UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 1, 2019

ADDUS HOMECARE CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	001-34504	20-5340172
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

6801 Gaylord Parkway, Suite 110, Frisco, TX	75034
(Address of Principal Executive Offices)	(Zip Code)

(469) 535-8200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	**ADUS**	**The Nasdaq Global Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

This Current Report on Form 8-K/A (this "Amendment") is being filed to amend the Current Report on Form 8-K (the "Original Report") filed with the Securities and Exchange Commission (the "SEC") by Addus HomeCare Corporation (the "Corporation") on October 1, 2019, in connection with the completion of the acquisition of Hospice Partners of America, LLC, a Delaware limited liability company ("Hospice Partners"), by Addus HealthCare, Inc., an Illinois corporation and wholly-owned subsidiary of the Corporation ("Addus HealthCare").

The sole purpose of this Current Report on Form 8-K/A is to provide the audited financial statements of Hospice Partners as of, and for the year ended December 31, 2018, the unaudited financial statements of Hospice Partners as of, and for the six month period ended, June 30, 2019 and the unaudited pro forma combined financial statements as of, and for the six month period ended, June 30, 2019, and for the year ended December 31, 2018. Except for the foregoing, this Amendment does not modify or update any other disclosure contained in the Original Report.

Item 9.01 Financial Statements and Exhibits.

(a) **Financial Statements of Business Acquired.**

The historical audited financial statements of Hospice Partners as of, and for the year ended, December 31, 2018, are filed herewith as Exhibit 99.1 to this report and incorporated herein by reference.

The historical unaudited condensed financial statements of Hospice Partners as of June 30, 2019 and December 31, 2018, and for the six months ended June 30, 2019 and 2018, are filed herewith as Exhibit 99.2 to this report and incorporated herein by reference.

(b) **Pro forma financial information.**

The unaudited pro forma combined financial statements as of, and for the six month period ended, June 30, 2019 and for the year ended December 31, 2018, are filed herewith as Exhibit 99.3 to this report and incorporated herein by reference.

(c) **Not applicable.**

(d) **Exhibits:**

Exhibit No.	Description
23.1	Consent of Warren Averett, LLC, independent auditors of Hospice Partners
99.1	Audited financial statements of Hospice Partners as of, and for the year ended, December 31, 2018, the related notes and the related independent auditors' report
99.2	Unaudited condensed financial statements of Hospice Partners as of June 30, 2019 and December 31, 2018, and for the six months ended June 30, 2019 and 2018 and the related notes
99.3	Unaudited pro forma combined financial information

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ADDUS HOMECARE CORPORATION

Dated: December 5, 2019

By:	/s/ Brian Poff
Name:	Brian Poff
Title:	Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-3 No.333-214988);

2. Registration Statement (Form S-8 No.333-190433);

3. Registration Statement (Form S-8 No.333-164413);

4. Registration Statement (Form S-8 No.333-219946); and,

5. Registration Statement (Form S-3 No.333-233600)

of our report dated May 30, 2019, except for Note 8, as to which the date is December 5, 2019, relating to the consolidated financial statements of Hospice Partners of America, LLC and Subsidiaries, which report was included in Addus Homecare Corporation's Report on Form 8-K/A filed on December 5, 2019.

/s/ Warren Averett, LLC

Birmingham, Alabama

December 5, 2019

HOSPICE PARTNERS OF AMERICA, LLC
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
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DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Members and Board of Managers
Hospice Partners of America, LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of Hospice Partners of America, LLC and Subsidiaries (a Delaware limited liability company), which comprise the consolidated balance sheet as of December 31, 2018, and the related consolidated statements of income, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hospice Partners of America, LLC and Subsidiaries as of December 31, 2018, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Warren Averett, LLC

Birmingham, Alabama
May 30, 2019, except for Note 8, as to which the date is December 5, 2019

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2018

		2018
Assets		
Current assets		
Cash	$	2,394,167
Patient accounts receivable, less allowance for doubtful accounts of approximately $389,050		6,563,588
Prepaid expenses		790,774
Total current assets		9,748,529
Property and equipment, net		274,827
Other assets		
Deposits		70,352
Intangible assets, net of amortization		90,421
Goodwill and provider numbers		14,037,584
Total other assets		14,198,357
Total assets	$	24,221,713
Liabilities and members’ equity		
Current liabilities		
Accounts payable	$	1,237,894
Accrued expenses		4,616,432
Current portion of long-term debt		1,585,766
Total current liabilities		7,440,092
Long-term debt		1,897,413
Members’ equity		14,884,208
Total liabilities and members’ equity	$	24,221,713

See notes to the consolidated financial statements.

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018
Patient Service Revenue		
Patient service revenue (net of contractual allowances and discounts)	$	49,997,193
Less provision for bad debts		298,657
Net patient service revenue less provision for bad debts		49,698,536
Direct patient care expenses		22,947,526
Gross profit		26,751,010
Operating expenses		24,123,812
Income from operations		2,627,198
Other income (expenses)		
Interest expense		(280,511)
Other income		49,082
Total other income (expenses)		(231,429)
Net income	$	2,395,769

See notes to the consolidated financial statements.

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

BALANCE AT DECEMBER 31, 2017	$	12,923,204
Net income		2,395,769
Distributions		(434,765)
BALANCE AT DECEMBER 31, 2018	$	14,884,208

See notes to the consolidated financial statements.

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	2,395,769
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		570,283
Interest expense related to debt issuance costs		29,271
Provision for bad debts		298,657
Change in patient accounts receivable		826,087
Change in prepaid expenses		(259,578)
Change in deposits		5,053
Change in accounts payable		(260,149)
Change in accrued expenses		(1,099,767)
		109,857
Net cash provided by operating activities		2,505,626
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(63,043)
Net cash used in investing activities		(63,043)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in line of credit		(800,000)
Repayments of long-term debt		(1,797,828)
Members' distributions		(434,765)
Net cash used in financing activities		(3,032,593)
DECREASE IN CASH		(590,010)
CASH AT BEGINNING OF YEAR		2,984,177
CASH AT END OF YEAR	$	2,394,167
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$	251,240

See notes to the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Hospice Partners of America, LLC and its consolidated subsidiaries (the Company) provide hospice care to terminally ill patients, with a goal of improving the quality of life of those patients and their families. Hospice care includes medical care designed to address the physical, emotional, and spiritual needs of terminally ill patients. Hospice services are provided in the patients' homes or provided through contractual arrangements at hospitals and skilled nursing facilities on a per diem basis. The Company provides services in Texas, Kansas, Idaho, Missouri, Oregon, and Virginia, using a unique provider number for each location.

The Company is governed by its Second Amended and Restated Limited Liability Company Agreement dated February 11, 2011. The Company's officers are designated by its members. The liability of the members of the Company is limited to the members' total capital contributions.

Principles of Consolidation

The consolidated financial statements include the accounts of Hospice Partners of America, LLC, the Parent, and wholly owned subsidiaries, Hospice Partners of Texas, LLC (HPT); H&PC of America, LLC and Subsidiaries (H&PC); HPA Management Company, LLC (HPAM); Hospice Partners of Kansas, LLC (HPK); United Hospice, LLC (United); Serenity Palliative Care and Hospice, LLC (Serenity); and Hospice Partners of Virginia (HVA). All significant intercompany accounts and transactions have been eliminated.

Basis of Financial Statement Preparation

The accompanying consolidated financial statements of the Company were prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The Company uses the accrual basis of accounting whereby revenues are recognized when earned, usually upon the date services are rendered, and expenses are recognized at the date services are rendered or goods are received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposit accounts, and short-term investments with original maturities of three months or less. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Patient Accounts Receivable

Patient accounts receivable represent amounts due from patients, third-party payors (principally the Medicare and Medicaid programs), and others for services rendered based on payment arrangements specific to each payor. The Company maintains a policy for reserving for uncollectible accounts. The Company calculates the allowance for uncollectible accounts based on a percentage of revenue. On a continuing basis, management analyzes delinquent receivables, and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against operations.

Concentration of Credit Risk

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at December 31, 2018:

	2018
Medicare	65%
Medicaid	22%
Commercial and private pay	13%
	100%

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and includes expenditures which substantially increase the useful lives of existing property and equipment. Maintenance, repairs, and minor renovations are charged to operations as incurred. When property and equipment is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from their respective accounts, and any gain or loss on the disposition is credited or charged to operations.

The Company provides for depreciation of property and equipment using the straight-line method designed to amortize costs over estimated useful lives as follows:

Item	Estimated Useful Life
Furniture and fixtures	3 - 7 years
Computer equipment and software	3 years
Leasehold improvements	15 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Intangible Assets

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment, and actual results may differ from assumed and estimated amounts. The Company did not record an impairment loss during the year ended December 31, 2018, related to the intangible assets.

Goodwill and Provider Numbers

Goodwill consists of the excess of consideration transferred over the fair value of net assets of acquired businesses. GAAP requires that purchased goodwill be evaluated periodically for impairment based upon its fair value. The Company has determined goodwill has not been impaired as of December 31, 2018. The Company has elected to not adopt an accounting alternative that permits non-public entities to amortize goodwill over a period of ten years.

Provider numbers are acquired to allow the Company to operate in their designated markets. These assets have an indefinite life and are not subject to amortization.

Risks and Uncertainties

The Company operates in a highly regulated industry and is required to comply with extensive and complex laws and regulations. These laws and regulations relate to, among other things:

- Licensure, certification, and accreditation
- Coding and billing of services
- Relationships with physicians and other referral sources, including physician inducement
- Quality of medical care
- Covering medications related to hospice diagnosis
- Disposal of medical and hazardous waste
- Certification/recertification of patient related to hospice appropriateness

Many of these laws and regulations are expansive, and the Company does not have the benefit of significant regulatory or judicial interpretation of them. In the future, different interpretations of enforcement of these laws and regulations could require the Company to make changes to current or past practices as they relate to operational structure, personnel, equipment, capital expenditure programs, or services offered.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

If the Company fails to comply with applicable laws and regulations, the Company could be subjected to liabilities, including criminal penalties, civil penalties, including monetary penalties and the loss of licenses to operate in certain markets, and exclusion or suspension from participation in the Medicare, Medicaid, and other federal and state health care programs. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from Medicare, Medicaid, private payors, and commercial insurance for services rendered. To determine net patient service revenue, management adjusts gross patient service revenue for estimated payment denials and contractual adjustments based on historical experience and known payment rates. The percentage of net patient service revenue derived under Medicare and various state Medicaid programs was 97% for the year ended December 31, 2018.

Reimbursement for hospice care under Medicare provides for payment in one of four rate categories, as follows: routine home care, continuous home care, inpatient respite care, and general inpatient care. Routine home care represents the majority of the Company’s Medicare net patient service revenue for the year ended December 31, 2018. Gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to estimated payment rates. The estimated payment rates are daily or hourly rates for each of the levels of care that are provided. Adjustments are made to Medicare revenue for an inability to obtain appropriate billing documentation or authorizations acceptable to the payor and other reasons unrelated to credit risk. Adjustments are made in future periods as the payments are determined. Gross revenue unrelated to Medicare is recorded on an accrual basis based upon the date of service at amounts equal to established rates or estimated per visit rates, as applicable.

The Company is subject to two limitations on Medicare payments for services. The first limitation relates to the total inpatient care days. None of the Company’s hospice programs exceeded the payment limits on inpatient services for the year ended December 31, 2018. The second limitation is the aggregate hospice cap (or Medicare cap). Any Medicare payments in excess of an aggregate cap are considered overpayments and must be returned to Medicare by the hospice. The Company recorded a $1,100,352 Medicare cap liability for the year ended December 31, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Company recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the Company recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Company's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Company records a significant provision for bad debts related to uninsured patients in the period the services are provided. The Company has an insignificant amount of uninsured patient service revenue from 2018.

Nursing Home Costs

For patients receiving nursing home care under a state Medicaid program who elect hospice care under Medicare or Medicaid, the Company contracts with nursing homes for the nursing homes' provision to patients of room and board services. Medicaid must pay the Company, in addition to the applicable Medicaid hospice daily or hourly rate, an amount between 95% and 100% (depending on the state) of the Medicaid daily nursing home rate for room and board furnished to the patient by the nursing home. Under the Company's standard nursing home contracts, the Company pays the nursing home for these room and board services at the nursing home's daily Medicaid nursing home rate. Nursing home room and board costs are offset by nursing home revenue. The revenue is recorded in net patient service revenue, and the costs are recorded in direct patient care expense. Nursing home costs totaled $9,665,516 for the year ended December 31, 2018, and are recorded within direct patient care expenses. Nursing home revenues totaled $9,340,978 for the year ended December 31, 2018, and is recorded within net patient service revenue.

Direct Patient Care Expenses

Direct patient care expenses consist primarily of salaries, benefits, payroll taxes, and travel costs associated with hospice care providers. Direct patient care expenses also include the cost of pharmaceuticals, durable medical equipment, medical supplies, inpatient arrangements, nursing home costs, and purchased services, such as ambulance, infusion, and radiology.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The Company's legal form of business is a limited liability company. Under the provisions for this form of business, the Company is not a taxable entity, and elements of income and expense flow through and are taxed to the members. The members may make capital withdrawals throughout the year to pay their income tax liabilities.

The Company assesses its uncertain tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. The Company has determined that it does not have any positions at December 31, 2018, that it would be unable to substantiate.

The Company has filed its tax returns for all years through December 31, 2018.

Advertising Costs

The Company expenses all advertising costs as incurred. Advertising expenses totaled $723,472 in 2018.

Defined Contribution Retirement Benefit Plan

The Company sponsors a defined contribution retirement benefit plan. Under the terms of the plan, the Company has the option to make a discretionary match. For the year ended December 31, 2018, matching contributions totaled $45,519.

Equity Units Awarded

The Company has awarded 128,150 common units to certain members of management as of December 31, 2018. The common unit awards vest over varying periods with all of the common unit awards being fully vested by 2021. As of the respective grant dates on these awards, the estimated fair value was not material to the financial statements.

Loan Costs

Loan costs are being amortized over the lives of the related loans, which approximate the effective interest method. Due to the implementation of Accounting Standards Update (ASU) No. 2015-3, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, loan costs related to a recognized liability are now presented in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In addition, amortization expense related to loan costs are now presented as interest expense on the consolidated statements of operations. Amortization expense totaled $29,271 in 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements
In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Subject 842).* The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on their balance sheets and disclosing key information about leasing arrangements. The amendments in the ASU require that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their balance sheets, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. Subtopic 842 requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. This guidance is effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of this document to the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard will be effective for the calendar year ending December 31, 2019. The adoption of the new standard will not have an impact on the Company's recognition of net revenues and will eliminate the presentation of the allowance for doubtful accounts on the consolidated financial statements.

Subsequent Event
Management has evaluated subsequent events and their potential effects on these consolidated financial statements through May 30, 2019, which is the date the consolidated financial statements were available to be issued except for Note 8, as to which the date is December 5, 2019.

2. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at December 31, 2018:

		2018
Furniture and fixtures	$	300,817
Computer equipment and software		1,391,470
Leasehold improvements		79,408
		1,771,695
Less accumulated depreciation		1,496,868
	$	274,827

Depreciation expense for property and equipment was $280,471 for the year ended December 31, 2018.

3. GOODWILL AND PROVIDER NUMBERS

Intangible assets consisted of the following at December 31, 2018:

		2018
Indefinite lived intangible assets:		
Goodwill	$	5,839,368
Provider licenses		8,198,216
		14,037,584
Finite lived intangible assets:		
Customer contracts		2,435,000
Noncompetition agreements		1,769,740
		4,204,740
Less accumulated amortization		4,114,319
		90,421
	$	14,128,005

The customer contracts and noncompetition agreements are amortized over periods of eight and three years, respectively. The provider licenses are not subject to amortization. Current year amortization expense is approximately $290,000. Generally accepted accounting principles require that purchased goodwill be evaluated periodically for impairment based upon its fair value. The Company has determined that no goodwill and other intangibles were impaired as of December 31, 2018.

3. GOODWILL AND PROVIDER NUMBERS – CONTINUED

For the intangible assets subject to amortization, amortization expense for the year ended December 31, 2019 will be $90,421.

4. LONG-TERM DEBT

At December 31, long-term debt consists of the following:

		2018
Note payable – bank, bearing interest at 6.02%, monthly principal payments of $125,000 plus interest, maturing in April 2021, secured by all assets of the Company	$	3,397,413
Unsecured note payable – individual, bearing interest at 5%, annual interest-only payments until December 2014, subsequent annual payments of $85,767 plus interest, maturing in December 2019		85,766
		3,483,179
Less current portion		1,585,766
	$	1,897,413

Following is a summary of principal maturities of long-term debt for each of the next three years ending December 31, and in the aggregate:

2019	$	1,585,766
2020		1,500,000
2021		397,413
	$	3,483,179

Under the terms of the note payable to bank, the Company is required to comply with certain financial and nonfinancial covenants as defined in the loan agreement. At December 31, 2018, the Company was out of compliance with certain financial and nonfinancial covenants and has obtained a waiver from the bank.

5. LINE OF CREDIT

The Company maintains a revolving line of credit with a bank. Under the terms of the agreement, the Company may borrow up to $2,000,000. The line of credit accrues interest at one-month LIBOR plus 3.50%, 6.02% at December 31, 2018. There was no draw outstanding under the line as of December 31, 2018. The line is collateralized by substantially all of the business assets of the Company and matures March 2021. The Company is subject to certain restrictive covenants of which the Company was out of compliance at December 31, 2018. The Company obtained a waiver from the bank to waive noncompliance with the covenants.

6. COMMITMENTS

The Company is committed under various operating leases for buildings and equipment with varying expiration dates. Total rent expense for all operating leases was approximately $1,259,672 for 2018. Future minimum lease payments under noncancelable operating leases as of December 31, 2018, are as follows:

2019	$	928,805
2020		433,272
2021		140,486
	$	1,502,563

7. RELATED PARTY TRANSACTIONS

The Company paid management fees to a related party having common ownership in the amount of $125,000 for the year ended December 31, 2018. The Company paid another related party approximately $1,755,715 for pharmacy supplies during 2018. At December 31, 2018, the Company had approximately $198,000 due to this related party. During 2014, HPA created a not-for-profit entity, The HPA Hope Foundation, to which families whose family members received hospice care made donations. The HPA Hope Foundation received $67,093 in donations during the year ended December 31, 2018, while it disbursed $24,749 to patients and their families during the year ended December 31, 2018.

8. SUBSEQUENT EVENTS

On October 1, 2019, the Company was sold to Addus HealthCare for approximately $130.0 million, subject to customary adjustments for working capital and other items.

Exhibit 99.2

HOSPICE PARTNERS OF AMERICA, LLC
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

CONSOLIDATED FINANCIAL STATEMENTS

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2019 AND DECEMBER 31, 2018

	As of June 30, 2019		As of December 31, 2018	
Assets				
Current assets				
Cash	$	4,077,963	$	2,394,167
Patient accounts receivable, less allowance for doubtful accounts		6,530,088		6,563,588
Prepaid expenses		944,342		790,774
Total current assets		11,552,393		9,748,529
Property and equipment, net		168,523		274,827
Other assets				
Deposits		70,364		70,352
Intangible assets, net of amortization		—		90,421
Goodwill and provider numbers		14,037,584		14,037,584
Total other assets		14,107,948		14,198,357
Total assets	$	25,828,864	$	24,221,713
Liabilities and members' equity				
Current liabilities				
Accounts payable	$	869,544	$	1,237,894
Accrued expenses		5,349,922		4,616,432
Current portion of long-term debt		1,585,766		1,585,766
Total current liabilities		7,805,232		7,440,092
Long-term debt		1,147,413		1,897,413
Members' equity		16,876,219		14,884,208
Total liabilities and members' equity	$	25,828,864	$	24,221,713

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
Patient Service Revenue		
Net patient service revenue	$ 27,136,678	$ 24,965,584
Direct patient care expenses	11,736,399	11,358,633
Gross profit	15,400,279	13,606,951
Operating expenses	11,988,371	11,992,051
Income from operations	3,411,908	1,614,900
Other income (expenses)		
Interest expense	(144,181)	(136,533)
Other income	4,284	26,697
Total other income (expense)	(139,897)	(109,836)
Net income	$ 3,272,011	$ 1,505,064

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

BALANCE AT DECEMBER 31, 2018	$	14,884,208
Net income		3,272,011
Distributions		(1,280,000)
BALANCE AT JUNE 30, 2019	$	16,876,219
BALANCE AT DECEMBER 31, 2017	$	12,923,204
Net income		1,505,064
Distributions		(650,000)
BALANCE AT JUNE 30, 2018	$	13,778,268

HOSPICE PARTNERS OF AMERICA, LLC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,272,011	$ 1,505,064
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	196,725	321,534
Interest expense related to debt issuance costs	—	29,271
Provision for bad debts	—	112,600
Change in patient accounts receivable	33,500	(94,714)
Change in prepaid expenses	(153,568)	(324,089)
Change in deposits	(12)	3,815
Change in accounts payable	(368,350)	(638,205)
Change in accrued expenses	733,490	352,720
Net cash provided by operating activities	3,713,796	1,267,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	—	(35,595)
Net cash used in investing activities	—	(35,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in line of credit	—	(800,000)
Repayments of long-term debt	(750,000)	(750,000)
Members' distributions	(1,280,000)	(650,000)
Net cash used in financing activities	(2,030,000)	(2,200,000)
INCREASE (DECREASE) IN CASH	1,683,796	(967,599)
CASH AT BEGINNING OF YEAR	2,394,167	2,984,177
CASH AT END OF YEAR	$ 4,077,963	$ 2,016,578
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 144,181	$ 107,262

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Hospice Partners of America, LLC and its consolidated subsidiaries (the Company) provide hospice care to terminally ill patients, with a goal of improving the quality of life of those patients and their families. Hospice care includes medical care designed to address the physical, emotional, and spiritual needs of terminally ill patients. Hospice services are provided in the patients' homes or provided through contractual arrangements at hospitals and skilled nursing facilities on a per diem basis. The Company provides services in Texas, Kansas, Idaho, Missouri, Oregon, and Virginia, using a unique provider number for each location.

The Company is governed by its Second Amended and Restated Limited Liability Company Agreement dated February 11, 2011. The Company's officers are designated by its members. The liability of the members of the Company is limited to the members' total capital contributions.

Principles of Consolidation

The consolidated financial statements include the accounts of Hospice Partners of America, LLC, and its wholly owned subsidiaries, Hospice Partners of Texas, LLC (HPT); H&PC of America, LLC and Subsidiaries (H&PC); HPA Management Company, LLC (HPAM); Hospice Partners of Kansas, LLC (HPK); United Hospice, LLC (United); Serenity Palliative Care and Hospice, LLC (Serenity); and Hospice Partners of Virginia (HVA). All significant intercompany accounts and transactions have been eliminated.

Basis of Financial Statement Preparation

The accompanying consolidated financial statements and related notes have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (SEC). These financial statements do not include all of the information and note disclosures required by accounting principles generally accepted in the United States of America (GAAP) for annual financial statements and should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2018 included in this Current Report on Form 8-K/A, which includes information and disclosures not included herein.

In the opinion of management, these financial statements reflect all adjustments of a normal, recurring nature necessary for the fair statement of our financial position, results of operations, and cash flows for the interim periods presented in conformity with GAAP. Our results for any interim period are not necessarily indicative of results for a full year or any other interim period and have not been audited by our independent auditors.

The Company uses the accrual basis of accounting whereby revenues are recognized when earned, usually upon the date services are rendered, and expenses are recognized at the date services are rendered or goods are received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

On January 1, 2019, the Company adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Company adopted the standard using the modified retrospective approach and did not record a cumulative catch-up adjustment as the timing and measurement of revenue for the Company's customers is similar to its prior revenue recognition model. However, what historically was classified as a separate line item within revenue as provision for bad debt expense is now treated as an implicit price concession factored into net patient service revenues.

The Company generates net service patient revenues from providing hospice services to consumers who are terminally ill as well as for their families. Net service patient revenues are recognized as services are provided and costs for delivery of such services are incurred. The estimated payment rates are daily rates for each of the levels of care the Company delivers. Hospice companies are subject to two specific payment limit caps under the Medicare program each federal fiscal year, the inpatient cap and the aggregate cap. The aggregate cap limits the amount of Medicare reimbursement a hospice provider may receive, based on the number of Medicare patients served. For the periods ended June 30, 2019 and December 31, 2018, the Company recorded a cap liability for approximately of $1,084,000 and $1,100,000, respectively, included in accrued expenses on the Company's consolidated balance sheets.

Concentration of Credit Risk

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at June 30, 2019 and 2018:

	2019	2018
Medicare	78%	60%
Medicaid	15%	25%
Commercial and private pay	7%	15%
	100%	100%

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers*. On January 1, 2019, the Company adopted ASC 606, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Company adopted the standard using the modified retrospective approach and did not record a cumulative catch-up adjustment as the timing and measurement of revenue for the Company's customers is similar to its prior revenue recognition model. The adoption of the new standard eliminates the presentation of the provision for bad debt expense on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on their balance sheets and disclosing key information about leasing arrangements. The amendments in the ASU require that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their balance sheets, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. Subtopic 842 requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. This guidance is effective for fiscal years beginning after December 15, 2019. The most significant changes for the Company relate to the recognition of right-of-use assets and significant lease liabilities on our consolidated balance sheet as a result of our operating lease obligations of approximately $3 million, as well as the impact of new disclosure requirements. Adoption of the new standard is not expected to have a significant impact to our results of operations or liquidity.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 changes the impairment model for most financial assets and certain other instruments. Under the new standard, entities holding financial assets and net investment in leases that are not accounted for at fair value through net income are to be presented at the net amount expected to be collected. An allowance for credit losses will be a valuation account that will be deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. ASU 2016-13 is effective as of January 1, 2023. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard.

Subsequent Events

On October 1, 2019, the Company was sold to Addus HealthCare for approximately $130.0 million, subject to customary adjustments for working capital and other items.

Management has evaluated subsequent events and their potential effects on these consolidated financial statements through December 5, 2019, which is the date the consolidated financial statements were available to be issued.

2. GOODWILL AND PROVIDER NUMBERS

Intangible assets consisted of the following at June 30, 2019 and December 31, 2018:

	2019	2018
Indefinite lived intangible assets:		
Goodwill	$ 5,839,368	$ 5,839,368
Provider licenses	8,198,216	8,198,216
	14,037,584	14,037,584
Finite lived intangible assets:		
Customer contracts	2,435,000	2,435,000
Noncompetition agreements	1,769,740	1,769,740
	4,204,740	4,204,740
Less accumulated amortization	4,204,740	4,114,319
Total finite lived intangible assets	—	90,421
Total intangible assets	$ 14,037,584	$ 14,128,005

The customer contracts and noncompetition agreements are amortized over periods of eight and three years, respectively. The provider licenses are not subject to amortization. Amortization expense is approximately $90,000 and $152,000 for the six months ending June 30, 2019 and 2018. Generally accepted accounting principles require that purchased goodwill be evaluated periodically for impairment based upon its fair value. The Company has determined that no goodwill and other intangibles were impaired as of June 30, 2019.

3. LONG-TERM DEBT

At June 30, 2019 and December 31, 2018, long-term debt consists of the following:

	2019	2018
Note payable – bank, bearing interest at 6.02%, monthly principal payments of $125,000 plus interest, maturing in April 2021, secured by all assets of the Company	$ 2,647,413	$ 3,397,413
Unsecured note payable – individual, bearing interest at 5%, annual interest-only payments until December 2014, subsequent annual payments of $85,767 plus interest, maturing in December 2019	85,766	85,766
	2,733,179	3,483,179
Less current portion	1,585,766	1,585,766
	$ 1,147,413	$ 1,897,413

Following is a summary of principal maturities of long-term debt for each of the next three years ending June 30, and in the aggregate:

2019	$ 835,767
2020	1,500,000
2021	397,412
	$ 2,733,179

Under the terms of the note payable to bank, the Company is required to comply with certain financial and nonfinancial covenants as defined in the loan agreement. At June 30, 2019, the Company was in compliance with these covenants.

4. LINE OF CREDIT

The Company maintains a revolving line of credit with a bank. Under the terms of the agreement, the Company may borrow up to $2,000,000. The line of credit accrues interest at one-month LIBOR plus 3.50%, 5.8% at June 30, 2019. There was no draw outstanding under the line as of June 30, 2019 and December 31, 2018. The line is collateralized by substantially all of the business assets of the Company and matures March 2021. At June 30, 2019, the Company was in compliance with financial and nonfinancial covenants as defined in the loan agreement.

5. RELATED PARTY TRANSACTIONS

The Company paid management fees to a related party having common ownership in the amount of $63,000 for the six months ended June 30, 2019 and 2018. The Company paid another related party approximately $885,000 and $948,000 for pharmacy supplies during the six months ending June 30, 2019 and 2018, respectively. At June 30, 2019, the Company had approximately $131,000 due to this related party ($198,000 at December 31, 2018).

During 2014, HPA created a not-for-profit entity, The HPA Hope Foundation, to which families whose family members received hospice care made donations. The HPA Hope Foundation received approximately $55,000 and $37,000 in donations during the six months ended June 30, 2019 and 2018, respectively, while it disbursed $30,000 and $10,000 to patients and their families during the six months ended June 30, 2019 and 2018, respectively.

Exhibit 99.3

ADDUS HOMECARE CORPORATION AND SUBSIDIARIES
Pro Forma Combined Balance Sheet
As of June 30, 2019
(Amounts in thousands)
(Unaudited)

	Addus	Hospice Partners of America	Pro Forma Adjustments	Notes	Pro Forma Combined
Assets					
Current assets					
Cash	$ 54,792	$ 4,078	$ 42,945	(d)	$ 101,815
Accounts receivable, net of allowances	132,764	6,530	—		139,294
Prepaid expenses and other current assets	9,148	944	—		10,092
Total current assets	196,704	11,552	42,945		251,201
Property and equipment, net of accumulated depreciation and amortization	11,428	169	—		11,597
Other assets					
Deposits	—	70	—		70
Goodwill	145,812	14,038	84,006	(b)	243,856
Intangibles, net of accumulated amortization	36,480	—	32,644	(c)	69,124
Operating lease right of use assets, net	18,260	—	2,661	(e)	20,921
Total other assets	200,552	14,108	119,311		333,971
Total assets	$ 408,684	$ 25,829	$ 162,256		$ 596,769
Liabilities and stockholders' equity					
Current liabilities					
Accounts payable	$ 13,230	$ 870	$ —		$ 14,100
Accrued expenses	55,139	5,350	835	(e)	61,324
Current portion of long-term debt	955	1,586	—		2,541
Total current liabilities	69,324	7,806	835		77,965
Long-term liabilities					
Long-term debt, less current portion, net of debt issuance costs	36,231	1,147	—		37,378
Long-term operating lease liabilities	12,929	—	1,826	(e)	14,755
Deferred tax liabilities, net	617	—	3,526	(f)	4,143
Other long-term liabilities	242	—	—		242
Total long-term liabilities	50,019	1,147	5,352		56,518
Total liabilities	$ 119,343	$ 8,953	$ 6,187		$ 134,483
Stockholders' equity					
Common stock	$ 13	$ —	$ 2	(d)	$ 15
Additional paid-in capital	181,111	—	172,943	(d)	354,054
Retained earnings	108,217	16,876	(16,876)	(g)	108,217
Total stockholders' equity	289,341	16,876	156,069		462,286
Total liabilities and stockholders' equity	$ 408,684	$ 25,829	$ 162,256		$ 596,769

ADDUS HOMECARE CORPORATION AND SUBSIDIARIES
Pro Forma Combined Statement of Operations
For the Six Months Ended June 30, 2019
(Amounts and shares in thousands, except per share data)
(Unaudited)

	Addus	Hospice Partners of America	Pro Forma Adjustments	Notes	Pro Forma Combined
Net service revenues	$ 288,946	$ 27,136	$ —		$ 316,082
Cost of service revenues	210,902	11,736	—		222,638
Gross profit	78,044	15,400	—		93,444
General and administrative expenses	59,479	11,988	(197)	(a)	71,270
Depreciation and amortization	4,609	—	197	(a)	4,806
			1,028	(c)	1,028
Total operating expenses	64,088	11,988	1,028		77,104
Operating income	13,956	3,412	(1,028)		16,340
Interest income	(310)	—	(4)		(314)
Interest expense	1,298	144	—		1,442
Total interest expense (income), net	988	144	(4)		1,128
Other income	—	(4)	4	(a)	—
Income before income taxes	12,968	3,272	(1,028)		15,212
Income tax expense	2,588	—	582	(h)	3,170
Net income	$ 10,380	$ 3,272	$ (1,610)		$ 12,042
Net income per common share					
Basic income per share	$ 0.80				$ 0.79
Diluted income per share	$ 0.77				$ 0.77
Weighted average number of common shares and potential common shares outstanding:					
Basic	13,019		2,300	(d)	15,319
Diluted	13,413		2,300	(d)	15,713

ADDUS HOMECARE CORPORATION AND SUBSIDIARIES
Pro Forma Combined Statement of Operations
For the Twelve Months Ended December 31, 2018
(Amounts and shares in thousands, except per share data)
(Unaudited)

	Addus	Hospice Partners of America	Pro Forma Adjustments	Notes	Pro Forma Combined
Net service revenues	$ 518,119	$ 49,698	$ —		$ 567,817
Cost of service revenues	379,843	22,947	—		402,790
Gross profit	138,276	26,751	—		165,027
General and administrative expenses	105,335	24,124	(619)	(a)	128,840
Depreciation and amortization	8,642	—	570	(a)	9,212
			1,944	(c)	1,944
Total operating expenses	113,977	24,124	1,895		139,996
Operating income from continuing operations	24,299	2,627	(1,895)		25,031
Interest income	(2,592)	—	—		(2,592)
Interest expense	5,016	280	—		5,296
Total interest expense, net	2,424	280	—		2,704
Other income	—	(49)	49	(a)	—
Income before income taxes	21,875	2,396	(1,944)		22,327
Income tax expense	4,498	—	123	(h)	4,621
Net income from continuing operations	$ 17,377	$ 2,396	$ (2,067)		$ 17,706
Net income from continuing operations per common share					
Basic income per share	$ 1.44				$ 1.23
Diluted income per share	$ 1.40				$ 1.21
Weighted average number of common shares and potential common shares outstanding:					
Basic	12,049		2,300	(d)	14,349
Diluted	12,383		2,300	(d)	14,683

Note 1 – Description of the Transaction

On October 1, 2019 Addus HealthCare completed its acquisition of Hospice Partners. Addus HealthCare acquired all of the issued and outstanding securities of Hospice Partners for an aggregate purchase price of $130.0 million, subject to customary adjustments for working capital and other items, which was paid in full in cash at the closing. The purchase was funded through the net proceeds of the Corporation's public offering of common stock, which closed on September 9, 2019.

Hospice Partners is a multi-state provider of hospice services headquartered in Birmingham, Alabama. Hospice Partners currently serves patients through 21 locations across Idaho, Kansas, Missouri, Oregon, Texas and Virginia. Hospice Partners also launched a palliative care program in Texas in 2018.

Note 2 – Basis of Presentation

The unaudited pro forma combined financial information is based on historical financial statements of the Corporation and Hospice Partners, as adjusted for the unaudited pro forma effects of the transaction. The unaudited pro forma combined financial information should be read in conjunction with:

- the historical consolidated financial statements and accompanying notes of the Corporation included in its Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on March 18, 2019;

- the unaudited historical condensed consolidated financial statements and accompanying notes of the Corporation included in its Quarterly Report on Form 10-Q for the six months ended June 30, 2019 filed with the SEC on August 8, 2019;

- the historical consolidated financial statements and accompanying notes of Hospice Partners for the calendar year ended December 31, 2018 included in this Amendment No. 1 to Current Report on Form 8-K; and

- the historical unaudited condensed financial statements and accompanying notes of Hospice Partners as of June 30, 2019 and December 31, 2018, and for the six months ended June 30, 2019 and 2018 also included in this Amendment No. 1 to Current Report on Form 8-K.

The unaudited pro forma combined balance sheet presents the financial position of the Corporation as if the transaction was consummated on June 30, 2019. The unaudited pro forma combined statements of operations for the six months ended June 30, 2019 and for the year ended December 31, 2018 give effect as if the transaction was consummated on January 1, 2018.

The unaudited pro forma adjustments and related assumptions are described in the accompanying notes to the unaudited pro forma combined financial information. The unaudited pro forma combined financial information has been prepared based upon currently available information and assumptions that are deemed appropriate by the Corporation's management. The unaudited pro forma combined financial information has been adjusted to give effect to pro forma events that are (i) directly attributable to the transaction, (ii) factually supportable, and (iii) with respect to the unaudited pro forma combined statements of operations, expected to have a continuing impact on the Corporation. The unaudited pro forma combined financial information is for informational and illustrative purposes only and is not intended to be indicative of what actual results would have been had the transaction occurred on the dates assumed, nor does such data purport to represent the consolidated financial results of the Corporation for future periods. The actual financial position and results of operations may differ significantly from the unaudited pro forma amounts reflected herein due to a variety of factors.

The unaudited pro forma combined financial information of the Corporation was prepared in accordance with Article 11 of Regulation S-X.

Note 3 – Conformity of Accounting Policies

The unaudited pro forma financial information includes adjustments to conform the accounting policies of Hospice Partners to those of the Corporation. The impact of the adoption of Accounting Standards Codification ("ASC") 842, Leases ("ASC 842"), has been reflected in the pro forma combined balance sheet as more fully described in Note 5(e). The impact of the adoption of ASC 842 on the pro forma combined statements of operations was not material. The impact of the adoption of ASC 606, Revenue from Contracts with Customers, for the year ended December 31, 2018, would have had an immaterial impact on the historical financial statements of Hospice Partners.

Note 4 – Purchase Consideration and Preliminary Purchase Price Allocation

The following preliminary schedule summarizes the consideration paid for Hospice Partners, the fair value of the assets acquired and liabilities assumed. The final valuation could differ materially from the preliminary schedule summarized below. The excess of the aggregate fair value of the net tangible assets and identified intangible assets has been treated as goodwill in accordance with ASC 805. Management's assessment of qualitative factors affecting goodwill includes estimates of market share at the date of purchase, ability to grow in the market, synergy with existing Corporation operations, and the payor profile in the market.

Based upon management's valuation, which is preliminary and subject to completion of working capital adjustments, the total purchase price has been allocated as follows:

	Total (Amounts in Thousands)
Goodwill	$ 98,044
Identifiable intangible assets	32,644
Cash	4,078
Accounts receivable	6,530
Other assets	1,014
Property and equipment	169
Accounts payable	(870)
Accrued expenses	(5,350)
Deferred tax liability	(3,526)
Other liabilities	(2,733)
Total purchase price allocation	$ 130,000

Note 5 – Pro Forma Adjustments

Pro forma adjustments reflect those matters that are a direct result of the acquisition of Hospice Partners, which are factually supportable and, for pro forma adjustments to the unaudited pro forma condensed consolidated statements of operations, are expected to have a continuing impact. The pro forma adjustments are based on preliminary estimates that will likely differ from final amounts the Corporation will calculate after completing a detailed valuation analysis, and any differences could have a material effect on the unaudited pro forma condensed consolidated financial statements or the Corporation's financial statements for future periods.

The following is a summary of the unaudited pro forma adjustments reflected in the unaudited pro forma combined financial information. All adjustments are based on current valuations and assumptions, which are subject to change.

(a) Adjustments were made to Hospice Partners' historical consolidated financial statements to conform to the financial statement presentation of the Corporation. These adjustments include reclassifying depreciation and amortization from general and administrative expenses to depreciation and amortization and reclassifying items from other income to interest income and general and administrative expenses.

(b) Reflects the adjustments to remove Hospice Partners' historical goodwill of $14.0 million and record goodwill resulting from the transaction of $98.0 million.

(c) Reflects the adjustment to record intangible assets acquired by the Corporation based on their estimated fair values. As part of the preliminary valuation analysis, the Corporation identified and valued approximately $32.6 million in intangible assets, including state licenses, trade names and customer relationships.

The following table reflects the fair values of intangible assets acquired and the estimated pro forma amortization expense for all periods presented:

	Estimated Fair Value	Estimated Useful Life	Pro Forma Amortization: For the Year Ended December 30, 2018	Pro Forma Amortization: For the Six Months Ended June 30, 2019
	(Amounts in thousands, except useful life)			
Tradename	$ 15,886	15.0	$ 1,059	$ 530
Customer relationships	5,876	5.0	1,175	588
State licenses	10,882	indefinite life	—	—
Total intangible assets	$ 32,644		$ 2,234	$ 1,118
Historical amortization expense			(290)	(90)
Pro forma adjustments			$ 1,944	$ 1,028

The amortization expense is adjusted to reflect the fair value increases for the intangible assets identified. The definitelived intangible assets subject to amortization include a trade name and customer relationships totaling a preliminary value of $21.8 million. Pro forma amortization expense is computed based on the straight-line method over the estimated useful life of the intangible asset.

(d) On September 9, 2019, the Corporation completed a public offering of an aggregate 2,300,000 shares of common stock, par value $0.001 per share, including 300,000 shares of common stock sold pursuant to the exercise in full by the underwriters of their option to purchase additional shares at a public offering price of $79.50 per share (the "Public Offering").

The adjustment reflects the net proceeds of approximately $172.9 million, after deducting underwriting discounts and offering expenses of approximately $9.9 million. The Corporation used approximately $130.0 million from the net proceeds of the Public Offering to fund the purchase price for the Corporation's acquisition of Hospice Partners.

The following table reflects the preliminary net adjustment to cash in connection with the acquisition (in millions):

Proceeds from issuance of common stock, net of offering costs	$	172,945
Cash purchase price		(130,000)
Pro forma adjustments	$	42,945

(e) Reflects the conformance to the Corporation's accounting for leases under ASC 842. Within the unaudited pro forma balance sheet, the adjustment reflects the addition of the "Operating lease right of use assets" of $2.7 million and operating lease liabilities of $2.7 million, for which $0.9 million relates to the current portion and $1.8 million to the long-term portion. The expected impact on the statements of operations is not material.

(f) The $3.5 million increase in deferred tax liabilities reflects the preliminary estimate of deferred tax liabilities recognized on the estimated fair value adjustments to net assets acquired. This amount was calculated using an estimated blended statutory tax rate of 27.3%.

(g) Represents the adjustments to remove the historical retained earnings of Hospice Partners.

(h) Represents the adjustment to record the estimated income tax expense based on a blended statutory tax rate of 25.9% and 27.2% for the six months ended June 30, 2019 and the year ended December 31, 2018, respectively. The total effective tax rate could be significantly different depending on various tax matters.