

2015
Financial Statements
With
Auditor's Letters

HOSPITAL HOSPITALITY HOUSE CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Independent Auditor's Report Thereon)

HOSPITAL HOSPITALITY HOUSE CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2015

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Audited Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
Supplemental Schedules:	
Supplemental Schedule of Contributions	14
Supplemental Schedule of Special Events	15



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Hospital Hospitality House Corporation

We have audited the accompanying financial statements of Hospital Hospitality House Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Hospitality House Corporation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Contributions and Schedule of Special Events on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Patterson Handley & Bellentine

May 10, 2016

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

Current Assets:

Cash	\$ 538,397	
Investments	24,998	
Accounts receivable	930	
Contributions receivable	3,624	
Prepaid expenses	18,615	
Total current assets		\$ 586,564

Property and Equipment, net		918,367
-----------------------------	--	---------

Assets Whose Use is Limited:

Cash	1,245,026	
Contributions receivable, net of allowance for doubtful accounts of \$4,000	21,000	
Endowment	14,947	
		1,280,973
		<u>\$ 2,785,904</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 1,805	
Accrued expenses	42,565	
Deferred Revenue	50,000	
Total current liabilities		\$ 94,370

Net Assets:

Unrestricted		1,410,561
Temporarily restricted	1,266,026	
Permanently restricted	14,947	
Restricted net assets		1,280,973
Total net assets		2,691,534
		<u>\$ 2,785,904</u>

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Contributions	\$ 150,464	\$1,000,000	\$ -	\$1,150,464
Special events	311,915	-	-	311,915
Total public support	<u>462,379</u>	<u>1,000,000</u>	<u>-</u>	<u>1,462,379</u>
Revenue:				
Guest services provided	160,600	-	-	160,600
Less: services provided at no charge	(40,485)	-	-	(40,485)
Guest services provided, net	<u>120,115</u>	<u>-</u>	<u>-</u>	<u>120,115</u>
Interest and investment income, net	5,906	-	(416)	5,490
In-kind revenue	55,939	-	-	55,939
Net assets released from restriction	30,200	(30,200)	-	-
Total revenue	<u>212,160</u>	<u>(30,200)</u>	<u>(416)</u>	<u>181,544</u>
Total support and revenue	<u>674,539</u>	<u>969,800</u>	<u>(416)</u>	<u>1,643,923</u>
Expenses:				
Program services	435,324	-	-	435,324
Management and general	112,617	-	-	112,617
Fundraising expenses	<u>182,019</u>	<u>-</u>	<u>-</u>	<u>182,019</u>
Total expenses	<u>729,960</u>	<u>-</u>	<u>-</u>	<u>729,960</u>
Increase (decrease) in net assets	(55,421)	969,800	(416)	913,963
Net assets - beginning of year	<u>1,465,982</u>	<u>296,226</u>	<u>15,363</u>	<u>1,777,571</u>
Net assets - end of year	<u>\$1,410,561</u>	<u>\$1,266,026</u>	<u>\$ 14,947</u>	<u>\$2,691,534</u>

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

		<u>Supporting Services</u>		
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>	<u>Expenses</u>	<u>Expenses</u>
Bad debt expense	\$ -	\$ -	\$ 175	\$ 175
Bank fees	6,104	-	2,035	8,139
Computer hardware and software	-	-	1,432	1,432
Depreciation	34,180	14,648	-	48,828
Equipment contracts	3,050	529	488	4,067
Food	255	-	-	255
Furnishings	1,246	-	-	1,246
In-kind expenses	55,939	-	-	55,939
Insurance	11,761	3,920	-	15,681
Leased employees (See Note 12)	119,199	71,022	103,574	293,795
Licenses and permits	345	517	-	862
Miscellaneous	-	1,249	-	1,249
Occupancy	99,559	-	-	99,559
Office supplies	849	874	849	2,572
Outreach	17,331	-	3,059	20,390
Postage	98	98	-	196
Printing	37	37	-	74
Professional fees	10,592	10,593	-	21,185
Repairs and maintenance	22,756	2,529	-	25,285
Special events	-	-	69,176	69,176
Telephone	9,233	1,847	1,231	12,311
Utilities and occupancy	42,790	4,754	-	47,544
	<u>\$ 435,324</u>	<u>\$ 112,617</u>	<u>\$ 182,019</u>	<u>\$ 729,960</u>

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows From Operating Activities:

Increase in net assets	\$	913,963
------------------------	----	---------

Adjustments to reconcile increase in net assets
to net cash provided by operating activities:

Depreciation	\$	48,828	
Capital gains reinvested		(388)	
Realized gain on investment		(463)	
Unrealized gain on investment		3,133	
Interest received, net of investment fees		(69)	
Changes in:			
Contributions receivable		2,700	
Prepaid expenses		(112)	
Assets whose use is limited		(969,800)	
Accounts payable		(31,310)	
Accrued expenses		(1,109)	
Deferred revenue		50,000	
Total adjustments		<u>(898,590)</u>	
Net cash provided by operating activities			<u>15,373</u>

Cash Flows From Investing Activities:

Purchase of equipment		<u>(1,898)</u>	
Net cash used in investing activities			<u>(1,898)</u>

Net increase in cash		13,475
----------------------	--	--------

Cash - beginning of year		<u>524,922</u>
--------------------------	--	----------------

Cash - end of year	\$	<u><u>538,397</u></u>
--------------------	----	-----------------------

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - Nature of Activities

In these notes, the terms "Organization", "HHH", "we", "us" or "our" mean the Hospital Hospitality House Corporation. Since opening in 1974, we have provided over 425,000 nights of lodging, meals and other supportive services to patients and families, serving guests from all 95 counties in Tennessee, all 50 states in the U.S. and 39 foreign countries. We serve all area hospitals - including Centennial, Children's, Metro General, St. Thomas Midtown (formerly Baptist), St Thomas West, Women's & Children's at Centennial, Vanderbilt and the VA. We were the first House of its kind in the United States and we continue to be a model for hospitality houses opening around the country.

Our mission is to be a home away from home for patients and caregivers seeking medical treatment in Nashville hospitals by providing lodging, meals and other supportive services.

Overview of House Program Services

The Residence

We now serve 35 families each night, providing nearly 12,775 room nights annually. The average length of stay has increased dramatically to 26 nights (22 nights in standard rooms and 66 nights in HHH apartments). Our number of families reached per year has dropped due to the increased length of stay.

We provide all meals and snacks, free laundry facilities, internet access, private rooms and baths, and private phone lines with voicemail. Our goal is to eliminate as much stress as possible so that patients and caregivers can remain focused on what is truly important.

The HHH Apartments

Opened in March 2009 as part of our residential program, the HHH apartments offer eight apartments for patients and families with stays of thirty days or longer in Nashville's hospitals.

The HHH apartments provide a combined sense of privacy and community and creates an inviting, affordable, and accommodating atmosphere for family and friends to visit, relieving stress and loneliness. This environment also helps families with long-term stays maintain a greater sense of normalcy and day-to-day function. Families in the HHH apartments are encouraged and welcomed to use the dining, kitchen, and laundry facilities in our main residence. They are followed and supported by our staff and volunteers just like any of our families.

Day Services

For those caregivers who prefer to remain at the hospital or for the caregivers we unfortunately turn away each day due to lack of space, we offer day services programs. Guests come to shower, do laundry, rest in our lounge, and have a bite to eat. This brief respite from the hospital rejuvenates caregivers while meeting their most basic needs.

Partner Hotels

We work with seven local hotels that provide respite nights for families at a low medical rate once our rooms are filled each night.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - Nature of Activities (continued)

Overview of House Program Services

Waiting Room Adoption

We adopt over 25 waiting rooms at local hospitals and clinics, including Centennial, Metro General, St Thomas Midtown, St Thomas West, Vanderbilt and the VA, providing baskets stocked with toiletries, snacks, games, magazines and other items waiting friends and families may need. In 2010, we expanded to outlying hospitals, including Southern Hills and Hendersonville Medical Center. We also provide "Overnight Bags" packed with toiletries and supplies for those caregivers staying overnight in hospital waiting rooms and "HHH Activity Bags" for children waiting with family members. These bags provide child-friendly snacks and activities such as coloring books, puzzles, etc. In 2015, we reached approximately 50,000 people through this program.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations, which may or will be met, either by our actions and/or by the passage of time. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes.

Revenue

We receive contributions from foundations, congregations, corporations, hospitals, grantors and individuals. We recognize this revenue as it is received or promised to us in accordance with generally accepted accounting principles for non-profit organizations. We also receive revenues from guests who stay in our residence and partner hotels. Fees are based on the family's ability to pay and often there is no charge.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider cash equivalents to be items that have an original maturity date of ninety days or less from the date of issuance or are liquid investments such as money market funds. At December 31, 2015, we had \$42,015 in money market funds, which is included in cash. As of December 31, 2015, we had no cash equivalents.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 - Summary of Significant Accounting Policies (continued)

Contributions Receivable

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Unconditional promises to give due in the next year are reflected as current contributions receivable to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term contributions receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. We use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and our analysis of specific promises made.

Investments

We use a framework for measuring fair value and disclosing fair values. We define fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. We use this framework for all assets and liabilities measured and reported on a fair value basis and enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires each asset and liability carried at fair value be classified into one of the following categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market based inputs or unobservable inputs corroborated by market data
- Level 3 - Unobservable inputs that are not corroborated by market data

All of our investments are based on level 1 inputs at the active market price as of December 31, 2015.

Prepaid expenses

Prepaid expenses consist of insurance premiums paid by us in advance.

Property and Equipment

Property and equipment are recorded at cost, or, if donated, at the estimated fair market value at the date of donation. Our capitalization policy is to capitalize any expenditure over \$1,000 for property and equipment. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At December 31, 2015, no assets were considered to be impaired.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising is expensed as incurred.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

We are a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes. We are not subject to examination by U.S. federal or state taxing authorities for years before 2012.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The carrying values of current assets, current liabilities and restricted cash approximate fair values due to short maturities of these instruments. The carrying value of long-term contributions receivable approximates fair value within an insignificant amount.

NOTE 3 - Contribution Receivable

Contributions receivable consisted of the following at December 31, 2015:

Due in less than one year	\$ 28,624
Less: restricted contribution receivable	<u>(25,000)</u>
Net contribution receivable	<u>\$ 3,624</u>
 Restricted contribution receivable	 \$ 25,000
Less: Allowance for doubtful accounts	<u>(4,000)</u>
	<u>\$ 21,000</u>

NOTE 4 - Investments

At December 31, 2015, we held the following investment, listed at fair market value as of that date:

Marketable equity securities	<u>\$ 24,998</u>
------------------------------	------------------

The marketable securities we held consisted of various publicly traded stocks and various real estate investment trusts. Investment income includes interest, dividends, changes in fair market value and realized gains and losses.

Unrestricted investment income (loss) consisted of the following for the year ended December 31, 2015:

Interest and dividend income	9,089
Unrealized gain	(3,133)
Investment fees	<u>(50)</u>
Investment income, net	<u>\$ 5,906</u>

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5 - Property and Equipment

Property and equipment consisted of the following at December 31, 2015:

Computers	\$ 1,898
Furniture, fixtures and equipment	93,944
Land	137,400
Buildings and improvements	<u>1,307,460</u>
	1,540,702
Less: accumulated depreciation	<u>(622,335)</u>
	<u>\$ 918,367</u>

NOTE 6 – Accrued Expenses

Accrued expenses consisted of the following at December 31, 2015:

Accrued payroll	25,400
Accrued vacation	<u>17,165</u>
	<u>\$ 42,565</u>

NOTE 7 – Deferred Revenue

At December 31, 2015, deferred revenue consisted of \$50,000 that was received for sponsorships for 2016 special events.

NOTE 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2015:

Capital Campaign	\$ 194,383
New Facility	1,025,000
Capital Support,	
net of allowance for doubtful accounts of \$4,000	46,000
Christmas fund	<u>643</u>
	<u>\$ 1,266,026</u>

NOTE 9 - Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at December 31, 2015:

Endowment (See Note 9)	<u>\$ 14,947</u>
------------------------	------------------

NOTE 10 - Leases

We lease apartments at the HHH apartments and various office equipment under lease arrangements classified as operating leases. We renewed our lease for the HHH apartments through December 2016. Our lease for the office equipment expires in August 2016.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10 – Leases (continued)

Total rent expense under these leases was \$99,559 during the year ended December 31, 2015.

A schedule of future minimum lease payments required under all noncancelable operating leases as of December 31, 2015, follows:

For the year ending
December 31,

2016	\$ 100,140
------	------------

NOTE 11 - Endowment

At December 31, 2015, the Nashville Area Community Foundation, Inc., (the Foundation) a non-profit organization, is in control of an endowment fund for us. The endowment has been recorded as permanently restricted. The Foundation has ultimate authority and control over all property of the fund and the income derived there from. The endowment is considered a reciprocal transfer and is therefore recorded as an asset on our Statement of Financial Position.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Since the Foundation has control over the fund and the earnings, we have not established an investment policy for the fund nor have we established policies for expenditures from the fund. We are not aware of any deficiencies in the fair value of assets in the fund as compared to the required amounts by the donors. We recognize contribution income when the Foundation makes a distribution to us. We recognize investment earnings and fees in the Statement of Activities, as they are reported to us by the Foundation.

The following is the balance and activity reported in our financial statements for the year ended December 31, 2015:

Beginning balance	\$ 15,363
Interest income	\$ 234
Realized gain	463
Unrealized loss	(999)
Administrative fees	(62)
Investment fees	(52)
	<u>(416)</u>
Ending Balance	\$ 14,947

NOTE 12 - Donated Services and Materials

We receive contributions of household items, which we consume in the course of fulfilling our mission. We record these contributions as in-kind revenue and expenses in accordance with the criteria of generally accepted accounting principles. During the year we recorded \$55,939 of in-kind revenue as follows: \$11,746 in donated food and household items, \$3,311 in donated linen services, and \$40,882 in donated repair and maintenance work.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 13 - Concentrations of Credit Risk

At December 31, 2015, we owed 82% of all outstanding accounts payable to one vendor and one donor pledged 87% of all outstanding contribution receivables.

We maintain our cash in bank accounts which, at times, may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe that we are exposed to any significant credit risk in our cash.

NOTE 14 - Leased Employees

We lease all employees from Vanderbilt University, which provides all payroll related benefits and services. Total employee lease expense for the year ended December 31, 2015, was \$293,795.

NOTE 15 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2015. As of May 10, 2016, the date that the financial statements were available to be issued, no events subsequent to the balance sheet date are considered necessary to be included in the financial statements for the period ended December 31, 2015.

HOSPITAL HOSPITALITY HOUSE CORPORATION
SUPPLEMENTAL SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

Unrestricted:

Individuals	\$ 27,059
Congregations	13,910
Corporations	15,514
Clubs and organizations	6,119
Foundations	70,458
Hospitals	15,000
Other	<u>2,404</u>

Total unrestricted	\$ 150,464
--------------------	------------

Temporarily restricted:

Foundations	<u>1,000,000</u>
-------------	------------------

Total contributions	<u><u>\$ 1,150,464</u></u>
---------------------	----------------------------

HOSPITAL HOSPITALITY HOUSE CORPORATION
SUPPLEMENTAL SCHEDULE OF SPECIAL EVENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Patrons' Luncheon	\$ 211,898	\$ 24,259	\$ 187,639
Rock the House	51,753	20,556	31,197
Golf Tournament	<u>48,264</u>	<u>24,361</u>	<u>23,903</u>
Total	<u>\$ 311,915</u>	<u>\$ 69,176</u>	<u>\$ 242,739</u>



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

May 10, 2016

To the Board of Directors
Hospital Hospitality House Corporation

We have audited the financial statements of Hospital Hospitality House Corporation for the year ended December 31, 2015, and have issued our report thereon dated May 10, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 13, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hospital Hospitality House Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. At December 31, 2015, no estimates were considered particularly sensitive.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure in Note 2 to the financial statements explaining the basis of allocation of functional expenses into their appropriate functional categories.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: contributions and accounts receivable.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 10, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have communicated suggestions for strengthening internal controls and operating efficiency in a letter dated May 10, 2016.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Hospital Hospitality House Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Patterson Handee & Bellentini



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

May 10, 2016

To the Board of Directors
Hospital Hospitality House Corporation
214 Reidhurst Avenue
Nashville, TN 37203

In planning and performing our audit of the financial statements of Hospital Hospitality House Corporation as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Hospital Hospitality House Corporation's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated May 10, 2016, on the financial statements of Hospital Hospitality House Corporation.

Improving the Occupancy Report

In the course of completing the audit, we discovered numerous formatting and formula errors in the Occupancy and Guest Fees report. These errors made it difficult to determine the amount of revenue received each month along with the amount of Guest Fees receivable at year end. We were able to correct these issues and supply a template. Going forward, we recommend that the Occupancy and Guest Fees report be reconciled to the general ledger at least monthly. This reconciliation process would help to ensure that all receipts are accounted for, as well as establish an additional internal control.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very Truly Yours,

Patterson Hardee & Ballentine