



Donovan CPAs

The Board of Directors
Stillwater Hospice, Stillwater Foundation, and Affiliate
Indianapolis, Indiana

We audited the consolidated financial statements of Visiting Nurse and Hospice Home, Inc. d/b/a Stillwater Hospice (Stillwater Hospice), Visiting Nurse and Hospice Home Foundation, Inc. d/b/a Stillwater Foundation (Stillwater Foundation), and Kosciusko Home Care and Hospice, Inc. (KHCH), collectively referred to as the Corporation, as of and for the years ended December 31, 2023 and 2022 and issued our report thereon dated November 13, 2024. Professional standards require us to provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audits. We communicated such information in our letter to you dated March 11, 2024. Professional standards require us to communicate to you the following information related to our audits.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Notes 2 and 3 to the financial statements. The Corporation adopted Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* during the year ended December 31, 2023, which introduced a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade and other receivables. The adoption of this accounting standards update did not have a material impact on the Corporation's financial position or the result of its operations and cash flows.

We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility future events affecting them may differ significantly from those expected. We identified the following significant estimates during the audits: 1) allowance for uncollectible accounts, contractual discounts, and charity discounts on patient services, 2) allocation of functional expenses, 3) valuation of investments, and 4) depreciation expense. We examined the methodologies used by management to determine these estimates and believe them to be reasonable.

Significant Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We direct your attention to Note 10 for a discussion of the Employee Retention Credits.

The consolidated financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audits

We encountered no significant difficulties in dealing with management in performing and completing our audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those which are clearly trivial, and communicate them to the appropriate level of management. Adjustments identified as a result of our audit procedures are presented on page 3.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report no such disagreements arose during the course of our audits.

Management Representations

We requested certain representations from management which were provided in the management representation letter dated November 4, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's consolidated financial statements or a determination of the type of auditor's opinion which may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.



Donovan CPAs
Indianapolis, Indiana
November 13, 2024

Proposed and Corrected Audit Adjustment
For the Year Ended December 31, 2023

Stillwater Hospice

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 101			
PAJE<101> To correct depreciation expense.			
1-A0-6640-00	Miscellaneous	235.00	
1-Z0-7800-00	Gain or Loss on Asset Disposals	83.00	
0-00-1950-50	Furniture & Equipment - A.D.		1.00
1-Z0-6950-30	Building Depreciation		317.00
Total		318.00	318.00
Adjusting Journal Entries JE # 102			
PAJE <102> To adjust net asset restrictions in line with schedule.			
0-00-2600-00	Temporarily Restricted Net Assets	50,000.00	
0-00-2601-00	Net Assets - Board Restricted	600,000.00	
0-00-2500-00	Unrestricted Net Assets		650,000.00
Total		650,000.00	650,000.00
Adjusting Journal Entries JE # 103			
PAJE <103> To adjust investment in Foundation to agree with Foundation activity.			
1-Z0-7890-00	Subsidiary Earnings	6,511.00	
0-00-1715-00	Investment in Foundation Subsidiary		6,461.00
1-Z0-8000-00	Other Income		50.00
Total		6,511.00	6,511.00
Adjusting Journal Entries JE # 104			
PAJE <104> To record increase in allowance for credit loss based on identified potential bad debt and estimates.			
4-90-3570-10	Bad Debt Allowance Accrual	129,000.00	
0-00-1350-00	Allowance for Doubtful Accounts		129,000.00
Total		129,000.00	129,000.00

Adjusting Journal Entries JE # 105

PAJE <105> To record full balance of Community Foundation of Greater Fort Wayne endowment fund.

0-00-1702-00	Endowment	42,624.00	
DCPA022	Endowment Earnings		2,949.00
DCPA028	Unrealized Gain/Loss on CFGFW Endowment Fund #2		39,675.00
Total		42,624.00	42,624.00

Adjusting Journal Entries JE # 106

PAJE <106> To adjust investment income to match statements.

1-A0-6640-00	Miscellaneous	11,300.00	
1-Z0-7830-00	Unrealized Gain/Loss on PNC Inv		11,300.00
Total		11,300.00	11,300.00

Adjusting Journal Entries JE # 107

PAJE <107> To propose adjustment to updated construction in progress for services completed through December 31, 2023 and record retainage liability.

0-00-1900-80	Construction in Process	148,797.00	
DCPA029	Accrued Construction Expense		98,515.00
DCPA030	Retainage Payable on CIP		50,282.00
Total		148,797.00	148,797.00

Stillwater Foundation**Adjusting Journal Entries JE # 101**

PAJE <101> To adjust restricted net assets in line with schedule.

F-00-2600-00	Temporarily Restricted Net Assets	146,848.00	
F-00-2500-00	Unrestricted Net Assets		146,848.00
Total		146,848.00	146,848.00

Adjusting Journal Entries JE # 102

PAJE <102> To adjust investment income accounts to match statements.

F-Z0-7700-00	Bank Interest Income	12,955.00	
F-Z0-7710-00	Investment Income		12,955.00
Total		12,955.00	12,955.00

KHCH

Adjusting Journal Entries JE # 101

PAJE <101> To remove balance of patient receivables at 12/31/23 as patients were transferred to VNHH and funds received by VNHH.

4501	Revenue	215,299.00	
1110	Accounts Receivable		215,299.00
Total		215,299.00	215,299.00

Adjusting Journal Entries JE # 102

PAJE <102> To add back KHCH investment account that was removed from trial balance and correct net assets.

1800	Investments	574,151.00	
3010	Unrestrict (Retained Earnings)		574,151.00
Total		574,151.00	574,151.00

Adjusting Journal Entries JE # 103

PAJE <103> To close out January to February net income to net assets.

3010	Unrestrict (Retained Earnings)	42,756.00	
4000	Hospice Patient Revenue	221,886.00	
4000.3	Private Duty Patient Revenue	108.00	
4000.6	Palliative Patient Revenue	2,799.00	
4000.7	VA Patient Revenue	24,476.00	
8021	Donations - Memorials	1,310.00	
8022	Donations	713.00	
8601	Interest Income	19,573.00	
8602	Other Income -	340.00	
8603	Fundraiser	425.00	
8604	Flu Shot Income	47.00	
8608	Unrealized Gains From Investmen	13,842.00	
8611	Unrestricted Operational Grants	5,250.00	
8613	County Commissioners	8,333.00	
8619	Med Ass't Vouchers	8,385.00	
8621	Med Ass't Medical Vouchers	1,854.00	
8622	Dental Ass't Vouchers	3,500.00	
8623	Dental Voucher Kid's Smile	2,200.00	
8624	Dental Ass't Office	4,480.00	
8625	Restricted Income Help Center	27,737.00	
5113	Hospice Denials		11,380.00
5114	Hospice Contractual Allowances		2,988.00
5144.0	Homecare Contractual Allowances		167.00
6103.0	Diagnostics -		276.00
6104.0	Long-Term R&B Care		31,124.00
6106	Lab Fees		22.00
6108	Equipment Rental		8,666.00

6110	Patient Medical Supplies	3,301.00
6111	Medication	23,484.00
6114	Transportation	1,888.00
6120	Service Charges	73.00
6150	Depreciation	2,099.00
6160	Dues & Subscriptions	1,335.00
6183	General Liability Insurance	3,408.00
6195	Payroll Processing Service	1,440.00
6200	Legal Fees	13,539.00
6211	Advertising	594.00
6212	Marketing	1,283.00
6214	Postage & Mntce	974.00
6232	Software Licenses	8,216.00
6235	Computer Maintenance	2,217.00
6241	Mileage Reimbursement	1,368.00
6241.1	Mileage Reimb-Skilled Nursing	3,992.00
6241.2	Mileage Reimb-Home Health Aide	1,873.00
6241.3	Mileage Reimb-Medical Social Wo	299.00
6241.4	Mileage Reimb-Physical Therapy	4.00
6241.7	Mileage Reimb-HMK	251.00
6241.8	Mileage Reimb-PC	363.00
6248	Office Supplies & Expenses	2,712.00
6249	Business Meals	809.00
6251	Water	60.00
6280	Recognition & Gifts	1,307.00
6290	Rent	7,502.00
6308	Document Disposal / Security	509.00
6342	Internet Connection	1,213.00
6343	Answering Service	675.00
6345	Cellular Phones	782.00
6346	Monthly Telephone Service	636.00
6352	Educational Material	229.00
6353	Meals	376.00
6354	Seminars & Conferences	6,934.00
7800	Wages - Administration	52,279.00
7804	Wages Medical Director	16,313.00
7821	Wages Skilled Nursing	48,377.00
7822	Wages Aides	7,096.00
7823	Wages Medical Social Worker	21,591.00
7824	Wages Physical Therapy	3,577.00
7827	Wages Homemaker	1,915.00
7828	Wages Pastoral Counselor	7,145.00
7888	Wages Med Ass't Admin	898.00
7890	Wages - Med Ass't Clerical	15,261.00
7900	Employee Benefits	1,331.00

7901	Insur-Group Health, AD & D		11,993.00
7902	403B Employer Matching		2,956.00
7903	Long Term Disability Ins.		1,256.00
7904	MedStat		132.00
7909	Paid Time Off		13,497.00
8203	Contract Coding Services		660.00
8205	Contract Billing Services		6,047.00
8207	Medication Vouchers		5,546.00
8209	Miscellaneous		150.00
8211	Medical Supplies Vouchers		1,862.00
8212	Dental Vouchers		5,200.00
8213	Kid's Smile Vouchers		650.00
8217	Help Center Allocation		196.00
8350	Run/Walk Fundraiser Expense		33.00
8542	Payroll Taxes		13,685.00
Total		390,014.00	390,014.00

Adjusting Journal Entries JE # 104

PAJE <104> To correct investment income accounts to match statements.

8001	Other Income & Expense	24,917.00	
8601	Interest Income		18,258.00
8608	Unrealized Gains From Investments		6,659.00
Total		24,917.00	24,917.00

Adjusting Journal Entries JE # 105

PAJE <105> To correct depreciation expense.

6150	Depreciation	1,050.00	
8209	Miscellaneous		1,050.00
Total		1,050.00	1,050.00