THE HOSPICE FOUNDATION OF GREATER BATON ROUGE AND SUBSIDIARIES

DECEMBER 31, 2023 AND 2022

BATON ROUGE, LOUISIANA

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Independent Auditor's Report

To the Board of Directors
The Hospice Foundation of Greater Baton Rouge and Subsidiaries
Baton Rouge, Louisiana

Qualified Opinion

We have audited the accompanying consolidated financial statements of The Hospice Foundation of Greater Baton Rouge and Subsidiaries (the Organization), which comprise the Consolidated Statements of Financial Position as of December 31, 2023 and 2022, and the related Consolidated Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the effects and possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023, and 2022 and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

The Organization's management has elected not to consolidate Apothecare Pharmacy of Baton Rouge (Apothecare), a 75% equity investment and subsidiary, and elected to use the equity method of accounting for this investment. In our opinion, the Apothecare meets the requirements to be consolidated into the consolidated financial statements of the Organization in order to conform with accounting principles generally accepted in the United States of America. If this subsidiary was consolidated, total assets would be increased by $685,324 and $619,722, total liabilities by $345,073 and $326,097, and net assets by $340,251 and $293,625 as of December 31, 2023 and 2022, respectively.

As described in Note 1, Louisiana Medical Equipment, LLC (LME) was formed in 2023 by the Hospice Foundation of Greater Baton Rouge and Subsidiaries in which Hospice Foundation of Greater Baton Rouge is the 100% owner. LME meets the requirements for consolidation into the consolidated financial statements of the Organization, and the LME account balances and financial results are reported in these consolidated financial statements less intercompany accounts and transactions which have been eliminated in consolidation. The LME accounting records have not been adjusted to reflect all transactions in accordance with generally accepted accounting principles, and therefore we did not audit the financial records of LME. The unaudited amounts presented in the December 31, 2023 consolidated financial statements related to LME include assets totaling $1,175,126, liabilities totaling $282,082, and a net loss of $695,844. Because we did not audit the financial records of LME, we did not determine whether any adjustments to these amounts were necessary.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Additionally, the 2023 audit was conducted with the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2024, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for 2023. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 29, 2024

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current Assets:		
Cash and Cash Equivalents	$ 3,443,907	$ 3,803,609
Certificates of Deposit	269,494	-
Promises to Give Receivable - Current	278,273	228,100
Patient Accounts Receivable, Net	3,057,119	3,372,918
Note Receivable - Current	40,725	39,919
Prepaid Expenses	125,334	79,415
Inventory	607,032	-
Other Current Assets	30,879	22,385
Total Current Assets	7,852,763	7,546,346
Investments:		
Investments	9,667,622	9,465,935
Investment in Apothecare	1,027,772	887,896
Total Investments	10,695,394	10,353,831
Property and Equipment, Net	1,304,328	1,265,927
Construction In Progress	2,776,650	460,638
Other Assets:		
Certificates of Deposit - Long-Term	-	261,564
Promises to Give Receivable, Net - Long-Term	191,144	231,694
Note Receivable, Less Current	44,944	85,669
Cash Surrender Value of Life Insurance	326,039	316,420
Right-of-Use Assets - Operating Leases	1,102,765	1,186,391
Total Other Assets	1,664,892	2,081,738
Total Assets	$ 24,294,027	$ 21,708,480

(CONTINUED)

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities:		
Accounts Payable	$ 1,747,709	$ 465,427
Accrued Payroll and Payroll Taxes	520,580	397,611
Accrued Compensated Absences	226,489	170,644
Accrued Employee Benefit Plan Contribution	250,019	300,786
Accrued Nursing Home Room and Board	577,279	504,910
Current Portion of Long-Term Operating Lease Liability	416,597	355,452
Line of Credit	50,000	-
Other Liabilities	65,000	113,815
Total Current Liabilities	3,853,673	2,308,645
Long Term Lease Liability	741,746	908,857
Net Assets:		
Without Donor Restrictions	17,942,912	17,715,937
With Donor Restrictions		
Specified Purpose or Time-restricted	1,755,696	775,041
Total Net Assets	19,698,608	18,490,978
Total Liabilities and Net Assets	$ 24,294,027	$ 21,708,480

The accompanying notes are an integral part of these consolidated financial statements.

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Net Patient Service Revenue	$ 22,918,983	$ -	$ 22,918,983
Total Net Patient Service Revenues	22,918,983	-	22,918,983
Expenses:			
Program Expenses:			
Bereavement	48,581	-	48,581
Nursing Services	17,459,532	-	17,459,532
Social Services	1,213,811	-	1,213,811
Pastoral Care	665,113	-	665,113
Volunteer	118,314	-	118,314
Palliative Care	400,557	-	400,557
LME	695,844	-	695,844
Total Program Expenses	20,601,752	-	20,601,752
Supporting Services:			
Administrative	3,964,354	-	3,964,354
Development	89,062	-	89,062
Total Expenses	24,655,168	-	24,655,168
Operating Income (Loss)	(1,736,185)	-	(1,736,185)
Other Revenue and Support:			
Contributions	434,251	540,220	974,471
Fundraisers	68,713	-	68,713
Grant Revenue	500,000	-	500,000
Interest and Dividends	336,467	-	336,467
Net Gain (Loss) on Investments	924,288	-	924,288
Investment Income - Apothecare	139,876	-	139,876
Total Other Revenue and Support	2,403,595	540,220	2,943,815
Net Assets Released from Restriction	-	-	-
Increase (Decrease) in Net Assets	667,410	540,220	1,207,630
Net Assets - Beginning of Year	17,715,937	775,041	18,490,978
Transfer of Net Assets Previously Released from Donor Restrictions	(440,435)	440,435	-
Net Assets - End of Year	$ 17,942,912	$ 1,755,696	$ 19,698,608

The accompanying notes are an integral part of these consolidated financial statements.

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Net Patient Service Revenue	$ 18,466,473	$ -	$ 18,466,473
Total Net Patient Service Revenues	18,466,473	-	18,466,473
Expenses:			
Program Expenses:			
Bereavement	36,710	-	36,710
Nursing Services	13,384,541	-	13,384,541
Social Services	909,996	-	909,996
Pastoral Care	509,984	-	509,984
Volunteer	75,210	-	75,210
Palliative Care	419,861	-	419,861
Total Program Expenses	15,336,302	-	15,336,302
Supporting Services:			
Administrative	3,447,387	-	3,447,387
Development	259,677	-	259,677
Total Expenses	19,043,366	-	19,043,366
Operating Income (Loss)	(576,893)	-	(576,893)
Other Revenue and Support:			
Contributions	344,930	1,215,476	1,560,406
Fundraisers	50,689	-	50,689
Interest and Dividends	238,239	-	238,239
Net Gain (Loss) on Investments	(1,792,902)	-	(1,792,902)
Investment Income - Apothecare	392,671	-	392,671
Total Other Revenue and Support	(766,373)	1,215,476	449,103
Net Assets Released from Restriction	440,435	(440,435)	-
Increase (Decrease) in Net Assets	(902,831)	775,041	(127,790)
Net Assets - Beginning of Year	18,618,768	-	18,618,768
Net Assets - End of Year	$ 17,715,937	$ 775,041	$18,490,978

The accompanying notes are an integral part of these consolidated financial statements.

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Bereavement	Nursing Services	Social Services	Pastoral Care	Volunteer	Palliative Care	LME	Total Program Expenses	Admin	Development	Total
Salaries	$ 31,727	$ 7,131,912	$ 881,026	$ 482,762	$ 85,127	$ 265,052	$ 297,214	$ 9,174,820	$ 2,827,482	$ 11,302	$ 12,013,604
Employee Benefits	6,259	1,407,046	173,817	95,244	16,795	52,292	45,874	1,797,327	557,830	2,230	2,357,387
Bank Charges	30	6,713	829	454	80	249	187	8,542	2,661	11	11,214
Building	-	309,847	-	-	-	30,075	55,856	395,778	23,322	-	419,100
Communications	116	148,290	3,216	1,762	311	967	3,352	158,014	10,320	41	168,375
Computer	793	178,347	22,032	12,072	2,129	6,628	82,108	304,109	70,707	283	375,099
Contract Labor	2,640	593,437	73,309	40,171	7,083	22,054	23,302	761,996	237,969	7,440	1,007,405
Depreciation	284	63,808	7,882	4,319	763	2,372	15,888	95,316	25,297	100	120,713
Dues & Subscriptions	235	52,880	6,533	3,580	631	1,965	5,696	71,520	21,135	84	92,739
Fund Raising	-	-	-	-	-	-	-	-	-	66,947	66,947
Insurance	282	63,311	7,821	4,286	756	2,353	-	78,809	25,100	100	104,009
Lab Work	-	20,721	-	-	-	-	-	20,721	-	-	20,721
Meals	102	22,833	2,821	1,546	273	849	556	28,980	9,052	36	38,068
Medical Equipment	33	693,050	903	495	87	272	67,042	761,882	2,900	12	764,794
Meetings/Cont Education	5,088	48,968	6,049	3,315	584	7,133	200	71,337	47,394	78	118,809
Mileage	179	594,760	4,983	2,727	481	1,499	69,244	673,873	15,992	64	689,929
Nursing Home	-	4,269,707	-	-	-	-	-	4,269,707	-	-	4,269,707
Office Expense	257	57,828	7,144	3,915	1,722	2,149	2,708	75,723	36,558	136	112,417
Other Costs	45	80,009	1,255	688	121	378	16,826	99,322	4,028	16	103,366
Patient Related Expenses	-	229,102	-	-	-	-	-	229,102	-	-	229,102
Pharmacy	-	922,744	-	-	-	-	-	922,744	-	-	922,744
Postage	20	4,536	560	307	54	169	10	5,656	1,798	7	7,461
Supplies/Materials	491	559,683	13,631	7,470	1,317	4,101	9,781	596,474	44,809	175	641,458
	$ 48,581	$ 17,459,532	$ 1,213,811	$ 665,113	$ 118,314	$ 400,557	$ 695,844	$ 20,601,752	$ 3,964,354	$ 89,062	$ 24,655,168

The accompanying notes are an integral part of these consolidated financial statements.

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Bereavement	Nursing Services	Social Services	Pastoral Care	Volunteer	Palliative Care	Total Program Expenses	Admin	Development	Total
Salaries	$ 21,396	$ 5,394,838	$ 636,235	$ 356,562	$ 51,549	$ 268,860	$ 6,729,440	$ 2,366,213	$ 135,892	$ 9,231,545
Employee Benefits	4,826	1,216,769	143,498	80,420	11,627	60,639	1,517,779	533,683	30,650	2,082,112
Bank Charges	13	3,201	378	212	31	160	3,995	1,404	81	5,480
Building	-	363,339	-	-	-	33,127	396,466	27,348	-	423,814
Communications	133	125,339	3,959	2,219	321	1,673	133,644	14,725	846	149,215
Computer	673	169,712	20,015	11,217	1,622	8,458	211,697	74,437	4,275	290,409
Contract Labor	1,821	461,061	54,132	30,337	4,386	22,875	574,612	203,833	54,377	832,822
Depreciation	267	67,025	7,905	4,430	640	3,339	83,606	29,398	1,688	114,692
Dues & Subscriptions	152	38,699	4,564	2,558	370	1,929	48,272	17,019	1,872	67,163
Fund Raising	-	-	-	-	-	-	-	-	1,700	1,700
Insurance	200	50,398	5,944	3,331	482	2,512	62,867	22,105	1,269	86,241
Lab Work	-	9,392	-	-	-	-	9,392	-	-	9,392
Meals	86	21,800	2,571	1,441	208	1,086	27,192	9,562	549	37,303
Medical Equipment	33	716,018	984	551	80	416	718,082	3,659	210	721,951
Meetings/Cont Education	6,301	48,830	5,759	3,227	467	4,623	69,207	50,495	1,230	120,932
Mileage	90	444,203	2,670	1,497	216	1,128	449,804	9,929	570	460,303
Nursing Home	-	2,661,810	-	-	-	-	2,661,810	-	-	2,661,810
Office Expense	205	51,611	6,087	3,411	1,973	2,572	65,859	24,434	14,133	104,426
Other Costs	35	71,701	1,038	581	84	439	73,878	6,116	6,114	86,108
Patient Related Expenses	-	201,996	-	-	-	-	201,996	-	-	201,996
Pharmacy	-	774,209	-	-	-	-	774,209	-	-	774,209
Postage	20	5,165	609	341	49	257	6,441	2,265	1,306	10,012
Supplies/Materials	459	487,425	13,648	7,649	1,105	5,768	516,054	50,762	2,915	569,731
	$ 36,710	$ 13,384,541	$ 909,996	$ 509,984	$ 75,210	$ 419,861	$ 15,336,302	$ 3,447,387	$ 259,677	$ 19,043,366

The accompanying notes are an integral part of these consolidated financial statements.

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Change in Net Assets	$ 1,207,630	$ (127,790)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Amortization of Right-Of-Use Assets	401,012	347,329
Depreciation	120,713	114,692
Investment Unrealized and Realized (Gain) Loss	(924,288)	1,792,902
Income from Investment in Apothecare	(139,876)	(335,071)
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	315,799	(1,668,733)
(Increase) Decrease in Promises to Give	(9,623)	(459,794)
(Increase) Decrease in Inventory	(607,032)	-
(Increase) Decrease in Prepaid Expenses, Other Current Assets and Cash Surrender Value of Life Insurance	(64,032)	11,781
Increase (Decrease) in Accounts Payable	1,282,282	(45,353)
Increase (Decrease) in Operating Lease Liabilities	(417,860)	(269,412)
Increase (Decrease) in Accrued Expenses and Other Liabilities	151,601	535,718
Net Cash Provided by (Used in) Operating Activities	1,316,326	(103,731)
Cash Flows From Investing Activities:		
Purchases of Property and Equipment and Construction in Progress	(2,480,618)	(438,070)
Collections of Note Receivable	39,919	39,130
Net Proceeds (Purchases) of Investments	722,601	(207,473)
Net Redemption (Purchases) of Certificates of Deposit	(7,930)	(2,742)
Net Cash Used in Investing Activities	(1,726,028)	(609,155)
Cash Flows From Financing Activities:		
Net Borrowings from Line of Credit	50,000	-
Net Cash Provided by Financing Activities	50,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	(359,702)	(712,886)
Cash and Cash Equivalents - Beginning of Year	3,803,609	4,516,495
Cash and Cash Equivalents - End of Year	$ 3,443,907	$ 3,803,609

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 - Summary of Activities and Significant Accounting Policies –

Nature of Activities

The Hospice Foundation of Greater Baton Rouge (the Hospice) is a Louisiana non-profit community-based health-care program which was incorporated on March 9, 1984. The Hospice provides care and support for the terminally ill and their loved ones so that they may remain at home for most or all their illness.

Principles of Consolidation

The consolidated financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Statements Codification (ASC) except as described below.

The consolidated financial statements include the Hospice Foundation of Greater Baton Rouge, the major operating unit in the Hospice (the Hospice). Also included in the consolidated financial statements is BW- HBR, L.L.C., a wholly-owned corporation formed for the purpose of acquiring land to be developed. Lastly, included in the 2023 consolidated financial statements is Louisiana Medical Equipment, LLC (LME), a wholly-owned newly formed entity during 2023, formed for the purpose of purchasing and supplying durable medical equipment to the Hospice's patients. Collectively, all of the entities will be referred to as "the Organization". All significant intercompany accounts and transactions have been eliminated in consolidation.

On August 23, 2018, the Hospice purchased 75% of the equity of Apothecare Pharmacy of Baton Rouge (Apothecare). Management has elected the equity method of accounting, and all changes in the Hospice's investment in Apothecare are included in Other Revenue and Support on the consolidated statements of activities and changes in net assets. This is a departure from U.S. GAAP which would require Apothecare to be consolidated into the accompanying consolidated financial statements.

Income Taxes

The Hospice is a not-for-profit organization as described in Section 50l(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 50l(a) of the Internal Revenue Code. Accordingly, no provision for income taxes on related income has been included in the consolidated financial statements.

The Hospice files an income tax return in the U.S. federal jurisdiction. With few exceptions, the Hospice is no longer subject to federal tax examinations by tax authorities for years before 2020. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Hospice may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2023 and 2022.

Basis of Presentation

The Organization 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. Net assets with donor restrictions can be restricted for purpose, restricted for time, or restricted in perpetuity. These net assets classifications are described as follows:

> Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets may be designated for specific purposes by action of the Board of Directors.
>
> Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Hospice had no restrictions that were perpetual in nature as of December 31, 2023 and 2022.

Cash and Cash Equivalents

For purposes of reporting cash flows, The Organization considers all unrestricted highly liquid investments not held in brokerage accounts with an initial maturity of three months or less to be cash equivalents.

Prepaid

Insurance and similar services which extend over more than one accounting period have been recorded as prepaid and are amortized.

Investments and Investment Income

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Consolidated Statements of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions in the reporting period in which the income and gains are recognized. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities accounts will occur in the near term and that such changes could materially affect the amounts reported in the Consolidated Statements of Activities and Changes in Net Assets.

Patient Accounts Receivable

The Hospice provides credit in the normal course of operations to patients located primarily in the Greater Baton Rouge area and to third-party payors conducting operations in these areas. The Hospice determines if patient accounts receivable are past-due based on the last date of the billing cycle or the patient's discharge date, whichever is earlier; however, the Hospice does not charge interest on past-due accounts. With the exception of Medicare and Medicaid, billings are completed semi-monthly, on the 15th and last day of each month. Medicare and Medicaid billing is monthly.

Patient accounts receivable are recorded at net realizable value based on certain assumptions determined for each payor. For third-party payors, including Medicare, Medicaid, and Managed Care, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data by payor. For self-pay accounts receivable, which includes patients who are uninsured and the patient responsibility portion for patients with insurance, the net realizable value is determined using estimates of historical collection experience. These estimates are adjusted for estimated conversions of patient responsibility portions, expected recoveries, and any anticipated changes in trends.

Patient accounts receivable can be impacted by the effectiveness of the Hospice's collection efforts. Additionally, significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the net realizable value of accounts receivable. The Hospice also continually reviews the net realizable value of accounts receivable by monitoring historical cash collections, as well as by analyzing current period net revenue and admissions by payor classification, aged accounts receivable by payor, days revenue outstanding, and the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables.

The Hospice has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Hospice's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

The Hospice has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as incurred, as the amortization period of the asset that the Hospice otherwise would have recognized is one year or less in duration.

In accordance with ASC Topic 606, the Net Patient Accounts Receivable totaled $1,704,185 as of December 31, 2021.

On January 1, 2023, the Organization adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including trade accounts receivable.

The Organization adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost (trade accounts receivable). The adoption of CECL had an insignificant impact on the Hospice's trade (patient) accounts receivable, therefore no adjustment was necessary to trade (patient) accounts receivable or net assets. The Hospice assessed its patient accounts receivable for any expected credit losses over and above the implicit price concession methodology adopted in a prior year under ASC Topic 606 for Revenue Recognition discussed at Note 4. The Organization determined that any additional expected credit losses for patient accounts receivable beyond the implicit price concession method were not significant. Results for reporting periods beginning after January 1, 2023 are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards ("Incurred Loss").

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises to give are written off when deemed uncollectable.

Donated Assets, Goods and Services

During the year ended December 31, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities and also increases the disclosure requirements for contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets that were received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

The Hospice receives a significant amount of donated services from unpaid volunteers who assist in office support, fund raising and special projects. No amounts have been recognized in the consolidated statements of activities and changes in net assets because the criteria for recognition under applicable accounting guidance have not been satisfied.

Contributions and Other Support

Contributions are recognized as revenue when they are received or unconditionally pledged.

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 restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

The Organization reports gifts of land, building, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Contributions receivable represent promises to give that have not been received by the Hospice.

Charity Care

The Hospice provides care to patients who meet certain criteria established under its charity care policy without expected reimbursements or at reimbursement rates substantially lower than its prevailing rates. Charity care costs represent $187,896 and $206,208 or 0.8% and 1.1% of net patient service revenue during the years ended December 31, 2023 and 2022, respectively. The related amounts are not reported as net revenue because the Hospice does not pursue collection of amounts determined to qualify as charity care. The Hospice applies Accounting Standards Update (ASU) 2010-*23 Measuring Charity Care for Disclosure* which requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care.

Revenue Recognition

Net Patient Service Revenue

Net patient service revenue represents the estimated net realizable amount from patients, third-party payers and others for services rendered. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Consequently, there is at least a reasonable possibility that recorded estimates could change by a material amount.

The Hospice earns patient service revenue by providing hospice services primarily at the homes of their patients. The Hospice also provides inpatient hospice services. This net patient service revenue is earned and billed on a per diem basis for hospice care, depending upon the payment terms and conditions established with each payor for services provided.

The Hospice determines the transaction price based on standard charges for goods and services provided, reduced by explicit concessions provided to third-party payors. The Hospice determines its estimates of explicit concessions and discounts based on contractual agreements, its discount policies, and historical experience. The Hospice determines its estimate of implicit price concessions based on its historical collection experience with the various classes of patients.

Performance obligations are determined based on the nature of the services provided by the Hospice. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Hospice 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. Generally, performance obligations satisfied over time relate to patients receiving inpatient care. The Hospice measures the performance obligation from admission into the Hospice, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to patients and customers, and the Hospice does not believe it is required to provide additional goods or services to the patient. Retail service revenue is not significant for December 31, 2023 or 2022.

The Hospice has determined that it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospice expects to collect based on its collection history with those patients.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Hospice has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period (if any). The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days of the end of the reporting period.

As part of the Budget Control Act of 2011, there were mandatory reductions in Federal spending, also known as sequestration. Beginning with dates of service on or after April 1, 2013, the Hospice incurred a 2% cut to Medicare reimbursements. These cuts reduced Medicare revenue reported on the consolidated statements of activities and changes in net assets by $-0- and $31,832 in 2023 and 2022, respectively. Effective May 1, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act suspended the 2% cut through March 31, 2022.

Property and Equipment

The purchase of property and equipment is recorded at cost. Property and equipment is depreciated using the straight-line method over the estimated useful lives of 3-10 years.

It is the Organization’s policy to capitalize expenditures for items in excess of $500 or that materially increase the estimated useful life of assets. Maintenance and repairs are charged to expense as incurred.

When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recognized in current operations.

The authoritative accounting guidance requires that long-lived assets and certain identifiable intangibles held be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No such impairment occurred during the years ended December 31, 2023 and 2022.

Statement of Activities

The consolidated statements of activities include the line item entitled "revenues." Revenues from activities includes, patient revenues and net consulting revenues. Other revenue and support which is excluded from revenues includes contributions, grant income, investment gain (loss), and other non-operating activities.

Estimates

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates and such differences may be material.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements. Actual results could differ from those estimates and such differences may be material.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2023 and 2022 were $182,347 and $198,042, respectively and is included on the consolidated statements of functional expenses under supplies/materials.

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of General and Administrative costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Other Supporting Services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Grant Accounting

The Hospice recognizes grant payments as income when there is reasonable assurance that it has complied with the conditions associated with the grant. Grant income recognized as revenues is presented in other revenue and support for the years ended December 31, 2023 and 2022, respectively.

Reclassifications

Certain reclassifications may have been made to the 2022 financial statements to conform with the current year financial statements. Such reclassifications had no effect on previously reported changes in net assets.

Leases

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), and all related amendments retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment, electing not to adjust the comparative period. This guidance requires that right-of-use (ROU) assets and lease liabilities be recorded on the statement of financial position. The Organization elected the practical expedient relief package allowed by the new standard, which does not require the reassessment of (1) whether existing contracts contain a lease, (2) the lease classification or (3) unamortized initial direct costs for existing leases. Additionally, the Organization made accounting policy elections for the exclusion of short-term leases (leases with an initial term of 12 months or less and which do not include a purchase option that the Organizatoin is reasonably certain to exercise) from the statement of financial position presentation, and the use of the portfolio approach in determination of the discount rate.

The Organization determines if an arrangement contains a lease at inception. Leases are then classified as either operating or finance leases depending on the characteristics of the lease. Right-of-use (ROU) assets represent the Organization's right to control the use of a specified asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. In determining the present value of the lease payments, the Organization uses the risk-free discount rate when the discount rate is not implicit in the lease. Lease payments include fixed and variable payments based on an index or a rate. Variable lease payments that are not index or rate based are recorded as expenses when incurred. The lease term is the non-cancelable period of the lease, including any options to extend, purchase, or terminate the lease depending on whether the Organization is reasonably certain to exercise those options.

The costs associated with operating leases are recognized on a straight-line basis, within operating expenses, over the period of the leases. The finance lease ROU assets are amortized on a straight-line basis within, operating expenses, over the shorter of their estimated useful lives or the lease terms, and interest expense incurred on the lease liabilities is included in interest expense.

The Organization does not recognize ROU assets and lease liabilities on short term leases but recognizes lease expense for these leases on a straight-line basis over the lease terms and any variable lease payments in the period in which the obligation for those payments is incurred.

See Note 10 to these financial statements for additional information and disclosures related to operating and finance leases, including qualitative and quantitative disclosures required by Topic 842.

Subsequent Events

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 29, 2024, the date which the financial statements were available to be issued.

Note 2 - Concentration of Credit Risk for Cash Held in Bank

The Organization maintains its cash in bank deposit accounts with various financial institutions. At times, the Organization's bank deposits may exceed limits insured by the Federal Deposit Insurance Corporation. Management believes the risk of loss is minimal.

Note 3 - Liquidity and Availability -

The following reflects the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use because of board or donor-imposed restrictions within one year of the statement of financial position date. The board designations, when present, could be drawn upon if the board approves that action.

Financial Assets at Year End:	
Cash and Cash Equivalents	$ 3,443,907
Certificates of Deposit	269,494
Investments	9,667,622
Accounts Receivable, Net	3,057,119
Note Receivable - Current	40,725
Unconditional Promises to Give - Current	278,273
Other Current Assets	30,879
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(1,755,696)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 15,032,323

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's goal is to maintain liquid financial assets to meet 60 days of operating expenses. Additionally, the Organization has a line of credit available totaling $4,000,000 less outstanding draws of $50,000 as of December 31, 2023 that it could draw upon for liquidity purposes if needed.

At December 31, 2022 The Organization had $16,157,825 of financial assets available to meet cash needs for general expenditures within one year.

Note 4 - Net Patient Service Revenue -

The Hospice presents revenues net of estimated implicit and explicit price concessions, which resulted in a classification of bad debt expense of $476,789 and $210,072, for December 31, 2023 and 2022, respectively, as a contra account presented with patient revenue.

The Hospice's revenues generally relate to contracts with patients in which the performance obligations are to provide health care services to patients, and the Hospice records revenues as performance obligations are satisfied. The performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans, and commercial insurance companies).

The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections (the "hindsight analysis") as a primary source of information in estimating the collectability of accounts receivable.

The Hospice has agreements with governmental and other third-party payors that provide for payments to the Hospice at amounts different from its established rates. Explicit price concessions under third-party reimbursement programs represent the differences between the billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors is as follows:

- *Medicare* - services rendered to Medicare program beneficiaries are paid at prospectively determined rates-per-discharge that include defined capital costs. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

- *Medicaid* - services rendered to Medicaid program beneficiaries are reimbursed at a prospectively determined fee schedule.

- *Commercial and HMO* - the Hospice has also entered into agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Payment methodologies under these agreements include discounts from established charges and prospectively determined rates.

- *Self-Pay* - the Hospice provides financial assistance to qualified applicants based on federal poverty level guidelines. Uninsured patients who do not qualify for financial assistance are eligible to receive a prepay discount.

The Hospice recorded approximately $1,333,380 and $1,002,694 of implicit and explicit price concessions as a direct reduction of net patient revenues during the years ended December 31, 2023 and 2022, respectively.

The composition of patient care services revenue, by primary pay or, for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Medicare	76%	79%
Medicaid	20%	14%
Commercial and Self Pay	4%	7%
	100%	100%

The laws and regulations governing the Hospice's operations, along with the terms of participation in various government programs, regulate how the Hospice does business, the services offered and its interactions with patients and the public. These laws and regulations, and their interpretations, are subject to frequent change. Changes in existing laws or regulations, or their interpretations, or the enactment of new laws or regulations could materially and adversely affect the Hospice's operations and financial condition.

The Hospice is subject to various routine and non-routine governmental reviews, audits and investigations. In recent years, federal and state civil and criminal enforcement agencies have heightened and coordinated their oversight efforts related to the healthcare industry, including referral practices, cost reporting, billing practices, joint ventures and other financial relationships among healthcare providers. Violation of the laws governing the Hospice's operations, or changes in the interpretation of those laws, could result in the imposition of fines, civil or criminal penalties, and/or termination of the Hospice's rights to participate in federal and state-sponsored programs and suspension or revocation of the Hospice's licenses. The Hospice believes that it is in material compliance with all applicable laws and regulations.

Note 5 - Investments -

At December 31, 2023 and 2022, the fair values of the Hospice’s investments were as follows:

	2023	2022
Equity:		
Mutual Funds	$ 6,747,347	$ 6,562,236
ETFs	1,299,292	1,280,993
Fixed Income:		
Taxable Domestic Fixed Income	1,178,503	1,264,344
Global Fixed Income	-	52,035
Cash and Cash Equivalents	219,895	102,782
	9,445,037	9,262,390
Baton Rouge Area Foundation (BRAF)	222,585	203,545
Total Investments	$ 9,667,622	$ 9,465,935

Net unrealized gains (losses) of $782,819 and $(1,833,499) and realized gains of $141,469 and $40,597, net of investment management and custodial expenses of $44,418 and $47,286, were recognized for the years ended December 31, 2023 and 2022, respectively, and are included in other revenue and support in the statements of activities.

Note 6 - Fair Value Measurements -

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology are based on unadjusted quoted prices for identical assets in active markets that the Hospice has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the asset. The Hospice uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2023 and 2022.

Foreign and non-governmental obligations: valued based on quoted market prices for identical assets.

U.S. government securities: valued using pricing models maximizing the use of observable inputs for similar securities.

Mutual Funds: valued at the daily closing price as reported by the fund. Mutual funds held by the Hospice are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Hospice are deemed to be actively traded.

BRAF pooled funds: valued quarterly at the net asset value of units held by Hospice in the fund.

Exchange traded funds and common foreign stocks: valued at the daily closing price as reported from an actively traded exchange.

The Hospice’s investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Hospice believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Hospice’s investments at fair value on a recurring basis as of December 31, 2023 and 2022:

	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 219,895	$ -	$ -	$ 219,895
Mutual Funds	6,747,347	-	-	6,747,347
ETFs	1,299,292	-	-	1,299,292
Taxable Domestic Fixed Income	-	1,178,503	-	1,178,503
BRAF	-	222,585	-	222,585
	$ 8,266,534	$ 1,401,088	$ -	$ 9,667,622

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 102,782	$ -	$ -	$ 102,782
Mutual Funds	6,562,236	-	-	6,562,236
ETFs	1,280,993	-	-	1,280,993
Taxable Domestic Fixed Income	-	1,264,344	-	1,264,344
Global Fixed Income	52,035	-	-	52,035
BRAF	-	203,545	-	203,545
	$ 7,998,046	$ 1,467,889	$ -	$ 9,465,935

Note 7 - Receivables -

The mix of receivables from patients and third-party payors at December 31, 2023 and 2022 are as follows:

	2023	2022
Medicare	66%	68%
Medicaid	22%	23%
Commercial and Self Pay	12%	9%
	100%	100%

Note 8 - Property and Equipment -

Equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Gains or losses on disposition of property are recognized in the consolidated statements of activities and changes in net assets. Depreciation expense for the years ended December 31, 2023 and 2022 was $120,713 and $114,692, respectively. Property and equipment at December 31, 2023 and 2022 consists of the following:

	2023	2022
Leasehold Improvements	$ 202,643	$ 172,740
Equipment and Vehicles	1,360,424	1,231,213
Less: Accumulated Depreciation	(1,216,139)	(1,095,426)
	346,928	308,527
Land	957,400	957,400
	$ 1,304,328	$ 1,265,927

Construction in Progress was $2,776,650 and $460,638 at December 31, 2023 and 2022, respectively, which relates to the retreat center not yet placed in service. See Note 19 regarding contract commitments for the retreat center.

Note 9 - Line of Credit -

On December 3, 2021, The Hospice entered into a $4,000,000 revolving line of credit with a financial institution that matures in December 2025 and is secured by deposit accounts. Interest on the line of credit is 3.19% per annum. The outstanding balance on this line of credit at December 31, 2023 and 2022 totaled $50,000 and $-0-, respectively.

Note 10 - Leases -

The Organization entered into multiple operating lease agreements for office, operations, and warehouse space. The initial lease terms generally range from 1 to 5 years for real estate leases. Leases with initial terms of 12 months or less are not recorded on the Consolidated Statements of Financial Position, and the Organization recognizes lease expense for these leases on a straight-line basis over the lease terms. Operating Lease Expense is included in Building Expense in the Statement of Functional Expenses.

Many leases include options to terminate or renew, with renewal terms that can exceed the lease term from 1 to 5 years or greater. Lease renewal options are at the Organization's discretion. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides details of the lease contracts as of and for the years ended December 31, 2023 and 2022:

	2023	2022
Lease Expense:		
Operating Lease Expense	$ 401,012	$ 347,329
Supplemental Cash Flow Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$ 417,860	$ 269,412
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	$ 293,064	$ 1,514,412
Other Information:		
Weighted-average Remaining Lease Term in Years for Operating Leases	2.9	3.5
Weighted-average Discount Rate for Operating Leases	1.86%	1.37%

As of December 31, 2023 and 2022, operating lease liabilities consisted of the following:

	2023	2022
Lease Liabilities:		
Current Portion	$ 416,597	$ 355,452
Long-Term Portion	741,746	908,857
	$ 1,158,343	$ 1,264,309

The maturity of operating lease liabilities as of December 31, 2023 is as follows:

December 31, 2024	$ 434,110
December 31, 2025	434,110
December 31, 2026	247,927
December 31, 2027	65,000
December 31, 2028	10,833
Total undiscounted cash flows	1,191,980
Less: present value discount	(33,637)
Total lease liabilities	$ 1,158,343

Note 11 - Medical Benefit Plan -

On October 1, 2021, the Organization established the Hospice of Baton Rouge Employee Benefit Plan Trust (the Plan) to provide medical expense benefits for the exclusive benefit of the eligible, participating employees under the Plan, and their eligible dependents. Funding of the Plan will be achieved through contributions, made by the Organization and participating employees. Payments from the plan will consist of payment of benefits to or on the behalf of eligible plan participants. The plan is a self-funded program and is administered by a third party. Under the plan, coverage from an independent insurer is maintained for claims in excess of $40,000 per claim, an aggregate specific threshold of approximately $777,000 which is subject to fluctuation based on the census of participating employees and, in aggregate, losses and claims of $1 million. During the years ended December 31, 2023 and 2022, the expense related to the plan was $1,022,537 and $739,051, respectively. This amount is reported in employee benefits in the Consolidated Statement of Functional Expense in these financial statements.

Note 12 - Third-Party Rate Adjustments and Revenue -

A large percent of net patient service revenue was derived under federal and third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries. In the opinion of management, retroactive adjustments, if any, would not be material to the consolidated financial position or result of consolidated operations of the Hospice.

Note 13 - Employee Benefit Plan -

The Organization has a defined contribution salary deferral plan covering substantially all employees. For the years ended December 31, 2023 and 2022, the Organization contributed 3.5% and 5%, respectively, of each eligible employee's salary for a total of approximately $250,000 and $301,000, respectively. These amounts were unpaid as of the end of each respective year and are accrued in the accompanying consolidated financial statements.

Note 14 - Related Party Transactions -

During 2020, the Hospice advanced $200,000 to Apothecare under a note receivable. The note receivable is unsecured and calculates interest at 2% per annum, payments are due in equal monthly amounts beginning February 2021 through its scheduled maturity in January 2026. Amounts reported in the statement of financial position as of December 31, 2023 and 2022 are as follows:

	2023	2022
Note Receivable - Current	$ 40,725	$ 39,919
Note Receivable, Less Current	44,944	85,669
	$ 85,669	$ 125,588

The note matures as follows:

Year Ending December 31,	
2024	$ 40,725
2025	41,547
2026	3,397
	$ 85,669

As discussed in Note 1, the newly formed LME began operations in 2023 for the purpose of purchasing and supplying durable medical equipment to the Hospice's patients. The Hospice paid salaries and other expenses on behalf of LME during the year ended December 31, 2023 totaling $588,888. The intercompany receivables and payables between the two entities for these amounts discussed above totaled $588,888 as of December 31, 2023 and have been eliminated in these consolidated financial statements. Additionally, the Hospice made an initial capital contribution of $1,000,000 to LME and recorded a loss from LME in the amount of $695,844 during the year ended December 31, 2023 which have been eliminated in these consolidated financial statements.

Note 15 - Split-dollar Life Insurance Plan -

Cash Surrender Value of Life Insurance reported on the Consolidated Statements of Financial Position include the insurance account assets of certain key executive life insurance policies totaling $326,039 and $316,420 as of December 31, 2023 and 2022, respectively.

Note 16 - Functional Expense Allocation -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Other Supporting Services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents. The allocated expenses include employee benefits, bank charges, building expenses, computer, contract labor, depreciation, dues and subscriptions, insurance, lab work, meals, meetings/continuous education, mileage, office expense, other costs, postage, and supplies/materials.

Note 17 - Net Assets with Donor Restrictions -

The net assets with donor-imposed restrictions is comprised of amounts time and specified purpose restricted for the following purposes at December 31, 2023 and 2022:

	2023	2022
Net Assets with Donor Restrictions		
Time-Restricted and Specified Purpose:		
Retreat Center	$ 1,755,696	$ 775,041

Note 18 - Net Assets Released from Restrictions -

Net assets were released from restrictions for the years ended December 31, 2023 and 2022 for incurring expenses satisfying the restricted purpose.

	2023	2022
Net Assets Released from Donor Restrictions*		
Time-Restricted and Specified Purpose:		
Retreat Center	$ -	$ 440,435

* After further evaluation of the Retreat Center donor restricted net assets and interpretation of the applicable non-profit accounting guidance, it was determined that restrictions on contributions for the construction of a long-lived asset should not be released until such asset is placed into service. As of December 31, 2023, $440,435 of net assets previously released from donor restrictions related to the retreat center construction were transferred back to net assets with donor restrictions as the retreat center has not yet been placed into service.

Note 19 - Commitments and Contingencies -

Contract Commitments

On December 14, 2021, the Hospice entered into an architect contract agreement for the construction of the retreat center. The architect agreement was amended in 2023 and totals $598,037 based on seven and a half percent (7.5%) of the estimated building cost of the project plus other fees. As of December 31, 2023, the Hospice has incurred $500,317 in architect costs relating to this contract. On July 7, 2023, the Hospice entered into a construction contract agreement totaling $6,133,714 related to the retreat center. As of December 31, 2023, the Hospice has incurred $2,027,270 in construction costs relating to this contract. These amounts are included in Construction in Progress in these financial statements.

Litigation

The Organization is exposed to various risks of loss related to torts, theft of, damage of and destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from prior year.

Note 20 - Promises to Give -

In 2022 and 2023, the Hospice was awarded multi-year unconditional promises to give from donors to be used for construction of the retreat center. The allowance represents management's evaluation of potential uncollectible promises to give.

Unconditional Promises to Give are as follows as of December 31, 2023 and 2022:

	2023	2022
Receivables Due in Less than One Year	$ 278,273	$ 228,100
Receivables Due in One to Five Years, Net of Allowance of $26,294 in 2023 and $25,218 in 2022	221,320	251,032
Total Unconditional Promises to Give	499,593	479,132
Less: Discount to Present Value	(30,176)	(19,338)
Net Unconditional Promises to Give	$ 469,417	$ 459,794

Note 21 - Compensation, Benefits and Other Payments to Agency Head -

Chief Executive Officer, Catherine Schendel, did not receive any compensation that was paid from public funds.

SUPPLEMENTARY INFORMATION

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
The Hospice Foundation of Greater Baton Rouge
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Hospice Foundation of Greater Baton Rouge (the Hospice), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospice's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hospice's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospice's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospice's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-01.

We noted certain other matters that we have reported to management of the Hospice in a separate letter dated October 29, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospice's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospice's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 29, 2024

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2023

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued; qualified (see emphasis of matter paragraph)

Internal control over financial reporting:

Material weakness identified:	___Yes___	__X__ No
Significant deficiencies identified?	___Yes___	__X__ None Reported
Noncompliance material to the financial statements noted:	___Yes___	__X__ No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

Finding 2023-01 Timely Filing of Audit Report

Criteria: Louisiana Revised Statute 24:513 requires that an annual financial report or other type report be submitted to the Louisiana Legislative Auditor (LLA) within six months of the close of the fiscal/calendar year.

Cause: The Hospice's management was unaware it had a reporting requirement since this was the first year a significant state grant was received, and the audit was not scheduled to begin until June 2024. Once the reporting deadline was known, the Hospice requested and was granted a non-emergency filing extension by LLA through October 31, 2024.

Effect: The Hospice did not meet the deadline as required by the LLA; however it did receive a non-emergency filing extension from LLA through October 31, 2024.

Recommendation: The Hospice will make every effort to meet the deadline in the future.

Management's Response: The Hospice will make every effort to comply with this deadline. Management will review grant reporting requirements when grants are received and consult with LLA and it's third-party auditor if necessary to ensure enough time to complete the required financial report by the statutory deadline.

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

*The prior year audit was not conducted in accordance with Government Auditing Standards

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued; qualified (see emphasis of matter paragraph)

Internal control over financial reporting:

Material weakness identified:	___Yes___	__X__ No
Significant deficiencies identified?	___Yes___	__X__ None Reported
Noncompliance material to the financial statements noted:	___Yes___	__X__ No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

THE HOSPICE FOUNDATION OF GREATER BATON ROUGE

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2023

BATON ROUGE, LOUISIANA

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
The Hospice Foundation of Greater Baton Rouge,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The Hospice Foundation of Greater Baton Rouge's ("the Hospice") management is responsible for those C/C areas identified in the SAUPs.

The Hospice has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. - **While the entity does have a budgeting policy, there is no specific language stating how the budget is prepared, adopted, monitored and amended.**
   b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes. - **No exceptions.**
   c) ***Disbursements***, including processing, reviewing, and approving. - **No exceptions.**
   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). - **No exceptions.**

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules. - **All areas appear to have been included in the policy with the exception of there is no mention of policies regarding overtime worked.**

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. -**While the entity does have a contract services policy, legal review and the approval process are not specifically mentioned.**

g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. - **The travel and expense reimbursement policy does address allowable expenses, dollar thresholds by category and the requirement of documentation to support the expense**. **However, the policy is not comprehensive regarding the various types of reimbursements that the Hospice provides such as parking and mileage which are not mentioned in the policy. Additionally, the policy has some language regarding authorization of types of travel expenses but the titles of required approvers is not stated in the policy.**

h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). - **No exceptions.**

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. - **Not applicable.**

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. - **Not applicable.**

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. **- While the Hospice does have a disaster recovery policy and has supporting evidence of data backups being performed, the formal written policy does not specifically mention the following attributes: (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, and (5) timely application of all available system and software patches/updates.**

l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. - **Not applicable.**

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. - **No exceptions.**

b) For those entities reporting on the non-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period. - **Not applicable.**

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund. - **Not applicable**.

d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved. - **Not applicable**.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged) - **There is no support available on the bank reconciliations selected for testing that would show evidence that the bank reconciliations were prepared within 2 months of the related statement closing date.**

b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged) - **There is no evidence on the bank reconciliations selected for testing that a member of management or board member reviewed the completed bank reconciliations within one month of the reconciliation date.**

c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. **- Two of the bank reconciliations tested contained items aged over 12 months. Neither of the two reconciliations contained evidence that items outstanding over 12 months have been reviewed.**

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). **- No exceptions.**

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees responsible for cash collections do not share cash drawers/registers. - **No exceptions.**
b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit. - **No exceptions.**
c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. - **No exceptions.**
d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation. - **As noted at step #3b above, there is no evidence on the bank reconciliations selected for testing indicating management's review which coincides with the reconciling and verification of the reconciliation of cash collections to the general ledger and/or subsidiary ledger.**

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period. - **No exceptions.**

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered. - **No exceptions.**
   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. - **No exceptions.**
   c) Trace the deposit slip total to the actual deposit per the bank statement. - **No exceptions.**
   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer). - **No exceptions.**
   e) Trace the actual deposit per the bank statement to the general ledger. - **No exceptions.**

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). - **No exceptions.**

9. For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase. - **No exceptions.**
   b) At least two employees are involved in processing and approving payments to vendors. - **No exceptions.**

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files. - **No exceptions.**
d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments - **No exceptions.**
e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means. - **No exceptions.**

10. For each location selected under procedure #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity - **No exceptions.**
b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9, as applicable. - **No exceptions.**

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements. - **No exceptions.**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. - **No exceptions.**

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and - **No exceptions.**
b) Observe that finance charges and late fees were not assessed on the selected statements. - **No exceptions.**

14. Using the monthly statements or combined statements selected under procedure #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. - **Of the 32 credit card transactions tested, two transactions had no receipt or purchase documentation. Of the 32 credit card transactions tested, 2 transactions had no documented business purpose support. For 6 of the meal charges, the name(s) of the individual(s) who participated in the meals were not documented on the receipt. For the two transactions tested with missing receipts, there was no "missing receipt" report available.**

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

    a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov). - **No exceptions.**
    b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. - **No exceptions.**
    c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1g). - **No exceptions.**
    d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. - **No exceptions.**

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

    a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law. - **Not applicable.**
    b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter). - **Not applicable.**
    c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval). - **Not applicable.**

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract. - **No exceptions.**

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. - **No exceptions.**

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). - **No exceptions.**
    b) Observe whether supervisors approved the attendance and leave of the selected employees or officials. - **No exceptions.**
    c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. - **No exceptions.**
    d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file. - **No exceptions.**

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy. - **No exceptions.**

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines. - **No exceptions.**

Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain ethics documentation from management, and

    a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and - **Not applicable.**
    b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. - **Not applicable.**

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. **-Not applicable.**

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution. - **Not applicable.**

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants). - **Not applicable.**

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523. **- Not applicable.**

26. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. - **The notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds was not located on the Hospice's website. Prior to the issuance of this report, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds was added to the Hospice's website.**

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted. **- We performed the procedure and discussed the results with management.**
    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. **- We performed the procedure and discussed the results with management.**
    c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor. **- We performed the procedure and discussed the results with management.**

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network. - **No exceptions.**
29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:167. **- Not applicable.**

Prevention of Sexual Harassment

30. Using the 5 randomly selected employees/officials from procedure #17 under Payroll and Personnel above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343. **- Not applicable.**

31. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website). **- Not applicable.**

32. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344: **- Not applicable.**

    a) Number and percentage of public servants in the agency who have completed the training requirements.
    b) Number of sexual harassment complaints received by the agency.
    c) Number of complaints which resulted in a finding that sexual harassment occurred.
    d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
    e) Amount of time it took to resolve each complaint.

We were engaged by the Hospice to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Hospice and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
October 29, 2024

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October 29, 2024

To Management and the Board of Directors of
The Hospice Foundation of Greater Baton Rouge and Subsidiaries
Baton Rouge, Louisiana

In planning and performing our audit of the consolidated financial statements of The Hospice Foundation of Greater Baton Rouge ("the Hospice") and Subsidiaries ("the Organization") as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 29, 2024 on the consolidated financial statements of the Organization. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

<u>Approval of Journal Entries</u>

We noted during our current and prior audits that upper management and the Board is actively involved in the monthly review of The Hospice's financial statements which includes investigating any unusual account balances or fluctuation from one period to the next. However, there is no formal review of manual non-recurring type journal entries being performed.

<u>Recommendation</u>: We recommended and continue to recommend as a best practice, that someone involved in upper management with adequate knowledge of the financial reporting of the Hospice, who is not directly involved in the recording of journal entries to the accounting system, review and approve all manual non-recurring type journal entries. Evidence of this review should be documented via signature or other means such as an email approval.

Management's Response: Management intends to establish a clear review and approval process for manual non-recurring type journal entries and that review and approval will be documented via signature or other means such as an email approval. Upper management and the Board continue to remain actively involved in the monthly review of the financial statements as a mitigating control.

Bank Statements and Bank Reconciliations

We noted during our current and prior audits that a billing specialist is reviewing bank statements monthly for collections of receivables and that the CEO is reviewing and signing all checks prior to releasing for payment. The CEO is also reviewing a check register of payments disbursed. However, there is no formal review of the monthly bank statements and bank reconciliations by someone other than the preparer.

Additionally, during our current year audit, we noted that the bank reconciliations that were initially provided to us were not in agreement with the general ledger and contained several outstanding payments that were aged greater than one year. Updated reconciliations were provided during fieldwork by management that were in agreement with the general ledger. We did note that turnover in the Hospice's outsourced accounting function occurred near year-end and this was possibly a contributing factor in the bank reconciliations initially not being in agreement with the general ledger. We noted that significant aged items were still included as outstanding checks in the reconciliations and needing further investigation.

Recommendation: We recommended and continue to recommend as a best practice, that someone involved in upper management with adequate knowledge of the cash receipts and disbursements of the Hospice, who is not directly involved in the bank reconciliation preparation, begin independently accessing the unopened bank statements via mail or online banking access and review the detailed statements receipts and disbursements activity each month. We further recommended and continue to recommend that the same individual above begin reviewing and approving the monthly bank reconciliations after they are prepared. The bank reconciliation review should ensure that reconciliation balances agree to the general ledger and that older outstanding items are investigated for further action such as clearing from the reconciliation if necessary or submitting to the appropriate agency as unclaimed property. Evidence of these reviews should be documented via signature or other means such as email approval.

Management's Response/Corrective Action Taken: In 2024, the Director of Accounting has begun accessing the unopened bank statements and reviewing the activity each month and documenting her signature as evidence of review. Management is currently evaluating the other recommendations of how to accomplish review of the monthly bank reconciliations and investigation of the older outstanding items on the bank reconciliation.

Review of Accounts Receivable

We noted during our current and prior audits that management and billing specialist(s) are conducting monthly meetings to review receivables for collectability. However, two of the accounts receivable modules (Wellsky/Consolo and the legacy Netsmart module) were not being reviewed throughout the year for collectability of the outstanding items.

Additionally, during our current year audit we noted that the accounts receivable aging(s) provided to us were not in agreement with the general ledger. After further investigation, it was determined that an adjustment was needed to the general leger balances of accounts receivable and revenues in order for them to be in agreement with the accounts receivable aging schedules. We did note that turnover in the Hospice's outsourced accounting function occurred near year-end and this was possibly a contributing factor in the accounts receivable aging(s) not being in agreement with the general ledger.

Recommendation: We recommended and continue to recommend that upper management and the billing specialist(s) continue to review the accounts receivables listings for collectability on a minimum of a quarterly frequency. This should include all modules that contain patient billings.

We further recommend that the accounts receivable aging schedules be reconciled each month for agreement with the general ledger balance.

Management's Response: The monthly meetings to review receivables for collectability will be inclusive of all modules that contain patient billings. The legacy netsmart module is no longer utilized and going forward will not contain any balances that would require review for collectability.

Management will evaluate the additional recommendations and determine the appropriate process for ensuring accounts receivable aging schedules are in agreement with the general ledger each month.

Review of Payroll Register

We noted during our current and prior audits that certain members of human resources, management, and the department heads are reviewing payroll inputs on a frequent basis and that the CEO or COO are approving pay rate authorization forms for new hires and pay rate changes. However, there is no formal review of the payroll register prior to disbursement of funds.

Recommendation: We recommended and continue to recommend as a best practice, that someone involved in upper management with adequate knowledge of the payroll details of the Hospice, who is not directly involved in processing payroll, review and approve the bi-weekly payroll register for reasonableness and accuracy prior to payroll being released. Evidence of this review should be documented via signature or other means such as email approval.

Corrective Action Taken: In 2024, the Director of Accounting has begun initialing the bi-weekly payroll register as evidence of their review.

Accounting Records for BW-HBR, L.L.C.

We noted during our current and prior audits that the account balances of BW-HBR, L.L.C. (a wholly owned corporation that is consolidated in the audited financial statements) are being included in The Hospice of Greater Baton Rouge's general ledger.

Recommendation: We recommended and continue to recommend as a best practice, that the accounting records, transactions, and account balances of BW-HBR, L.L.C. be recorded in a separate general ledger. This is recommended to increase the transparency and value of the amount of land, future construction in progress and future assets, if applicable, of BW-HBR, L.L.C. Additionally, once the Retreat is constructed and it is determined which entity owns the building, there will be additional considerations regarding the financial impact of Hospice's use of BW-HBR, L.L.C.'s land.

Management's Response: Management is currently evaluating this recommendation of how best to accomplish separate recordkeeping for BW-HBR, L.L.C. and is also performing due diligence on the possibility of dissolution of the entity and formal donation of the land to the Hospice.

Accounting Records for LME

During our current audit, Louisiana Medical Equipment, LLC (LME) was formed by the Hospice in which the Hospice is the 100% owner. Given the circumstance that LME is in its infancy stage and the accounting records have not been adjusted to reflect all transactions in accordance with generally accepted accounting principles, we did not audit the financial records of LME. A qualified audit opinion was issued with respect to this matter.

Recommendation: We recommend that the operations of LME be evaluated further by management and that the accounting records and all transactions be recorded in accordance with generally accepted accounting principles. This is including but not limited to, (a) the tracking of inventory purchases and usage as well as periodic inventory counts, (b) the classification of consumable inventories vs. multi-year and multi-patient use fixed assets, (c) internal revenue charge rates established (if applicable) for Hospice's use of LME assets for its patients, and (d) the reconciling of all intercompany transactions such as salaries and expenses paid by Hospice on LME's behalf. Proper accounting treatment is necessary to ensure that the results and operations of LME are being captured in accordance with generally accepted accounting principles in the consolidated financial statements of the Organization. Lastly, we recommend that the financial statements and key financial transaction cycles of LME be subject to the same oversight processes used by Hospice.

Management's Response: Management is currently evaluating this recommendation of how best to account for LME transactions and financial records in accordance with generally accepted accounting principles. One such action taken is an inventory management system is now being utilized in 2024.

Accounting for Promises to Give

We noted during our current and prior year audits, that a significant amount of multi-year promises to give were contributed by donors to the Hospice for constructing of the Retreat. These promises to give were not accounted for in accordance with generally accepted accounting principles resulting in significant adjustments recorded in the current and prior year to recognize the multi-year promises to give as contribution revenue and receivables. In addition, significant adjustments were recorded in the current year to apply amounts collected against prior year recognized promises to give receivables that were incorrectly recorded as contribution revenue in the current year. The Hospice had not historically received or had extensive experience with multi-year promises to give contributions.

Recommendation: We recommended and continue to recommend that the Hospice maintain a schedule of promises to give receivables and account for them in accordance with the applicable accounting principles where written multi-year promises to give are recorded in full in the year pledged and that subsequent collections of such receivables are applied against the promise to give receivables balance as opposed to recording of revenue in the period collected. Proper tracking of promises to give is necessary to ensure contribution revenue is recognized in the appropriate accounting period.

Management's Response: Management is currently evaluating this recommendation of how best to accomplish the tracking of promises to give in accordance with the applicable accounting guidance. A promises to give schedule including original date of pledge and outstanding receivables due will be monitored and reconciled to the financial statements going forward.

Other Recommendations: The Organization currently utilizes the services of an outsourced CFO and accounting team. We recommended and continue to recommend that the Organization consider hiring an internal Controller or Chief Financial Officer (CFO). This would significantly benefit the Organization given the growth in operations, formation of a new medical equipment company, and the construction and operation of the retreat center. An internal Controller or CFO would benefit the Organization in several areas including:

Compliance and Reporting

1. Review of internal financial processes for areas of improvement.
2. An additional level of segregation of duties and oversight.
3. Ensuring financial reporting is derived from accurate and reliable source data most notably for receivables and revenues from the electronic patient and billing systems.

Other Areas

1. Strategic Financial Leadership: A dedicated Controller or CFO can provide the Organization with strategic financial leadership and guidance, ensuring that financial decisions align with long-term goals and objectives.
2. Financial Planning and Analysis: An internal Controller or CFO can establish robust financial planning and analysis processes, enabling the Organization to make data-driven decisions and enhance financial performance.
3. Organizational Risk Management: With the increasing complexity of financial regulations and risk management, having a Controller or CFO on-site will ensure that the Organization is well-prepared to navigate these challenges.
4. Cost Control: A Controller or CFO can help identify cost-saving opportunities, optimize operational expenses, and improve overall financial health.
5. Cash Flow Management: An in-house Controller or CFO can oversee cash flow management, ensuring sufficient liquidity and minimizing financial risk.

We recommended and continue to recommend considering the hiring of a full-time Controller or CFO who can provide the expertise and leadership necessary to drive financial success. This individual would work closely with the executive team, aligning financial strategies with the Organization's overall vision.

This communication is intended solely for the information and use of management, the Board of Directors, others within the Organization, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be, and should not be, used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP