

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of MQVN Community Development Corporation, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MQVN Community Development Corporation, Inc. as of June 30, 2025 and 2024, and the 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 Opinion

We conducted our audits in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MQVN Community Development Corporation, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MQVN Community Development Corporation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.,
New Orleans, Louisiana
June 9, 2026

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 MQVN Community Development Corporation, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MQVN Community Development Corporation, Inc.'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.



To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.,
New Orleans, Louisiana
June 9, 2026

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2026, on our consideration of MQVN Community Development Corporation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of MQVN Community Development Corporation, Inc.'s 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 MQVN Community Development Corporation, Inc.'s internal control over financial reporting and compliance.

June 9, 2026
New Orleans, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 2,852,213	\$ 4,492,309
Investments	3,174,012	2,000,000
Patient accounts receivable	253,712	181,493
Grants receivables	696,516	304,152
Prepaid expenses	<u>48,547</u>	<u>60,249</u>
Total current assets	<u>7,025,000</u>	<u>7,038,203</u>
<u>NON-CURRENT ASSETS:</u>		
Operating right-of-use assets, net of accumulated amortization	199,573	-
Property and equipment, net	<u>1,904,138</u>	<u>1,976,807</u>
Total non-current assets	<u>2,103,711</u>	<u>1,976,807</u>
Total assets	<u><u>\$ 9,128,711</u></u>	<u><u>\$ 9,015,010</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable and accrued expenses	\$ 386,031	290,830
Operating lease liabilities, current portion	<u>36,452</u>	<u>-</u>
Total current liabilities	<u>422,483</u>	<u>290,830</u>
<u>LONG-TERM LIABILITIES:</u>		
Operating lease liabilities, net of current portion	<u>163,121</u>	<u>-</u>
Total long-term liabilities	<u>163,121</u>	<u>-</u>
Total liabilities	<u>585,604</u>	<u>290,830</u>
<u>NET ASSETS:</u>		
Without donor restrictions	8,543,107	8,724,180
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>8,543,107</u>	<u>8,724,180</u>
Total liabilities and net assets	<u><u>\$ 9,128,711</u></u>	<u><u>\$ 9,015,010</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND OTHER SUPPORT:</u>			
Patient service revenue	\$ 1,517,996	\$ -	\$ 1,517,996
Community health centers grant revenue	1,758,330	-	1,758,330
Other grants and contract revenue	224,411	-	224,411
Insurance incentives	254,918	-	254,918
Other revenues	434,016	-	434,016
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue, gains, and other support	 <u>4,189,671</u>	 <u>-</u>	 <u>4,189,671</u>
<u>EXPENSES:</u>			
Program services	3,387,066	-	3,387,066
Supporting services:			
Management and general	<u>983,678</u>	<u>-</u>	<u>983,678</u>
 Total expenses	 <u>4,370,744</u>	 <u>-</u>	 <u>4,370,744</u>
<u>CHANGE IN NET ASSETS</u>	(181,073)	-	(181,073)
 Net assets - beginning of year	 <u>8,724,180</u>	 <u>-</u>	 <u>8,724,180</u>
 Net assets - end of year	 <u><u>\$ 8,543,107</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 8,543,107</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND OTHER SUPPORT:</u>			
Patient service revenue	\$ 1,708,327	\$ -	\$ 1,708,327
Community health centers grant revenue	2,085,304	-	2,085,304
Other grants and contract revenue	150,068	-	150,068
Insurance incentives	57,771	-	57,771
Other revenues	61,283	-	61,283
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue, gains, and other support	 <u>4,062,753</u>	 <u>-</u>	 <u>4,062,753</u>
<u>EXPENSES:</u>			
Program services	3,482,681	-	3,482,681
Supporting services:			
Management and general	<u>822,454</u>	<u>-</u>	<u>822,454</u>
 Total expenses	 <u>4,305,135</u>	 <u>-</u>	 <u>4,305,135</u>
<u>CHANGE IN NET ASSETS</u>	(242,382)	-	(242,382)
 Net assets - beginning of year	 <u>8,966,562</u>	 <u>-</u>	 <u>8,966,562</u>
 Net assets - end of year	 <u><u>\$ 8,724,180</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 8,724,180</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>		<u>Supporting Services</u>	
	<u>Health Care Clinic</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 2,124,865	\$ 2,124,865	\$ 276,529	\$ 2,401,394
Payroll taxes and related benefits	<u>269,413</u>	<u>269,413</u>	<u>31,924</u>	<u>301,337</u>
Total salaries and related expenses	2,394,278	2,394,278	308,453	2,702,731
Travel/meetings	53	53	47,625	47,678
Operating services	19,653	19,653	192,931	212,584
Office supplies	13,075	13,075	25,757	38,832
Professional services	39,970	39,970	263,423	303,393
Occupancy/utilities	450	450	47,135	47,585
Health Clinic	-	-	-	-
Pharmaceuticals and lab fees	181,687	181,687	-	181,687
Professional medical services and dues	92,951	92,951	-	92,951
Medical supplies	456,326	456,326	-	456,326
Coding, billing and collection services	151,172	151,172	-	151,172
Equipment/maintenance	37,451	37,451	10,812	48,263
Depreciation	-	-	85,572	85,572
Other expenses	<u>-</u>	<u>-</u>	<u>1,970</u>	<u>1,970</u>
Total functional expenses	<u>\$ 3,387,066</u>	<u>\$ 3,387,066</u>	<u>\$ 983,678</u>	<u>\$ 4,370,744</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services		Supporting Services	
	Health Care Clinic	Total Program Services	Management and General	Total
Salaries and wages	\$ 2,322,366	\$ 2,322,366	\$ 302,232	\$ 2,624,598
Payroll taxes and related benefits	290,023	290,023	34,366	324,389
Total salaries and related expenses	2,612,389	2,612,389	336,598	2,948,987
Travel/meetings	35	35	31,474	31,509
Operating services	13,500	13,500	132,530	146,030
Office supplies	22,000	22,000	43,338	65,338
Professional services	20,367	20,367	134,228	154,595
Occupancy/utilities	408	408	42,745	43,153
Health Clinic				
Pharmaceuticals and lab fees	266,704	266,704	-	266,704
Professional medical services and dues	99,903	99,903	-	99,903
Medical supplies	243,973	243,973	-	243,973
Coding, billing and collection services	163,495	163,495	-	163,495
Equipment/maintenance	39,907	39,907	11,521	51,428
Depreciation	-	-	87,161	87,161
Other expenses	-	-	2,859	2,859
Total functional expenses	<u>\$ 3,482,681</u>	<u>\$ 3,482,681</u>	<u>\$ 822,454</u>	<u>\$ 4,305,135</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM (USED FOR)</u>		
<u>OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (181,073)	\$ (242,382)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	85,572	87,161
Bad debt expense	-	50,737
Noncash lease expense	199,573	-
(Increase) decrease in assets:		
Patient accounts receivable	(72,219)	73,108
Grants receivable	(392,364)	13,597
Prepaid expenses	11,702	14,142
(Increase) decrease in liabilities:		
Accounts payable and accrued liabilities	95,201	107,145
Operating lease liabilities	<u>(199,573)</u>	<u>-</u>
Net cash from (used for) operating activities	<u>(453,181)</u>	<u>103,508</u>
<u>CASH FLOWS FROM (USED FOR)</u>		
<u>INVESTING ACTIVITIES:</u>		
Proceeds from (purchase of) certificates of deposit	(1,174,012)	(2,000,000)
Purchases of property and equipment	<u>(12,903)</u>	<u>(137,674)</u>
Net cash from (used for) investing activities	<u>(1,186,915)</u>	<u>(2,137,674)</u>
<u>CASH FLOWS FROM (USED FOR)</u>		
<u>FINANCING ACTIVITIES:</u>		
Payments on note payable	<u>-</u>	<u>(17,108)</u>
Net cash (used for) financing activities	<u>-</u>	<u>(17,108)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,640,096)</u>	<u>(2,051,274)</u>
Cash and cash equivalents, beginning of year	<u>4,492,309</u>	<u>6,543,583</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,852,213</u></u>	<u><u>\$ 4,492,309</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

MQVN Community Development Corporation, Inc. (MQVN-CDC) is a non-profit whose mission is to preserve and promote unique diversity and improve the quality of life of residents in Greater New Orleans, beginning in New Orleans East. Projects include environmental justice, workforce development, healthcare, social services, economic development, culture and the arts. MQVN-CDC operates NOELA Community Health Center that provides primary care services to the adult and pediatric populations within New Orleans East community and its surrounding neighborhoods who suffer from limited access to health care.

Basis of Accounting and Financial Reporting Framework

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly revenues and gains are recognized when earned, and expenses and losses are recognized when incurred in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors. The revenues received in conducting the mission of the Corporation are included in this category.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to recognition of amounts expected to be received for patient services as patient service revenue, allocation of functional expenses, and depreciable lives of property, plant, and equipment.

Risk Management

Effective August 13, 2003, The U.S. Department of Health and Human Services deemed the Corporation and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. U.S. GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Corporation's claim experience, no such accrual has been made. However, because of the risk in providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are recorded at fair market value based on market quotations and consist of money market accounts and certificates of deposit. Gains and losses on investments are reported on the statement of activities as increases or decreases in net assets without donor restrictions. Dividend, interest and other investment income are reported in the period earned in the statement of activities as increases in net assets without donor restrictions. Investment return is presented net of investment fees.

The Organization discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Investments are recorded at fair value on a recurring basis. Nonrecurring fair value adjustments, if any, would typically involve donated property and equipment. There were no material nonrecurring fair value adjustments in 2025 and 2024. The three levels of the fair value hierarchy are described below:

Level 1 lies at the top of the hierarchy. Inputs are quoted prices in active markets.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Levels 1 and 2, or transfers into and out of Level 3 in 2025 and 2024. If such transfers were to occur, they would be recognized as of the actual date of the event.

All investments held by the Organization are categorized as Level 2 investments within the fair value hierarchy.

The Organization's measurements of fair value are made on a recurring basis, and their valuation techniques (no changes in 2025 and 2024) for assets and liabilities recorded at fair value are as follows:

Certificates of Deposit: Valued at cost plus accrued interest, which approximates fair value.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Organization believes its valuation method is 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.

Certificates of Deposit

Certificates of deposit at June 30, 2025 earned interest at rates ranging from 3.83% to 4.00% with maturity dates ranging from September 4, 2025 to April 4, 2026. Certificates of deposit at June 30, 2024 earned interest at rates ranging from 5.15% to 5.27% and matured in October 2024. The certificates were subject to penalties for early withdrawal; however, any such penalties would not have had a material impact on the financial statements.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable and Patient Service Revenue

Patient service revenue and receivables are reported at the amount that reflects the consideration MQVN-CDC expects to be entitled for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Generally, MQVN-CDC bills the patients and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by MQVN-CDC. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. MQVN-CDC believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. MQVN-CDC measures the performance obligation from the beginning of treatment to the point when it is no longer required to provide services to that patient.

These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

Because its performance obligations relate to contracts with a duration of less than one year, MQVN-CDC has elected to apply the optional exemption provided in FASB ASC 606-10-60-14(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. The performance obligations for these contracts are generally completed when the patients no longer require services, which generally occurs within days or weeks of the end of the reporting period.

As provided for under the guidance, MQVN-CDC 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 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.

MQVN-CDC is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. MQVN-CDC accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for services performed. Based on historical collection trends and other analyses, MQVN-CDC has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable and Patient Service Revenue (Continued)

MQVN-CDC has agreements with third-party payers that provide payments to MQVN-CDC at amounts different from charged rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, case rates, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third party payers and others for services rendered.

MQVN-CDC participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. MQVN-CDC is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submissions of annual cost reports by MQVN-CDC and audits thereof by the Medicare/Medicaid fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

MQVN-CDC also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to MQVN-CDC under these agreements includes prospectively determined rates per discharge, reimbursed cost, discounts from billed charges, case rates, and daily rates.

MQVN-CDC determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies, and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration MQVN-CDC expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductible and coinsurance, which vary in amount. MQVN-CDC estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2025 and 2024.

Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and final settlements are determined.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Management closely monitors outstanding receivable balances and estimates probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivables. Management has determined that no valuation allowance was required at June 30, 2025 and 2024.

Patient Accounts Receivables and Credit Policy

Patient accounts receivable are reported at the amount that reflects the consideration to which MQVN-CDC expects to be entitled in exchange for providing patient care services. Patient accounts receivable are recorded in the accompanying statements of financial position net of contractual adjustments and explicit and implicit price concessions, which reflect management's estimate of the transaction price. MQVN-CDC estimates the transaction price based on negotiated contractual agreements, historical experience, and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts (including explicit price concessions), and implicit price concessions, and is recorded through a reduction of gross revenue and a credit to patient accounts receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

MQVN-CDC does not have a policy to charge interest on past due accounts.

Allowance for Contractual Adjustments – Insured Patients

Billings under managed care plans are based primarily on payment terms involving predetermined rates per diagnosis, per diem rates, discounted rates and/or other similar contractual arrangements. These billings are also subject to review and possible audit by the payors, which can take several years before they are completely resolved. The payors are billed for patient services on an individual patient basis. An individual patient's bill is subject to adjustment on a patient-by-patient basis in the ordinary course of business by the payors following their review and adjudication of each particular bill.

MQVN-CDC estimates the discounts for contractual allowances utilizing billing data on an aggregated (portfolio) approach, assessing recent historical collections by payor. MQVN-CDC estimates expected reimbursement for patients of managed care plans based on the applicable contract terms and historical performance.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Contractual Adjustments – Insured Patients (Continued)

Some of the factors that can contribute to changes in the contractual allowance estimates include: (1) changes in reimbursement levels for procedures, supplies and drugs when threshold levels are triggered; (2) changes in reimbursement levels when stop loss or outlier limits are reached; (3) changes in the admission status of a patient due to physician orders subsequent to initial diagnosis or testing; (4) final coding of in house and discharged not final billed patients that change reimbursement levels; (5) secondary benefits determined after primary insurance payments; and (6) reclassification of patients among insurance plans with different coverage and payment levels.

Contractual allowance estimates are periodically reviewed for accuracy by taking into consideration known contract terms, as well as payment history. MQVN-CDC believes its estimation and review process enables it to identify instances on a timely basis where such estimates need to be revised. MQVN-CDC does not believe there were any adjustments to estimates of patient bills that were material to its revenues during the years ended June 30, 2025 and 2024. In addition, MQVN-CDC does not record any general provision for adjustments to estimated contractual allowances for managed care plans. Managed care accounts, net of contractual allowances recorded, are further reduced to their net realizable value through implicit price concessions based on historical collection trends for these payors and other factors that affect the estimation process.

Allowance for Credit Losses – Uninsured Patients

Uninsured patients (also referred to as “self-pay”) are patients who do not qualify for government program payments, such as Medicare and Medicaid, and do not have some form of private insurance and, therefore, are responsible for their own medical bills.

Uninsured accounts receivable, which include amounts due from uninsured patients, as well as co-pays, co-insurance amounts and deductibles owed to MQVN-CDC by patients with insurance, pose significant collectability problems. A significant portion of implicit price concessions relates to self-pay amounts.

Estimated uncollectable amounts are generally considered implicit price concessions that are a direct reduction to patient accounts receivable rather than allowance for doubtful accounts.

MQVN-CDC records implicit price concessions, primarily related to uninsured patients and patients with co-pays, co-insurance and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts expected to be collected based on collection history with similar patients. Although outcomes vary, MQVN-CDC’s policy is to attempt to collect amounts due from patients, including co-pays, co-insurance and deductibles due from patients with insurance, at the time of service or afterwards, while complying with all federal and state statutes and regulations, including, but not limited to, the Emergency Medical Treatment and Active Labor Act (“EMTALA”).

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses – Uninsured Patients (Continued)

Generally, as required by EMTALA, patients may not be denied emergency treatment due to inability to pay. Therefore, services, including the legally required medical screening examination and stabilization of the patient, are performed without delaying to obtain insurance information.

To assist uninsured patients, MQVN-CDC offers managed care-style discounts to uninsured patients (explicit price concessions). These discounts offered to uninsured patients are recognized as a contractual allowance, which reduces net operating revenues at the time the uninsured accounts are recorded. The uninsured patient accounts, net of contractual allowances recorded, are further reduced to their net realizable value through implicit price concessions based on historical collection trends for uninsured accounts.

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses (entirely related to uninsured accounts) is management's best estimate of the amount of probable credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in income as received.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased and at fair market value when received as a donation. Property and equipment exceeding \$5,000 is capitalized. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 5 to 40 years. Depreciation expense for the years ended June 30, 2025 and 2024 was \$85,572 and \$87,161, respectively.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Incentive Revenue

MQVN-CDC participates in a shared savings agreement with a third party insurer whereby if MQVN-CDC meets certain quality risk metrics as defined in the agreement, the third party will share with MQVN-CDC a percentage of calculated savings. MQVN-CDC recognizes incentive payments as revenue when it is reasonably assured that the quality risk metrics have been achieved. At June 30, 2025 and 2024, MQVN-CDC recorded incentive revenue of \$254,918 and \$57,771 as insurance incentives on the statements of activities.

340B Drug Pricing Program

MQVN-CDC participates in the 340B Drug Pricing Program, which is a US federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices.

Charity Care

In the ordinary course of business, MQVN-CDC renders services to patients who are financially unable to pay for medical care. MQVN-CDC provides care to these patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Charity care eligibility is based on limited or no insurance coverage, income compared to published poverty levels and family size, as well as other factors. Because MQVN-CDC does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

MQVN-CDC maintains records to identify and monitor the level of charity care it provides. Charity care is measured based on MQVN-CDC 's estimated direct and indirect costs of providing charity care services. That estimate is made by multiplying the amount of charges forgone by the estimated cost to charge ratio. The cost of charity care provided during the years ended June 30, 2025 and 2024 was estimated as \$620,118 and \$823,167, respectively.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant and Contributions

Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met. MQVN-CDC receives funds from the United States Department of Health and Human Services (DHHS) through the Health Resources and Services Administration. In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of non-compliance by MQVN-CDC with the terms of the grants. In addition, if MQVN-CDC terminates the activities of the grants, all unexpended federal funds are to be returned to DHHS. The grant agreement requires MQVN-CDC to provide primary healthcare to all requesting individuals; however, the amount an individual actually pays is based on the individual's personal income.

MQVN-CDC receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisition are reported after nonoperating revenue and expenses.

Donated Assets

Donated noncash items are recorded as contributions at their fair value at the date of donation.

Non-Direct Response Advertising

MQVN-CDC expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2025 and 2024 was \$4,924 and \$3,690, respectively.

Leases

The Organization applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The Organization determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization's lease contracts may include extension and termination options. The Organization applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the Organization reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Organization is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate or the risk-free rate. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available, and, therefore, the Organization generally uses the risk-free rate when initially recording leases. The risk-free rate applied is based on the yield on U.S. treasury bonds with similar terms to each individual lease's expected term on the recognition date. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

Current Healthcare Environment

MQVN-CDC monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact MQVN-CDC in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Healthcare Environment (Continued)

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry.

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on MQVN-CDC's financial position and operating results.

Income Tax Status

MQVN-CDC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the MQVN-CDC's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2025, MQVN-CDC did not have any unrelated business income. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements. The 2022 through 2024 tax years remain subject to examination by the IRS. Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management Review

Subsequent events have been evaluated through June 9, 2026, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available at year end and available to meet cash needs for general expenditures within one year as of June 30, 2025 and 2024 were \$6,976,453 and 6,977,954, respectively. No amounts were unavailable for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

MQVN-CDC has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet one year of normal operating expenses. Management believes it has appropriate available financial resources.

(3) PATIENT ACCOUNTS RECEIVABLE AND PATIENT SERVICE REVENUE

Patient Accounts Receivable

MQVN-CDC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements.

The mix of receivables from patients and third-party for the years ended at June 30th was as follows:

	<u>2025</u>	<u>2024</u>
Commercial	\$ 39,866	\$ 40,957
Medicaid	100,951	84,323
Medicare	11,797	34,917
Private Pay	<u>101,098</u>	<u>21,296</u>
Total patient accounts receivable	<u>\$ 253,712</u>	<u>\$ 181,493</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(3) PATIENT ACCOUNTS RECEIVABLE AND PATIENT SERVICE REVENUE
(CONTINUED)

Patient Accounts Receivable (Continued)

The mix of receivables from patients and third-party payers for the years ended June 30th was as follows:

	<u>2025</u>	<u>2024</u>
Commercial	15%	23%
Medicaid	40%	46%
Medicare	5%	19%
Private Pay	<u>40%</u>	<u>12%</u>
Total patient accounts receivable	<u><u>100%</u></u>	<u><u>100%</u></u>

MQVN-CDC recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of estimated contractual rates for the services rendered.

For uninsured patients that do not qualify for the sliding fee program, MQVN-CDC recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of MQVN-CDC's uninsured patients who do not qualify for the sliding fee program will be unable or unwilling to pay for the services provided. Thus, in accordance with ASC 606, MQVN-CDC records only what it expects to collect from these patients in the period the services are provided which is significantly less than what would be collected from an insured patient.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(3) PATIENT ACCOUNTS RECEIVABLE AND PATIENT SERVICE REVENUE
(CONTINUED)

Patient Service Revenue

MQVN-CDC is approved as a Federally Qualified Health Center (FQHC) for both Medicare and Medicaid reimbursement purposes. MQVN-CDC has agreements with third-party payers that provide for payments at amounts different from MQVN-CDC's established rates. These payment arrangements are as follows:

Medicare- Covered FQHC services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. MQVN-CDC is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by MQVN-CDC and audit thereof by the Medicare fiscal intermediary. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medicaid - Covered FQHC services rendered to Medicaid program beneficiaries are paid based on a prospective reimbursement methodology. MQVN-CDC is reimbursed a set encounter rate for all services under the plan. Services not covered under the FQHC benefit are paid based on established fee schedules.

Patient service revenue recognized for the years ended June 30th respectively, as follows:

	<u>2025</u>	<u>2024</u>
Medicaid	\$ 1,002,908	\$ 1,276,027
Medicare	155,170	154,158
Commercial and other	<u>359,918</u>	<u>278,142</u>
Total patient service revenue	<u>\$ 1,517,996</u>	<u>\$ 1,708,327</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30th:

	<u>2025</u>	<u>2024</u>
Land	\$ 204,858	\$ 204,858
Building	2,126,518	2,118,739
Building equipment	105,535	100,410
Medical equipment	428,643	428,643
Office equipment	<u>85,088</u>	<u>85,088</u>
	2,950,642	2,937,738
Less: accumulated depreciation	<u>(1,046,504)</u>	<u>(960,931)</u>
	<u>\$ 1,904,138</u>	<u>\$ 1,976,807</u>

Depreciation expense totaled \$85,572 and \$87,161 for the years ended June 30, 2025 and 2024, respectively.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(5) OPERATING LEASES

As Lessee

The Organization entered into an operating lease agreement commencing March 17, 2025 for office space with an initial term expiring March 16, 2030. Monthly lease payments are \$3,500 through March 16, 2026 and increase to \$4,000 per month for the remainder of the lease term. The lease may be renewed upon written notice by the Organization prior to expiration and otherwise converts to a month-to-month arrangement upon expiration. Operating lease expense related to this agreement totaled \$14,000 for the year ended June 30, 2025.

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 14,000	\$ -
Operating cash flows from operating leases	14,000	-
Right-of-use assets obtained in exchange for new operating lease liabilities	210,743	-
Weighted-average remaining lease term - operating leases	4.60 years	-
Weighted-average discount rate - operating leases	4.10%	-

Future maturity amounts of operating lease liabilities as of June 30, 2025 are as follows:

2026	\$ 44,000
2027	48,000
2028	48,000
2029	48,000
2030	32,000
Less: imputed interest	<u>(20,427)</u>
Net present value of payments	<u>\$ 199,573</u>

(6) NOTE PAYABLE

Long-term obligations consisted of a note payable, collateralized by property at 13085 Chef Menteur Highway, New Orleans that matured on May 1, 2024. There were monthly payments of \$1,206 with a variable interest rate. There was no balance at June 30, 2025 or 2024.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(7) 340B DRUG PRICING PROGRAM

MQVN-CDC participates in the 340B Drug Pricing Program, which is a US federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices. Revenue from the program was \$224,411 and \$150,068 for the years ended June 30, 2025 and 2024, respectively. Expenses related to the program were \$101,022 and \$193,245 for the year ended June 30, 2025 and 2024, respectively. These amounts are included in pharmaceutical expense as program services on the statements of functional expenses.

(8) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of cash and receivables. The Company's policy is to not require receivables to be collateralized. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025 and 2024, cash balances exceed federally insured limits \$2,368,896 and \$3,831,750, respectively. Investment accounts are held with brokerage firms that are members of the Securities Investor Protection Corporation (SIPC), which provides protection up to \$500,000 per customer. At June 30, 2025 and 2024, investment balances exceed SPIC limits \$1,674,012 and \$2,076, respectively. To date, the Organization has not experienced losses in any of these amounts.

The Organization maintains cash deposits and certificates of deposit at financial institutions. The balances at times may exceed federally insured limits. At June 30, 2025 and 2024, there were \$2,368,896 and \$1,500,000 in excess of amounts covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. The Company has not experienced any losses in these accounts.

(9) RETIREMENT PLAN

MQVN-CDC maintains a defined contribution retirement plan under IRS Code Section 403(b). MQVN-CDC has the option to make discretionary matching contributions. The Corporation made \$31,107 and \$25,081 contributions to the plan in the years ended June 30, 2025 and 2024, respectively.

(10) SUBSEQUENT EVENTS

Cybersecurity Incident

Subsequent to December 31, 2025, the Organization experienced a cybersecurity incident involving unauthorized access to its online banking platform. Beginning on July 1, 2025, unknown third parties initiated a series of unauthorized ACH transactions from the Organization's primary operating bank accounts. As a result of the unauthorized activity, approximately \$797,000 was transferred from the Organization's accounts.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(10) SUBSEQUENT EVENTS (CONTINUED)

Cybersecurity Incident (Continued)

Upon discovery of the incident, management immediately notified its financial institution, engaged legal counsel, and reported the matter to federal law enforcement authorities, including the Federal Bureau of Investigation (FBI). The Organization continues to cooperate with ongoing investigations and pursue all available avenues for recovery of the stolen funds.

As of the date the financial statements were available to be issued, the Organization had not received sufficient information to determine the identity of the perpetrators, or the ultimate recipients of the funds. Subsequent to the incident, the Organization received insurance recoveries totaling \$793,192 under its crime insurance policy.

Facility Lease Agreement

Subsequent to June 30, 2025, the Organization entered into a lease agreement for additional office and program space. Management is evaluating the accounting and disclosure implications of the lease agreement, including the future minimum lease commitments and any related right-of-use assets and lease liabilities. The lease did not exist as of June 30, 2025; therefore, no amounts related to the lease have been recorded in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

Schedule "1"
MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2025

	CEO	
	Diem Nguyen	Vacant
Dates of Service	7/1/2024 - 2/1/2025	2/1/2025 - 6/30/2025
Salary	\$ 92,991	\$ -
Benefits - insurance (health and dental)	3,698	-
Total compensation, benefits, and other payments	<u>\$ 96,689</u>	<u>\$ -</u>

Only payments for the benefit of the CEO that were derived from the public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that MQVN-CDC receives are included above.



**INDEPENDENT AUDITORS' 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 and Management of
MQVN Community Development Corporation, Inc.
New Orleans, 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 financial statements of MQVN Community Development Corporation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MQVN Community Development Corporation, Inc. internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MQVN Community Development Corporation, Inc. internal control. Accordingly, we do not express an opinion on the effectiveness of the MQVN Community Development Corporation, Inc. 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 or significant deficiencies may exist that were not identified.



To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
June 9, 2026

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MQVN Community Development Corporation, Inc.'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 financial statements. 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 is described in the accompanying schedule of findings and questioned costs as Finding 2025-001.

MQVN Community Development Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the MQVN Community Development Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. MQVN Community Development Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MQVN Community Development Corporation, Inc. internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 9, 2026
New Orleans, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

SINGLE AUDIT SECTION



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited MQVN Community Development Corporation, Inc. compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of MQVN Community Development Corporation, Inc. major federal programs for the year ended June 30, 2025. MQVN Community Development Corporation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, MQVN Community Development Corporation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MQVN Community Development Corporation, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of MQVN Community Development Corporation, Inc.'s compliance with the compliance requirements referred to above.



To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
June 9, 2026

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to MQVN Community Development Corporation, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MQVN Community Development Corporation, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MQVN Community Development Corporation, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 MQVN Community Development Corporation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of MQVN Community Development Corporation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MQVN Community Development Corporation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.



To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
June 9, 2026

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 9, 2026
New Orleans, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal AL Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services			
Health Centers Cluster			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for Homeless, and Public Housing Primary Care)			
Health Center Program	93.224	2 H80CS26582-10-00	\$ 836,256
Health Center Program	93.224	2 H80CS26582-11-08	644,591
Health Center Program	93.224	6 H80CS26582-12-12	32,300
Total Health Centers Cluster			<u>1,513,147</u>
Grants for Capital Development in Health Centers			
Health Center Infrastructure Support	93.526	6 C8ECS43970-01-02	<u>14,611</u>
Total Direct Awards			<u>1,527,758</u>
<i>Pass-through the Board of Supervisors of Louisiana State University of behalf of its LSU Health Sciences Center</i>			
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations			
Cancer Prevention and Control Programs for State	93.898	5 NU58DP007112-03-00	<u>69,769</u>
Total Indirect Awards			<u>69,769</u>
Total Expenditures of Federal Awards			<u>\$ 1,597,527</u>

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of MQVN Community Development Corporation, Inc. under programs of the federal government for the year ended June 30, 2025. The information in the schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of MQVN Community Development Corporation, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of MQVN Community Development Corporation, Inc.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

(3) INDIRECT COST RATE

MQVN Community Development Corporation, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of MQVN Community Development Corporation, Inc.
2. No significant deficiencies or material weaknesses in internal control related to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance was reported in the 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*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for MQVN Community Development Corporation, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. No management letter was issued for the year ended June 30, 2025.
8. The program tested as major programs was Health Center Program Cluster (AL No. 93.224)
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. MQVN Community Development Corporation, Inc. was determined to be a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

There was one finding related to the financial statements for the year ended June 30, 2025.

Compliance Findings

Finding 2025-001 Late Filing of Audit Report with the Louisiana Legislative Auditor

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Condition: The audit report was not issued within the statutory reporting deadline established by Louisiana law. However, the Organization obtained an approved extension from the Louisiana Legislative Auditor prior to the filing deadline.

Criteria: Louisiana Revised Statutes require audited financial statements to be submitted to the Louisiana Legislative Auditor within the prescribed reporting period unless an extension is granted.

Cause: Following year-end, a data breach required an FBI investigation. The audit team determined it was appropriate to await the results of the investigation before completing the remaining audit procedures and issuing the audit report.

Effect: The audited financial statements were not available by the original statutory reporting deadline.

Recommendation: No recommendation is considered necessary.

View of Responsible Officials: Management agrees with the finding and notes that an extension was obtained due to the additional time required to await the results of the FBI investigation and complete the related audit procedures.

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings related to major federal award programs for the year ended June 30, 2025.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

I. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2024.

II. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings and questioned costs related to major federal award programs for the year ended June 30, 2024.

III. MANAGEMENT LETTER

There was no management letter for the year ended June 30, 2024.

June 9, 2026

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
New Orleans, Louisiana

We have audited the financial statements of MQVN Community Development Corporation, Inc. for the year ended June 30, 2025, and have issued our report thereon dated June 9, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2025. Professional standards also require that we communicate to you the following information related to our audit.

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 MQVN Community Development Corporation, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2025. We noted no transactions entered into by MQVN Community Development Corporation, Inc. during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of allowance for patient accounts receivable is based on analysis on historical collection experience, current market conditions, and management's assessment of collectability. We evaluated the key factors and assumptions used in developing the estimate in determining that it is reasonable in relation to the financial statement taken as a whole.

Management's estimate of the depreciation expense is based on historical information regarding asset life and usefulness. We evaluated the key factors and assumptions used to calculate this expense in determining that it is reasonable in relation to the financial statement taken as a whole.



To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
June 9, 2026
Page 2

Management's estimate of the operating lease obligation is based on the terms and conditions of the Organization's lease agreement, including the lease term and future lease payments. We evaluated the methods, assumptions, and data used to calculate the operating lease obligation and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the functional allocation of expenses is based on direct identification of expenses and periodic time and expense studies for costs benefiting more than one function. We evaluated the key factors and assumptions used to develop the functional allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 9, 2026.



To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
June 9, 2026
Page 3

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 MQVN Community Development Corporation, Inc.’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We issued a separate letter dated June 9, 2026, in which we identified a material weakness in internal controls.

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board and management of MQVN Community Development Corporation, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Certified Public Accountants