

2020
Financial Statements
With Supplementary
Information

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

(With Independent Auditor's Report Thereon)

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Hospital Hospitality House Corporation
d.b.a. C. Wright Pinson Hospitality House of Nashville

We have audited the accompanying financial statements of Hospital Hospitality House Corporation, d.b.a. C. Wright Pinson Hospitality House of Nashville (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expense 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 Corporation, d.b.a. C. Wright Pinson Hospitality House of Nashville as of December 31, 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.

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 15-16 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 Handley & Ballentine

May 6, 2021

HOSPITAL HOSPITALITY HOUSE CORPORATION
d,b,a. C. WRIGHT PINSON HOSPITAL HOSPITALITY HOUSE OF NASHVILLE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets:		
Cash	\$ 1,116,238	
Restricted cash	1,643	
Investments	36,851	
Accounts receivable	45,657	
Contributions receivable, net	20,018	
Prepaid expenses	36,390	
Total current assets		\$ 1,256,797
Property and Equipment, net		6,650,333
Assets Whose Use is Limited:		
Restricted pledges, net	147,888	
Endowment	22,567	
Total assets whose use is limited		170,455
Total Assets		<u>\$ 8,077,585</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 7,903	
Accrued expenses	57,319	
Deferred revenue	58,400	
Total current liabilities		\$ 123,622
Noncurrent Liabilities:		
Line of Credit	700,000	
Total noncurrent liabilities		700,000
Net Assets:		
Without donor restrictions	7,081,865	
With donor restrictions	172,098	
Total net assets		7,253,963
Total Liabilities and Net Assets		<u>\$ 8,077,585</u>

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITAL HOSPITALITY HOUSE OF NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue:			
Gross special events revenue	\$ 249,299	\$ -	\$ 249,299
Less direct costs of special events	(4,100)	-	(4,100)
Net special events revenue	245,199	-	245,199
Contributions	333,946	-	333,946
In-kind revenue	35,068	-	35,068
Net assets released from restriction for specific purpose	166,937	(166,937)	-
Total public support	535,951	(166,937)	369,014
Guest Revenue:			
Guest services provided	299,640	-	299,640
Other Income:			
Investment income, net	1,723	2,321	4,044
Total public support, guest revenue and other income	1,082,513	(164,616)	917,897
Operating Expenses:			
Program services	391,664	-	391,664
Management and general	431,662	-	431,662
Fundraising expenses	166,289	-	166,289
Total operating expenses	989,615	-	989,615
Increase (decrease) in net assets	92,898	(164,616)	(71,718)
Net assets - beginning of year	6,988,967	336,714	7,325,681
Net assets - end of year	<u>\$ 7,081,865</u>	<u>\$ 172,098</u>	<u>\$ 7,253,963</u>

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITAL HOSPITALITY HOUSE OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

		Supporting Services		
	Program	Management	Fundraising	Total
	Services	and General	Expenses	Expenses
Operating Expenses:				
Bad debt expense	\$ -	\$ -	\$ 7,580	\$ 7,580
Bank fees	8,194	-	2,732	10,926
Computer hardware and software	3,062	-	3,063	6,125
Cleaning services	36,524	-	-	36,524
Depreciation	-	270,918	-	270,918
Equipment contracts	2,612	326	326	3,264
Food	3,152	-	-	3,152
In-kind expenses	35,068	-	-	35,068
Insurance	9,419	3,140	-	12,559
Leased employees (See Note 14)	169,536	99,240	144,726	413,502
Licenses and permits	410	616	-	1,026
Interest Expenses	-	32,739	-	32,739
Office supplies	2,281	2,351	2,282	6,914
Outreach	26,229	-	4,629	30,858
Postage	81	81	-	162
Professional development	-	766	-	766
Professional fees	11,570	11,570	-	23,140
Repairs and maintenance	15,880	1,764	-	17,644
Special events	-	-	4,100	4,100
Telephone	7,135	1,427	951	9,513
Utilities	60,511	6,724	-	67,235
Total operating expenses	391,664	431,662	170,389	993,715
Less expenses included with revenues on the statement of activities:				
Direct costs of special events	-	-	(4,100)	(4,100)
Total operating expenses included in the operating expense section on the statement of activities	\$ 391,664	\$ 431,662	\$ 166,289	\$ 989,615

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITAL HOSPITALITY HOUSE OF NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows From Operating Activities:		
Decrease in net assets		\$ (71,718)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	\$ 270,918	
Investment gain, net	(4,561)	
Changes in:		
Accounts receivable	(42,677)	
Contributions receivable, net	24,500	
Prepaid expenses	(16,459)	
Assets whose use is limited	165,858	
Accounts payable	(5,684)	
Accrued expenses	9,082	
Deferred revenue	43,400	
Total adjustments		<u>444,377</u>
Net cash used in operating activities		<u>372,659</u>
Cash Flows From Investing Activities:		
Purchase of investments	<u>(607)</u>	
Net cash used in investing activities		(607)
Cash Flows From Financing Activities:		
Payments on line of credit	<u>(400,000)</u>	
Net cash used in financing activities		<u>(400,000)</u>
Net decrease in cash		(27,948)
Cash and restricted cash - beginning of year		<u>1,145,829</u>
Cash and restricted cash - end of year		<u><u>\$ 1,117,881</u></u>

See accompanying notes to the financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - Nature of Activities

In these notes, the terms "Organization", "PHHH", "we", "us" or "our" mean the Hospital Hospitality Corporation, d.b.a. C. Wright Pinson Hospitality House of Nashville. Since opening in 1974, we have provided over 500,000 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 40 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 currently serve 30 families each night—serving over 2,000 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 2020, we served 933 families through this program, with these families checking in for overnight stays. In 2020, 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 2020, we logged 68 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 that waiting friends and families—adults and children—may need.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, however 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, 2020, 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
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020.

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, 2020, 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.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

Deferred revenue

Deferred revenue consists of the amount received under the Small Business Administration's Paycheck Protection Plan. The full amount is expected to be forgiven and recognized as revenue during the next fiscal year.

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.

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	\$ 1,116,238
Investments	36,851
Accounts receivable	45,657
Contributions receivable, net	<u>20,018</u>
	<u>\$ 1,218,764</u>

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - Availability and Liquidity (continued)

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, 2020:

Due in less than one year	\$ 171,906
Less: allowance for doubtful accounts	<u>(4,000)</u>
Net contribution receivable	<u>\$ 167,906</u>

Contributions receivable at December 31, 2020, are shown on the Statement of Financial Position as follows:

Contributions receivable, net	\$ 20,018
Restricted pledges, net	<u>147,888</u>
Net contributions receivable	<u>\$ 167,906</u>

NOTE 5 - Investments

At December 31, 2020, we held the following investment, listed at fair market value as of that date:

Marketable equity securities	<u>\$ 36,851</u>
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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.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 – Investments (continued)

Investment income for the year ended December 31, 2020 consisted of the following:

Interest and dividend income	\$ 1,856
Unrealized/realized gain, net of fees	<u>2,705</u>
Investment gain, net	<u>\$ 4,561</u>

NOTE 6 - Property and Equipment

Property and equipment consisted of the following at December 31, 2020:

Equipment	\$ 395,322
Land	137,400
Buildings and improvements	<u>6,957,830</u>
	7,490,552
Less: accumulated depreciation	<u>(840,219)</u>
	<u>\$ 6,650,333</u>

NOTE 7 - Accrued Expenses

Accrued expenses consisted of the following at December 31, 2020:

Accrued payroll	\$ 34,021
Accrued vacation	<u>23,298</u>
	<u>\$ 57,319</u>

NOTE 8 - Line of Credit

During the year ended December 31, 2020, 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 (3.25% at December 31, 2020). There was a balance of \$700,000 as of December 31, 2020. The line of credit is secured by the building.

NOTE 9 – Deferred Revenue

At December 31, 2020, we had deferred revenue of \$58,400. During 2020, the Organization was the recipient of a loan under the Paycheck Protection Program ("PPP"). The PPP, established as a part of the Coronavirus Aid, Relief and Economic Security ("CARES") Act, provides for loans to small businesses to pay up to 24 weeks of payroll costs and benefits, interest on mortgages, rent and utilities. The loan is fully forgivable if certain conditions are met.

HOSPITAL HOSPITALITY HOUSE CORPORATION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 – Deferred Revenue (continued)

The Organization has elected to account for the loan as a financial liability until such time the loan is forgiven. If the loan is forgiven, the Organization will not be responsible for any payments and the balance of the loan will be reclassified to other income on the Statement of Activities at the time forgiveness is granted. If only a portion of the loan is forgiven, or if the forgiveness application is denied, any remaining balance due on the loan must be repaid on or before the maturity date of the loan, including accrued interest. Principal and interest payments would begin after the ten-month forgiveness application period expires.

NOTE 10 - Net Assets

Net assets with donor restrictions were as follows for the year ended December 31, 2020:

Specific Purpose	
New Facility	\$ 148,888
Christmas fund	643
Permanent Endowment	
Community Foundation endowment (see NOTE 11)	<u>22,567</u>
	<u>\$ 172,098</u>

NOTE 11 - Leases

We lease various office equipment under lease arrangements classified as operating leases. These leases expire in November 2025.

Total rent expense under these leases was \$3,264, during the year ended December 31, 2020, which is included in the equipment contracts expense account on the Statement of Functional Expenses.

A schedule of future minimum lease payments required under all noncancelable operating leases as of December 31, 2020, follows:

For the year ending December 31,

2021	\$ 2,175
2022	1,885
2023	1,885
2024	1,885
2025	<u>1,571</u>
Total	<u>\$ 9,401</u>

NOTE 12 - Endowment

At December 31, 2020, 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.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12 – Endowment (continued)

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, 2020:

Beginning balance		\$	20,246
Interest income	\$	540	
Realized gain		988	
Unrealized gain		922	
Administrative fees		(80)	
Investment fees		(49)	
			<u>2,321</u>
Ending Balance		\$	<u>22,567</u>

NOTE 13 - 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 \$35,068 of in-kind revenue as follows: \$22,443 in donated food and household items, \$5,469 in donated linen services, and \$7,156 in donated repair and maintenance work.

NOTE 14 - Concentrations of Credit Risk

At December 31, 2020, we owed 79% of all outstanding accounts payable to two vendors and two donors pledged 91% 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 15 - 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, 2020, was \$413,502.

NOTE 16 - Related Party Transactions

During the years ended December 31, 2020, we drew on a Line of Credit for \$700,000 in debt from a Board member's employer. See NOTE 8.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITALITY HOUSE OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 – Contingencies

At December 31, 2020, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 18 - 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, 2021, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

NOTE 19 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2020. As of May 6, 2021, the date the financial statements were available to be issued, no events subsequent to December 31, 2020 are considered necessary to be included in the accompanying financial statements.

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITAL HOSPITALITY HOUSE OF NASHVILLE
SUPPLEMENTAL SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

Without donor restrictions

Individuals	\$	124,800
Foundations		178,601
Other		<u>30,545</u>

Total without donor restrictions		<u>\$</u>	<u>333,946</u>
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See independent auditor's report for report on supplementary information

HOSPITAL HOSPITALITY HOUSE CORPORATION
d.b.a. C. WRIGHT PINSON HOSPITAL HOSPITALITY HOUSE OF NASHVILLE
SUPPLEMENTAL SCHEDULE OF SPECIAL EVENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Patrons' Luncheon	\$ 172,799	\$ 2,100	\$ 170,699
Rock the House	44,000	-	44,000
Golf Tournament	<u>32,500</u>	<u>2,000</u>	<u>30,500</u>
Total	<u>\$ 249,299</u>	<u>\$ 4,100</u>	<u>\$ 245,199</u>

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.