2019
Financial Statements
With
Auditor's Letters

HOSPITAL HOSPITALITY HOUSE CORPORATION

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

(With Independent Auditor's Report Thereon)

HOSPITAL HOSPITALITY HOUSE CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2019

CONTENTS

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, 2019, 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 May 7, 2020, 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.

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of contributions and special events on pages 17-18 is presented for purposes of additional analysis and is 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 Hardee & Ballentine

May 7, 2020

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets:		
Cash	$ 1,144,186	
Investments	32,925	
Accounts receivable	2,980	
Contributions receivable, net	44,518	
Prepaid expenses	19,931	
Total current assets		$ 1,244,540
Property and Equipment, net		6,921,251
Assets Whose Use is Limited:		
Restricted cash	1,643	
Restricted pledges, net	314,825	
Endowment	20,246	
Total assets whose use is limited		336,714
Total Assets		$ 8,502,505

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	$ 13,587	
Accrued expenses	48,237	
Deferred revenue	15,000	
Total current liabilities		$ 76,824
Noncurrent Liabilities:		
Line of Credit	1,100,000	
Total noncurrent liabilities		1,100,000
Net Assets:		
Without donor restrictions	6,988,967	
With donor restrictions	336,714	
Total net assets		7,325,681
Total Liabilities and Net Assets		$ 8,502,505

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activity			
Public Support and Revenue:			
Gross special events revenue	431,495	-	431,495
Less direct costs of special events	(76,060)	-	(76,060)
Net special events revenue	355,435	-	355,435
Contributions	264,371	2,500	266,871
In-kind revenue	35,316	-	35,316
Total public support	299,687	2,500	302,187
Guest Revenue:			
Guest services provided	236,769	-	236,769
Less: services provided at no charge	(4,535)	-	(4,535)
Guest services provided, net	232,234	-	232,234
Other Income:			
Investment income, net	14,209	3,234	17,443
Total public support, guest revenue and other income	901,565	5,734	907,299
Operating Expenses:			
Program services	314,455	-	314,455
Management and general	316,606	-	316,606
Fundraising expenses	149,845	-	149,845
Total operating expenses	780,906	-	780,906
Net income from operating activities	120,659	5,734	126,393
Transition Activity			
Transition Expenses:			
Program services	74,947	-	74,947
Management and general	135	-	135
Fundraising	2,605	-	2,605
Total transition expenses	77,687	-	77,687
Net income from transitional activities	(77,687)	-	(77,687)
Subtotal	42,972	5,734	48,706

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
New Building Activity			
New Building Support:			
New facility contributions	-	1,064,419	1,064,419
Net assets released from restriction for specific purpose	3,183,622	(3,183,622)	-
Total new building support	3,183,622	(2,119,203)	1,064,419
New Building Expenses:			
Program services	173,990	-	173,990
Net income from new building activity	3,009,632	(2,119,203)	890,429
Increase (decrease) in net assets	3,052,604	(2,113,469)	939,135
Net assets - beginning of year	3,936,363	2,450,183	6,386,546
Net assets - end of year	6,988,967	336,714	7,325,681

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising Expenses	Total Expenses
Operating Expenses:				
Bank fees	7,699	-	2,567	10,266
Computer hardware and software	-	-	9,305	9,305
Depreciation	-	165,021	-	165,021
Equipment contracts	2,980	516	477	3,973
Food	1,456	-	-	1,456
Furnishings	194	-	-	194
In-kind expenses	35,316	-	-	35,316
Insurance	5,422	1,807	-	7,229
Leased employees (See Note 14)	154,777	90,601	132,127	377,505
Licenses and permits	479	718	-	1,197
Miscellaneous	-	33,278	-	33,278
Office supplies	1,818	1,873	1,818	5,509
Outreach	16,278	-	2,872	19,150
Postage	18	18	-	36
Professional fees	14,107	14,107	-	28,214
Repairs and maintenance	19,583	2,176	-	21,759
Special events	-	-	76,060	76,060
Telephone	5,095	1,019	679	6,793
Utilities and occupancy	49,234	5,471	-	54,705
Total operating expenses	314,456	316,605	225,905	856,966
Less expenses included with revenues on the statement of activities:				
Direct costs of special events	-	-	(76,060)	(76,060)
Total operating expenses included in the operating expense section on the statement of activities	314,456	316,605	149,845	780,906
Transition Expenses:				
Insurance	629	210	-	839
Rent	53,565	-	-	53,565
Repair & Maintenance	1,823	203	-	2,026
Telephone	1,010	202	135	1,347
Utilities and occupancy	17,919	1,991	-	19,910
Total transition expenses	74,946	2,606	135	77,687
New Building Expenses:				
Furniture and Equip for New Building	8,974	-	-	8,974
Extend Stay	115,622	-	-	115,622
Temporary location	28,437	-	-	28,437
Insurance	4,599	1,533	-	6,132
New Building Costs	14,825	-	-	14,825
Total New Building Expenses	172,457	1,533	-	173,990
Total expenses by function	561,859	320,744	149,980	1,032,583

HOSPITAL HOSPITALITY HOUSE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows From Operating Activities:		
Increase in net assets		$ 939,135
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	$ 165,021	
Investment loss, net	1,454	
Changes in:		
Investments	(8,397)	
Accounts receivable	(1,725)	
Contributions receivable, net	(21,498)	
Prepaid expenses	9,363	
Assets whose use is limited	108,251	
Accounts payable	(1,570,359)	
Accrued expenses	(2,859)	
Deferred revenue	15,000	
Line of Credit	1,100,000	
Total adjustments		(205,749)
Net cash provided by operating activities		733,386
Cash Flows From Investing Activities:		
Purchase of investments	(169)	
Purchase of property and equipment	(4,015,304)	
Net cash used in investing activities		(4,015,473)
Net increase in cash		(3,282,087)
Cash and restricted cash - beginning of year		4,427,916
Cash and restricted cash - end of year		$ 1,145,829

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 and HHH Apartments

We currently serve 30 families each night—serving over 1,000 individuals this year. We provide 6,570 room nights annually. Housing is offered to patients and families coming to Nashville in medical crisis. These more secluded spaces are especially critical for those patients facing compromised immune systems. We provide meals and snacks, free laundry facilities, internet access, private rooms and baths. We offer evening activities: game nights and ice cream socials. The sense of community support fostered is an intentional but organic offering in the residence as guests and volunteers interact.

Families eligible to stay with us all live at least 50 miles outside Nashville (with the exception of some of the families of NICU patients, and stem cell families). But unlike the criteria and stay limits imposed by some other medical lodging facilities, guests at PHHH are patients and caregivers of all ages and ailments, and are welcome to stay for as long as the patient is receiving active care at a Nashville area hospital. In 2019, we served 404 families through this program, with these families checking in for overnight stays. In 2019, 216 guests were Tennessee residents. Another 133 traveled to Nashville from neighboring states and 55 lived even further away.

Day Services

For those caregivers who prefer to remain at the hospital or for the caregivers we unfortunately must 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. In 2019, we logged 339 check-ins for our day services program—up 72% over prior year, showing what we know to be growing need for these services in our city.

Partner Hotels

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

Waiting Room Adoption

PHHH adopts 20 waiting rooms at local hospitals and clinics, including those in neighboring counties, providing baskets stocked with toiletries, snacks, and other items waiting friends and families—adults and children—may need.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, 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:

> 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 Organization's management and the board of directors. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.
>
> 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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, 2019, we had no cash equivalents.

Contributions

Contributions received are 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires from a previous reporting period (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 statements of activities as net assets released from restriction.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

HOSPITAL HOSPITALITY HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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. In accordance with accounting standards, the pledge must be accompanied by verifiable documentation in order to be recognized. 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, 2019.

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, 2019, 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 Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs or supporting functions are allocated based on various relationships.

NOTE 2 - Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

Equipment contracts, office supplies, licenses and permits, printing, professional fees, repairs and maintenance are allocated on an expenditure by expenditure basis and allocated to the direct program benefited or to management and general if no programs are benefited. Leased employees and outreach are allocated based on time and effort. Utilities and occupancy and insurance are based on the size of the space used that benefit the program or management's use.

Advertising

Advertising is expensed as incurred.

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.

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.

New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates that will affect the Organization's revenue recognition. The first, Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards).

The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, Accounting Standards Update No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. The Organization plans to adopt both at the same time, because adopting one Update without the other would leave the accounting for some ongoing grants and contracts unresolved. The Updates are effective for the Organization's coming fiscal year. The Organization is currently evaluating the impact of the adoption of the new standards on the financial statements.

NOTE 2 - Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In November 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of financial position and the statement of cash flows.

NOTE 3 - Availability and Liquidity

Financial assets available for general expenditure within one year of the statement of financial position, consist of the following:

Financial assets for the year ended	
Cash	$ 1,144,186
Investments	32,925
Accounts receivable	2,980
Contributions receivable	44,518
	$ 1,224,609

The Organization has certain donor-restricted assets limited to use which are only available for restricted programs. Accordingly, these assets have been excluded in the qualitative information above.

In the next fiscal year, we plan to receive the same level of contributions, and consider contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. We manage our liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately reduce spending of program and management and general expenditures.

All of our cash accounts are readily available. Additionally, we obtained a line of credit to address any immediate liquidity needs, if needed. See Note 8 for further disclosure of the line of credit.

We manage our liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately liquidate our investments, draw on the line of credit, or reduce spending of program and management and general expenditures.

NOTE 4 - Contributions Receivable, net

Contributions receivable consisted of the following at December 31, 2019:

Due in less than one year	$	136,596
Due in one or more years		182,499
		319,095
Less: discount to net present value		(4,271)
Less: allowance for doubtful accounts		(4,000)
Net contribution receivable	$	310,824

Contributions receivable as shown on the financial statements are as follows at December 31, 2019:

Contributions receivable, net	$	44,518
Restricted pledges, net		314,825
Net contributions receivable	$	359,343

Gross restricted pledges receivable of $319,095 for the new building made in 2019 have been discounted for the time value of money using a discount rate of 2.25%. The rate was determined using the prevailing market rate at the time the pledge was made. The net restricted pledges for the new building at December 31, 2019, was $310,824.

NOTE 5 - Investments

At December 31, 2019, we held the following investment, listed at fair market value as of that date:

Marketable equity securities	$	32,925

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 consisted of the following for the year ended December 31, 2019:

Interest and dividend income	$	5,736
Unrealized/realized loss, including fees		11,707
Investment income, net	$	17,443

NOTE 6 - Property and Equipment

Property and equipment consisted of the following at December 31, 2019:

Computers	$	3,718
Land		137,400
Buildings and improvements		7,349,434
		7,490,552
Less: accumulated depreciation		(569,301)
	$	6,921,251

NOTE 7 - Accrued Expenses

Accrued expenses consisted of the following at December 31, 2019:

Accrued payroll	$	24,939
Accrued vacation		23,298
	$	48,237

NOTE 8 - Line of Credit

During the year ended December 31, 2019, the Organization had a line of credit agreement with FirstBank to fund our construction in progress. The line of credit allows for borrowings up to $1,700,000 with a maturity date of December 17, 2022. Interest accrues at the Wall Street Journal Prime Rate (4.75% at December 31, 2019). There was a balance of $1,100,000 as of December 31, 2019. The line of credit is secured by the construction in progress.

NOTE 9 - Net Assets

Net assets with donor restrictions were as follows for the year ended December 31, 2019:

Specific Purpose		
New Facility	$	315,825
Christmas fund		643
Permanent Endowment		
Community Foundation endowment (see Note 11)		20,246
	$	336,714

NOTE 10 - Leases

We lease apartments at the HHH apartments and various office equipment under lease arrangements classified as operating leases. These leases expired during 2019. Our lease for the office equipment expires in February 2021.

NOTE 10 - Leases (continued)

Total rent expense under these leases was $55,305, during the year ended December 31, 2019, which is included in the apartment expenses and equipment contracts expense accounts on the statement of functional expenses.

A schedule of future minimum lease payments required under all noncancelable operating leases as of December 31, 2019, follows:

For the year ending December 31,

2020	$	1,740
2021		290
Total	$	2,030

NOTE 11 - Endowment

At December 31, 2019, 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, 2019:

Beginning balance			$	17,012
Interest income	$	362		
Realized gain		449		
Unrealized loss		2,542		
Administrative fees		(74)		
Investment fees		(45)		
				3,234
Ending Balance			$	20,246

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 $35,315 of in-kind revenue as follows: $22,725 in donated food and household items, $4,651 in donated linen services, and $7,940 in donated repair and maintenance work.

NOTE 13 - Concentrations of Credit Risk

At December 31, 2019, we owed 68% of all outstanding accounts payable to two vendors and 3 donors pledged 94% 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.

As of December 31, 2019, one foundation has provided 87% of total restricted funds for the construction of the new facility. The foundation meets the definition of a related party. See Note 16.

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, 2019, was $377,505.

NOTE 15 - Related Party Transactions

During the years ended December 31, 2019, we drew on a Line of Credit for $1,100,000 in debt from a Board member's employer. See Note 8.

NOTE 16 - New Pronouncements

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2020, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

NOTE 17 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2019. As of March 28, 2020, the date the financial statements were available to be issued, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary reduction of our operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the reductions. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

HOSPITAL HOSPITALITY HOUSE CORPORATION
SUPPLEMENTAL SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Without donor restrictions		
Individuals	$ 82,111	
Congregations	300	
Foundations	184,460	
Total without donor restrictions		$ 266,871

HOSPITAL HOSPITALITY HOUSE CORPORATION
SUPPLEMENTAL SCHEDULE OF SPECIAL EVENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Revenue	Expenses	Net
Patrons' Luncheon	$ 286,650	$ 27,570	$ 259,080
Rock the House	97,740	36,788	60,952
Golf Tournament	47,105	11,702	35,403
Total	$ 431,495	$ 76,060	$ 355,435

NOTE: This schedule consists of three main special events. Miscellaneous fundraising and other general fundraising expenses are not included in this schedule. In-kind donations are not included.