

**TRILLIUM HOUSE, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**TABLE OF CONTENTS**

Independent Auditor's Report.....	3
Statement of Financial Position .....	5
Statement of Activities .....	6
Statement of Cash Flows.....	7
Statement of Functional Expenses.....	8
Notes to Financial Statements.....	9



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**PARTNERS**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Trillium House, Inc.

We have audited the accompanying financial statements of Trillium House, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses 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 Trillium House, Inc. 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.

*Anderson, Tackman & Company, PLLC*

Certified Public Accountants  
Marquette, MI

July 23, 2021

TRILLIUM HOUSE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$	194,333
Accounts receivable		22,567
Prepaid expenses		3,495
Unconditional promises to give		75,125
		<u>295,520</u>
		<u>295,520</u>

**NON-CURRENT ASSETS:**

Unconditional promises to give		3,487
		<u>3,487</u>

Property, plant, and equipment:

Land		225,000
Building design and development		1,922,395
Fixtures, furniture and equipment		30,290
		<u>2,177,685</u>

Less accumulated depreciation		(137,622)
		<u>2,040,063</u>

Net property, plant, and equipment

Total Non-Current Assets		<u>2,043,550</u>
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**TOTAL ASSETS** \$ 2,339,070

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$	3,600
Accrued payroll and related liabilities		16,485
		<u>20,085</u>
		<u>20,085</u>

**NET ASSETS:**

Net assets without donor restrictions		2,240,373
Net assets with donor restrictions		78,612
		<u>2,318,985</u>

Total Net Assets

**TOTAL LIABILITIES AND NET ASSETS** \$ 2,339,070

The accompanying notes to the financial statements are an integral part of this statement.

**TRILLIUM HOUSE, INC.**

**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
<b>Revenue From Contracts</b>			
Resident revenue	\$ 251,158	\$ -	\$ 251,158
Respite revenue	15,400	-	15,400
 <b>Revenue Not From Contracts</b>			
Contributions	176,835	30,165	207,000
Grants	-	19,809	19,809
Paycheck Protection Program proceeds	-	57,723	57,723
Interest income	328	-	328
Net assets released from restrictions	188,005	(188,005)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>631,726</b>	<b>(80,308)</b>	<b>551,418</b>
 <b>EXPENSES:</b>			
Program services	353,700	-	353,700
Management and general	88,647	-	88,647
Fundraising	54,043	-	54,043
<b>TOTAL EXPENSES</b>	<b>496,390</b>	<b>-</b>	<b>496,390</b>
Change in net assets	135,336	(80,308)	55,028
Net assets beginning of year	2,105,037	158,920	2,263,957
<b>NET ASSETS END OF YEAR</b>	<b>\$ 2,240,373</b>	<b>\$ 78,612</b>	<b>\$ 2,318,985</b>

The accompanying notes to the financial statements are an integral part of this statement.

TRILLIUM HOUSE, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from contributions	\$ 287,308
Interest received	328
Cash received from contracts with customers	259,311
Cash received from grants	19,809
Cash received from the Paycheck Protection Program	57,723
Cash paid to suppliers and employees	(440,741)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>183,738</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Payments on note payable	(70,294)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(70,294)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	113,444
Cash and cash equivalents, beginning of year	<u>80,889</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 194,333</u>

The accompanying notes to the financial statements are an integral part of this statement.

**TRILLIUM HOUSE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Payroll expenses	\$ 201,988	\$ 39,184	\$ 42,801	\$ 283,973
Employee related expenses	10,104	6,736	-	16,840
Contracted services	4,103	4,103	-	8,206
Legal expenses	10,000	10,000	-	20,000
Bank and credit card charges	100	1,792	-	1,892
Loan interest expense	1,063	266	-	1,329
Repairs and maintenance	6,731	1,683	-	8,414
Equipment	10,123	-	-	10,123
Utilities	21,843	2,551	-	24,394
Depreciation	38,904	13,536	2,540	54,980
Communications	4,117	1,470	294	5,881
Insurance	12,607	2,364	788	15,759
Supplies	19,568	4,318	3,307	27,193
Marketing	7,620	530	4,297	12,447
Travel and meetings	111	32	16	159
Patient write-offs	4,050	-	-	4,050
Miscellaneous expense	668	82	-	750
<b>TOTAL EXPENSES</b>	<b>\$ 353,700</b>	<b>\$ 88,647</b>	<b>\$ 54,043</b>	<b>\$ 496,390</b>

The accompanying notes to the financial statements are an integral part of this statement.



**TRILLIUM HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:**

**Nature of Activities**

The accounting policies followed by the Trillium House, Inc. and the methods of applying those policies which materially affect the determination of financial position, changes in net assets, cash flows and results of activities are summarized below.

Trillium House, Inc.'s mission statement is to provide a safe and supporting living environment for those living with a terminal diagnosis.

Trillium House, Inc. placed the property, plant, and equipment in service and began operations on July 13, 2018.

**Financial Statement Presentation**

The Trillium House, Inc. conforms to the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-45-3, "*Contributions Received*" and ASC 958-210-45-9, "*Classification of Net Assets*", as amended by ASU 2016-14. In accordance with these provisions, Trillium House, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Descriptions of the asset classes are as follows:

**Net Assets Without Donor Restrictions**

Represent funds for which the use of has not been restricted as to use by donors. Certain of these assets may be designated by the governing board of Trillium House, Inc. to be used for a specific purpose.

**Net Assets with Donor Restrictions**

Represent funds whose use is limited by donor-imposed stipulations that expire either by passage of time or fulfillment of the stipulations, or that do not expire. The funds are reported as revenues with donor restrictions upon receipt and are transferred to net assets without donor restrictions when the time or purpose restrictions have been met, if applicable.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued):**

Unconditional promises to give due in the ensuing year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give 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. Promises to give are from the Capital Campaign, which began in 2014, or from general contributions. Promises to give were reduced to net realizable value based on management's evaluation of potential uncollectible promises receivable at year end.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization adopted FASB ASC 606 for the year ended December 31, 2020. As a result, the Organization updated its accounting policy for revenue recognition to reflect the new standard. The Organization applied FASB ASC 606 using the retrospective method. Prior year reporting has been modified to conform to FASB ASC 606.

The Organization has analyzed this effect and found the adoption of the new guidance did not have a material impact on its financial statements.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

**Cash Equivalents**

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

**Property, Plant and Equipment**

Property and equipment is stated at cost for assets purchased and fair market value of assets donated to the organization. All direct expenses relating to the building have been capitalized. There were no indirect expenses related to the building to capitalize for 2020. Depreciation is computed on a straight-line method over the useful lives of the assets generally as follows:

Building design and development	15-39 years
Fixtures, furniture and equipment	3-10 years

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with restrictions that increase those net assets classes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated services requiring specific expertise are recorded at their fair market value.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued):**

### **Resident Revenue**

Resident revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from the resident or other responsible party and include consideration of the sliding scale fee structure based on the income and assets of the resident. Generally, the Organization bills the resident or other responsible party bimonthly. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that resident.

The Organization determines the transaction price based on standard charges for goods and services provided. Standard charges for each resident are determined on a set sliding scale fee based on income and assets of the resident. Consistent with the Organization's mission, care is provided to residents regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to residents not meeting the income and asset guidelines of the fee schedule. The implicit price concessions included in estimating the transaction price represents the difference between amounts billed to residents and the amounts the Organization expects to collect based on its collection history with those residents.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Financial status of the resident or person responsible for the resident
- Length of the resident's service or episode of care
- Whether the resident is able to manage or has assistance managing their affairs

For the year ended December 31, 2020 the Organization recognized revenue of \$251,158 from goods and services that transfer to the customer over time.

### **Respite Revenue**

Respite revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing respite care. These amounts are due from respite patients or the party responsible for their care and are based on a flat, per day fee for respite care. Generally, the Organization bills the respite patient or other responsible party upon arrival for the duration of the stay. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that respite patient.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued):**

The Organization determines the transaction price based on standard charges for goods and services provided. A standard, per day, fee is charged to respite patients and no price concessions are offered, implicit or otherwise.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Financial status of the respite patient and/or person responsible for the respite patient
- Length of the respite patient's service or episode of care

For the year ended December 31, 2020 the Organization recognized revenue of \$15,400 from goods and services that transfer to the customer over time.

**Advertising**

Advertising costs are expensed as incurred.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amongst program services, management and general, and fundraising. Where information is available to directly allocate costs amongst the categories it is used. All other expenses are allocated by management's estimates.

**Income Taxes**

Trillium House, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. Trillium House, Inc. did not conduct any unrelated business activities, and therefore has made no provision for federal income taxes in the accompanying financial statements. The organization's federal Exempt Organization Information Returns (Form 990) for 2018, 2019 and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**Estimates**

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

**Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through July 23, 2021, which is the date the financial statements were available to be issued.

**NOTE B – CASH:**

**Custodial Credit Risk-Deposits**

Custodial credit risk is the risk that in the event of a bank failure, Trillium House, Inc.'s deposits may not be returned to it. The carrying amounts of the deposits with financial institutions were \$194,333 of which \$194,333 was insured by the Federal Deposit Insurance Corporation.

**NOTE C – RESTRICTIONS ON NET ASSETS:**

A portion of the restrictions on net assets at the end of 2020 relate to funds raised through the Capital Campaign, a drive to raise funds to build a facility for Trillium House, Inc.

An additional amount was restricted that relates to a pledge to be used for indigent patients.

Net assets with donor restrictions are available for the following purposes:

Build a facility	\$ 39,256
Operations	39,356
Total net assets with donor restrictions	<u>\$ 78,612</u>

**NOTE D – PROMISES TO GIVE:**

Unconditional restricted promises to give at December 31, 2020 are as follows:

Receivables in less than one year	\$72,220
Less: Allowance for doubtful accounts	(2,905)
<i>Net Receivable in less than One Year</i>	<u>75,125</u>
Receivables in one to five years	5,020
Receivables in more than five years	-
Less discount to present value	(1,533)
<i>Net Receivable in One to Ten Years</i>	<u>3,487</u>
NET UNCONDITIONAL PROMISES TO GIVE	<u>\$78,612</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.92%.

Trillium House, Inc. has made an allowance for uncollectible accounts based on subsequent collections and past collection history. The net remaining amounts are expected to be collectible.

**NOTE E – CONCENTRATION OF CREDIT RISK:**

The Trillium House, Inc. service area is the Upper Peninsula of Michigan. Major revenue sources include contributions and grants. Realization of such revenues is influenced by regional economic conditions.

**NOTE F – LINE OF CREDIT**

Trillium House, Inc. currently has a line of credit which it may borrow up to \$400,000 at the Wall Street Journal Prime rate minus 0.25 percent interest. The balance due on the line of credit at December 31, 2020 was \$0.

**NOTE G – AVAILABILITY OF FINANCIAL ASSETS:**

The Trillium House, Inc.'s financial assets available within one year of December 31, 2020 for general expenditure are as follows:

Asset	Amount
Current assets	\$295,520
Current liabilities	(20,085)
Net assets with donor restrictions	(78,612)
2021 Line of credit	400,000
Estimated 2021 revenue from contracts	225,000
Estimated 2021 donations	263,000
Total	<u>\$1,084,823</u>

Revenue from contracts is an estimate of resident and respite census based on historical and projected factors. Donations are estimated using donation history and projected factors. The above amounts can be used to meet general expenditures for the year ended December 31, 2021.

**NOTE H – COVID-19:**

The COVID-19 pandemic has developed rapidly during 2020 and resulting measures taken by various governments to contain the virus have affected economic activity. The Organization has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for residents, employees, vendors, and others. The Organization faced COVID-19 related disruptions related to restricted facility access and the costs of mitigating actions, such as the purchase of personal protective equipment. While the situation is expected to continue to improve, there may be ongoing challenges as the Organization recovers from the pandemic. The Organization will continue to follow the various government policies and advice while continuing operations in the best and safest way possible.

**NOTE I – PAYCHECK PROTECTION PROGRAM:**

During 2020, the Organization participated in the Small Business Administrations (SBA) Paycheck Protection Program (PPP). The major terms of this program were that the SBA provided funds to the Organization due to the economic uncertainty created by the COVID-19 pandemic. If certain conditions were met, the Organization did not have to repay these funds. There is a lack of authoritative accounting guidance for how to account for this transaction. The Organization has accounted for this transaction, by way of analogy, under ASC 958-605, *Not-for-profit (NFP) Entities – Revenue Recognition*. Under this model the funds received are treated as a conditional contribution and are recognized as income when the conditions on which they depend are met. As of December 31, 2020 the Organization met this test as it had met all the conditions for receiving and spending the PPP funds. Additionally, as of the date of this report, the Organization has received notice of full forgiveness from the SBA. The \$57,723 received was recorded under revenue not from contracts in the statement of activities. Expenses paid by the PPP funds were recorded in their normal expense categories and are not separately identified in the financial statements.