentage of salary as 2019 or 12%.
7. Other personnel costs include: FICA, workers compensation and other employment costs. with no increases in staffing, no changes from 2019 were assumed.
8. Medical supplies: none; all patient care costs are included in 'other expenses', below.
9. Office supplies: held flat at 2019 costs.
10. Laboratory tests: none
11. Pharmacy: were assumed to be $22.96 per patient day.
12. Medical director fees: These are for the associate medical director (who provides back up support to the medical director). 2019 amounts were held flat.
13. Equipment Lease & Maintenance: None
14. Building rent or Lease: None
15. Depreciation/Amortization: Increases in 2022 due to opening of replacement facility. Straight line depreciation assumed, 25 years for the building and 10 years for equipment.
16. Insurance: 2019 amounts were held flat.
17. Cost Allocations: based on a review of other hospice care center CN applications, Chaplaincy assumed 5% of expenses (excluding depreciation and interest expenses).
18. Utilities: utility costs were assumed to decrease by 18% based on the efficiency of the new facility.
19. Other operating expenses: includes telephone, postage, banking fees, non office supplies, copying/printing. 2019 amounts were held flat.
20. Education/Travel: this includes conference fees and travel to conferences 2019 amounts were held flat.
21. Hospice supplies and patient transportation: were assumed to be $29.28 per patient day.
22. Interest expense: Interest expense included for construction loan. Assumes $5.5 million; amortized over 25 years at an fixed interest rate of 3.5%.
23. There are no start up or opening expenses associated with the replacement hospice care center.

Hospice Care Center without Replacement Assumptions:

The only difference between the with and without pro forma financials are the depreciation expense and the interest expense line items. The depreciation expense assumes no additional capital investment and, therefore, no interest expense.

Chaplaincy Consolidated Financial Statements

The combined agency financial statements ("with" and "without" the project) assume no growth in census for the agency. The only growth is associated with the hospice care center. The only change in revenue is based on the addition of the 3rd thrift store. The total revenue and associated expenses are captured in the consolidated financial statement.

A balance sheet for the combined agency has also been included.

Chaplaincy Health Care

CoN Financial Statement

Hospice Care Center

	2019 - Prelim	2022 - PF	2023 - PF	2024 - PF
Medicare	878,251	1,330,529	1,352,603	1,376,867
Medicaid	105,419	164,313	167,155	170,029
Private Pay	138,334	134,165	134,164	134,165
Third Party Insurance	77,497	130,125	132,374	134,653
Other Revenue				
MD Fees	59,766	59,766	59,766	59,766
Public Support	62,462	62,462	62,462	62,462
Thirft Store, Net	107,930	250,000	250,000	250,000
Total Gross Revenue	1,429,659	2,131,360	2,158,524	2,187,942
Deductions from Revenue				
Charity Care	(78,471)	(115,081)	(116,858)	(118,783)
Contractual Allowances	(19,270)	(28,261)	(28,697)	(29,170)
Bad Debt	(19,992)	(29,319)	(29,772)	(30,262)
Other				
2% Medicare Sequester	(17,565)	(26,611)	(27,052)	(27,537)
Total Deductions	(135,298)	(199,272)	(202,379)	(205,752)
Net Revenue	1,294,361	1,932,088	1,956,144	1,982,190
Expenses				
Salaries and Wages	1,073,708	1,073,708	1,073,708	1,073,708
Employee Benefits	140,253	140,253	140,253	140,253
Other Personal Costs	97,051	97,051	97,051	97,051
Total Personal Costs	1,311,012	1,311,012	1,311,012	1,311,012
Medical Supplies				
Office Supplies	1,168	1,168	1,168	1,168
Laboratory		-	-	
Pharmacy	47,923	52,883	53,801	54,720
Medicall Director Fees	43,320	43,320	43,320	43,320
Equipment Lease & Maintainance	-	-	-	-
Building Rent or Lease	-	-	-	-
Depreciation/Amortization	31,575	324,940	324,940	324,940
Insurance	675	675	675	675
Cost Allocations	76,652	76,963	77,068	77,172
Utilities	28,224	23,154	23,154	23,154
Other				
Operating Exp	30,902	30,902	30,902	30,902
Education/Travel	8,728	8,728	8,728	8,728
Hospice Supplies and Pat Transportation	61,098	67,422	68,593	69,764
Interest Expense	-	183,581	178,359	172,950
Total Other Expenses	330,264	813,735	810,706	807,492
Total All Expenses	1,641,276	2,124,746	2,121,718	2,118,504
Profit/Loss	(346,915)	(192,658)	(165,574)	(136,314)

Chaplaincy Health Care

CoN Financial Statement
Hospice Care Center
(Consolidated agency with a new HCC)

	Agency 2019 - Prelim	2022 - PF	2023 - PF	2024 - PF
Medicare	9,580,790	9,991,404	10,013,478	10,037,742
Medicaid	336,400	403,390	406,232	409,106
Private Pay	283,840	304,860	304,860	304,860
Third Party Insurance	1,014,778	1,110,464	1,112,713	1,114,992
Other Revenue				
MD Fees	74,549	74,549	74,549	74,549
Public Support	653,370	653,370	653,370	653,370
Fundraising	357,424	357,424	357,424	357,424
Other Program Revenue	2,210,042	2,210,042	2,210,042	2,210,042
Thirft Store Revenue	493,299	1,079,299	1,079,299	1,079,299
Investment Income/Loss	376,566	376,566	376,566	376,566
Other Income	8,981	8,981	8,981	8,981
Total Gross Revenue	15,390,040	16,570,349	16,597,514	16,626,931
Deductions from Revenue				
Charity Care	(198,966)	(208,092)	(208,509)	(208,960)
Contractual Allowances	(1,127,954)	(1,179,689)	(1,182,054)	(1,184,615)
Bad Debt	(72,467)	(75,791)	(75,943)	(76,108)
Other				
2% Medicare Sequester	(189,887)	(199,828)	(200,270)	(200,755)
Total Deductions	(1,589,274)	(1,663,400)	(1,666,775)	(1,670,438)
Net Revenue	13,800,766	14,906,949	14,930,739	14,956,493
Expenses				
Salaries and Wages	7,781,184	7,885,184	7,885,184	7,885,184
Employee Benefits	999,361	1,024,021	1,024,021	1,024,021
Other Personal Costs	733,643	742,909	742,909	742,909
Total Personal Costs	9,514,189	9,652,115	9,652,115	9,652,115
Medical Supplies				
Office Supplies	38,216	38,216	38,216	38,216
Laboratory		-	-	
Pharmacy	452,715	499,570	508,247	516,924
Medicall Director Fees	84,967	84,967	84,967	84,967
Equipment Lease & Maintainance	25,593	25,593	25,593	25,593
Building Rent or Lease	148,618	316,618	316,618	316,618
Depreciation/Amortization	252,038	591,978	591,978	591,978
Insurance	95,535	95,535	95,535	95,535
Cost Allocations	-	-	-	-
Utilities	90,085	130,035	130,035	130,035
Other				
Operating Exp	1,000,917	1,030,917	1,030,917	1,030,917
Mileage/Education/Travel	258,487	258,487	258,487	258,487
Hospice Supplies and Pat Transportation	263,993	291,316	296,375	301,435
Occupancy Costs	165,490	168,990	168,990	168,990
Program Expenses	553,404	625,178	625,178	625,178
Interest Expense	-	183,581	178,359	172,950
Total Other Expenses	3,430,058	4,340,980	4,349,494	4,357,823
Total All Expenses	12,944,246	13,993,095	14,001,609	14,009,938
Profit/Loss	856,520	913,854	929,130	946,556

Chaplaincy Health Care
With New HCC
Audited FS Format - Consolidiated Agency

Assets	2022	2023	2024
Cash and cash equivalents	3,100,897	4,093,385	5,097,892
Patient care receiveables, net of allowance	1,352,082	1,352,082	1,352,082
Contracts, contributions, and other fees receiveable, net of allowance	227,702	227,702	227,702
Hospice supplies and donated goods inventory	100,111	100,111	100,111
Prepaid Expenses	158,213	158,213	158,213
Investments	1,787,340	2,163,906	2,540,472
Property and equipment, net of depreciation	12,328,931	11,736,953	11,144,975
	19,055,276	19,832,352	20,621,447
Liabilities and Net Assets			
Accounts payable	229,029	229,029	229,029
Deferred revenue	93,055	93,055	93,055
Accrued payroll, benefits and taxes	635,040	635,040	635,040
Loan Payable	5,165,210	5,013,157	4,855,695
	6,122,334	5,970,281	5,812,820
Net Assets	12,932,942	13,862,071	14,808,627
	19,055,276	19,832,352	20,621,447

Chaplaincy Health Care

CoN Financial Statement
Hospice Care Center
(Continuation of existing HCC)

	2019 - Prelim	2022 - PF	2023 - PF	2024 - PF
Medicare	878,251	1,330,529	1,352,603	1,376,867
Medicaid	105,419	164,313	167,155	170,029
Private Pay	138,334	134,165	134,164	134,165
Third Party Insurance	77,497	130,125	132,374	134,653
Other Revenue				
MD Fees	59,766	59,766	59,766	59,766
Public Support	62,462	62,462	62,462	62,462
Thirft Store, Net	107,930	250,000	250,000	250,000
Total Gross Revenue	1,429,659	2,131,360	2,158,524	2,187,942
Deductions from Revenue				
Charity Care	(78,471)	(115,081)	(116,858)	(118,783)
Contractual Allowances	(19,270)	(28,261)	(28,697)	(29,170)
Bad Debt	(19,992)	(29,319)	(29,772)	(30,262)
Other				
2% Medicare Sequester	(17,565)	(26,611)	(27,052)	(27,537)
Total Deductions	(135,298)	(199,272)	(202,379)	(205,752)
Net Revenue	1,294,361	1,932,088	1,956,144	1,982,190
Expenses				
Salaries and Wages	1,073,708	1,073,708	1,073,708	1,073,708
Employee Benefits	140,253	140,253	140,253	140,253
Other Personal Costs	97,051	97,051	97,051	97,051
Total Personal Costs	1,311,012	1,311,012	1,311,012	1,311,012
Medical Supplies				
Office Supplies	1,168	1,168	1,168	1,168
Laboratory		-	-	
Pharmacy	47,923	52,882	53,801	54,719
Medicall Director Fees	43,320	43,320	43,320	43,320
Equipment Lease & Maintainance	-	-	-	-
Building Rent or Lease	-	-	-	-
Depreciation/Amortization	31,575	26,200	25,059	23,810
Insurance	675	675	675	675
Cost Allocations	76,652	76,963	77,068	77,172
Utilities	28,224	23,154	23,154	23,154
Other				
Operating Exp	30,902	30,902	30,902	30,902
Education/Travel	8,728	8,728	8,728	8,728
Hospice Supplies and Pat Transportation	61,098	67,422	68,593	69,764
Interest Expense	-	-	-	-
Total Other Expenses	330,264	331,413	332,466	333,412
Total All Expenses	1,641,276	1,642,425	1,643,478	1,644,423
Profit/Loss	(346,915)	289,663	312,666	337,766

Chaplaincy Health Care

CoN Financial Statement
Hospice Care Center
(Consolidated agency with continuation of existing HCC)

	Agency 2019 - Prelim	2022 - PF	2023 - PF	2024 - PF
Medicare	9,580,790	9,991,404	10,013,478	10,037,742
Medicaid	336,400	403,390	406,232	409,106
Private Pay	283,840	304,860	304,860	304,860
Third Party Insurance	1,014,778	1,110,464	1,112,713	1,114,992
Other Revenue				
MD Fees	74,549	74,549	74,549	74,549
Public Support	653,370	653,370	653,370	653,370
Fundraising	357,424	357,424	357,424	357,424
Other Program Revenue	2,210,042	2,210,042	2,210,042	2,210,042
Thirft Store Revenue	493,299	1,079,299	1,079,299	1,079,299
Investment Income/Loss	376,566	376,566	376,566	376,566
Other Income	8,981	8,981	8,981	8,981
Total Gross Revenue	15,390,040	16,570,349	16,597,514	16,626,931
Deductions from Revenue				
Charity Care	(198,966)	(208,092)	(208,509)	(208,960)
Contractual Allowances	(1,127,954)	(1,179,689)	(1,182,054)	(1,184,615)
Bad Debt	(72,467)	(75,791)	(75,943)	(76,108)
Other				
2% Medicare Sequester	(189,887)	(199,828)	(200,270)	(200,755)
Total Deductions	(1,589,274)	(1,663,400)	(1,666,775)	(1,670,438)
Net Revenue	13,800,766	14,906,949	14,930,739	14,956,493
Expenses				
Salaries and Wages	7,781,184	7,885,184	7,885,184	7,885,184
Employee Benefits	999,361	1,024,021	1,024,021	1,024,021
Other Personal Costs	733,643	742,909	742,909	742,909
Total Personal Costs	9,514,189	9,652,115	9,652,115	9,652,115
Medical Supplies				
Office Supplies	38,216	38,216	38,216	38,216
Laboratory		-	-	
Pharmacy	452,715	499,570	508,247	516,924
Medicall Director Fees	84,967	84,967	84,967	84,967
Equipment Lease & Maintainance	25,593	25,593	25,593	25,593
Building Rent or Lease	148,618	316,618	316,618	316,618
Depreciation/Amortization	252,038	267,038	267,038	267,038
Insurance	95,535	95,535	95,535	95,535
Cost Allocations	-	-	-	-
Utilities	90,085	106,885	106,885	106,885
Other				
Operating Exp	1,000,917	1,030,917	1,030,917	1,030,917
Mileage/Education/Travel	258,487	258,487	258,487	258,487
Hospice Supplies and Pat Transportation	263,993	291,316	296,375	301,435
Occupancy Costs	165,490	168,990	168,990	168,990
Program Expenses	553,404	625,178	625,178	625,178
Interest Expense	-	-	-	-
Total Other Expenses	3,430,058	3,809,309	3,823,046	3,836,783
Total All Expenses	12,944,246	13,461,424	13,475,161	13,488,897
Profit/Loss	856,520	1,445,525	1,455,578	1,467,596

Chaplaincy Health Care

CoN Financial Statement
Hospice Care Center
(Consolidated agency with continuation of existing HCC)

	Agency 2019 - Prelim	2022 - PF	2023 - PF	2024 - PF
Medicare	9,580,790	9,991,404	10,013,478	10,037,742
Medicaid	336,400	403,390	406,232	409,106
Private Pay	283,840	304,860	304,860	304,860
Third Party Insurance	1,014,778	1,110,464	1,112,713	1,114,992
Other Revenue				
MD Fees	74,549	74,549	74,549	74,549
Public Support	653,370	653,370	653,370	653,370
Fundraising	357,424	357,424	357,424	357,424
Other Program Revenue	2,210,042	2,210,042	2,210,042	2,210,042
Thirft Store Revenue	493,299	1,079,299	1,079,299	1,079,299
Investment Income/Loss	376,566	376,566	376,566	376,566
Other Income	8,981	8,981	8,981	8,981
Total Gross Revenue	15,390,040	16,570,349	16,597,514	16,626,931
Deductions from Revenue				
Charity Care	(198,966)	(208,092)	(208,509)	(208,960)
Contractual Allowances	(1,127,954)	(1,179,689)	(1,182,054)	(1,184,615)
Bad Debt	(72,467)	(75,791)	(75,943)	(76,108)
Other				
2% Medicare Sequester	(189,887)	(199,828)	(200,270)	(200,755)
Total Deductions	(1,589,274)	(1,663,400)	(1,666,775)	(1,670,438)
Net Revenue	13,800,766	14,906,949	14,930,739	14,956,493
Expenses				
Salaries and Wages	7,781,184	7,885,184	7,885,184	7,885,184
Employee Benefits	999,361	1,024,021	1,024,021	1,024,021
Other Personal Costs	733,643	742,909	742,909	742,909
Total Personal Costs	9,514,189	9,652,115	9,652,115	9,652,115
Medical Supplies				
Office Supplies	38,216	38,216	38,216	38,216
Laboratory		-	-	
Pharmacy	452,715	499,570	508,247	516,924
Medicall Director Fees	84,967	84,967	84,967	84,967
Equipment Lease & Maintainance	25,593	25,593	25,593	25,593
Building Rent or Lease	148,618	316,618	316,618	316,618
Depreciation/Amortization	252,038	267,038	267,038	267,038
Insurance	95,535	95,535	95,535	95,535
Cost Allocations	-	-	-	-
Utilities	90,085	106,885	106,885	106,885
Other				
Operating Exp	1,000,917	1,030,917	1,030,917	1,030,917
Mileage/Education/Travel	258,487	258,487	258,487	258,487
Hospice Supplies and Pat Transportation	263,993	291,316	296,375	301,435
Occupancy Costs	165,490	168,990	168,990	168,990
Program Expenses	553,404	625,178	625,178	625,178
Interest Expense	-	-	-	-
Total Other Expenses	3,430,058	3,809,309	3,823,046	3,836,783
Total All Expenses	12,944,246	13,461,424	13,475,161	13,488,897
Profit/Loss	856,520	1,445,525	1,455,578	1,467,596

Chaplaincy Health Care
With Existing HCC
Audited FS Format - Consolidiated Agency

Assets	2022	2023	2024
Cash and cash equivalents	3,895,007	5,241,057	6,599,125
Patient care receiveables, net of allowance	1,352,082	1,352,082	1,352,082
Contracts, contributions, and other fees receiveable, net of allowance	227,702	227,702	227,702
Hospice supplies and donated goods inventory	100,111	100,111	100,111
Prepaid Expenses	158,213	158,213	158,213
Investments	3,287,340	3,663,906	4,040,472
Property and equipment, net of depreciation	3,753,871	3,486,833	3,219,795
	12,774,326	14,229,904	15,697,500
Liabilities and Net Assets			
Accounts payable	229,029	229,029	229,029
Deferred revenue	93,055	93,055	93,055
Accrued payroll, benefits and taxes	635,040	635,040	635,040
	957,125	957,125	957,125
		-	
Net Assets	11,817,201	13,272,779	14,740,375
	12,774,326	14,229,904	15,697,500

Exhibit 7:
Amortization Schedule

LOAN AMORTIZATION SCHEDULE

ENTER VALUES	
Loan amount	$5,500,000.00
Annual interest rate	3.50%
Loan period in years	25
Number of payments per year	12
Start date of loan	9/1/2020
Optional extra payments	$0.00

LOAN SUMMARY	
Scheduled payment	$27,534.30
Scheduled number of payments	300
Actual number of payments	
Total early payments	
Total interest	
LENDER NAME	TBD

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
1	9/1/2020	$5,500,000	$27,534	$0	$27,534	$11,493	$16,042	$5,488,507	$16,042
2	10/1/2020	$5,488,507	$27,534	$0	$27,534	$11,526	$16,008	$5,476,981	$32,050
3	11/1/2020	$5,476,981	$27,534	$0	$27,534	$11,560	$15,975	$5,465,421	$48,024
4	12/1/2020	$5,465,421	$27,534	$0	$27,534	$11,593	$15,941	$5,453,828	$63,965
5	1/1/2021	$5,453,828	$27,534	$0	$27,534	$11,627	$15,907	$5,442,201	$79,872
6	2/1/2021	$5,442,201	$27,534	$0	$27,534	$11,661	$15,873	$5,430,539	$95,745
7	3/1/2021	$5,430,539	$27,534	$0	$27,534	$11,695	$15,839	$5,418,844	$111,584
8	4/1/2021	$5,418,844	$27,534	$0	$27,534	$11,729	$15,805	$5,407,115	$127,389
9	5/1/2021	$5,407,115	$27,534	$0	$27,534	$11,764	$15,771	$5,395,351	$143,160
10	6/1/2021	$5,395,351	$27,534	$0	$27,534	$11,798	$15,736	$5,383,554	$158,896
11	7/1/2021	$5,383,554	$27,534	$0	$27,534	$11,832	$15,702	$5,371,721	$174,598
12	8/1/2021	$5,371,721	$27,534	$0	$27,534	$11,867	$15,668	$5,359,854	$190,266
13	9/1/2021	$5,359,854	$27,534	$0	$27,534	$11,901	$15,633	$5,347,953	$205,899
14	10/1/2021	$5,347,953	$27,534	$0	$27,534	$11,936	$15,598	$5,336,017	$221,497
15	11/1/2021	$5,336,017	$27,534	$0	$27,534	$11,971	$15,563	$5,324,046	$237,061
16	12/1/2021	$5,324,046	$27,534	$0	$27,534	$12,006	$15,528	$5,312,040	$252,589
17	1/1/2022	$5,312,040	$27,534	$0	$27,534	$12,041	$15,493	$5,299,999	$268,082
18	2/1/2022	$5,299,999	$27,534	$0	$27,534	$12,076	$15,458	$5,287,923	$283,541
19	3/1/2022	$5,287,923	$27,534	$0	$27,534	$12,111	$15,423	$5,275,812	$298,964
20	4/1/2022	$5,275,812	$27,534	$0	$27,534	$12,147	$15,388	$5,263,666	$314,352

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
21	5/1/2022	$5,263,666	$27,534	$0	$27,534	$12,182	$15,352	$5,251,484	$329,704
22	6/1/2022	$5,251,484	$27,534	$0	$27,534	$12,217	$15,317	$5,239,266	$345,021
23	7/1/2022	$5,239,266	$27,534	$0	$27,534	$12,253	$15,281	$5,227,013	$360,302
24	8/1/2022	$5,227,013	$27,534	$0	$27,534	$12,289	$15,245	$5,214,724	$375,547
25	9/1/2022	$5,214,724	$27,534	$0	$27,534	$12,325	$15,210	$5,202,400	$390,757
26	10/1/2022	$5,202,400	$27,534	$0	$27,534	$12,361	$15,174	$5,190,039	$405,931
27	11/1/2022	$5,190,039	$27,534	$0	$27,534	$12,397	$15,138	$5,177,642	$421,068
28	12/1/2022	$5,177,642	$27,534	$0	$27,534	$12,433	$15,101	$5,165,210	$436,170
29	1/1/2023	$5,165,210	$27,534	$0	$27,534	$12,469	$15,065	$5,152,740	$451,235
30	2/1/2023	$5,152,740	$27,534	$0	$27,534	$12,505	$15,029	$5,140,235	$466,264
31	3/1/2023	$5,140,235	$27,534	$0	$27,534	$12,542	$14,992	$5,127,693	$481,256
32	4/1/2023	$5,127,693	$27,534	$0	$27,534	$12,579	$14,956	$5,115,114	$496,212
33	5/1/2023	$5,115,114	$27,534	$0	$27,534	$12,615	$14,919	$5,102,499	$511,131
34	6/1/2023	$5,102,499	$27,534	$0	$27,534	$12,652	$14,882	$5,089,847	$526,013
35	7/1/2023	$5,089,847	$27,534	$0	$27,534	$12,689	$14,845	$5,077,158	$540,859
36	8/1/2023	$5,077,158	$27,534	$0	$27,534	$12,726	$14,808	$5,064,432	$555,667
37	9/1/2023	$5,064,432	$27,534	$0	$27,534	$12,763	$14,771	$5,051,669	$570,438
38	10/1/2023	$5,051,669	$27,534	$0	$27,534	$12,800	$14,734	$5,038,869	$585,172
39	11/1/2023	$5,038,869	$27,534	$0	$27,534	$12,838	$14,697	$5,026,032	$599,869
40	12/1/2023	$5,026,032	$27,534	$0	$27,534	$12,875	$14,659	$5,013,157	$614,528
41	1/1/2024	$5,013,157	$27,534	$0	$27,534	$12,913	$14,622	$5,000,244	$629,150
42	2/1/2024	$5,000,244	$27,534	$0	$27,534	$12,950	$14,584	$4,987,294	$643,734
43	3/1/2024	$4,987,294	$27,534	$0	$27,534	$12,988	$14,546	$4,974,306	$658,280
44	4/1/2024	$4,974,306	$27,534	$0	$27,534	$13,026	$14,508	$4,961,280	$672,789
45	5/1/2024	$4,961,280	$27,534	$0	$27,534	$13,064	$14,470	$4,948,216	$687,259
46	6/1/2024	$4,948,216	$27,534	$0	$27,534	$13,102	$14,432	$4,935,114	$701,691
47	7/1/2024	$4,935,114	$27,534	$0	$27,534	$13,140	$14,394	$4,921,974	$716,086
48	8/1/2024	$4,921,974	$27,534	$0	$27,534	$13,179	$14,356	$4,908,795	$730,441
49	9/1/2024	$4,908,795	$27,534	$0	$27,534	$13,217	$14,317	$4,895,578	$744,759
50	10/1/2024	$4,895,578	$27,534	$0	$27,534	$13,256	$14,279	$4,882,323	$759,037
51	11/1/2024	$4,882,323	$27,534	$0	$27,534	$13,294	$14,240	$4,869,028	$773,278
52	12/1/2024	$4,869,028	$27,534	$0	$27,534	$13,333	$14,201	$4,855,695	$787,479

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
53	1/1/2025	$4,855,695	$27,534	$0	$27,534	$13,372	$14,162	$4,842,324	$801,641
54	2/1/2025	$4,842,324	$27,534	$0	$27,534	$13,411	$14,123	$4,828,913	$815,765
55	3/1/2025	$4,828,913	$27,534	$0	$27,534	$13,450	$14,084	$4,815,463	$829,849
56	4/1/2025	$4,815,463	$27,534	$0	$27,534	$13,489	$14,045	$4,801,974	$843,894
57	5/1/2025	$4,801,974	$27,534	$0	$27,534	$13,529	$14,006	$4,788,445	$857,900
58	6/1/2025	$4,788,445	$27,534	$0	$27,534	$13,568	$13,966	$4,774,877	$871,866
59	7/1/2025	$4,774,877	$27,534	$0	$27,534	$13,608	$13,927	$4,761,269	$885,793
60	8/1/2025	$4,761,269	$27,534	$0	$27,534	$13,647	$13,887	$4,747,622	$899,680
61	9/1/2025	$4,747,622	$27,534	$0	$27,534	$13,687	$13,847	$4,733,935	$913,527
62	10/1/2025	$4,733,935	$27,534	$0	$27,534	$13,727	$13,807	$4,720,208	$927,335
63	11/1/2025	$4,720,208	$27,534	$0	$27,534	$13,767	$13,767	$4,706,441	$941,102
64	12/1/2025	$4,706,441	$27,534	$0	$27,534	$13,807	$13,727	$4,692,634	$954,829
65	1/1/2026	$4,692,634	$27,534	$0	$27,534	$13,847	$13,687	$4,678,787	$968,516
66	2/1/2026	$4,678,787	$27,534	$0	$27,534	$13,888	$13,646	$4,664,899	$982,162
67	3/1/2026	$4,664,899	$27,534	$0	$27,534	$13,928	$13,606	$4,650,970	$995,768
68	4/1/2026	$4,650,970	$27,534	$0	$27,534	$13,969	$13,565	$4,637,001	$1,009,334
69	5/1/2026	$4,637,001	$27,534	$0	$27,534	$14,010	$13,525	$4,622,992	$1,022,858
70	6/1/2026	$4,622,992	$27,534	$0	$27,534	$14,051	$13,484	$4,608,941	$1,036,342
71	7/1/2026	$4,608,941	$27,534	$0	$27,534	$14,092	$13,443	$4,594,850	$1,049,785
72	8/1/2026	$4,594,850	$27,534	$0	$27,534	$14,133	$13,402	$4,580,717	$1,063,186
73	9/1/2026	$4,580,717	$27,534	$0	$27,534	$14,174	$13,360	$4,566,543	$1,076,547
74	10/1/2026	$4,566,543	$27,534	$0	$27,534	$14,215	$13,319	$4,552,328	$1,089,866
75	11/1/2026	$4,552,328	$27,534	$0	$27,534	$14,257	$13,278	$4,538,071	$1,103,143
76	12/1/2026	$4,538,071	$27,534	$0	$27,534	$14,298	$13,236	$4,523,773	$1,116,379
77	1/1/2027	$4,523,773	$27,534	$0	$27,534	$14,340	$13,194	$4,509,433	$1,129,574
78	2/1/2027	$4,509,433	$27,534	$0	$27,534	$14,382	$13,153	$4,495,051	$1,142,726
79	3/1/2027	$4,495,051	$27,534	$0	$27,534	$14,424	$13,111	$4,480,627	$1,155,837
80	4/1/2027	$4,480,627	$27,534	$0	$27,534	$14,466	$13,068	$4,466,162	$1,168,905
81	5/1/2027	$4,466,162	$27,534	$0	$27,534	$14,508	$13,026	$4,451,654	$1,181,932
82	6/1/2027	$4,451,654	$27,534	$0	$27,534	$14,550	$12,984	$4,437,103	$1,194,916
83	7/1/2027	$4,437,103	$27,534	$0	$27,534	$14,593	$12,942	$4,422,511	$1,207,857
84	8/1/2027	$4,422,511	$27,534	$0	$27,534	$14,635	$12,899	$4,407,875	$1,220,756

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85	9/1/2027	$4,407,875	$27,534	$0	$27,534	$14,678	$12,856	$4,393,197	$1,233,612
86	10/1/2027	$4,393,197	$27,534	$0	$27,534	$14,721	$12,813	$4,378,476	$1,246,426
87	11/1/2027	$4,378,476	$27,534	$0	$27,534	$14,764	$12,771	$4,363,713	$1,259,196
88	12/1/2027	$4,363,713	$27,534	$0	$27,534	$14,807	$12,727	$4,348,906	$1,271,924
89	1/1/2028	$4,348,906	$27,534	$0	$27,534	$14,850	$12,684	$4,334,056	$1,284,608
90	2/1/2028	$4,334,056	$27,534	$0	$27,534	$14,893	$12,641	$4,319,163	$1,297,249
91	3/1/2028	$4,319,163	$27,534	$0	$27,534	$14,937	$12,598	$4,304,226	$1,309,847
92	4/1/2028	$4,304,226	$27,534	$0	$27,534	$14,980	$12,554	$4,289,246	$1,322,401
93	5/1/2028	$4,289,246	$27,534	$0	$27,534	$15,024	$12,510	$4,274,222	$1,334,911
94	6/1/2028	$4,274,222	$27,534	$0	$27,534	$15,068	$12,466	$4,259,154	$1,347,378
95	7/1/2028	$4,259,154	$27,534	$0	$27,534	$15,112	$12,423	$4,244,042	$1,359,800
96	8/1/2028	$4,244,042	$27,534	$0	$27,534	$15,156	$12,378	$4,228,886	$1,372,179
97	9/1/2028	$4,228,886	$27,534	$0	$27,534	$15,200	$12,334	$4,213,686	$1,384,513
98	10/1/2028	$4,213,686	$27,534	$0	$27,534	$15,244	$12,290	$4,198,442	$1,396,803
99	11/1/2028	$4,198,442	$27,534	$0	$27,534	$15,289	$12,245	$4,183,153	$1,409,048
100	12/1/2028	$4,183,153	$27,534	$0	$27,534	$15,333	$12,201	$4,167,819	$1,421,249
101	1/1/2029	$4,167,819	$27,534	$0	$27,534	$15,378	$12,156	$4,152,441	$1,433,405
102	2/1/2029	$4,152,441	$27,534	$0	$27,534	$15,423	$12,111	$4,137,018	$1,445,517
103	3/1/2029	$4,137,018	$27,534	$0	$27,534	$15,468	$12,066	$4,121,550	$1,457,583
104	4/1/2029	$4,121,550	$27,534	$0	$27,534	$15,513	$12,021	$4,106,037	$1,469,604
105	5/1/2029	$4,106,037	$27,534	$0	$27,534	$15,558	$11,976	$4,090,479	$1,481,580
106	6/1/2029	$4,090,479	$27,534	$0	$27,534	$15,604	$11,931	$4,074,875	$1,493,511
107	7/1/2029	$4,074,875	$27,534	$0	$27,534	$15,649	$11,885	$4,059,226	$1,505,396
108	8/1/2029	$4,059,226	$27,534	$0	$27,534	$15,695	$11,839	$4,043,531	$1,517,235
109	9/1/2029	$4,043,531	$27,534	$0	$27,534	$15,741	$11,794	$4,027,790	$1,529,029
110	10/1/2029	$4,027,790	$27,534	$0	$27,534	$15,787	$11,748	$4,012,004	$1,540,776
111	11/1/2029	$4,012,004	$27,534	$0	$27,534	$15,833	$11,702	$3,996,171	$1,552,478
112	12/1/2029	$3,996,171	$27,534	$0	$27,534	$15,879	$11,655	$3,980,292	$1,564,134
113	1/1/2030	$3,980,292	$27,534	$0	$27,534	$15,925	$11,609	$3,964,367	$1,575,743
114	2/1/2030	$3,964,367	$27,534	$0	$27,534	$15,972	$11,563	$3,948,396	$1,587,305
115	3/1/2030	$3,948,396	$27,534	$0	$27,534	$16,018	$11,516	$3,932,378	$1,598,822
116	4/1/2030	$3,932,378	$27,534	$0	$27,534	$16,065	$11,469	$3,916,313	$1,610,291

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117	5/1/2030	$3,916,313	$27,534	$0	$27,534	$16,112	$11,423	$3,900,201	$1,621,714
118	6/1/2030	$3,900,201	$27,534	$0	$27,534	$16,159	$11,376	$3,884,042	$1,633,089
119	7/1/2030	$3,884,042	$27,534	$0	$27,534	$16,206	$11,328	$3,867,836	$1,644,418
120	8/1/2030	$3,867,836	$27,534	$0	$27,534	$16,253	$11,281	$3,851,583	$1,655,699
121	9/1/2030	$3,851,583	$27,534	$0	$27,534	$16,301	$11,234	$3,835,283	$1,666,933
122	10/1/2030	$3,835,283	$27,534	$0	$27,534	$16,348	$11,186	$3,818,935	$1,678,119
123	11/1/2030	$3,818,935	$27,534	$0	$27,534	$16,396	$11,139	$3,802,539	$1,689,257
124	12/1/2030	$3,802,539	$27,534	$0	$27,534	$16,444	$11,091	$3,786,095	$1,700,348
125	1/1/2031	$3,786,095	$27,534	$0	$27,534	$16,492	$11,043	$3,769,604	$1,711,391
126	2/1/2031	$3,769,604	$27,534	$0	$27,534	$16,540	$10,995	$3,753,064	$1,722,386
127	3/1/2031	$3,753,064	$27,534	$0	$27,534	$16,588	$10,946	$3,736,476	$1,733,332
128	4/1/2031	$3,736,476	$27,534	$0	$27,534	$16,636	$10,898	$3,719,840	$1,744,230
129	5/1/2031	$3,719,840	$27,534	$0	$27,534	$16,685	$10,850	$3,703,155	$1,755,080
130	6/1/2031	$3,703,155	$27,534	$0	$27,534	$16,733	$10,801	$3,686,422	$1,765,881
131	7/1/2031	$3,686,422	$27,534	$0	$27,534	$16,782	$10,752	$3,669,640	$1,776,633
132	8/1/2031	$3,669,640	$27,534	$0	$27,534	$16,831	$10,703	$3,652,809	$1,787,336
133	9/1/2031	$3,652,809	$27,534	$0	$27,534	$16,880	$10,654	$3,635,928	$1,797,990
134	10/1/2031	$3,635,928	$27,534	$0	$27,534	$16,930	$10,605	$3,618,999	$1,808,595
135	11/1/2031	$3,618,999	$27,534	$0	$27,534	$16,979	$10,555	$3,602,020	$1,819,150
136	12/1/2031	$3,602,020	$27,534	$0	$27,534	$17,028	$10,506	$3,584,992	$1,829,656
137	1/1/2032	$3,584,992	$27,534	$0	$27,534	$17,078	$10,456	$3,567,913	$1,840,112
138	2/1/2032	$3,567,913	$27,534	$0	$27,534	$17,128	$10,406	$3,550,786	$1,850,518
139	3/1/2032	$3,550,786	$27,534	$0	$27,534	$17,178	$10,356	$3,533,608	$1,860,875
140	4/1/2032	$3,533,608	$27,534	$0	$27,534	$17,228	$10,306	$3,516,380	$1,871,181
141	5/1/2032	$3,516,380	$27,534	$0	$27,534	$17,278	$10,256	$3,499,102	$1,881,437
142	6/1/2032	$3,499,102	$27,534	$0	$27,534	$17,329	$10,206	$3,481,773	$1,891,643
143	7/1/2032	$3,481,773	$27,534	$0	$27,534	$17,379	$10,155	$3,464,394	$1,901,798
144	8/1/2032	$3,464,394	$27,534	$0	$27,534	$17,430	$10,104	$3,446,964	$1,911,903
145	9/1/2032	$3,446,964	$27,534	$0	$27,534	$17,481	$10,054	$3,429,483	$1,921,956
146	10/1/2032	$3,429,483	$27,534	$0	$27,534	$17,532	$10,003	$3,411,952	$1,931,959
147	11/1/2032	$3,411,952	$27,534	$0	$27,534	$17,583	$9,952	$3,394,369	$1,941,911
148	12/1/2032	$3,394,369	$27,534	$0	$27,534	$17,634	$9,900	$3,376,735	$1,951,811

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149	1/1/2033	$3,376,735	$27,534	$0	$27,534	$17,685	$9,849	$3,359,049	$1,961,660
150	2/1/2033	$3,359,049	$27,534	$0	$27,534	$17,737	$9,797	$3,341,312	$1,971,457
151	3/1/2033	$3,341,312	$27,534	$0	$27,534	$17,789	$9,745	$3,323,524	$1,981,202
152	4/1/2033	$3,323,524	$27,534	$0	$27,534	$17,841	$9,694	$3,305,683	$1,990,896
153	5/1/2033	$3,305,683	$27,534	$0	$27,534	$17,893	$9,642	$3,287,790	$2,000,538
154	6/1/2033	$3,287,790	$27,534	$0	$27,534	$17,945	$9,589	$3,269,845	$2,010,127
155	7/1/2033	$3,269,845	$27,534	$0	$27,534	$17,997	$9,537	$3,251,848	$2,019,664
156	8/1/2033	$3,251,848	$27,534	$0	$27,534	$18,050	$9,485	$3,233,798	$2,029,149
157	9/1/2033	$3,233,798	$27,534	$0	$27,534	$18,102	$9,432	$3,215,696	$2,038,580
158	10/1/2033	$3,215,696	$27,534	$0	$27,534	$18,155	$9,379	$3,197,541	$2,047,960
159	11/1/2033	$3,197,541	$27,534	$0	$27,534	$18,208	$9,326	$3,179,333	$2,057,286
160	12/1/2033	$3,179,333	$27,534	$0	$27,534	$18,261	$9,273	$3,161,071	$2,066,559
161	1/1/2034	$3,161,071	$27,534	$0	$27,534	$18,315	$9,220	$3,142,757	$2,075,779
162	2/1/2034	$3,142,757	$27,534	$0	$27,534	$18,368	$9,166	$3,124,389	$2,084,945
163	3/1/2034	$3,124,389	$27,534	$0	$27,534	$18,421	$9,113	$3,105,967	$2,094,058
164	4/1/2034	$3,105,967	$27,534	$0	$27,534	$18,475	$9,059	$3,087,492	$2,103,117
165	5/1/2034	$3,087,492	$27,534	$0	$27,534	$18,529	$9,005	$3,068,963	$2,112,122
166	6/1/2034	$3,068,963	$27,534	$0	$27,534	$18,583	$8,951	$3,050,380	$2,121,073
167	7/1/2034	$3,050,380	$27,534	$0	$27,534	$18,637	$8,897	$3,031,743	$2,129,970
168	8/1/2034	$3,031,743	$27,534	$0	$27,534	$18,692	$8,843	$3,013,051	$2,138,813
169	9/1/2034	$3,013,051	$27,534	$0	$27,534	$18,746	$8,788	$2,994,305	$2,147,601
170	10/1/2034	$2,994,305	$27,534	$0	$27,534	$18,801	$8,733	$2,975,504	$2,156,334
171	11/1/2034	$2,975,504	$27,534	$0	$27,534	$18,856	$8,679	$2,956,648	$2,165,013
172	12/1/2034	$2,956,648	$27,534	$0	$27,534	$18,911	$8,624	$2,937,737	$2,173,636
173	1/1/2035	$2,937,737	$27,534	$0	$27,534	$18,966	$8,568	$2,918,771	$2,182,205
174	2/1/2035	$2,918,771	$27,534	$0	$27,534	$19,021	$8,513	$2,899,750	$2,190,718
175	3/1/2035	$2,899,750	$27,534	$0	$27,534	$19,077	$8,458	$2,880,673	$2,199,175
176	4/1/2035	$2,880,673	$27,534	$0	$27,534	$19,132	$8,402	$2,861,541	$2,207,577
177	5/1/2035	$2,861,541	$27,534	$0	$27,534	$19,188	$8,346	$2,842,353	$2,215,923
178	6/1/2035	$2,842,353	$27,534	$0	$27,534	$19,244	$8,290	$2,823,109	$2,224,214
179	7/1/2035	$2,823,109	$27,534	$0	$27,534	$19,300	$8,234	$2,803,809	$2,232,448
180	8/1/2035	$2,803,809	$27,534	$0	$27,534	$19,357	$8,178	$2,784,452	$2,240,625

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181	9/1/2035	$2,784,452	$27,534	$0	$27,534	$19,413	$8,121	$2,765,039	$2,248,747
182	10/1/2035	$2,765,039	$27,534	$0	$27,534	$19,470	$8,065	$2,745,570	$2,256,811
183	11/1/2035	$2,745,570	$27,534	$0	$27,534	$19,526	$8,008	$2,726,043	$2,264,819
184	12/1/2035	$2,726,043	$27,534	$0	$27,534	$19,583	$7,951	$2,706,460	$2,272,770
185	1/1/2036	$2,706,460	$27,534	$0	$27,534	$19,640	$7,894	$2,686,819	$2,280,664
186	2/1/2036	$2,686,819	$27,534	$0	$27,534	$19,698	$7,837	$2,667,122	$2,288,501
187	3/1/2036	$2,667,122	$27,534	$0	$27,534	$19,755	$7,779	$2,647,366	$2,296,280
188	4/1/2036	$2,647,366	$27,534	$0	$27,534	$19,813	$7,721	$2,627,554	$2,304,001
189	5/1/2036	$2,627,554	$27,534	$0	$27,534	$19,871	$7,664	$2,607,683	$2,311,665
190	6/1/2036	$2,607,683	$27,534	$0	$27,534	$19,929	$7,606	$2,587,754	$2,319,271
191	7/1/2036	$2,587,754	$27,534	$0	$27,534	$19,987	$7,548	$2,567,768	$2,326,818
192	8/1/2036	$2,567,768	$27,534	$0	$27,534	$20,045	$7,489	$2,547,723	$2,334,308
193	9/1/2036	$2,547,723	$27,534	$0	$27,534	$20,103	$7,431	$2,527,619	$2,341,739
194	10/1/2036	$2,527,619	$27,534	$0	$27,534	$20,162	$7,372	$2,507,457	$2,349,111
195	11/1/2036	$2,507,457	$27,534	$0	$27,534	$20,221	$7,313	$2,487,236	$2,356,424
196	12/1/2036	$2,487,236	$27,534	$0	$27,534	$20,280	$7,254	$2,466,957	$2,363,679
197	1/1/2037	$2,466,957	$27,534	$0	$27,534	$20,339	$7,195	$2,446,618	$2,370,874
198	2/1/2037	$2,446,618	$27,534	$0	$27,534	$20,398	$7,136	$2,426,219	$2,378,010
199	3/1/2037	$2,426,219	$27,534	$0	$27,534	$20,458	$7,076	$2,405,761	$2,385,086
200	4/1/2037	$2,405,761	$27,534	$0	$27,534	$20,517	$7,017	$2,385,244	$2,392,103
201	5/1/2037	$2,385,244	$27,534	$0	$27,534	$20,577	$6,957	$2,364,667	$2,399,060
202	6/1/2037	$2,364,667	$27,534	$0	$27,534	$20,637	$6,897	$2,344,029	$2,405,957
203	7/1/2037	$2,344,029	$27,534	$0	$27,534	$20,698	$6,837	$2,323,332	$2,412,794
204	8/1/2037	$2,323,332	$27,534	$0	$27,534	$20,758	$6,776	$2,302,574	$2,419,570
205	9/1/2037	$2,302,574	$27,534	$0	$27,534	$20,818	$6,716	$2,281,755	$2,426,286
206	10/1/2037	$2,281,755	$27,534	$0	$27,534	$20,879	$6,655	$2,260,876	$2,432,941
207	11/1/2037	$2,260,876	$27,534	$0	$27,534	$20,940	$6,594	$2,239,936	$2,439,535
208	12/1/2037	$2,239,936	$27,534	$0	$27,534	$21,001	$6,533	$2,218,935	$2,446,069
209	1/1/2038	$2,218,935	$27,534	$0	$27,534	$21,062	$6,472	$2,197,873	$2,452,540
210	2/1/2038	$2,197,873	$27,534	$0	$27,534	$21,124	$6,410	$2,176,749	$2,458,951
211	3/1/2038	$2,176,749	$27,534	$0	$27,534	$21,185	$6,349	$2,155,563	$2,465,300
212	4/1/2038	$2,155,563	$27,534	$0	$27,534	$21,247	$6,287	$2,134,316	$2,471,587

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
213	5/1/2038	$2,134,316	$27,534	$0	$27,534	$21,309	$6,225	$2,113,007	$2,477,812
214	6/1/2038	$2,113,007	$27,534	$0	$27,534	$21,371	$6,163	$2,091,635	$2,483,975
215	7/1/2038	$2,091,635	$27,534	$0	$27,534	$21,434	$6,101	$2,070,202	$2,490,075
216	8/1/2038	$2,070,202	$27,534	$0	$27,534	$21,496	$6,038	$2,048,706	$2,496,114
217	9/1/2038	$2,048,706	$27,534	$0	$27,534	$21,559	$5,975	$2,027,147	$2,502,089
218	10/1/2038	$2,027,147	$27,534	$0	$27,534	$21,622	$5,913	$2,005,525	$2,508,001
219	11/1/2038	$2,005,525	$27,534	$0	$27,534	$21,685	$5,849	$1,983,840	$2,513,851
220	12/1/2038	$1,983,840	$27,534	$0	$27,534	$21,748	$5,786	$1,962,092	$2,519,637
221	1/1/2039	$1,962,092	$27,534	$0	$27,534	$21,812	$5,723	$1,940,280	$2,525,360
222	2/1/2039	$1,940,280	$27,534	$0	$27,534	$21,875	$5,659	$1,918,405	$2,531,019
223	3/1/2039	$1,918,405	$27,534	$0	$27,534	$21,939	$5,595	$1,896,466	$2,536,614
224	4/1/2039	$1,896,466	$27,534	$0	$27,534	$22,003	$5,531	$1,874,463	$2,542,146
225	5/1/2039	$1,874,463	$27,534	$0	$27,534	$22,067	$5,467	$1,852,396	$2,547,613
226	6/1/2039	$1,852,396	$27,534	$0	$27,534	$22,131	$5,403	$1,830,265	$2,553,016
227	7/1/2039	$1,830,265	$27,534	$0	$27,534	$22,196	$5,338	$1,808,069	$2,558,354
228	8/1/2039	$1,808,069	$27,534	$0	$27,534	$22,261	$5,274	$1,785,808	$2,563,628
229	9/1/2039	$1,785,808	$27,534	$0	$27,534	$22,326	$5,209	$1,763,482	$2,568,836
230	10/1/2039	$1,763,482	$27,534	$0	$27,534	$22,391	$5,143	$1,741,091	$2,573,980
231	11/1/2039	$1,741,091	$27,534	$0	$27,534	$22,456	$5,078	$1,718,635	$2,579,058
232	12/1/2039	$1,718,635	$27,534	$0	$27,534	$22,522	$5,013	$1,696,114	$2,584,071
233	1/1/2040	$1,696,114	$27,534	$0	$27,534	$22,587	$4,947	$1,673,526	$2,589,018
234	2/1/2040	$1,673,526	$27,534	$0	$27,534	$22,653	$4,881	$1,650,873	$2,593,899
235	3/1/2040	$1,650,873	$27,534	$0	$27,534	$22,719	$4,815	$1,628,154	$2,598,714
236	4/1/2040	$1,628,154	$27,534	$0	$27,534	$22,786	$4,749	$1,605,369	$2,603,462
237	5/1/2040	$1,605,369	$27,534	$0	$27,534	$22,852	$4,682	$1,582,517	$2,608,145
238	6/1/2040	$1,582,517	$27,534	$0	$27,534	$22,919	$4,616	$1,559,598	$2,612,760
239	7/1/2040	$1,559,598	$27,534	$0	$27,534	$22,985	$4,549	$1,536,612	$2,617,309
240	8/1/2040	$1,536,612	$27,534	$0	$27,534	$23,053	$4,482	$1,513,560	$2,621,791
241	9/1/2040	$1,513,560	$27,534	$0	$27,534	$23,120	$4,415	$1,490,440	$2,626,206
242	10/1/2040	$1,490,440	$27,534	$0	$27,534	$23,187	$4,347	$1,467,253	$2,630,553
243	11/1/2040	$1,467,253	$27,534	$0	$27,534	$23,255	$4,279	$1,443,998	$2,634,832
244	12/1/2040	$1,443,998	$27,534	$0	$27,534	$23,323	$4,212	$1,420,676	$2,639,044

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
245	1/1/2041	$1,420,676	$27,534	$0	$27,534	$23,391	$4,144	$1,397,285	$2,643,188
246	2/1/2041	$1,397,285	$27,534	$0	$27,534	$23,459	$4,075	$1,373,826	$2,647,263
247	3/1/2041	$1,373,826	$27,534	$0	$27,534	$23,527	$4,007	$1,350,299	$2,651,270
248	4/1/2041	$1,350,299	$27,534	$0	$27,534	$23,596	$3,938	$1,326,703	$2,655,208
249	5/1/2041	$1,326,703	$27,534	$0	$27,534	$23,665	$3,870	$1,303,038	$2,659,078
250	6/1/2041	$1,303,038	$27,534	$0	$27,534	$23,734	$3,801	$1,279,304	$2,662,878
251	7/1/2041	$1,279,304	$27,534	$0	$27,534	$23,803	$3,731	$1,255,501	$2,666,610
252	8/1/2041	$1,255,501	$27,534	$0	$27,534	$23,872	$3,662	$1,231,629	$2,670,272
253	9/1/2041	$1,231,629	$27,534	$0	$27,534	$23,942	$3,592	$1,207,687	$2,673,864
254	10/1/2041	$1,207,687	$27,534	$0	$27,534	$24,012	$3,522	$1,183,675	$2,677,386
255	11/1/2041	$1,183,675	$27,534	$0	$27,534	$24,082	$3,452	$1,159,593	$2,680,839
256	12/1/2041	$1,159,593	$27,534	$0	$27,534	$24,152	$3,382	$1,135,441	$2,684,221
257	1/1/2042	$1,135,441	$27,534	$0	$27,534	$24,223	$3,312	$1,111,218	$2,687,532
258	2/1/2042	$1,111,218	$27,534	$0	$27,534	$24,293	$3,241	$1,086,925	$2,690,774
259	3/1/2042	$1,086,925	$27,534	$0	$27,534	$24,364	$3,170	$1,062,561	$2,693,944
260	4/1/2042	$1,062,561	$27,534	$0	$27,534	$24,435	$3,099	$1,038,126	$2,697,043
261	5/1/2042	$1,038,126	$27,534	$0	$27,534	$24,506	$3,028	$1,013,619	$2,700,071
262	6/1/2042	$1,013,619	$27,534	$0	$27,534	$24,578	$2,956	$989,041	$2,703,027
263	7/1/2042	$989,041	$27,534	$0	$27,534	$24,650	$2,885	$964,392	$2,705,912
264	8/1/2042	$964,392	$27,534	$0	$27,534	$24,721	$2,813	$939,670	$2,708,725
265	9/1/2042	$939,670	$27,534	$0	$27,534	$24,794	$2,741	$914,877	$2,711,465
266	10/1/2042	$914,877	$27,534	$0	$27,534	$24,866	$2,668	$890,011	$2,714,134
267	11/1/2042	$890,011	$27,534	$0	$27,534	$24,938	$2,596	$865,072	$2,716,730
268	12/1/2042	$865,072	$27,534	$0	$27,534	$25,011	$2,523	$840,061	$2,719,253
269	1/1/2043	$840,061	$27,534	$0	$27,534	$25,084	$2,450	$814,977	$2,721,703
270	2/1/2043	$814,977	$27,534	$0	$27,534	$25,157	$2,377	$789,820	$2,724,080
271	3/1/2043	$789,820	$27,534	$0	$27,534	$25,231	$2,304	$764,589	$2,726,384
272	4/1/2043	$764,589	$27,534	$0	$27,534	$25,304	$2,230	$739,285	$2,728,614
273	5/1/2043	$739,285	$27,534	$0	$27,534	$25,378	$2,156	$713,907	$2,730,770
274	6/1/2043	$713,907	$27,534	$0	$27,534	$25,452	$2,082	$688,455	$2,732,852
275	7/1/2043	$688,455	$27,534	$0	$27,534	$25,526	$2,008	$662,929	$2,734,860
276	8/1/2043	$662,929	$27,534	$0	$27,534	$25,601	$1,934	$637,328	$2,736,794

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
277	9/1/2043	$637,328	$27,534	$0	$27,534	$25,675	$1,859	$611,652	$2,738,652
278	10/1/2043	$611,652	$27,534	$0	$27,534	$25,750	$1,784	$585,902	$2,740,436
279	11/1/2043	$585,902	$27,534	$0	$27,534	$25,825	$1,709	$560,077	$2,742,145
280	12/1/2043	$560,077	$27,534	$0	$27,534	$25,901	$1,634	$534,176	$2,743,779
281	1/1/2044	$534,176	$27,534	$0	$27,534	$25,976	$1,558	$508,200	$2,745,337
282	2/1/2044	$508,200	$27,534	$0	$27,534	$26,052	$1,482	$482,148	$2,746,819
283	3/1/2044	$482,148	$27,534	$0	$27,534	$26,128	$1,406	$456,020	$2,748,225
284	4/1/2044	$456,020	$27,534	$0	$27,534	$26,204	$1,330	$429,815	$2,749,555
285	5/1/2044	$429,815	$27,534	$0	$27,534	$26,281	$1,254	$403,535	$2,750,809
286	6/1/2044	$403,535	$27,534	$0	$27,534	$26,357	$1,177	$377,177	$2,751,986
287	7/1/2044	$377,177	$27,534	$0	$27,534	$26,434	$1,100	$350,743	$2,753,086
288	8/1/2044	$350,743	$27,534	$0	$27,534	$26,511	$1,023	$324,232	$2,754,109
289	9/1/2044	$324,232	$27,534	$0	$27,534	$26,589	$946	$297,643	$2,755,055
290	10/1/2044	$297,643	$27,534	$0	$27,534	$26,666	$868	$270,977	$2,755,923
291	11/1/2044	$270,977	$27,534	$0	$27,534	$26,744	$790	$244,233	$2,756,713
292	12/1/2044	$244,233	$27,534	$0	$27,534	$26,822	$712	$217,411	$2,757,426
293	1/1/2045	$217,411	$27,534	$0	$27,534	$26,900	$634	$190,511	$2,758,060
294	2/1/2045	$190,511	$27,534	$0	$27,534	$26,979	$556	$163,532	$2,758,615
295	3/1/2045	$163,532	$27,534	$0	$27,534	$27,057	$477	$136,475	$2,759,092
296	4/1/2045	$136,475	$27,534	$0	$27,534	$27,136	$398	$109,339	$2,759,490
297	5/1/2045	$109,339	$27,534	$0	$27,534	$27,215	$319	$82,123	$2,759,809
298	6/1/2045	$82,123	$27,534	$0	$27,534	$27,295	$240	$54,829	$2,760,049
299	7/1/2045	$54,829	$27,534	$0	$27,534	$27,374	$160	$27,454	$2,760,209
300	8/1/2045	$27,454	$27,534	$0	$27,454	$27,374	$80	$0	$2,760,289

Exhibit 8:
Purchase and Sales Agreement

EverStar Realty Inc.
1920 N Pittsburgh Ste A
Kennewick, WA 99336
Phone: 509-735-4042
Fax: 509-735-4052

COMMERCIAL & INVESTMENT REAL ESTATE PURCHASE & SALE AGREEMENT

This has been prepared for submission to your attorney for review and approval prior to signing. No representation is made by licensee as to its sufficiency or tax consequences

Reference Date: May 13, 20 19

Tri-Cities Chapliancy ("Buyer") agrees to buy and JRW Spaulding LLC ("Seller") agrees to sell, on the following terms, the commercial real estate and all improvements thereon (collectively, the "Property") commonly known as 1336 Spaulding Avenue in the City of Richland, Benton County, Washington, legally described on attached Exhibit A. The Reference Date above is intended to be used to reference this Agreement and is not the date of "Mutual Acceptance," which is defined in Section 23.

1. **PURCHASE PRICE.** The purchase price is Five hundred thousand Dollars ($ 500,000.00) payable as follows (check only one):

   ☒ All cash at closing with no financing contingency.

   ☐ All cash at closing contingent on new financing in accordance with the Financing Addendum (attach CBA Form PS_FIN).

   ☐ $_____ OR _____ % of the purchase price in cash at closing with the balance of the purchase price paid as follows (check one or both, as applicable): ☐ Buyer's assumption of the outstanding principal balance as of the Closing Date of a first lien note and deed of trust (or mortgage), or real estate contract, in accordance with the Financing Addendum (attach CBA Form PS_FIN); ☐ Buyer's delivery at closing of a promissory note for the balance of the purchase price, secured by a deed of trust encumbering the Property, in accordance with the Financing Addendum (attach CBA Form PS_FIN).

   ☐ Other: _____.

2. **EARNEST MONEY.** The earnest money in the amount of $ 10,000.00 shall be in the form of ☐ Cash ☒ Personal check ☐ Promissory note (attached CBA Form EMN) ☐ Other: _____

   The earnest money shall be held by ☐ Selling Firm ☒ Closing Agent. Selling Broker may, however, transfer the earnest money to Closing Agent.

   Buyer shall deliver the earnest money no later than:
   ☐ _____ days after Mutual Acceptance.
   ☒ On the last day of the Feasibility Period defined in Section 5 below.
   ☐ Other: _____.

   If the earnest money is to be held by Selling Firm and is over $10,000, it shall be deposited to: ☐ Selling Firm's pooled trust account (with interest paid to the State Treasurer) ☐ A separate interest bearing trust account in Selling Firm's name. The interest, if any, shall be credited at closing to Buyer. If this sale fails to close, whoever is entitled to the earnest money is entitled to interest.

   Selling Firm shall deposit any check to be held by Selling Firm within 3 days after receipt or Mutual Acceptance, whichever occurs later. Buyer agrees to pay financing and purchase costs incurred by Buyer. Unless otherwise provided in this Agreement, the earnest money shall be applicable to the purchase price.

3. **EXHIBITS AND ADDENDA.** The following Exhibits and Addenda are made a part of this Agreement:

INITIALS: Buyer CG Date 5/13/19 Seller DS RB Date 05/15/19
Buyer _____ Date _____ Seller _____ Date _____

EverStar Realty Inc.
1920 N Pittsburgh Ste A
Kennewick, WA 99336
Phone: 509-735-4042
Fax: 509-735-4052

COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)

☒ Exhibit A - Legal Description
☐ Earnest Money Promissory Note, CBA Form EMN
☐ Promissory Note, LPB Form No. 28A
☐ Short Form Deed of Trust, LPB Form No. 20
☐ Deed of Trust Rider, CBA Form DTR
☐ Utility Charges Addendum, CBA Form UA
☐ FIRPTA Certification, CBA Form 22E
☐ Assignment and Assumption, CBA Form PS-AS
☐ Addendum/Amendment, CBA Form PSA
☐ Back-Up Addendum, CBA Form BU-A
☐ Vacant Land Addendum, CBA Form VLA
☐ Financing Addendum, CBA Form PS_FIN
☐ Tenant Estoppel Certificate, CBA Form PS_TEC
☐ Defeasance Addendum, CBA Form PS_D
☐ Other _____

4. **SELLER'S UNDERLYING FINANCING.** Unless Buyer is assuming Seller's underlying financing, Seller shall be responsible for confirming the existing underlying financing is not subject to any "lock out" or similar covenant which would prevent the lender's lien from being released at closing. In addition, Seller shall provide Buyer notice prior to the end of the Feasibility Period if Seller is required to substitute securities for the Property as collateral for the underlying financing (known as "defeasance"). If Seller provides this notice of defeasance to Buyer, then the parties shall close the transaction in accordance with the process described in CBA Form PS_D or any different process identified in Seller's defeasance notice to Buyer.

DS RB 05/15/19

5. **FEASIBILITY CONTINGENCY.** Buyer's obligations under this Agreement are conditioned upon Buyer's satisfaction in Buyer's sole discretion, concerning all aspects of the Property, including its physical condition; the presence of or absence of any hazardous substances; the contracts and leases affecting the property; the potential financial performance of the Property; the availability of government permits and approvals; and the feasibility of the Property for Buyer's intended purpose. This Agreement shall terminate and Buyer shall receive a refund of the earnest money unless Buyer gives written notice to Seller within ~~90~~ 60 days(30 days if not filled in) (the "Feasibility Period") of Mutual Acceptance stating that this condition is satisfied. If such notice is timely given, the feasibility contingency stated in this Section 5 shall be deemed to be satisfied.

DS GC 05/16/19

a. **Books, Records, Leases, Agreements.** Seller shall make available for inspection by Buyer and its agents within _____ days (2 days if not filled in) after Mutual Acceptance all documents in Seller's possession or control relating to the ownership, operation, renovation or development of the Property, excluding appraisals or other statements of value, and including: statements for real estate taxes, assessments, and utilities for the last three years and year to date; property management agreements and any other agreements with professionals or consultants; leases or other agreements relating to occupancy of all or a portion of the Property and a suite-by-suite schedule of tenants, rents, prepaid rents, deposits and fees; plans, specifications, permits, applications, drawings, surveys, and studies; maintenance records, accounting records and audit reports for the last three years and year to date; and "Vendor Contracts" which shall include maintenance or service contracts, and installments purchase contracts or leases of personal property or fixtures used in connection with the Property. Buyer shall determine within the Feasibility Period: (i) whether Seller will agree to terminate any objectionable Vendor Contracts; and (ii) whether Seller will agree to pay any damages or penalties resulting from the termination of objectionable Vendor Contracts. Buyer's waiver of the Feasibility Contingency shall be deemed Buyer's acceptance of all Vendor Contracts which Seller has not agreed in writing to terminate. Buyer shall be solely responsible for obtaining any required consents to such assumption and the payment of any assumption fees. Seller shall

INITIALS: Buyer GC Date 5/13/19 Seller DS RB Date 05/15/19
Buyer _____ Date _____ Seller _____ Date _____

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1920 N Pittsburgh Ste A
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COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)

cooperate with Buyer's efforts to receive any such consents but shall not be required to incur any out-of-pocket expenses or liability in doing so. Seller shall transfer the Vendor Contracts as provided in Section 17.

b. **Access.** Seller shall permit Buyer and its agents, at Buyer's sole expense and risk to enter the Property at reasonable times subject to the rights of and after legal notice to tenants, to conduct inspections concerning the Property and improvements, including without limitation, the structural condition of improvements, hazardous materials, pest infestation, soils conditions, sensitive areas, wetlands, or other matters affecting the feasibility of the Property for Buyer's intended use. Buyer shall schedule any entry onto the Property with Seller in advance and shall comply with Seller's reasonable requirements including those relating to security, confidentiality, and disruption of Seller's tenants. Buyer shall not perform any invasive testing including environmental inspections beyond a phase I assessment or contact the tenants or property management personnel without obtaining the Seller's prior written consent, which shall not be unreasonably withheld. Buyer shall restore the Property and improvements to the same condition they were in prior to inspection. Buyer shall be solely responsible for all costs of its inspections and feasibility analysis and has no authority to bind the Property for purposes of statutory liens. Buyer agrees to indemnify and defend Seller from all liens, costs, claims, and expenses, including attorneys' and experts' fees, arising from or relating to entry onto or inspection of the Property by Buyer and its agents. This agreement to indemnify and defend Seller shall survive closing. Buyer may continue to enter the Property in accordance with the foregoing terms and conditions after removal or satisfaction of the feasibility contingency only for the purpose of leasing or to satisfy conditions of financing.

c. Buyer waives the right to receive a seller disclosure statement ("Form 17-Commercial") if required by RCW 64.06. However, if Seller would otherwise be required to provide Buyer with a Form 17-Commercial, and if the answer to any of the questions in the section of the Form 17-Commercial entitled "Environmental" would be "yes," then Buyer does not waive the receipt of the "Environmental" section of the Form 17-Commercial which shall be provided by Seller.

6. **TITLE INSURANCE.**

a. **Title Report.** Seller authorizes Buyer, its Lender, Listing Broker, Selling Broker or Closing Agent, at Seller's expense, to apply for and deliver to Buyer a ☒ standard ☐ extended (standard, if not completed) coverage owner's policy of title insurance. Buyer shall pay the increased costs associated with an extended policy including the excess premium over that charged for a standard coverage policy, and the cost of any survey required by the title insurer. The title report shall be issued by Columbia Title Company (a title company of Seller's choice, if not completed). If Seller previously received a preliminary commitment from a title insurer that Buyer declines to use, Buyer shall pay any cancellation fee owing to the original title insurer. Otherwise, the party applying for title insurance shall pay any title cancellation fee, in the event such a fee is assessed.

b. **Permitted Exceptions.** Buyer shall notify Seller of any objectionable matters in the title report or any supplemental report within the earlier of: (1) twenty (20) days after Mutual Acceptance of this Agreement; or (2) the expiration of the Feasibility Period. This Agreement shall terminate and Buyer shall receive a refund of the earnest money, less any costs advanced or committed for Buyer, unless within five (5) days of Buyer's notice of such objections (1) Seller agrees, in writing, to remove all objectionable provisions or (2) Buyer notifies Seller that Buyer waives any objections which Seller does not agree to remove. If any new title matters are disclosed in a supplemental title report, then the preceding termination, objection and waiver provisions shall apply to the new title matters except that Buyer's notice of objections must be delivered within five (5) days of delivery of the supplemental report and Seller's response or Buyer's waiver must be delivered within two (2) days of Buyer's notice of objections. The closing date shall be extended to

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Buyer ______ Date ______ Seller ______ Date ______

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the extent necessary to permit time for these notices. Buyer shall not be required to object to any mortgage or deed of trust liens, or the statutory lien for real property taxes, and the same shall not be deemed to be Permitted Exceptions; provided, however, that the lien securing any financing which Buyer has agreed to assume shall be a Permitted Exception. Except for the foregoing, those provisions not objected to or for which Buyer waived its objections shall be referred to collectively as the "Permitted Exceptions." Seller shall cooperate with Buyer and the title company to clear objectionable title matters but shall not be required to incur any out-of-pocket expenses or liability other than payment of monetary encumbrances not assumed by Buyer and proration of real property taxes, and Seller shall provide an owner's affidavit containing the information and reasonable covenants requested by the title company. The title policy shall contain no exceptions other than the General Exclusions and Exceptions common to such form of policy and the Permitted Exceptions.

10 Days after feasibility has been satisfied, RB 05/15/19 GL 05/16/19

7. **CLOSING OF SALE.** The sale shall be closed on or before ~~August 31, 2019~~, ("Closing") by Columbia Title Company, Dana Richter ("Closing Agent") (Seller shall select the Closing Agent, if not completed). Buyer and Seller shall deposit with Closing Agent by 12:00 p.m. on the scheduled Closing date all instruments and monies required to complete the purchase in accordance with this Agreement. "Closing" shall be deemed to have occurred when the deed is recorded and the sale proceeds are available to Seller. Time is of the essence in the performance of this Agreement. Sale proceeds shall be considered available to Seller, even though they cannot be disbursed to Seller until the next business day after Closing. Notwithstanding the foregoing, if Seller informed Buyer during the Feasibility Period that Seller's underlying financing requires that it be defeased and may not be paid off, then Closing shall be conducted in accordance with the three-day closing process described in CBA Form PS_D. This Agreement is intended to constitute escrow instructions to Closing Agent. Buyer and Seller will provide any supplemental instructions requested by Closing Agent provided the same are consistent with this Agreement.

8. **CLOSING COSTS AND PRORATIONS.** Seller shall deliver an updated rent roll to Closing Agent not later than two (2) days before the scheduled Closing date in the form required by Section 5(a) and any other information reasonably requested by Closing Agent to allow Closing Agent to prepare a settlement statement for Closing. Seller certifies that the information contained in the rent roll is correct as of the date submitted. Seller shall pay the premium for the owner's standard coverage title policy. Buyer shall pay the excess premium attributable to any extended coverage or endorsements requested by Buyer, and the cost of any survey required in connection with the same. Seller and Buyer shall each pay one-half of the escrow fees. Any real estate excise taxes shall be paid by the party who bears primary responsibility for payment under the applicable statute or code. Real and personal property taxes and assessments payable in the year of closing; collected rents on any existing tenancies; interest; utilities; and other operating expenses shall be pro-rated as of Closing. If tenants pay any of the foregoing expenses directly, then Closing Agent shall only pro rate those expenses paid by Seller. Buyer shall pay to Seller at Closing an additional sum equal to any utility deposits or mortgage reserves for assumed financing for which Buyer receives the benefit after Closing. Buyer shall pay all costs of financing including the premium for the lender's title policy. If the Property was taxed under a deferred classification prior to Closing, then Seller shall pay all taxes, interest, penalties, deferred taxes or similar items which result from removal of the Property from the deferred classification. At Closing, all refundable deposits on tenancies shall be credited to Buyer or delivered to Buyer for deposit in a trust account if required by state or local law. Buyer shall pay any sales or use tax applicable to the transfer of personal property included in the sale.

   a. **Unpaid Utility Charges.** Buyer and Seller ☒ WAIVE ☐ DO NOT WAIVE (do not waive if neither box checked) the right to have the Closing Agent disburse closing funds necessary to satisfy unpaid utility charges affecting the Property pursuant to RCW 60.80. If "do not waive" is checked, then attach CBA Form UA ("Utility Charges" Addendum) to this Agreement.

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Buyer ______ Date ______ Seller ______ Date ______

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9. **POST-CLOSING ADJUSTMENTS, COLLECTIONS, AND PAYMENTS.** After Closing, Buyer and Seller shall reconcile the actual amount of revenues or liabilities upon receipt or payment thereof to the extent those items were prorated or credited at Closing based upon estimates. Any bills or invoices received by Buyer after Closing which relate to services rendered or goods delivered to the Seller or the Property prior to Closing shall be paid by Seller upon presentation of such bill or invoice. At Buyer's option, Buyer may pay such bill or invoice and be reimbursed the amount paid plus interest at the rate of 12% per annum beginning fifteen (15) days from the date of Buyer's written demand to Seller for reimbursement until such reimbursement is made. Notwithstanding the foregoing, if tenants pay certain expenses based on estimates subject to a post-closing reconciliation to the actual amount of those expenses, then Buyer shall be entitled to any surplus and shall be liable for any credit resulting from the reconciliation. Rents collected from each tenant after Closing shall be applied first to rentals due most recently from such tenant for the period after closing, and the balance shall be applied for the benefit of Seller for delinquent rentals owed for a period prior to closing. The amounts applied for the benefit of Seller shall be turned over by Buyer to Seller promptly after receipt. Seller shall be entitled to pursue any lawful methods of collection of delinquent rents but shall have no right to evict tenants after Closing.

10. **OPERATIONS PRIOR TO CLOSING.** Prior to Closing, Seller shall continue to operate the Property in the ordinary course of its business and maintain the Property in the same or better condition than as existing on the date of Mutual Acceptance but shall not be required to repair material damage from casualty except as otherwise provided in this Agreement. After the Feasibility Period, Seller shall not enter into or modify existing rental agreements or leases (except that Seller may enter into, modify, extend, renew or terminate residential rental agreements or residential leases in the ordinary course of its business), service contracts, or other agreements affecting the Property which have terms extending beyond Closing without first obtaining Buyer's consent, which shall not be unreasonably withheld.

11. **POSSESSION.** Buyer shall be entitled to possession ☒ on closing ☐ _____ (on closing, if not completed). Buyer shall accept possession subject to all tenancies disclosed to Buyer during the Feasibility Period.

12. **SELLER'S REPRESENTATIONS.** Except as disclosed to or known by Buyer prior to the satisfaction or waiver of the feasibility contingency stated in Section 5 above, including in the books, records and documents made available to Buyer, or in the title report or any supplemental report or documents referenced therein, Seller represents to Buyer that, to the best of Seller's actual knowledge, each of the following is true as of the date hereof: (a) Seller is authorized to enter into the Agreement, to sell the Property, and to perform its obligations under the Agreement; (b) The books, records, leases, agreements and other items delivered to Buyer pursuant to this Agreement comprise all material documents in Seller's possession or control regarding the operation and condition of the Property; (c) Seller has not received any written notices that the Property or the business conducted thereon violate any applicable laws, regulations, codes and ordinances; (d) Seller has all certificates of occupancy, permits, and other governmental consents necessary to own and operate the Property for its current use; (e) There is no pending or threatened litigation which would adversely affect the Property or Buyer's ownership thereof after Closing; (f) There is no pending or threatened condemnation or similar proceedings affecting the Property, and the Property is not within the boundaries of any planned or authorized local improvement district; (g) Seller has paid (except to the extent prorated at Closing) all local, state and federal taxes (other than real and personal property taxes and assessments described in Section 8 above) attributable to the period prior to closing which, if not paid, could constitute a lien on Property (including any personal property), or for which Buyer may be held liable after Closing; (h) Seller is not aware of any concealed material defects in the Property except as disclosed to Buyer in writing during the Feasibility Period; (i) There are no Hazardous Substances (as defined below) currently located in, on, or under the

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Property in a manner or quantity that presently violates any Environmental Law (as defined below); there are no underground storage tanks located on the Property; and there is no pending or threatened investigation or remedial action by any governmental agency regarding the release of Hazardous Substances or the violation of Environmental Law at the Property. As used herein, the term "Hazardous Substances" shall mean any substance or material now or hereafter defined or regulated as a hazardous substance, hazardous waste, toxic substance, pollutant, or contaminant under any federal, state, or local law, regulation, or ordinance governing any substance that could cause actual or suspected harm to human health or the environment ("Environmental Law"). The term "Hazardous Substances" specifically includes, but is not limited to, petroleum, petroleum by-products, and asbestos.

If prior to Closing Seller or Buyer discovers any information which would cause any of the representations above to be false if the same were deemed made as of the date of such discovery, then the party discovering the same shall promptly notify the other party in writing. If the newly-discovered information will result in costs or liability to Buyer in excess of the lesser of $100,000 or five percent (5%) of the purchase price stated in this Agreement, or will materially adversely affect Buyer's intended use of the Property, then Buyer shall have the right to terminate the Agreement and receive a refund of its earnest money. Buyer shall give notice of termination within five (5) days of discovering or receiving written notice of the new information. Nothing in this paragraph shall prevent Buyer from pursuing its remedies against Seller if Seller had actual knowledge of the newly-discovered information such that a representation provided for above was false.

13. **AS-IS.** Except for those representations and warranties specifically included in this Agreement: (i) Seller makes no representations or warranties regarding the Property; (ii) Seller hereby disclaims, and Buyer hereby waives, any and all representations or warranties of any kind, express or implied, concerning the Property or any portion thereof, as to its condition, value, compliance with laws, status of permits or approvals, existence or absence of hazardous material on site, occupancy rate or any other matter of similar or dissimilar nature relating in any way to the Property, including the warranties of fitness for a particular purpose, tenantability, habitability and use; (iii) Buyer otherwise takes the Property "AS IS;" and (iv) Buyer represents and warrants to Seller that Buyer has sufficient experience and expertise such that it is reasonable for Buyer to rely on its own pre-closing inspections and investigations.

14. **PERSONAL PROPERTY.**

   a. This sale includes all right, title and interest of Seller to the following tangible personal property: ☒ None ☐ That portion of the personal property located on and used in connection with the Property, which Seller will itemize in an Exhibit to be attached to this Agreement within ten (10) days of Mutual Acceptance (None, if not completed). The value assigned to the personal property shall be $_____ (if not completed, the County-assessed value if available, and if not available, the fair market value determined by an appraiser selected by the Listing Broker and Selling Broker). Seller warrants title to, but not the condition of, the personal property and shall convey it by bill of sale.

   b. In addition to the leases and Vendor Contracts assumed by Buyer pursuant to Section 5(a) above, this sale includes all right, title and interest of Seller to the following intangible property now or hereafter existing with respect to the Property including without limitation: all rights-of-way, rights of ingress or egress or other interests in, on, or to, any land, highway, street, road, or avenue, open or proposed, in, on, or across, in front of, abutting or adjoining the Property; all rights to utilities serving the Property; all drawings, plans, specifications and other architectural or engineering work product; all governmental permits, certificates, licenses, authorizations and approvals; all rights, claims, causes of action, and warranties under contracts with contractors, engineers, architects, consultants or other parties associated with the Property; all utility, security and other deposits and reserve accounts made as security for the

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fulfillment of any of Seller's obligations; any name of or telephone numbers for the Property and related trademarks, service marks or trade dress; and guaranties, warranties or other assurances of performance received.

15. **CONDEMNATION AND CASUALTY.** Seller bears all risk of loss until Closing, and thereafter Buyer shall bear the risk of loss. Buyer may terminate this Agreement and obtain a refund of the earnest money if improvements on the Property are destroyed or materially damaged by casualty before Closing, or if condemnation proceedings are commenced against all or a portion of the Property before Closing. Damage will be considered material if the cost of repair exceeds the lesser of $100,000 or five percent (5%) of the purchase price stated in this Agreement. Alternatively, Buyer may elect to proceed with closing, in which case, at Closing, Seller shall assign to Buyer all claims and right to proceeds under any property insurance policy and shall credit to Buyer at Closing the amount of any deductible provided for in the policy.

16. **FIRPTA - TAX WITHHOLDING AT CLOSING.** Closing Agent is instructed to prepare a certification (CBA or NWMLS Form 22E, or equivalent) that Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act, and Seller shall sign it on or before Closing. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service.

17. **CONVEYANCE.** Title shall be conveyed by a Statutory Warranty Deed subject only to the Permitted Exceptions. If this Agreement is for conveyance of Seller's vendee's interest in a Real Estate Contract, the Statutory Warranty Deed shall include a contract vendee's assignment sufficient to convey after acquired title. At Closing, Seller and Buyer shall execute and deliver to Closing Agent CBA Form No. PS-AS Assignment and Assumption Agreement transferring all leases and Vendor Contracts assumed by Buyer pursuant to Section 5(a) and all intangible property transferred pursuant to Section 14(b).

18. **NOTICES AND COMPUTATION OF TIME.** Unless otherwise specified, any notice required or permitted in, or related to, this Agreement (including revocations of offers and counteroffers) must be in writing. Notices to Seller must be signed by at least one Buyer and must be delivered to Seller and Listing Broker with a courtesy copy to any other party identified as a recipient of notices in Section 28. A notice to Seller shall be deemed delivered only when received by Seller, Listing Broker, or the licensed office of Listing Broker. Notices to Buyer must be signed by at least one Seller and must be delivered to Buyer, with a copy to Selling Broker and with a courtesy copy to any other party identified as a recipient of notices in Section 28. A notice to Buyer shall be deemed delivered only when received by Buyer, Selling Broker, or the licensed office of Selling Broker. Selling Broker and Listing Broker have no responsibility to advise of receipt of a notice beyond either phoning the represented party or causing a copy of the notice to be delivered to the party's address provided in this Agreement. Buyer and Seller shall keep Selling Broker and Listing Broker advised of their whereabouts in order to receive prompt notification of receipt of a notice. If any party is not represented by a licensee, then notices must be delivered to and shall be effective when received by that party at the address, fax number, or email indicated in Section 28.

Unless otherwise specified in this Agreement, any period of time in this Agreement shall mean Pacific Time and shall begin the day after the event starting the period and shall expire at 5:00 p.m. of the last calendar day of the specified period of time, unless the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, in which case the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of five (5) days or less shall not include Saturdays, Sundays or legal holidays. Notwithstanding the foregoing, references to specific dates or times or number of hours shall mean those dates, times or number of hours; provided, however, that if the Closing Date falls on a Saturday, Sunday, or legal holiday as defined in RCW 1.16.050, or a date when the county recording office is closed,

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then the Closing Date shall be the next regular business day.

19. AGENCY DISCLOSURE. At the signing of this Agreement,

Selling Broker Gayle Stack, EverStar Relty

represented Buyer

and the Listing Broker Scott Sautell, SVN Retter & Company

represented Seller.

Selling Firm, Selling Firm's Designated Broker, Selling Broker's Branch Manager (if any) and Selling Broker's Managing Broker (if any) represent the same party that Selling Broker represents. Listing Firm, Listing Firm's Designated Broker, Listing Broker's Branch Manager (if any), and Listing Broker's Managing Broker (if any) represent the same party that the Listing Broker represents. If Selling Broker and Listing Broker are different persons affiliated with the same Firm, then both Buyer and Seller confirm their consent to the Brokers' Designated Broker, Branch Manager (if any), and Managing Broker (if any) representing both parties as a dual agent. If Selling Broker and Listing Broker are the same person representing both parties, then both Buyer and Seller confirm their consent to that person and his/her Designated Broker, Branch Manager (if any), and Managing Broker (if any) representing both parties as dual agents. All parties acknowledge receipt of the pamphlet entitled "The Law of Real Estate Agency."

20. **ASSIGNMENT.** Buyer ☐ may ☒ may not (may not, if not completed) assign this Agreement, or Buyer's rights hereunder, without Seller's prior written consent, unless provided otherwise herein. If the "may not" option is selected and the words "and/or assigns" or similar words are used to identify the Buyer, then this Agreement may be assigned with notice to Seller but without Seller's consent only to an entity which is controlled by or under common control with the Buyer identified in this Agreement. Any other assignment requires Seller's consent. The party identified as the initial Buyer shall remain responsible for those obligations of Buyer stated in this Agreement notwithstanding any assignment and, if this Agreement provides for Seller to finance a portion of the purchase price, then the party identified as the initial Buyer shall guarantee payment of the Seller financing.

21. **DEFAULT AND ATTORNEY'S FEE.**

   a. **Buyer's default.** In the event Buyer fails, without legal excuse, to complete the purchase of the Property, then (***check one***):

   ☒ Seller may terminate this Agreement and keep the earnest money as liquidated damages as the sole and exclusive remedy available to Seller for such failure; or

   ☐ Seller may, at its option, (a) terminate this Agreement and keep as liquidated damages the earnest money as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Buyer for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity.

   b. **Seller's default.** In the event Seller fails, without legal excuse, to complete the sale of the Property, then (***check one***):

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☒ As Buyer's sole remedy, Buyer may either (a) terminate this Agreement and recover all earnest money or fees paid by Buyer whether or not the same are identified as refundable or applicable to the purchase price; or (b) bring suit to specifically enforce this Agreement and recover incidental damages, provided, however, Buyer must file suit within sixty (60) days from the scheduled date of closing or from the date Seller has informed Buyer in writing that Seller will not proceed with closing, whichever is earlier; or

☐ Buyer may, at its option, (a) bring suit against Seller for Buyer's actual damages, (b) bring suit to specifically enforce this Agreement and recover any incidental damages, or (c) pursue any other rights or remedies available at law or equity.

Neither Buyer nor Seller may recover consequential damages such as lost profits. If Buyer or Seller institutes suit against the other concerning this Agreement, the prevailing party is entitled to reasonable attorneys' fees and expenses. In the event of trial, the amount of the attorney's fee shall be fixed by the court. The venue of any suit shall be the county in which the Property is located, and this Agreement shall be governed by the laws of the state where the Property is located.

22. **MISCELLANEOUS PROVISIONS.**

a. **Complete Agreement.** This Agreement and any addenda and exhibits thereto state the entire understanding of Buyer and Seller regarding the sale of the Property. There are no verbal or other written agreements which modify or affect the Agreement.

b. **Counterpart Signatures.** This Agreement may be signed in counterpart, each signed counterpart shall be deemed an original, and all counterparts together shall constitute one and the same agreement.

c. **Electronic Delivery.** Electronic delivery of documents (e.g., transmission by facsimile or email) including signed offers or counteroffers and notices shall be legally sufficient to bind the party the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will replace electronically delivered offers or counteroffers with original documents.

d. **Section 1031 Like-Kind Exchange.** If either Buyer or Seller intends for this transaction to be a part of a Section 1031 like-kind exchange, then the other party agrees to cooperate in the completion of the like-kind exchange so long as the cooperating party incurs no additional liability in doing so, and so long as any expenses (including attorneys fees and costs) incurred by the cooperating party that are related only to the exchange are paid or reimbursed to the cooperating party at or prior to Closing. Notwithstanding Section 20 above, any party completing a Section 1031 like-kind exchange may assign this Agreement to its qualified intermediary or any entity set up for the purposes of completing a reverse exchange.

23. **ACCEPTANCE; COUNTEROFFERS.** Seller has until midnight of May 15, 20 19 (if not filled in, the third business day) following the day Buyer delivers the offer to accept this offer, unless sooner withdrawn. If this offer is not timely accepted, it shall lapse and the earnest money shall be refunded to Buyer. If either party makes a future counteroffer, the other party shall have until 5:00 p.m. on the 2nd business day (if not filled in, the second business day) following receipt to accept the counteroffer, unless sooner withdrawn. If the counteroffer is not timely accepted or countered, this Agreement shall lapse and the earnest money shall be refunded to the Buyer. No acceptance, offer or counteroffer from the Buyer is effective until a signed copy is received by the Seller, the Listing Broker or the licensed office of the Listing Broker. No acceptance, offer or counteroffer from the Seller is effective until a signed copy is received by the Buyer, the Selling Broker or the licensed office of the Selling Broker. "Mutual Acceptance" shall occur when the last counteroffer is signed by the offeree, and the fully-signed counteroffer has been received by the offeror, his or her broker, or the

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licensed office of the broker. If any party is not represented by a broker, then notices must be delivered to and shall be effective when received by that party.

24. **INFORMATION TRANSFER.** In the event this Agreement is terminated, Buyer agrees to deliver to Seller within ten (10) days of Seller's written request copies of all materials received from Seller and any non-privileged plans, studies, reports, inspections, appraisals, surveys, drawings, permits, applications or other development work product relating to the Property in Buyer's possession or control as of the date this Agreement is terminated.

25. **CONFIDENTIALITY.** Until and unless closing has been consummated, Buyer and Seller shall follow reasonable measures to prevent unnecessary disclosure of information obtained in connection with the negotiation and performance of this Agreement. Neither party shall use or knowingly permit the use of any such information in any manner detrimental to the other party.

26. **SELLER'S ACCEPTANCE AND BROKERAGE AGREEMENT.** Seller agrees to sell the Property on the terms and conditions herein, and further agrees to pay a commission in a total amount computed in accordance with the listing or commission agreement. If there is no written listing or commission agreement, Seller agrees to pay a commission of _____ % of the sales price or $ _____ . The commission shall be apportioned between Listing Firm and Selling Firm as specified in the listing or any co-brokerage agreement. If there is no listing or written co-brokerage agreement, then Listing Firm shall pay to Selling Firm a commission of _____ % of the sales price or $ _____ . Seller assigns to Listing Firm and Selling Firm a portion of the sales proceeds equal to the commission. If the earnest money is retained as liquidated damages, any costs advanced or committed by Listing Firm or Selling Firm for Buyer or Seller shall be reimbursed or paid therefrom, and the balance shall be paid one-half to Seller and one-half to Listing Firm and Selling Firm according to the listing agreement and any co-brokerage agreement. In any action by Listing Firm or Selling Firm to enforce this Section, the prevailing party is entitled to reasonable attorneys' fees and expenses. Neither Listing Firm nor Selling Firm are receiving compensation from more than one party to this transaction unless disclosed on an attached addendum, in which case Buyer and Seller consent to such compensation. The Property described in attached Exhibit A is commercial real estate. Notwithstanding Section 25 above, the pages containing this Section, the parties' signatures and an attachment describing the Property may be recorded.

27. **LISTING BROKER AND SELLING BROKER DISCLOSURE.** EXCEPT AS OTHERWISE DISCLOSED IN WRITING TO BUYER OR SELLER, THE SELLING BROKER, LISTING BROKER, AND FIRMS HAVE NOT MADE ANY REPRESENTATIONS OR WARRANTIES OR CONDUCTED ANY INDEPENDENT INVESTIGATION CONCERNING THE LEGAL EFFECT OF THIS AGREEMENT, BUYER'S OR SELLER'S FINANCIAL STRENGTH, BOOKS, RECORDS, REPORTS, STUDIES, OR OPERATING STATEMENTS; THE CONDITION OF THE PROPERTY OR ITS IMPROVEMENTS; THE FITNESS OF THE PROPERTY FOR BUYER'S INTENDED USE; OR OTHER MATTERS RELATING TO THE PROPERTY, INCLUDING WITHOUT LIMITATION, THE PROPERTY'S ZONING, BOUNDARIES, AREA, COMPLIANCE WITH APPLICABLE LAWS (INCLUDING LAWS REGARDING ACCESSIBILITY FOR DISABLED PERSONS), OR HAZARDOUS OR TOXIC MATERIALS INCLUDING MOLD OR OTHER ALLERGENS. SELLER AND BUYER ARE EACH ADVISED TO ENGAGE QUALIFIED EXPERTS TO ASSIST WITH THESE DUE DILIGENCE AND FEASIBILITY MATTERS, AND ARE FURTHER ADVISED TO SEEK INDEPENDENT LEGAL AND TAX ADVICE RELATED TO THIS AGREEMENT.

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Kennewick, WA 99336
Phone: 509-735-4042
Fax: 509-735-4052

COMMERCIAL & INVESTMENT REAL ESTATE PURCHASE & SALE AGREEMENT (CONTINUED)

28. **IDENTIFICATION OF THE PARTIES.** The following is the contact information for the parties involved in this Agreement:

Buyer

Buyer: Tri-Cities Chaplaincy
Contact: Gary Castillo
Address: 1480 Fowler Street Richland, WA 99352
Business Phone: (509) 783-7416
Mobile Phone:
Fax:
Email:

Seller

Seller: JRW Spaulding LLC
Contact:
Address: 100617 E Braqndon Dr. Kennewick WA 99338
Business Phone:
Mobile Phone: 509-521-4614
Fax:
Email: abg5219@aol.com

Selling Firm

Name: EverStar Realty
Assumed Name: (if applicable)
Selling Broker: Gayle Stack
Address:
Business Phone:
Mobile Phone: (509) 308-7310
Email: gayle@everstarrealty.com
Fax:
CBA Office No.:

Listing Firm

Name: SVN
Assumed Name: (if applicable)
Listing Broker: Scott Sandell
Address: 329 N Kellogg St Kennewick WA 99336
Business Phone:
Mobile Phone:
Email:
Fax:
CBA Office No.:

Licensed Office of the Selling Broker

Address:
Business Phone:
Email:
Fax:
CBA Office No.:

Licensed Office of the Listing Broker

Address:
Business Phone:
Email:
Fax:
CBA Office No.:

Courtesy Copy of Notices to Buyer to:

Name:

Courtesy Copy of Notices to Seller to:

Name:

INITIALS: Buyer GC Date 5/13/19 Seller DS RB Date 05/15/19
Buyer Date Seller Date

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CBA

COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)

Address: ______________________	**Address:** ______________________
______________________	______________________
Business Phone: ______________	**Business Phone:** ______________
Fax: ______________________	**Fax:** ______________________
Mobile Phone: ______________	**Mobile Phone:** ______________
Email: ______________________	**Email:** ______________________

IN WITNESS WHEREOF, the parties have signed this Agreement intending to be bound.

Buyer Tri-Cities Chaplaincy Printed name and type of entity	Buyer ______________________ Printed name and type of entity
Buyer [signature] Exec Dir. Signature and title	Buyer ______________________ Signature and title
Date signed 5/13/19	Date signed ______________
Seller JRW Spaulding, LLC Printed name and type of entity	Seller ______________________ Printed name and type of entity
Seller DocuSigned by: Robert Bertsch 033404086BAF4C2... Signature and title	Seller ______________________ Signature and title
Date signed 05/15/19	Date signed ______________

INITIALS: Buyer G Date 5/13/19 Seller DS RB Date 05/15/19
Buyer ________ Date ________ Seller ________ Date ________

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COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)

EXHIBIT A *
[Legal Description]

Section 30 Township 9 Range 29 Quarter NORTHEAST; BINDING SITE PLAN #4080, PARCEL 1, RECORDED 3/12/2010, UNDER AUDITOR'S FILE NO. 2010-006546. RECORDED IN VOLUME 1 OF SURVEYS, PAGE 4080, RECORDS OF BENTON COUNTY, WASHINGTON.

* To ensure accuracy in the legal description, consider substituting the legal description contained in the preliminary commitment for title insurance or a copy of the Property's last vesting deed for this page. Do not neglect to label the substitution "Exhibit A." You should avoid transcribing the legal description because any error in transcription may render the legal description inaccurate and this Agreement unenforceable.

INITIALS:			
Buyer GL	Date 5/13/19	Seller DS RB	Date 05/15/19
Buyer	Date	Seller	Date

Exhibit 9:
In-Service Staff Training Plan

Chaplaincy Healthcare Onboarding

Onboarding is a process in which new employees are integrated into the workplace and given the tools and knowledge they need to become successful, efficient, and productive at their new job. For this purpose, Chaplaincy considers onboarding to be from the time of hire to 60 days on the job, though you may include additional milestones such as continued competencies, specialty-specific skill reviews and annual employee evaluations.

Includes:

1. Initial and ongoing professional development
   a) Orientation
   b) Core training (example attached)
   c) System training (example attached)
   d) Skills evaluations (example attached)

2. Annual continuing education and training (specialty-specific) following Washington state regulations and Medicare and Medicaid Conditions of Participation for training and in-services.

3. Documentation of all orientation, training, and certifications for everyone shall be kept and maintained per WA state documentation retention requirements.

Chaplaincy Onboarding checklist

Onboarding is a process in which new employees are integrated into the work place and given the tools and knowledge they need to become successful, efficient, and productive at their new job. For this purpose, Chaplaincy considers onboarding to be from the time of hire to 60 days on the job, though you may include additional milestones such as continued competencies, specialty-specific skill reviews and annual employee evaluations.

Pre-Arrival *Prepare for employee's arrival*	**Date Completed**
Prepare Chaplaincy binder with org chart/employee roster/SunCoast modules	
Prepare employee folder (documents to be signed)	
Water bottle, lanyard, badge clip	

First Day – New employee orientation day (10 hours)	**Date Completed**			
Infection prevention o Specialty-specific new employee checklist, videos/quizzes/vaccines				
Clinical Education-initial system overview o Employee binder with organization chart and Employee roster o Overview of system layout, Home screen vs. RDS, computer shutdown o Discuss utilizing hotspot vs using Chaplaincy internet (HIPAA issues with using unsafe/public internet source) o Overview of SharePoint (Forms, P&Ps, Mission/Vision/Value statement, SDS, Facility information, QAPI information, EOM) o Relias login (username/password) Yearly continued competency and how to print certificates, expectations for completion o Discuss continuing education throughout year o Discuss difference between SunCoast training environment vs. Live environment, discuss expectations prior to going live o Competency journal articles and quizzes discussed, Competency checklist due date, mock SunCoast practice scenarios o Equipment checklist				
Discuss orientation schedule—First review (system competency) with clinical educator. Annual review (supervisor).				
SunCoast modules initial training: o Scheduling, create timesheet, signing & locking timesheets o Modifying Plan for individual patients o Admission, 1st Physician Plan of Care (1st PPOC) o Initial and Comprehensive assessment, ADL, IPU, focused assessment, acute documentation o supervisory visit documentation, examples o Medication orders (admit/initial, CII orders, HH eKIT orders) o Transfers In/Out o IDG documentation o Plan of Care o Postmortem o Discharge/Revocation				

November 2019

EHO Rx-ordering medication refills, profiling patients (if not carried over from SunCoast).				
Discuss entering EMR, IT, and Facilities tickets				
Employee packet with the following: Discuss patient classification/evacuation level PC.E01 Discuss FAST scale (dementia patients) Discuss Palliative Performance Scale (PPS) Discuss medication protocols/standing orders Discuss Narrative Note/Visit Summary documentation Discuss GIP requirements and documentation				

SunCoast Demonstration/Competency (14 days to 30 days) (5 hours)	**Date Completed**			
Review/discuss training opportunities and/or mandatory training				
Workplace competencies and continuing education, Relias training				
SunCoast modules reassessment and/or demonstration: o Scheduling, create timesheet, signing & locking timesheets o Modifying plan for individual patients o Admission, 1st Physician Plan of Care (1st PPOC) o Initial and Comprehensive assessment, ADL, IPU, focused assessment, acute documentation o Supervisory visit documentation o Medication orders (admit/initial, CII orders, HH eKIT orders) o Transfers In/Out o IDG documentation o Plan of Care o Postmortem o Discharge/Revocation				
journal articles read and quizzes completed				
SunCoast practice checklist completed				
Review competency for live environment- YES or NO Reassess on:	GO LIVE			

60-day evaluation/follow up	**Date Completed**
Competency specialty-specific checklist (completed with Preceptor), turned in to clinical educator	

COMPETENCY TITLE: **Chaplaincy Healthcare - Home Health Aide**		
EMPLOYEE NAME:	EMPLOYEE #:	DATE:

Preceptor: The Chaplaincy preceptor will document level of competence by initialing and dating met or not met for each competency.

Note: Not met assessments do not meet outcome expectations. A personal development plan must be documented addressing how competence will be achieved and a completion timeline.

EXPECTED OUTCOME	COMPETENCY LEVEL KEY
Employees meet the skills and/or knowledge required for safe, efficient, and quality performance AEB: Demonstrates proficiency in performing the identified competencies according to WA DOH regulatory standards WAC 246-841-400, Chaplaincy Healthcare competency description, and Medicare and Medicaid Conditions of Participation.	**Not met**- Little or no experience. Requires practice or assistance. Can verbalize the skill or knowledge expectation but does not meet the minimum expectation. **A Personal Development Plan is required.** **Met**- Competent. Can perform the skill or knowledge expectation independently.

Competency	Validators initials and date	
	Not met	Met
Week 1 Office Orientation - discussion		
• Office tour • Introduction to staff • Office hours • Parking • Receipt of key/photo ID badge • Dress code • DUO mobile 2-step authentication • Work space assignment		
Office Activities - discussion		

• Introduction to:
  o Duties and roles of administrative staff members, organization chart
  o Duties and roles of director, manager, supervisor, quality specialist, quality review
  o Meetings (staff, IDT/IDG, disciplines, educational opportunities)
• Time management and productivity expectations, schedule expectations
• Introduction to OneMint:
  o Requesting time off
  o Clocking in/out
  o Entering mileage
• Interdepartmental communication expectations		

• On call services, weekend responsibilities and resources available to patients and clinicians		
• Receipt of phone, APPs (Public Folders, Fast Facts, Interpreter Services, Qliq, Relias, Celltrak)		

• Location of:
  o Fire extinguishers
  o PPE
  o SDS sheets
  o Eye wash station
  o Emergency Operations Manual		

Education - discussion		

• Introduction to orientation process:
  o Initiation of skills and competencies checklist
  o Communication expectations (email/text/voicemail)
  o Schedules (patients/clinicians)
• Chaplaincy Mission/Vision/Value statement:
  o Services provided/areas covered		

• PolicyStat – completion of assigned policies		
• Relias – completion of assigned modules, yearly requirements		
• Verbalizes, identifies, and demonstrates principles of health and sanitation in food services o Has a valid Food Workers Card (HH only)		
• Valid Cardiopulmonary Resuscitation (CPR) card		

Competency	Validators initials and date	
	Not met	Met
Interdisciplinary Team		
• Verbalizes understanding of the following disciplines: o In-home RN, On-call RN, Admit RN, and Hospice House RN o Palliative Care team o MSW team o Chaplain team o Behavioral Health and Bereavement teams o Physical therapist/Occupational Therapist/SLT o Volunteer Services Team		
Communication		
• Demonstrates ability to effectively communicate: o Read, write and verbally report clinical information to patients, caregivers and other staff o Coordinates care/visits with appropriate clinical staff when indicated o Respectful communication with patient, family, caregivers, and staff o Attends IDG, participates in collaboration of the patients physical, emotional and developmental needs		
• Demonstrates respect of patient's privacy and personal property, understands the Patient Bill of Rights **42 CFR 418.52, RCW 70.127, WAC 246-335-635 Chaplaincy form on SharePoint**		
Infection Control		
• Demonstrates ability to utilize: o CDC hand hygiene guidelines, verbalizes understanding of hand sanitizer use o Standard precautions: donning and doffing of PPE (gown, shoe covers, gloves, mask, face shield, and goggles) o Disposal of wastes in the home and HH, handling of soiled linens o Patient, family, caregiver education regarding infection prevention		
Regulatory Requirements		
• Demonstrates understanding of the requirement to perform "unusual occurrence" reporting for the following occurrences: o Adverse drug reactions o Falls o Infections o Abuse/neglect o Complaints o Exposures		
• Verbalizes understanding of the role of performance improvement with in-home care and inpatient services: o Reviews/audits o QAPI ▪ Activities and staff involvement ▪ Person(s) responsible for coordinating ▪ Individual's role ▪ Performance improvement outcomes resulting from previous activities		
• Verbalizes understanding of infection control procedures: o Standard precautions, explains how microorganisms are spread o Understands isolation precautions (airborne vs contact vs droplet) o Cleaning agents and methods which destroy microorganisms		
• Verbalizes understanding of: o POLST forms o Advanced Directives o Living Wills o DPOA o When medical POA is invoked o Five Wishes		
• Understands WA DOH CNA scope of practice guidelines **WAC 246-841-400**		
• Understands the Uniform Disciplinary Act **RCW 18.130**		
• Understands the Minimum Necessary Rule https://www.hhs.gov/hipaa/for-professionals/privacy/guidance/minimum-necessary-requirement/index.html		
• Understands patient/client/physician satisfaction reporting (EGSS, CAHPS, HHCAHPS)		
• Verbalizes understanding of Emergency Preparedness Plan regulatory requirements, drills and expectations		
• Watched infection control, oxygen safety, bag technique, and domestic abuse videos o Completed quizzes		

Competency	Validators initials and date	
	Not met	Met
Equipment Supply Management		
• Demonstrates the ability to: o Obtain patient supplies o Verbalizes the locations of supplies if more are needed o Communicates changes in patient supply needs to supervisor o Communicates need for ordering of supplies		
General Assessment		
• Demonstrates the ability to perform a patient assessment: o Implement appropriate interventions based on the plan of care (POC) o Evaluate/observe response to interventions o Determine progress toward attainment of goals o Ability to verbalize patient discomfort and/or status change to RN		
• Verbalizes understanding of PPS (Palliative Performance Scale) and FAST (Functional Assessment Staging Test)		
Patient Visits		
• Demonstrates the ability to: o Prepare for visit o Conduct visit o Document visit data appropriately on Celltrack or SunCoast o Collaborate with SN and/or therapy to set up supervisory visit o Ask questions and seek guidance from appropriate resource if unsure of a policy or procedure		
• Demonstrates proficiency in: o Vital signs (blood pressure, pulse, respirations, oxygen saturations, and temperature) o Pain observation o Measure/record food and fluid intake o Measures arm circumference		
• Performs bed bath proficiently		
• Performs tub bath proficiently		
• Performs shower bath proficiently		
• Performs modified bed bath/sponge bath (face, arms, hands, and underarms)		
• Performs shampoo/hair and scalp care in bed, sink, or tub proficiently		
• Provide mouth care and lip care for conscious and unconscious/obtunded patients o Denture care		
• Performs proficiently: o Safe feeding techniques. understands adaptive feeding devices based on patient needs o Verbalizes understanding of aspiration precautions and diet modifications (puree, soft, thickened) o Linen change in occupied bed o Positioning demonstration/caregiver teaching ▪ Supine ▪ Fowlers, semi-fowlers/semi-supine ▪ Lateral ▪ High fowlers/Tripod position o Safe patient transfer utilizing DME as necessary o Active vs Passive ROM exercises per PT/OT		
• Performs proficiently: o Fingernail care for nondiabetic patients o Foot care for nondiabetic patients o Skin care ▪ Application of moisturizer/lotion ▪ Application of barrier cream. Verbalizes understanding of barrier creams o Shave and grooming o Backrub o Simple non-sterile wound care, 2-step wound care only o Perineal care for male and female o Bedpan assistance (fracture vs regular) o Urinal assistance o Bedside or bathroom commode assistance o Catheter cleaning and care (Foley vs suprapubic vs condom catheter) o Incontinence care and cleaning, brief change o Ostomy care		

Competency	Validators initials and date	
	Not met	Met
• Utilizes proficiently: o 1-person and 2-person moving patient up and down in bed o Logroll patient o Transfer/Gait belt o Hoyer lift/mechanical lift o Shower chair vs. tub transfer bench o Transfer board or slide board vs lift/transfer sheet o Wheelchair or FWW assistance		
Safety		
• Utilizes two patient identifiers		
• Verbalizes procedure to assure personal safety and patient safety o Demonstrates proper use of good body mechanics for self and client/patient, using the safest and most efficient methods to lift and move patients or heavy objects o Lift help hotline		
• Verbalizes understanding of care of patient with a hearing impairment		
• Verbalizes understanding of care of patient with a visual impairment		
• Verbalizes understanding of care of patient with language barriers and cultural diversity barriers		
• Verbalizes understanding of fall risk and precautions o Identifies and utilizes measures for accident prevention		
• Verbalizes understanding of seizure precautions and care of patient with "seizure-like activity"		
Professional Boundaries		
• Demonstrates the ability to regulate self-disclosure to maintain a therapeutic relationship		
• Able to define conflict of interest and professional boundaries		
Hospice Specific		
• Verbalizes/demonstrates understanding of regulations • Demonstrates understanding of documentation: o Plan of Care (HHA) Celltrack vs SunCoast o Orders o Visits o Time and travel		
• Demonstrates understanding of effective community resource utilization (meet with MSW) o Verbalizes Advanced Directives policies and procedures o Identifies needs and concerns of patient/families/caregivers coping with terminal illness and support that is available to be provided o Verbalizes understanding of bereavement, volunteer and comfort therapy services		
• Revises patient visit schedule as necessary after consultation with RN to accommodate changing needs of patient		
• Demonstrates patient care in facilities (facility specific needs)		
Patient Psychosocial Needs		
• Verbalize understanding of End-of-life care, and types of support provided by interdisciplinary team		
• Verbalize understanding and demonstrates post-mortem care		
Supervisory Visit		
• Supervisory visit performed with supervisor prior to end of orientation		
Upon completion of orientation, participant will be able to do the following as assessed by preceptor evaluations and/or direct observation: • Describe his/her roles within responsibilities within the organization • Demonstrate competencies in identified areas to effectively carry out responsibilities • Identify resources needed to meet additional needs		

Personal Development Plan (Indicate how competencies identified as not met will be improved by set target date)

Unit manager or educator follow up competencies deemed not met by target date:

Preceptors:

Signature:______________________________ Initials__________ Date __________

Signature:______________________________ Initials__________ Date __________

Signature:______________________________ Initials__________ Date __________

Signature:______________________________ Initials__________ Date __________

Signature:______________________________ Initials__________ Date __________

In signing the competency assessment, I agree that I have been oriented as documented above. I recognize that even if deemed competent I may need to seek further resources and education.

Employee Signature:______________________________ Initials__________ Date __________

In signing the competency validation checklist, I agree that the employee has been deemed competent in the above assessment.

Manager Signature______________________________ Date__________

Core Competency Checklist

Purpose: Competencies represent the quantifiable knowledge, attitudes, and skills that hospice and palliative care staff demonstrate in the performance of safe, consistent, compassionate, evidence-based holistic hospice care.

To meet agency-wide core competency standards employees must demonstrate proficiency in performing the following skills efficiently as evidenced by Chaplaincy-specific criteria following Washington State regulatory standards and Medicare and Medicaid Services Conditions of Participation.

Standards met by:

A. Demonstration/teach back
B. Direct observation/checklist
C. Video Review
D. Skills lab
E. Self-Study/Test

Name: **Discipline:**

Core Competencies	DATE	Standard met by	Mentor initials	Standard met	Standard not met	Comments
Hospice vs. Palliative Care philosophy						
Mission, Vision, and Value Statement						
Foundations						
Cork's Place orientation						
HIPAA/confidentiality/Privacy/Security -Minimum necessary rule 45 CFR 164.502(b), 164.514(d)						
Exposure Control Plan • Unusual occurrence reporting						
Infection Control standards and policies						
Emergency Operations Plan						
Mandatory Reporting -Understands mandatory reporting procedures related to patient abuse, neglect, abandonment, and exploitation						
IT regulations/equipment use						
Patient rights						
Effective communication						
Documentation requirements/SunCoast						
Staff meeting/In-Service/Continuing education requirements						
Professional boundaries						
Cardiopulmonary Resuscitation (CPR)						

Relias Mandatory Modules	DATE	Standard met by	Mentor initials	Standard met	Standard not met	Comments
Abuse and Neglect in the Elder Care Setting #661960603 1 hour						
Corporate Compliance: The Basics #661972902 0.5 hours						
Cultural Awareness and the Older Adult #661909236 1 hour						
Effective Communication #662047506 0.25 hours						
HIPAA Do's and Don'ts: Electronic Communication and Social Media #661946123 0.5 hours						
Professional Boundaries and Ethics in Hospice #661916564 1 hour						
Quality Improvements: The Basics #662052495 0.5 hours						
Sexual Harassment for Employees Self-Paced #661971113 0.5 hours						
Workplace Hazards and Safety #661953186 1 hour						
Infection Control and Prevention #662956108 1 hour						

Employee signature________________ Mentor signature________________

Date Due________________

Please return to Clinical Educator upon completion.

Exhibit 10:
Medical Director Agreement

Job Description

CHAPLAINCY HEALTH CARE

JOB TITLE: Hospice Medical Director **DEPARTMENT:** Hospice

ORIGINAL DATE: September 7, 2004 **REVISED: May 24, 2011**
September 30, 2016

REPORTS TO: Director of Hospice **LABOR CATEGORY: Exempt**

APPROVED: ______________________ **DATE** ______________________

Responsible for & Accountable to:
Responsible in cooperation with the Associate Medical Directors for the overall medical component of services provided to Hospice clients. The Medical Director reports to the Director of Hospice.

Qualifications:
1. MD or DO with valid Washington State license
2. Two years' experience caring for terminally ill in related specialty with demonstrated experience in pain and symptom management and psychosocial care of patients and their families.
3. Collaborate with other physicians
4. Participate as part of the Interdisciplinary Team.
5. Proof of liability and malpractice insurance with minimum coverage amounts of $1,000,0000.00 for each claim and $3,000,000.00 for aggregate of all claims with tail coverage.
6. Board certification by ABHM, ABMS specialty, DO equivalent, or foreign equivalent preferred.

Essential Functions:
1. Provide clinical supervision to the interdisciplinary team and the Medical Staff as needed.
2. Serve as a consultant to Hospice staff and volunteers regarding clinical care issues.
3. Assure 24-hour availability of physician services for routine and emergency situations.
4. Serve as liaison to attending physicians for consultation on medical management and resolution of conflicts over appropriate admissions and care to be prescribed and delivered under the professional and financial responsibility of the Hospice program.
5. Participate with the Clinical Nursing Supervisor in determining patient medical eligibility for Hospice services in accordance with program policy.
6. Approve admissions to the program and certify terminal condition in a timely manner in accordance with Hospice requirements.
7. Recertify patients prior to the beginning of each certification period in accordance with Hospice requirements.
8. Conduct Face-to-Face Encounter with patient prior to the third certification period.
9. Assure that GIP visits are conducted daily for patients in the Hospice House.
10. Assume Attending Physician designation for those patients who do not have an Attending

Physician or for those patients who Attending Physician will not be following the patient while on hospice services.

11. Participate in development of individualized plans of care for each patient admitted to the program and meet with the interdisciplinary team as needed to address patient care issues and progress toward goals.
12. Assure physician representation on the interdisciplinary team as needed.
13. Promote referrals to program within the community.
14. Provide direct patient care and consultation as needed with patient and family members.
15. Participate in developing and revising written patient care objectives, policies and procedures.
16. Establish health policies for employees.
17. Participate in training and continuing education programs for staff and volunteers.
18. Participate in community programs for the purpose of providing education and information to members of the medical community.
19. Recruit, recommend and supervise acting Associate Medical Director(s).
20. Serve as medical consultant to the Tri-Cities Chaplaincy Board of Directors, the Executive Director, the Hospice Director and the Clinical Nursing Supervisors for In-Home and Hospice House in the planning and implementation of the clinical program reflecting Hospice philosophy, mission, principles of practice and goals.
21. Serve on the Tri-Cities Chaplaincy's ethics committee.
22. The position of Hospice Medical Director is on an at-will basis. This means that either the employee or the employer may terminate the employment relationship at any time, with or without notice or reason, unless expressly prohibited by law.
23. All Chaplaincy Health Care employees will follow the minimum standard regarding PHI when accessing patient information on a need to know basis only. All employees will practice appropriate safeguards when accessing this information and approve and monitor subordinate PHI systems access
24. Work availability: Exempt, expected minimum of 40 hours per week with the expectation that all supervisory/management staff members support the agency in internal team building and community events which may take place outside of normal business hours

Signature:______________________________ Date: ____________________

Appendix 1
Audited Financials

TRI-CITIES CHAPLAINCY

Financial Statements and Independent Auditors' Report

December 31, 2018 and 2017

CONTENTS

Northwest CPA Group PLLC
NW CPA

Certified Public Accountants

1333 Columbia Park Trail, Suite 210
Richland, WA 99352

Telephone: (509) 735-1300
Facsimile: (509) 735-1311

INDEPENDENT AUDITORS' REPORT

Board of Directors
Tri-Cities Chaplaincy
Kennewick, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Tri-Cities Chaplaincy (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, 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 audits 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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-Cities Chaplaincy as of December 31, 2018 and 2017, and the 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.

Northwest CPA Group PLLC

Tri-Cities, Washington
October 7, 2019

Tri-Cities Chaplaincy
Statements of Financial Position

	December 31, 2018		December 31, 2017	
ASSETS				
Cash and cash equivalents	$	1,309,592	$	947,456
Patient care receivables, *net of allowance for doubtful accounts of $84,000 and $91,000, respectively*		1,168,252		1,356,966
Contracts and other fees receivable, *net of allowance for doubtful accounts of $97,000*		105,187		94,647
Contributions receivable, *net of allowance for uncollectible accounts of $15,000 and $35,000, and discounts to net present value of $4,500 and $8,000, respectively*		85,157		127,973
Hospice supplies inventory		19,111		25,602
Donated goods inventory		81,000		45,000
Prepaid expenses		151,176		90,321
Investments		2,657,697		3,276,086
Property and equipment, *net*		4,065,694		4,005,745
	$	9,642,866	$	9,969,796

	2018		2017	
LIABILITIES AND NET ASSETS				
Accounts payable	$	291,697	$	429,627
Deferred revenue		-		4,050
Accrued payroll, benefits, and taxes		604,522		520,677
		896,219		954,354
COMMITMENTS				
NET ASSETS:				
Without donor restrictions				
Undesignated		5,864,814		6,068,009
Designated by the board		1,328,317		1,187,621
With donor restrictions		1,553,516		1,759,812
Total net assets		8,746,647		9,015,442
	$	9,642,866	$	9,969,796

See accompanying notes to financial statements.

Tri-Cities Chaplaincy
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Patient care, *net*	$ 10,027,549	$ -	$ 10,027,549
Contributions	1,078,781	38,062	1,116,843
Other program fees	479,438	-	479,438
Grants	5,378	-	5,378
Retail sales	388,481	-	388,481
Donated merchandise	424,481	-	424,481
Interest	43	-	43
Investment loss	(100,616)	(100,039)	(200,655)
Other income	5,563	-	5,563
	12,309,098	(61,977)	12,247,121
Net assets released from restrictions	144,319	(144,319)	-
	12,453,417	(206,296)	12,247,121
EXPENSES:			
Program services	10,638,600	-	10,638,600
Management and general	938,001	-	938,001
Fundraising	269,343	-	269,343
Thrift stores	669,972	-	669,972
	12,515,916	-	12,515,916
CHANGES IN NET ASSETS	(62,499)	(206,296)	(268,795)
NET ASSETS, BEGINNING OF YEAR	7,255,630	1,759,812	9,015,442
NET ASSETS, END OF YEAR	$ 7,193,131	$ 1,553,516	$ 8,746,647

Tri-Cities Chaplaincy
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Patient care, *net*	$ 9,213,290	$ -	$ 9,213,290
Contributions	787,895	81,534	869,429
Other program fees	509,865	-	509,865
Grants	5,000	-	5,000
Retail sales	135,890	-	135,890
Donated merchandise	180,890	-	180,890
Interest	4,035	-	4,035
Investment return	123,156	150,791	273,947
Other income	12,396	-	12,396
	10,972,417	232,325	11,204,742
Net assets released from restrictions	86,752	(86,752)	-
	11,059,169	145,573	11,204,742
EXPENSES:			
Program services	9,027,747	-	9,027,747
Management and general	940,323	-	940,323
Fundraising	521,567	-	521,567
Thrift stores	266,023	-	266,023
	10,755,660	-	10,755,660
CHANGES IN NET ASSETS	303,509	145,573	449,082
NET ASSETS, BEGINNING OF YEAR	6,952,121	1,614,239	8,566,360
NET ASSETS, END OF YEAR	$ 7,255,630	$ 1,759,812	$ 9,015,442

Tri-Cities Chaplaincy
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Thrift Stores	Total
Employee expenses:					
Compensation	$ 6,211,632	$ 634,084	$ 101,074	$ 90,832	$ 7,037,622
Employee benefits	765,763	71,789	14,487	15,834	867,873
Payroll taxes	552,427	52,172	7,636	6,828	619,063
Total employee expenses	7,529,822	758,045	123,197	113,494	8,524,558
Other expenses:					
Supplies	1,521,762	12,909	1,536	16,549	1,552,756
Professional services	340,077	68,088	1,933	1,408	411,506
Cost of sales-dontated merchandise	-	-	-	388,481	388,481
Depreciation	213,224	18,897	4,689	1,882	238,692
Occupancy	79,885	33,966	1,693	108,782	224,326
Travel	178,107	10,310	198	855	189,470
Agency marketing	156,839	462	6,881	17,480	181,662
Repairs and maintenance	159,592	3,179	3,377	3,905	170,053
Bad debts	113,152	-	36,420	-	149,572
Insurance	79,904	12,735	1,321	-	93,960
Telephone	81,952	1,225	304	857	84,338
Postage and printing	61,640	3,323	13,396	3,108	81,467
Giving and special events	297	-	48,200	-	48,497
Conferences and training	32,571	5,927	959	4	39,461
Agency dues	26,040	5,714	2,288	149	34,191
Excise taxes	23,523	-	-	1,830	25,353
Community education	-	-	9,826	-	9,826
Other	40,213	3,221	13,125	11,188	67,747
	$ 10,638,600	$ 938,001	$ 269,343	$ 669,972	$ 12,515,916

See accompanying notes to financial statements.

Tri-Cities Chaplaincy
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Thrift Store	Total
Employee expenses:					
Compensation	$ 5,464,665	$ 646,511	$ 157,528	$ 30,803	$ 6,299,507
Employee benefits	614,336	75,627	13,732	5,880	709,575
Payroll taxes	483,848	46,839	11,664	2,193	544,544
Total employee expenses	6,562,849	768,977	182,924	38,876	7,553,626
Other expenses:					
Supplies	1,260,909	11,316	3,530	10,023	1,285,778
Professional services	204,899	46,922	58,048	3,650	313,519
Cost of sales-dontated merchandise	-	-	-	135,890	135,890
Depreciation	189,863	19,123	14,409	476	223,871
Occupancy	76,898	7,657	5,769	45,232	135,556
Travel	149,717	6,692	229	-	156,638
Agency marketing	32,525	-	143,708	25,639	201,872
Repairs and maintenance	156,159	17,318	11,994	989	186,460
Bad debts	116,509	-	863	-	117,372
Insurance	72,084	11,945	4,110	126	88,265
Telephone	84,746	2,284	1,722	373	89,125
Postage and printing	25,264	34,830	25,070	424	85,588
Giving and special events	5,937	-	30,315	-	36,252
Conferences and training	31,685	8,618	2,569	235	43,107
Agency dues	26,773	3,822	3,457	427	34,479
Excise taxes	20,800	-	-	640	21,440
Community education	-	-	7,990	-	7,990
Other	10,130	819	24,860	3,023	38,832
	$ 9,027,747	$ 940,323	$ 521,567	$ 266,023	$ 10,755,660

See accompanying notes to financial statements.

Tri-Cities Chaplaincy
Statements of Cash Flows

	Years Ended December 31,	
	2018	2017
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from operations and donors	$ 12,515,101	$ 10,575,994
Cash paid to suppliers and employees	(12,272,101)	(10,252,843)
Interest and dividends received	43	4,035
Net cash provided by operating activities	243,043	327,186
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	599,000	18,000
Capital expenditures	(298,641)	(210,907)
Purchase of investments	(181,266)	(513,798)
Net cash provided by (used in) investing activities	119,093	(706,705)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	362,136	(379,519)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	947,456	1,326,975
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,309,592	$ 947,456

See accompanying notes to financial statements.

	Years Ended December 31, 2018	Years Ended December 31, 2017
Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities:		
Changes in net assets	$ (268,795)	$ 449,082
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	238,692	223,871
Realized and unrealized gains on investments	240,338	(221,461)
Management fees paid from investment funds	42,266	34,974
Interest and dividends automatically reinvested	(81,949)	(87,460)
Decrease (increase) in assets:		
Patient care receivables	188,714	(222,087)
Contracts and other fees receivable	(10,540)	(59,249)
Contributions receivable	42,816	48,752
Inventory	(29,509)	(47,943)
Prepaid expenses	(60,855)	(12,068)
Increase (decrease) in liabilities:		
Accounts payable	(137,930)	201,816
Deferred revenue	(4,050)	(810)
Accrued payroll, benefits, and taxes	83,845	19,769
Total adjustments	511,838	(121,896)
Net cash provided by operating activities	$ 243,043	$ 327,186

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

Tri-Cities Chaplaincy (the Organization) provides a variety of human services to individuals and groups seeking spiritual, emotional, and physical support while transitioning through life's journey. The Organization strives to provide impeccable care for its clients and families receiving hospice care, palliative care, behavioral health services, chaplain services, and grief support without regard to race, color, religion, sex, national origin, age, disability, marital status, sexual orientation, gender identity, or political ideology. The Organization is supported through program service fees, United Way, local churches, donor contributions, and their thrift store.

Summary of Significant Accounting Policies:

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under those principles, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: 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. These net assets may be used at the discretion of the Board of Directors.

Net assets with donor restrictions: 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 the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and cash equivalents – Cash and cash equivalents consist of cash held in checking and savings accounts, money market accounts, and highly liquid investments with original maturities of less than 90 days, except if those instruments are used to temporarily invest endowment funds until appropriate investments are identified.

Patient care receivables – Patient care receivables are recorded at estimated net realizable value and represent the original charge less contractual adjustments and an allowance for doubtful accounts. In evaluating the collectability of patient care receivables, the Organization utilizes historical experience applied to an aging of outstanding patient balances. Receivables are written off when considered uncollectible. Recoveries of previously written off receivables are recorded as revenue when received.

Contracts and other fees receivable – Contracts and other fees receivable are recorded at the original invoice amount.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Contributions receivable – Unconditional promises to give are included in the accompanying financial statements as contributions receivable and revenue. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Allowance for uncollectible amounts – The Organization provides for losses on receivables using the allowance method. Management bases the allowance on experience and other circumstances that may affect the ability of donors, customers, patients, and clients to meet their obligations.

Inventories – Inventories of pharmaceutical and medical supplies listed are stated at the lower of cost or net realizable value using the first-in first-out method.

The Organization also receives donated goods and records those donations as inventory and donated merchandise. The Organization then sells the goods and records retail sales revenue and cost of sales. The value of donated inventory is recorded at its estimated fair value using a calculation based upon factors such as net sales, inventory turnover and program related costs incurred to prepare the inventory for sale.

Investments – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position. Investment securities consist of a highly-diversified portfolio of equity and fixed income securities, inverse funds, private equity/venture capital, and cash and cash equivalents. Net investment return/(loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, and investment expenses. The investments in marketable securities are subject to market risk.

Property and equipment – Property and equipment are stated at cost or, if donated, at their estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 35 years. The Organization capitalizes all property and equipment acquired in excess of $1,000.

Financial instruments – At December 31, 2018 and 2017, the carrying value of the Organization's financial instruments approximated fair value.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Revenue recognition –

Patient care, program fees, and grant revenue – Revenue is recognized when the related services are provided.

Retail sales – Revenue is recognized at the point the merchandise is sold.

Contributions – Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor-restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

In-kind contributions – Donated goods are recorded at their estimated fair value when received. Contributions of services are recognized if the services received create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not donated. Gifts of property and equipment and gifts of cash to be used to acquire property and equipment are reported as restricted support and reclassified to net assets without donor restrictions when placed into service.

Contributed services – A large number of people have contributed significant amounts of time to the activities of the Organization. The dedication and passion that volunteers exhibit on a daily basis is invaluable to the mission, vision, and purpose of the Organization. The financial statements do not reflect the value of these contributed services because they do not meet the criteria for recognition in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Charity care – The Organization has a policy that provides for serving those without the ability to pay. The policy also provides for discounted sliding scale payments based on the income and assets of the person responsible for the bill. Since the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The estimated cost of charity care for the years ended December 31, 2018 and 2017, was $44,956 and $8,990, respectively. The estimated cost is based on the gross uncompensated charges associated with providing care to charity patients multiplied by the ratio of the daily charge rate to the average daily cost.

Allocation of expenses – The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Insurance costs are allocated based on the number of employees serving a particular function. Depreciation and occupancy costs are allocated based on the square footage devoted to each function. All other costs are allocated based on their actual consumption by each function.

Agency marketing – Agency marketing costs are expensed as incurred. Agency marketing costs for the years ended December 31, 2018 and 2017, were $181,662 and $201,872, respectively.

Use of estimates – The preparation of 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 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.

Income taxes – Under the provisions of Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from federal income taxes, except for net income from unrelated business activities. For the years ended December 31, 2018 and 2017, the Organization had no unrelated business activities subject to federal income tax. Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustments to the financial statements.

Reclassifications – Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation with no effect on previously reported changes in net assets.

Change in Accounting Principle – In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statement of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

New accounting pronouncements effective in future accounting periods –

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The amended guidance clarifies 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 judgements, 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 Organization for annual reporting periods beginning after December 15, 2018.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities,* or as exchange (reciprocal) transactions subject to other guidance, and 2) determining whether a contribution is conditional. This standard will be effective for contributions received for reporting periods beginning after December 15, 2018, and for contributions made for reporting periods beginning after December 31, 2019.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020.

NOTE 2 – LIQUIDITY AND AVAILABILITY:

The Organization receives significant unrestricted contributions and program revenues to meet cash needs and fund general operating expenditures.

The Organization's financial assets available for general expenditure within one year of the balance sheet are as follows:

Cash and cash equivalents	$ 1,309,592
Patient care receivables, *net*	1,168,252
Contracts and other fees receivable, *net*	105,187
Contributions receivable, *net*	85,157
Investments	2,657,697
Total financial assets	5,325,885
Less amounts not available to be used for general expenditures within one year:	
Donor imposed restrictions:	
Funds subject to time restrictions	35,216
Endowment assets not available over next 12 months	1,448,869
Internal designations:	
Board designated endowment assets not available for general expenditures over next 12 months	1,138,520
Board designated investments not available for general expenditures over next 12 months	189,797
	2,812,402
	$ 2,513,483

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of $1,138,520 is subject to an annual spending rate of 2.5% as described in Note 10. Although there are no intentions to spend from this board-designated endowment (other than as approved by the board), these amounts could be made available if necessary.

As part of the Organization's liquidity management plan, at times cash in excess of daily requirements is invested in highly liquid, short-term investments. Occasionally, the Board designates a portion of any operating surplus to its reserves, for hospice house operations and general long-term organizational needs, which totaled $189,797 as of December 31, 2018.

As described in Note 8, the Organization also has a $200,000 line of credit that is available for general expenditure in the event of a cash flow need.

NOTE 3 – PATIENT CARE RECEIVABLE AND NET PATIENT CARE REVENUE:

Net Patient Care Revenue – The Organization has agreements with third party payors that provide for payments to the Organization for the hospice, behavioral health, and palliative care programs, at amounts different from its established rates. Payment arrangements include prospectively determined rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others when services are rendered. Net patient care revenue consists of gross patient care revenue net of any contract adjustments and related bad debt expense. Retroactive adjustments under reimbursement agreements with third parties have not been significant and are recorded as incurred.

A summary of the payment arrangement with the Organization's major third-party payors is as follows:

Medicare – Hospice care services rendered to Medicare program patients are paid at determined per diem rates. These rates vary according to the services provided. Types of services include routine home care, general inpatient care, continuous home care, and inpatient respite care. Routine home care is the most common service provided by the Organization. The Organization is paid at standard rates based upon level of care. Behavioral health and palliative care services rendered to Medicare program patients are paid at fee for service rates. These rates vary based on the type of visits/services performed and duration. Medicare is billed an established rate and then a contractual adjustment is made based on payment received.

Medicaid – Hospice care services rendered to Medicaid program patients are paid at determined per diem rates. The Organization is paid at a standard rate based upon level of care. Behavioral health is currently contracted with Medicaid to provide services at fee for service rates. The rates are based on the type of therapy performed and duration. Medicaid is billed an established rate and then a contractual adjustment is made based on payment received. Palliative care is contracted to provide services for Medicaid at fee for service rates, the rates are based on the type of services provided.

Commercial insurance – The Organization has entered into agreements with certain commercial insurance carriers. The basis for payment to the Organization under these agreements is prospectively determined based on either a per diem or fee for service rate.

Net patient revenue is included in program fees and consisted of the following as of:

	December 31,			
	2018		2017	
Medicare	$ 8,110,860	80.9%	$ 7,629,700	82.8%
Medicaid	445,515	4.4	587,607	6.4
Commercial insurance	1,411,326	14.1	912,410	9.9
Self-pay	59,848	0.6	83,573	0.9
	$ 10,027,549	100.0%	$ 9,213,290	100.0%

NOTE 3 – PATIENT CARE RECEIVABLE AND NET PATIENT CARE REVENUE (continued):

Net patient care receivable consisted of the following as of:

	December 31, 2018	December 31, 2017
Medicare	$ 779,743	$ 864,951
Medicaid	151,554	152,897
Commercial insurance	311,208	401,673
Self-pay	9,747	28,445
	1,252,252	1,447,966
Less allowance for doubtful accounts	84,000	91,000
	$ 1,168,252	$ 1,356,966

Changes in the allowance for doubtful accounts consisted of the following during the years ended:

	December 31, 2018	December 31, 2017
Balance, *beginning of year*	$ 91,000	$ 65,000
Accounts written off	(107,729)	(40,699)
Additional allowance	100,729	66,699
Balance, *end of year*	$ 84,000	$ 91,000

NOTE 4 – CONTRIBUTIONS RECEIVABLE:

The Organization's contributions receivable consisted of unconditional promises to give and are due as follows:

	December 31, 2018	December 31, 2017
Receivable in less than one year	$ 59,941	$ 92,882
Receivable in one to five years	44,716	78,091
	104,657	170,973
Less:		
Discount to net present value	4,500	8,000
Allowance for uncollectible amounts	15,000	35,000
	$ 85,157	$ 127,973

Unconditional promises to give, due in more than one year, are reflected at the present value of estimated future cash flows using a discount rate of 3.5%.

NOTE 5 – INVESTMENTS AND INVESTMENT RETURN:

Investments consisted of the following mutual funds:

	December 31,			
	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Equity securities	$ 864,758	$ 848,898	$ 1,716,937	$ 1,442,198
Fixed income securities	612,720	631,737	683,694	561,805
Alternative investments:				
Mean reversion	-	-	78,883	74,153
Trend following	434,780	454,212	175,541	176,837
Cash and cash equivalents	745,439	745,439	621,031	621,031
	$ 2,657,697	$ 2,680,286	$ 3,276,086	$ 2,876,024

The endowment fund consists of marketable securities values at $1,434,859 and $1,550,191 and cash and cash equivalents of $14,000 and $0, as of December 31, 2018 and 2017, respectively. Absent donor stipulations to the contrary, investment return from marketable securities retained in perpetuity are subject to appropriation for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Net investment loss consisted of the following at December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	$ 43,536	$ 38,413	$ 81,949
Realized gain	48,936	31,285	80,221
Unrealized loss	(170,269)	(150,290)	(320,559)
Management fees	(22,819)	(19,447)	(42,266)
	$ (100,616)	$ (100,039)	$ (200,655)

Net investment return consisted of the following at December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	$ 41,310	$ 46,150	$ 87,460
Realized gain	37,335	65,201	102,536
Unrealized gain	60,244	58,681	118,925
Management fees	(15,733)	(19,241)	(34,974)
	$ 123,156	$ 150,791	$ 273,947

NOTE 6 – FAIR VALUE MEASUREMENTS:

The Financial Accounting Standards Board has established a fair value measurement standard, which establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Quoted prices are available in active markets for identical investments as of the measurement date. The Organization does not adjust the quoted price for these investments.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the measurement date, but are not the same as those used in Level 1. Fair value is determined through quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire measurement in the hierarchy.

The following table discloses by level, within the fair value hierarchy, the Organization's fair value measurements at December 31, 2018:

	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual fund investments:				
Equity securities	$ 864,758	$ -	$ -	$ 864,758
Fixed income securities	612,720	-	-	612,720
Alternative investments:				
Trend following	434,780	-	-	434,780
Cash and cash equivalents	745,439	-	-	745,439
Total investments	$ 2,657,697	$ -	$ -	$ 2,657,697

NOTE 6 – FAIR VALUE MEASUREMENTS (continued):

The following table discloses by level, within the fair value hierarchy, the Organization's fair value measurements at December 31, 2017:

	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual fund investments:				
Equity securities	$ 1,716,937	$ -	$ -	$ 1,716,937
Fixed income securities	683,694	-	-	683,694
Alternative investments:				
Mean reversion	78,883	-	-	78,883
Trend following	175,541	-	-	175,541
Cash and cash equivalents	621,031	-	-	621,031
Total investments	$ 3,276,086	$ -	$ -	$ 3,276,086

NOTE 7 – PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	December 31, 2018	December 31, 2017
Buildings	$ 4,935,835	$ 4,934,390
Furniture, fixtures, and equipment	1,096,640	799,441
	6,032,475	5,733,831
Accumulated depreciation	(2,400,940)	(2,162,245)
	3,631,535	3,571,586
Land	434,159	434,159
	$ 4,065,694	$ 4,005,745

NOTE 8 – LINE OF CREDIT:

The Company has an operating line of credit with Gesa Credit Union. The line of credit is unsecured and is subject to financial covenants. Principal borrowings are allowed up to $200,000 and bear interest at the Wall Street Journal Prime Rate (5.50% at December 31, 2018) plus 0.75%, with a floor of 5.50%. The line of credit is due on demand. If no demand is made, the line of credit is due on April 17, 2019. There were no balances outstanding on the line of credit at December 31, 2018 and 2017.

NOTE 9 – NET ASSET DESIGNATIONS AND RESTRICTIONS:

A portion of the Organization's net assets without donor restrictions was designated by the Board of Directors for specific purposes, as follows:

	December 31, 2018	December 31, 2017
Board designated endowment	$ 1,138,520	$ 997,824
Hospice house operations	114,797	114,797
Long-term organization needs	75,000	75,000
	$ 1,328,317	$ 1,187,621

Net assets with donor restrictions consisted of the following:

	Years Ended December 31, 2018	Years Ended December 31, 2017
Subject to expenditure for specified purpose:		
Purchase of generators	$ -	$ 38,648
Subject to the passage of time:		
Contributions receivable	89,657	155,973
United Way	15,000	15,000
Total subject to the passage of time	104,657	170,973
Endowments:		
Original and donor-restricted gift amount required to be held in perpetuity by the donor	1,009,688	986,626
Earnings subject to Organization endowment spending policy and appropriation:		
Available for general use	216,210	267,854
Available for hospice house needs	222,961	295,711
Total Endowments	1,448,859	1,550,191
	$ 1,553,516	$ 1,759,812

See Note 10 for further details on the endowment account.

NOTE 9 – NET ASSET DESIGNATIONS AND RESTRICTIONS (continued):

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows:

	Years Ended December 31, 2018	Years Ended December 31, 2017
Expiration of time restrictions:		
Contributions receivable	$ 66,316	$ 70,177
United Way	15,000	16,575
Subject to expenditure for a specified purpose:		
Purchase of generators	38,648	-
Endowments:		
Subject to board appropriation for a specified purpose:		
Available for hospice house needs	24,355	-
	$ 144,319	$ 86,752

NOTE 10 – ENDOWMENTS:

The Organization's endowments consist of two donor-restricted funds established to provide continuing resources for the Hospice House, a residential facility for hospice patients, and to provide continued funds for the Organization's mission. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law:

The Board of Directors has interpreted the Washington State UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions as:

- The original value of initial and subsequent gift amounts donated to the endowment and
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

NOTE 10 – ENDOWMENTS (continued):

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- General economic conditions;
- The possible effect of inflation and deflation;
- The expected tax consequences, if any, of investment decisions or strategies;
- The role that each investment or course of action plays within the overall investment portfolio of the fund;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization;
- The needs of the Organization, or a particular fund within the Organization, to make distributions and to preserve capital; and
- An asset's special relationship or special value, if any, to the Organization's purposes.

Endowment funds as of December 31, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original and donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	$ -	$ 1,009,688	$ 1,009,688
Accumulated investment gains	-	439,171	439,171
Board-designated endowment funds	1,138,520	-	1,138,520
	$ 1,138,520	$ 1,448,859	$ 2,587,379

Endowment funds as of December 31, 2017, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original and donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	$ -	$ 986,626	$ 986,626
Accumulated investment gains	-	563,565	563,565
Board-designated endowment funds	997,824	-	997,824
	$ 997,824	$ 1,550,191	$ 2,548,015

NOTE 10 – ENDOWMENTS (continued):

Changes in endowment funds for the years ended December 31, 2018 and 2017, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, December 31, 2016	$ 653,456	$ 1,371,514	$ 2,024,970
Contributions	282,880	27,886	310,766
Investment return, net	79,488	150,791	230,279
Distribution from board-designated endowment	(18,000)	-	(18,000)
Endowment funds, December 31, 2017	997,824	1,550,191	2,548,015
Contributions	486,000	23,062	509,062
Investment return, net	(70,659)	(100,039)	(170,698)
Appropriation of endowment for expenditure	-	(24,355)	(24,355)
Distribution from board-designated endowment	(274,645)	-	(274,645)
Endowment funds, December 31, 2018	$ 1,138,520	$ 1,448,859	$ 2,587,379

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the laws. There are no funds that have a deficiency as of December 31, 2018.

Return Objectives and Risk Parameters:

The Organization has adopted investment and spending policies for endowment assets that attempt to manage contributions in a manner that will maximize the benefit intended by the donor, to produce current income to support the programs of the Organization and donor objectives, and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner where net return equals or exceeds the Urban Consumer Price Index (CPI-U) plus 3% for that period. Real growth is a measure of the extent to which total return, less expenses and distributions, exceeds the CPI-U. It is recognized that this objective may not be attained every year because of market fluctuations, but it is expected to be attained over a period of time. Additional performance measures may be utilized at the discretion of the Endowment Committee.

NOTE 10 – ENDOWMENTS (continued):

Strategies Employed for Achieving Objectives:

The investment strategy of the Endowment Committee is to earn cash income and accretions in the principal value of each fund through management investment, and to enhance the value of the endowment portfolio and at the same time provide a dependable, increasing source of income, which will be used to support various Organization programs. Investments are diversified to enhance the return and reduce risk.

The investment objectives for the management of the endowment assets are to manage contributions in a manner that will maximize the benefit intended by the donor; to produce current income to support the programs of the Organization and donor objectives; and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation.

Total return shall be the method for measuring the performance of the endowment. This refers to the combination of income (interest and dividends) and the appreciation and/or deprecation in the fund's value for a certain period of time. The specific annual financial objective is for net return to equal or exceed the CPI-U plus 3%. Real growth is a measure of the extent to which total return, less expenses and distributions, exceeds the CPI-U. It is recognized that this objective will not be attained every year because of the market fluctuations, but it is expected to be attained over a period of time. Additional performance measures may be utilized at the discretion of the Endowment Committee. At each quarterly meeting, the investment advisors shall include a graphic that reflects historical performance compared with the aforementioned specific annual financial objective.

Strategies Employed for Achieving Objectives (Continued):

The goals of the Endowment Committee, in order, are to maximize growth and income and preserve principal. The Organization's general policy is to diversify investments within equity securities, fixed-income securities, inverse funds, private equity/venture capital, and cash reserves to provide a balance that will enhance total return while avoiding undue risk. To maintain flexibility and to achieve its long-term return objectives with prudent risk constraints, the Organization's policy guideline is for endowment assets to consist of up to 65% in equity investments, up to 100% in fixed-income securities with no more than 25% in non-investment grade bonds, up to 100% in cash reserves, up to 25% in inverse funds, and up to 5% in private equity/venture capital. Brief excursions up to an additional 5% from these allocations may be permitted if opportunities present themselves. The Endowment Committee is responsible for monitoring and adjusting the mix of assets among investment classes to achieve the Organization's objectives.

NOTE 10 – ENDOWMENTS (continued):

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The spending policy, expressed as a percentage of market value of the endowment, is determined on a year-to-year basis upon recommendation of the Endowment Committee. In recommending the earnings for appropriation and distribution for the forthcoming year, the Endowment Committee considers total return and CPI-U for the immediately preceding year and projections for the following year. The Endowment Committee will recommend no greater than 2.5% per annum of the fair market value of the fund balance at the end of the prior fiscal year. All disbursements require approval of the Organization's Board of Directors. The earnings distribution policy is periodically reviewed against actual returns in order to make adjustments necessary for the preservation of the purchasing power of the endowment.

NOTE 11 – NONCASH INVESTING ACTIVITIES:

Each year, the Organization purchases and sells within its investment account, with no resulting cash activity. In addition, income is also automatically reinvested and investment management fees are automatically paid within the account. The following summarizes the noncash investing transactions:

	Years Ended December 31,	
	2018	2017
Purchases and sales	$ 11,184,795	$ 10,841,213
Interest and dividends reinvested	81,949	87,460
Management fees	42,266	34,974

NOTE 12 – OPERATING LEASES:

On January 1, 1994, the Organization entered into a 25-year land lease with First Lutheran Church of Kennewick. The lease was renewed during 2018, extending the lease for ten years. The lease has an option to renew for an additional ten-year period. Rent expense is $1 annually. The Organization is responsible for utilities, taxes, and insurance expenses related to the property.

The Organization also leases two offices for various purposes. The first lease requires monthly payments of $1,625 through April 2020 and includes an option to renew year-to-year after the initial term. The second lease is month-to-month with monthly rent of $2,300.

The Organization leases retail sales space for two thrift stores. The first lease requires monthly payments of $3,999 through January 2019 and then renews month-to-month. The second lease requires monthly payments of $4,505 through December 2021 and includes an option to renew for an additional three years.

NOTE 12 – OPERATING LEASES (continued):

The Organization leases two copy machines. The first lease requires monthly payments of $2,391 through March 2022. The second lease requires monthly payments of $319 through April 2020. The Organization also leases a postage machine for $372 per quarter, ending October 2023.

Future minimum lease payments consisted of the following at December 31, 2018:

Years Ending December 31,	Amount
2019	99,531
2020	63,649
2021	1,489
2022	373
2023	1

Rent expense for the years ended December 31, 2018 and 2017, was $162,177 and $77,402, respectively.

NOTE 13 – SELF INSURANCE:

The Organization has elected to participate in the Washington State Employment Security Program on a reimbursement basis. The Organization is required to reimburse the state of Washington when an unemployment claim occurs. The ultimate costs of claims are accrued when billed. Although the liability cannot be estimated, the Organization's management believes the ultimate liability will not have a material adverse effect on their financial position or activities. Unemployment compensation expense was $38,202 and $20,596 for the years ended December 31, 2018 and 2017, respectively.

NOTE 14 – CONTINGENCIES:

During the year ended December 31, 2018, the Organization discovered a therapist had failed to maintain adequate records for sessions with patients. Upon discovery, the Organization terminated the therapist's employment and no further charge for related time was billed. To voluntarily report and pay back third-party providers, management has hired a specialist to assist in the process of evaluating the services and charges performed and billed by this employee. Management has estimated and accrued amounts due to Medicare of $58,000, which is included in accounts payable at December 31, 2018. The actual repayment amount may differ from this estimate.

NOTE 15 – CONCENTRATIONS:

At December 31, 2018, cash and cash equivalents of $1,045,715 exceeded the Federal Deposit Insurance Corporation limits. Management does not consider this to be a significant risk.

A significant portion of the patient care revenue comes from third parties, including Medicare, Medicaid, and other insurance carriers. Future changes in government funding on private insurance coverage may materially impact the Organization's program structure.

NOTE 16 – RETIREMENT PLANS:

In 1994, the Organization established a 403(b) tax sheltered annuity retirement plan to provide retirement benefits to all employees who have completed one year of service, are at least 21 years of age, and who work in excess of 1,000 hours per year. On January 1, 2002, the 403(b) tax sheltered annuity retirement plan was replaced with a 401(k) retirement plan. The plan provides retirement benefits to full-time employees of the Organization who have one year of service, are at least 18 years of age, who work in excess of 1,000 hours per year, and are not participating in another plan offered by the Organization. For the years ended December 31, 2018 and 2017, the Organization incurred retirement expense of $154,329 and $154,444, respectively.

In addition to the employee retirement plan, the Organization contributes up to 19% of chaplain salaries to the various denomination benefit plans to which the contracted chaplains are associated. The amount contributed for each chaplain is dependent on the individual denomination plan requirements. For the years ended December 31, 2018 and 2017, the benefit expense was $79,400 and $80,924, respectively.

NOTE 17 – SUBSEQUENT EVENTS:

Subsequent to year end, the Organization entered into an agreement to purchase land for $500,000.

Also subsequent to year end, the Organization entered into a 10-year operating lease for a third thrift-store. The lease includes a provision for the Organization to opt-out at the end of the third year. It also includes two options to extend for 5 years each. Monthly rent is $0 for the first five months of the lease, $11,000 for the next fifty-five months, and $12,100 for the next sixty months. The property will require tenant improvements, a portion of which will be reimbursed by the landlord.

Subsequent events have been evaluated by management through October 7, 2019, which is the date the financial statements were available to be issued.

TRI-CITIES CHAPLAINCY

Financial Statements and Independent Auditors' Report

December 31, 2017 and 2016

CONTENTS

Northwest CPA Group PLLC

Certified Public Accountants

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Richland, WA 99352

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tri-Cities Chaplaincy
Kennewick, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Tri-Cities Chaplaincy (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities and changes in net assets, functional expenses, 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 audits 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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-Cities Chaplaincy as of December 31, 2017 and 2016, and the 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.

Northwest CPA Group PLLC

Tri-Cities, Washington
August 31, 2018

Tri-Cities Chaplaincy
Statements of Financial Position

	December 31, 2017	2016
ASSETS		
Cash and cash equivalents	$ 947,456	$ 1,326,975
Patient care receivables, *net of allowance for doubtful accounts of $91,000 and $65,000, respectively*	1,356,966	1,134,879
Contracts and other fees receivable, *net of allowance for doubtful accounts of $97,000 and $67,000, respectively*	94,647	35,398
Contributions receivable, *net of allowance for uncollectible accounts of $35,000 and $52,000, and discounts to net present value of $8,000 and $14,000, respectively*	127,973	176,725
Hospice supplies inventory	25,602	22,659
Donated goods inventory	45,000	-
Prepaid expenses	90,321	78,253
Investments	3,276,086	2,506,341
Property and equipment	4,005,745	4,018,709
	$ 9,969,796	$ 9,299,939
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 429,627	$ 227,811
Deferred revenue	4,050	4,860
Accrued payroll, benefits, and taxes	520,677	500,908
Total liabilities	954,354	733,579
COMMITMENTS		
NET ASSETS:		
Unrestricted:		
Undesignated	6,068,009	6,108,868
Designated by the board	1,187,621	843,253
Temporarily restricted	773,186	655,499
Permanently restricted	986,626	958,740
Total net assets	9,015,442	8,566,360
	$ 9,969,796	$ 9,299,939

See accompanying notes to financial statements.

Tri-Cities Chaplaincy
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT:				
Patient care, *net*	$ 9,213,290	$ -	$ -	$ 9,213,290
Contributions	787,895	53,648	27,886	869,429
Other program fees	509,865	-	-	509,865
Grants	5,000	-	-	5,000
Retail sales	135,890	-	-	135,890
Donated merchandise	180,890	-	-	180,890
Interest	4,035	-	-	4,035
Investment return	123,156	150,791	-	273,947
Other income	12,396	-	-	12,396
	10,972,417	204,439	27,886	11,204,742
Net assets released from restrictions	86,752	(86,752)	-	-
	11,059,169	117,687	27,886	11,204,742
EXPENSES:				
Program services	9,027,747	-	-	9,027,747
Management and general	940,323	-	-	940,323
Fundraising	787,590	-	-	787,590
	10,755,660	-	-	10,755,660
CHANGES IN NET ASSETS	303,509	117,687	27,886	449,082
NET ASSETS, BEGINNING OF YEAR	6,952,121	655,499	958,740	8,566,360
NET ASSETS, END OF YEAR	$ 7,255,630	$ 773,186	$ 986,626	$ 9,015,442

See accompanying notes to financial statements.

Tri-Cities Chaplaincy
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT:				
Patient care, *net*	$ 7,961,431	$ -	$ -	$ 7,961,431
Contributions	1,143,546	17,012	-	1,160,558
Other program fees	557,844	-	-	557,844
Grants	7,444	-	-	7,444
Interest	1,478	-	-	1,478
Investment return	60,799	71,528	-	132,327
Other income	7,025	-	-	7,025
	9,739,567	88,540	-	9,828,107
Net assets released from restrictions	93,384	(93,384)	-	-
	9,832,951	(4,844)	-	9,828,107
EXPENSES:				
Program services	8,274,484	-	-	8,274,484
Management and general	745,587	-	-	745,587
Fundraising	532,952	-	-	532,952
	9,553,023	-	-	9,553,023
CHANGES IN NET ASSETS	279,928	(4,844)	-	275,084
NET ASSETS, BEGINNING OF YEAR	6,672,193	660,343	958,740	8,291,276
NET ASSETS, END OF YEAR	$ 6,952,121	$ 655,499	$ 958,740	$ 8,566,360

Tri-Cities Chaplaincy
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Compensation	$ 5,464,665	$ 646,511	$ 188,331	$ 6,299,507
Supplies	1,260,909	11,316	13,553	1,285,778
Employee benefits	614,336	75,627	19,612	709,575
Payroll taxes	483,848	46,839	13,857	544,544
Professional services	204,899	46,922	61,698	313,519
Depreciation	189,863	19,123	14,885	223,871
Agency marketing	32,525	-	169,347	201,872
Repairs and maintenance	156,159	17,318	12,983	186,460
Travel	149,717	6,692	229	156,638
Cost of sales - donated merchandise	-	-	135,890	135,890
Occupancy	76,898	7,657	51,001	135,556
Bad debts	116,509	-	863	117,372
Telephone	84,746	2,284	2,095	89,125
Insurance	72,084	11,945	4,236	88,265
Postage and printing	25,264	34,830	25,494	85,588
Conferences and training	31,685	8,618	2,804	43,107
Giving and special events	5,937	-	30,315	36,252
Agency dues	26,773	3,822	3,884	34,479
Excise taxes	20,800	-	640	21,440
Community education	-	-	7,990	7,990
Other	10,130	819	27,883	38,832
	$ 9,027,747	$ 940,323	$ 787,590	$ 10,755,660

Tri-Cities Chaplaincy
Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services	Management and General	Fundraising	Total
Compensation	$ 5,161,272	$ 491,727	$ 145,207	$ 5,798,206
Supplies	1,110,610	12,141	4,459	1,127,210
Employee benefits	555,877	59,233	15,484	630,594
Payroll taxes	438,919	39,912	11,104	489,935
Professional services	187,158	44,123	12,294	243,575
Depreciation	189,909	18,775	15,901	224,585
Agency marketing	-	-	163,541	163,541
Repairs and maintenance	147,683	15,962	12,348	175,993
Travel	138,346	6,564	433	145,343
Occupancy	62,570	6,186	5,239	73,995
Bad debts	67,000	-	27,272	94,272
Telephone	64,072	1,872	1,587	67,531
Insurance	66,274	10,510	4,236	81,020
Postage and printing	5,235	27,908	43,175	76,318
Conferences and training	20,480	3,910	1,207	25,597
Giving and special events	-	-	36,472	36,472
Agency dues	26,375	1,167	2,458	30,000
Excise taxes	17,665	-	-	17,665
Community education	-	-	6,170	6,170
Other	15,039	5,597	24,365	45,001
	$ 8,274,484	$ 745,587	$ 532,952	$ 9,553,023

Tri-Cities Chaplaincy
Statements of Cash Flows

	Years Ended December 31, 2017	2016
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from operations and donors	$ 10,575,994	$ 9,563,483
Cash paid to suppliers and employees	(10,252,843)	(9,085,749)
Interest and dividends received	4,035	1,478
Net cash provided by operating activities	327,186	479,212
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	18,000	15,000
Capital expenditures	(210,907)	(120,988)
Purchase of investments	(513,798)	(106,280)
Net cash used in investing activities	(706,705)	(212,268)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(379,519)	266,944
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,326,975	1,060,031
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 947,456	$ 1,326,975

	Years Ended December 31, 2017	2016
Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities:		
Changes in net assets	$ 449,082	$ 275,084
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	223,871	224,585
Realized and unrealized gains on investments	(221,461)	(113,462)
Management fees paid from investment funds	34,974	32,569
Interest and dividends automatically reinvested	(87,460)	(51,434)
Decrease (increase) in assets:		
Patient care receivables	(222,087)	(194,671)
Contracts and other fees receivable	(59,249)	63,392
Contributions receivable	48,752	5,872
Contributions receivable from charitable remainder unitrust	-	84,000
Hospice supplies inventory	(47,943)	1,248
Prepaid expenses	(12,068)	21,947
Increase (decrease) in liabilities:		
Accounts payable	201,816	51,306
Deferred revenue	(810)	4,860
Accrued payroll, benefits, and taxes	19,769	73,916
Total adjustments	(121,896)	204,128
Net cash provided by operating activities	$ 327,186	$ 479,212

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

Tri-Cities Chaplaincy (the Organization) provides a variety of human services to individuals and groups seeking spiritual, emotional, and physical support while transitioning through life's journey. The Organization strives to provide impeccable care for its clients and families receiving hospice care, palliative care, behavioral health services, chaplain services, and grief support without regard to race, color, religion, sex, national origin, age, disability, marital status, sexual orientation, gender identity, or political ideology. The Organization is supported through program service fees, United Way, local churches, donor contributions, and their thrift store.

Summary of Significant Accounting Policies:

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under those principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and cash equivalents – Cash and cash equivalents consist of cash held in checking and savings accounts, money market accounts, and highly liquid investments with original maturities of less than 90 days, except if those instruments are used to temporarily invest endowment funds until appropriate investments are identified.

Patient care receivables – Patient care receivables are recorded at estimated net realizable value and represent the original charge less contractual adjustments and an allowance for doubtful accounts. In evaluating the collectability of patient care receivables, the Organization utilizes historical experience applied to an aging of outstanding patient balances. Receivables are written off when considered uncollectible. Recoveries of previously written off receivables are recorded as revenue when received.

Contracts and other fees receivable – Contracts and other fees receivable are recorded at the original invoice amount.

Contributions receivable – Unconditional promises to give are included in the accompanying financial statements as contributions receivable and revenue. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Allowance for uncollectible amounts – The Organization provides for losses on receivables using the allowance method. Management bases the allowance on experience and other circumstances that may affect the ability of donors, customers, patients, and clients to meet their obligations.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Inventories – Inventories of pharmaceutical and medical supplies listed are stated at the lower of cost or net realizable value using the first-in first-out method.

The organization also receives donated goods and records those donations as inventory and donated merchandise. The Organization then sells the goods and records retail sales revenue and cost of sales. The value of donated inventory is recorded at its estimated fair value using a calculation based upon factors such as net sales, inventory turnover and program related costs incurred to prepare the inventory for sale.

Investments – The Organization records investments in marketable securities with readily determinable market values at their fair values in the statements of financial position. Investment securities consist of a highly diversified portfolio of equity securities, fixed income securities, inverse funds, private equity/venture capital, and cash and cash equivalents. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Donated investments are recorded at the fair market value on the date of the gift. The investments in marketable securities are subject to market risk.

Property and equipment – Property and equipment are stated at cost or, if donated, at their estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 35 years. The Organization capitalizes all property and equipment acquired in excess of $1,000.

Financial instruments – At December 31, 2017 and 2016, the carrying value of the Organization's financial instruments approximated fair value.

Classification of contributions and net assets – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Temporarily restricted contributions received in the same period the restrictions are met are recorded as unrestricted contributions.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Revenue recognition – Gifts and contributions are recorded at fair value at the date of receipt or unconditional promise to give. Revenue for program fees and grants are recognized when the related services are provided. Bequests are recorded when the Organization has established the right to the bequest and the proceeds are measurable.

Charity care – The Organization has a policy that provides for serving those without the ability to pay. The policy also provides for discounted sliding scale payments based on the income and assets of the person responsible for the bill. Since the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The estimated cost of charity care for the years ended December 31, 2017 and 2016, was $8,990 and $98,000, respectively. The estimated cost is based on the gross uncompensated charges associated with providing care to charity patients multiplied by the ratio of the daily charge rate to the average daily cost.

Contributed services – A large number of people have contributed significant amounts of time to the activities of the Organization. The dedication and passion that volunteers exhibit on a daily basis is invaluable to the mission, vision, and purpose of the Organization. The financial statements do not reflect the value of these contributed services because they do not meet the criteria for recognition in accordance with accounting principles generally accepted in the United States of America.

Allocation of expenses – The costs of providing program services and other costs are reported on a functional basis in the statement of functional expenses. Accordingly, there are certain costs that are allocated among the programs and supporting service centers that benefit from such costs.

Agency marketing – Agency marketing costs are expensed as incurred. Agency marketing costs for the years ended December 31, 2017 and 2016, were $201,872 and $163,541, respectively.

Use of estimates – The preparation of 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 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.

Income taxes – Under the provisions of Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from federal income taxes, except for net income from unrelated business activities. For the years ended December 31, 2017 and 2016, the Organization had no unrelated business activities subject to federal income tax. Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustments to the financial statements.

NOTE 2 – PATIENT CARE RECEIVABLE AND NET PATIENT CARE REVENUE:

Net Patient Care Revenue – The Organization has agreements with third party payors that provide for payments to the Organization for the hospice, behavioral health, and palliative care programs, at amounts different from its established rates. Payment arrangements include prospectively determined rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others when services are rendered. Net patient care revenue consists of gross patient care revenue net of any contract adjustments and related bad debt expense. Retroactive adjustments under reimbursement agreements with third parties have not been significant and are recorded as incurred.

A summary of the payment arrangement with the Organization's major third-party payors is as follows:

> *Medicare* – Hospice care services rendered to Medicare program patients are paid at determined per diem rates. These rates vary according to the services provided. Types of services include routine home care, general inpatient care, continuous home care, and inpatient respite care. Routine home care is the most common service provided by the Organization. The Organization is paid at standard rates based upon level of care. Behavioral health and palliative care services rendered to Medicare program patients are paid at fee for service rates. These rates vary based on the type of visits/services performed and duration. Medicare is billed an established rate and then a contractual adjustment is made based on payment received.
>
> *Medicaid* – Hospice care services rendered to Medicaid program patients are paid at determined per diem rates. The Organization is paid at a standard rate based upon level of care. Behavioral health is currently contracted with Medicaid to provide services at fee for service rates. The rates are based on the type of therapy performed and duration. Medicaid is billed an established rate and then a contractual adjustment is made based on payment received. Palliative care is contracted to provide services for Medicaid at fee for service rates, the rates are based on the type of services provided.
>
> *Commercial insurance* – The Organization has entered into agreements with certain commercial insurance carriers. The basis for payment to the Organization under these agreements is prospectively determined based on either a per diem or fee for service rate.

NOTE 2 – PATIENT CARE RECEIVABLE AND NET PATIENT CARE REVENUE (continued):

Net patient revenue is included in program fees and consisted of the following as of:

	December 31,			
	2017		2016	
Medicare	$ 7,629,700	82.8%	$ 6,690,363	84.0%
Medicaid	587,607	6.4	261,324	3.3
Commercial insurance	912,410	9.9	977,265	12.3
Self-pay	83,573	0.9	32,479	0.4
	$ 9,213,290	100.0%	$ 7,961,431	100.0%

Net patient care receivable consisted of the following as of:

	December 31,	
	2017	2016
Medicare	$ 864,951	$ 691,110
Medicaid	152,897	134,944
Commercial insurance	401,673	361,380
Self-pay	28,445	12,445
	1,447,966	1,199,879
Less allowance for doubtful accounts	66,000	65,000
	$ 1,381,966	$ 1,134,879

Changes in the allowance for doubtful accounts consisted of the following during the years ended:

	December 31,	
	2017	2016
Balance, *beginning of year*	$ 65,000	$ 85,000
Accounts written off	(40,699)	(93,924)
Additional allowance	66,699	73,924
Balance, *end of year*	$ 91,000	$ 65,000

NOTE 3 – CONTRIBUTIONS RECEIVABLE:

The Organization's contributions receivable consisted of unconditional promises to give and are due as follows:

	December 31,	
	2017	2016
Receivable in less than one year	$ 92,882	$ 115,585
Receivable in one to five years	78,091	127,140
	170,973	242,725
Less:		
Discount to net present value	8,000	14,000
Allowance for uncollectible amounts	35,000	52,000
	$ 127,973	$ 176,725

Unconditional promises to give, due in more than one year, are reflected at the present value of estimated future cash flows using a discount rate of 3.5%.

NOTE 4 – INVESTMENTS AND INVESTMENT RETURN:

Investments consisted of the following mutual funds:

	December 31,			
	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Equity securities	$ 1,716,937	$ 1,442,198	$ 1,431,498	$ 1,291,456
Fixed income securities	683,694	561,805	541,983	548,259
Alternative investments:				
Mean reversion	78,883	74,153	85,517	81,393
Trend following	175,541	176,837	375,456	360,971
Cash and cash equivalents	621,031	621,031	71,887	71,887
	$ 3,276,086	$ 2,876,024	$ 2,506,341	$ 2,353,966

Marketable securities valued at $986,626 and $958,740 as of December 31, 2017 and 2016, respectively, are permanently restricted to the endowment fund. Absent donor stipulations to the contrary, investment return related to permanently restricted net assets is recorded as temporarily restricted until appropriated by the Board of Directors.

Net investment return consisted of the following at December 31, 2017:

	Unrestricted	Temporarily Restricted	Total
Investment income	$ 41,310	$ 46,150	$ 87,460
Realized gain	37,335	65,201	102,536
Unrealized gain	60,244	58,681	118,925
Management fees	(15,733)	(19,241)	(34,974)
	$ 123,156	$ 150,791	$ 273,947

Net investment loss consisted of the following at December 31, 2016:

	Unrestricted	Temporarily Restricted	Total
Investment income	$ 23,093	$ 28,341	$ 51,434
Realized loss	(958)	(18,432)	(19,390)
Unrealized gain	53,038	79,814	132,852
Management fees	(14,374)	(18,195)	(32,569)
	$ 60,799	$ 71,528	$ 132,327

NOTE 5 – FAIR VALUE MEASUREMENTS:

The Financial Accounting Standards Board has established a fair value measurement standard, which establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Quoted prices are available in active markets for identical investments as of the measurement date. The Organization does not adjust the quoted price for these investments.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the measurement date, but are not the same as those used in Level 1. Fair value is determined through quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire measurement in the hierarchy.

NOTE 5 – FAIR VALUE MEASUREMENTS (continued):

The following table discloses by level, within the fair value hierarchy, the Organization's fair value measurements at December 31, 2017:

	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual fund investments:				
Equity securities	$ 1,716,937	$ -	$ -	$ 1,716,937
Fixed income securities	683,694	-	-	683,694
Alternative investments:				
Mean reversion	78,883	-	-	78,883
Trend following	175,541	-	-	175,541
Cash and cash equivalents	621,031	-	-	621,031
Total investments	$ 3,276,086	$ -	$ -	$ 3,276,086

The following table discloses by level, within the fair value hierarchy, the Organization's fair value measurements at December 31, 2016:

	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual fund investments:				
Equity securities	$ 1,431,498	$ -	$ -	$ 1,431,498
Fixed income securities	541,983	-	-	541,983
Alternative investments:				
Mean reversion	85,517	-	-	85,517
Trend following	375,456	-	-	375,456
Cash and cash equivalents	71,887	-	-	71,887
Total investments	$ 2,506,341	$ -	$ -	$ 2,506,341

NOTE 6 – PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	December 31, 2017	December 31, 2016
Buildings	$ 4,934,390	$ 4,934,390
Furniture, fixtures, and equipment	799,441	727,161
	5,733,831	5,661,551
Accumulated depreciation	(2,162,245)	(1,938,374)
	3,571,586	3,723,177
Land	434,159	295,532
	$ 4,005,745	$ 4,018,709

NOTE 7 – NET ASSET RESTRICTIONS:

A portion of the Organization's unrestricted net assets was designated by the Board of Directors for specific purposes, as follows:

	December 31, 2017	December 31, 2016
Board designated endowment	$ 997,824	$ 653,456
Hospice house operations	114,797	114,797
Long-term organization needs	75,000	75,000
	$ 1,187,621	$ 843,253

Temporarily restricted net assets consisted of the following:

	December 31, 2017	December 31, 2016
Endowment earnings available for appropriation, *timing restriction*	$ 563,565	$ 412,774
Contributions receivable, *timing restriction*	155,973	226,150
United Way, *timing restriction*	15,000	16,575
Contribution for purchase of generators, *purpose restriction*	38,648	-
	$ 773,186	$ 655,499

At December 31, 2017 and 2016, permanently restricted net assets consisted of endowment funds totaling $986,626 and $958,740, respectively. See Note 8 for further details on the endowment account.

NOTE 8 – ENDOWMENTS:

The Organization's endowments consist of two donor-restricted funds established to provide continuing resources for the Hospice House, a residential facility for hospice patients, and to provide continued funds for the Organization's mission. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law:

The Board of Directors has interpreted the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment;
- The original value of subsequent gifts to the permanent endowment; and
- Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the Board of Directors. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- General economic conditions;
- The possible effect of inflation and deflation;
- The expected tax consequences, if any, of investment decisions or strategies;
- The role that each investment or course of action plays within the overall investment portfolio of the fund;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization;
- The needs of the Organization, or a particular fund within the Organization, to make distributions and to preserve capital; and
- An asset's special relationship or special value, if any, to the Organization's purposes.

Endowment net asset composition by type of fund as of December 31, 2017, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 563,565	$ 986,626	$ 1,550,191
Board-designated endowment funds	997,824	-	-	997,824
	$ 997,824	$ 563,565	$ 986,626	$ 2,548,015

NOTE 8 – ENDOWMENTS (continued):

Endowment net asset composition by type of fund as of December 31, 2016, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 412,774	$ 958,740	$ 1,371,514
Board-designated endowment funds	653,456	-	-	653,456
	$ 653,456	$ 412,774	$ 958,740	$ 2,024,970

Changes in endowment net assets for the years ended December 31, 2017 and 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2015	$ 525,191	$ 341,246	$ 958,740	$ 1,825,177
Investment loss:				
Net investment income	10,344	10,146	-	20,490
Net depreciation	34,461	61,382	-	95,843
Total endowment investment return	44,805	71,528	-	116,333
Contributions	98,460	-	-	98,460
Appropriation of endowment for expenditure	(15,000)	-	-	(15,000)
Endowment net assets, December 31, 2016	653,456	412,774	958,740	2,024,970
Investment return:				
Net investment income	20,476	26,909	-	47,385
Net appreciation	59,012	123,882	-	182,894
Total endowment investment return	79,488	150,791	-	230,279
Contributions	282,880	-	27,886	310,766
Appropriation of endowment for expenditure	(18,000)	-	-	(18,000)
Endowment net assets, December 31, 2017	$ 997,824	$ 563,565	$ 986,626	$ 2,548,015

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets. There are no funds that have a deficiency as of December 31, 2017 and 2016.

NOTE 8 – ENDOWMENTS (continued):

Return Objectives and Risk Parameters:

The Organization has adopted investment and spending policies for endowment assets that attempt to manage contributions in a manner that will maximize the benefit intended by the donor, to produce current income to support the programs of the Organization and donor objectives, and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner where net return equals or exceeds the Urban Consumer Price Index (CPI-U) plus 3% for that period. Real growth is a measure of the extent to which total return, less expenses and distributions, exceeds the CPI-U. It is recognized that this objective may not be attained every year because of market fluctuations, but it is expected to be attained over a period of time. Additional performance measures may be utilized at the discretion of the Endowment Committee.

Strategies Employed for Achieving Objectives:

The investment strategy of the Endowment Committee is to earn cash income and accretions in the principal value of each fund through management investment, and to enhance the value of the endowment portfolio and at the same time provide a dependable, increasing source of income, which will be used to support various Organization programs. Investments are diversified to enhance the return and reduce risk.

The investment objectives for the management of the endowment assets are to manage contributions in a manner that will maximize the benefit intended by the donor; to produce current income to support the programs of the Organization and donor objectives; and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation.

Total return shall be the method for measuring the performance of the endowment. This refers to the combination of income (interest and dividends) and the appreciation and/or deprecation in the fund's value for a certain period of time. The specific annual financial objective is for net return to equal or exceed the Urban Consumer Price Index (CPI-U) plus 3%. Real growth is a measure of the extent to which total return, less expenses and distributions, exceeds the CPI. It is recognized that this objective will not be attained every year because of the market fluctuations, but it is expected to be attained over a period of time. Additional performance measures may be utilized at the discretion of the Endowment Committee. At each quarterly meeting, the investment advisors shall include a graphic that reflects historical performance compared with the aforementioned specific annual financial objective.

NOTE 8 – ENDOWMENTS (continued):

Strategies Employed for Achieving Objectives (continued):

The goals of the Endowment Committee, in order, are to maximize growth and income and preserve principal. The Organization's general policy is to diversify investments within equity securities, fixed-income securities, inverse funds, private equity/venture capital, and cash reserves to provide a balance that will enhance total return while avoiding undue risk. To maintain flexibility and to achieve its long-term return objectives with prudent risk constraints, the Organization's policy guideline is for endowment assets to consist of up to 65% in equity investments, up to 100% in fixed-income securities with no more than 25% in non-investment grade bonds, up to 100% in cash reserves, up to 25% in inverse funds, and up to 5% in private equity/venture capital. Brief excursions up to an additional 5% from these allocations may be permitted if opportunities present themselves. The Endowment Committee is responsible for monitoring and adjusting the mix of assets among investment classes to achieve the Organization's objectives.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The spending policy, expressed as a percentage of market value of the endowment, is determined on a year-to-year basis upon recommendation of the Endowment Committee. In recommending the earnings for appropriation and distribution for the forthcoming year, the Endowment Committee considers total return and CPI-U for the immediately preceding year and projections for the following year. The Endowment Committee will recommend no greater than 2.5% per annum of the fair market value of the fund balance at the end of the prior fiscal year. All disbursements require approval of the Organization's Board of Directors. The earnings distribution policy is periodically reviewed against actual returns in order to make adjustments necessary for the preservation of the purchasing power of the endowment.

NOTE 9 – NONCASH INVESTING ACTIVITIES:

Each year, the Organization purchases and sells within its investment account, with no resulting cash activity. In addition, income is also automatically reinvested and investment management fees are automatically paid within the account. The following summarizes the noncash investing transactions:

	Years Ended December 31,	
	2017	2016
Purchases and sales	$ 10,841,213	$ 6,228,446
Interest and dividends reinvested	87,460	51,434
Management fees	34,974	32,569

NOTE 10 – OPERATING LEASES:

On January 1, 1994, the Organization entered into a 25-year land lease with First Lutheran Church of Kennewick. The lease has an option to renew for two additional ten-year periods. Rent expense is $1 annually. The Organization is responsible for utilities, taxes, and insurance expenses related to the property.

The Organization leases a copy machine that requires monthly payments of $2,391. The lease expires in June 2019. The Organization also leases a postage machine for $372 per quarter, ending October 2023.

During the year ended December 31, 2017, the Organization began leasing a retail sales space for their thrift store. The lease arrangement requires monthly payments of $3,999 through January 2018. At expiration, the lease has an option to extend on a month-to-month basis.

Future minimum lease payments consisted of the following at December 31, 2017:

Years Ending December 31,	Amount
2018	78,165
2019	21,068

Rent expense for the years ended December 31, 2017 and 2016, was $77,402 and $44,200, respectively.

NOTE 11 – SELF INSURANCE:

The Organization has elected to participate in the Washington State Employment Security Program on a reimbursement basis. The Organization is required to reimburse the state of Washington when an unemployment claim occurs. The ultimate costs of claims are accrued when billed. Although the liability cannot be estimated, the Organization's management believes the ultimate liability will not have a material adverse effect on their financial position or activities. Unemployment compensation expense was $20,596 and $2,241 for the years ended December 31, 2017 and 2016, respectively.

NOTE 12 – CONTINGENCIES:

During the year ended December 31, 2017, the Organization discovered an employee had inadvertently failed to renew their license to practice as a registered nurse (RN). Upon discovery, the employee ceased providing RN services and no further charges for her time were billed. To voluntarily report and pay back third-party providers, management has begun the process of evaluating the services and charges during the non-licensure period of this employee. Management has estimated and accrued amounts due to Medicare of $20,000, which is included in accounts payable at December 31, 2017. The actual repayment amount may differ from this estimate.

NOTE 13 – CONCENTRATIONS:

At December 31, 2017, cash and cash equivalents of $420,662, exceeded the Federal Deposit Insurance Corporation limits. Management does not consider this to be a significant risk.

A significant portion of the patient care revenue comes from third parties, including Medicare, Medicaid, and other insurance carriers. Future changes in government funding on private insurance coverage may materially impact the Organization's program structure.

NOTE 14 – RETIREMENT PLANS:

In 1994, the Organization established a 403(b) tax sheltered annuity retirement plan to provide retirement benefits to all employees who have completed one year of service, are at least 21 years of age, and who work in excess of 1,000 hours per year. On January 1, 2002, the 403(b) tax sheltered annuity retirement plan was replaced with a 401(k) retirement plan. The plan provides retirement benefits to full-time employees of the Organization who have one year of service, are at least 18 years of age, who work in excess of 1,000 hours per year, and are not participating in another plan offered by the Organization. For the years ended December 31, 2017 and 2016, the Organization incurred retirement expense of $154,444 and $128,037, respectively.

NOTE 14 – RETIREMENT PLANS (continued):

In addition to the employee retirement plan, the Organization contributes up to 19% of chaplain salaries to the various denomination benefit plans to which the contracted chaplains are associated. The amount contributed for each chaplain is dependent on the individual denomination plan requirements. For the years ended December 31, 2017 and 2016, the benefit expense was $80,924 and $86,055, respectively.

NOTE 15 – SUBSEQUENT EVENTS:

Subsequent to year end, the Organization obtained an unsecured $200,000 revolving line of credit with Gesa Credit Union. The line of credit bears interest at prime plus .75%, with a floor of 5.5%, and due on demand. If no demand is made, interest is due monthly through maturity in April 2019. The line contains certain financial covenants.

Subsequent to year end, the Organization entered into a three-year operating lease for a second thrift store retail space. The lease requires monthly payments of $3,975, increasing to $4,250 after 6-months, and to $4,505 after 12-months. The lease expires in January 2021, but has an option to extend for an additional three years. Under the extension, monthly rent increases to $4,557 for the first 17-months and to $4,636 for the final 19-months.

The Organization also entered into a two-year lease for office space subsequent to year end. Under the terms of the lease, payments of $1,625 are due monthly beginning May 2018. The lease has an option to extend for an additional year.

Subsequent events have been evaluated by management through August 31, 2018, which is the date the financial statements were available to be issued.