

**Hospital Service District No. 2
of the Parish of Tangipahoa,
State of Louisiana**
d/b/a Hood Memorial Hospital
(A Component Unit of the Tangipahoa Parish)

Financial Statements
Years Ended September 30, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana**

**d/b/a Hood Memorial Hospital
(A Component Unit of the Tangipahoa Parish)**

**Financial Statements
Years Ended September 30, 2025 and 2024**

Hospital Service District No. 2
of the Parish of Tangipahoa, State of Louisiana
d/b/a Hood Memorial Hospital

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Independent Auditor's Report

To the Board of Commissioners
Hospital Service District No. 2
of the Parish of Tangipahoa,
State of Louisiana
d/b/a Hood Memorial Hospital
Amite, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Hospital Service District No. 2 of the Parish of Tangipahoa, State of Louisiana (d/b/a Hood Memorial Hospital) (the "Hospital"), a component unit of Tangipahoa Parish, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Hospital as of September 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 the Hospital, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Hospital adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, during the year ended September 30, 2025, which is applied retroactively by restating balances in the financial statements as of October 1, 2023. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Hospital's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS 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 the Hospital'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 the Hospital'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.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital's basic financial statements. The Schedule of Compensation, Benefits and Other Payments, as required by Louisiana Revised Statute 24:513A(3), is presented for the purpose of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of compensation, benefits and other payments is fairly stated, in all material respects, in relation to the basic 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 March 24, 2026, on our consideration of the Hospital'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 the Hospital'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 the Hospital's internal control over financial reporting and compliance.

BDO USA, P.C.

(Formerly HORNE LLP)
March 24, 2026

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
d/b/a Hood Memorial Hospital**

Statements of Net Position

<i>As of September 30,</i>	2025	Restated 2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 21,197,980	\$ 17,223,931
Short-term investments	14,885,829	14,231,827
Patient receivables, net of allowance for doubtful accounts of \$1,349,668 and \$1,271,159, respectively	2,015,542	2,094,776
Estimated third-party payor settlements	483,764	1,285,461
Other receivables	99,853	84,551
Inventories	315,265	318,967
Supplemental payment program receivables	1,736,043	696,766
Other current assets	570,392	548,987
Total Current Assets	41,304,668	36,485,266
Capital assets, net	3,914,710	3,720,507
Total Assets	\$ 45,219,378	\$ 40,205,773
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,306,267	\$ 1,078,620
Accrued salaries and wages	642,255	566,967
Compensated absences	621,481	569,759
Accrued health benefits	162,010	157,205
Total Current Liabilities	2,732,013	2,372,551
Net Position		
Investment in capital assets	3,914,710	3,720,507
Unrestricted	38,572,655	34,112,715
Total Net Position	42,487,365	37,833,222
Total Liabilities and Net position	\$ 45,219,378	\$ 40,205,773

See accompanying notes.

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
d/b/a Hood Memorial Hospital**

Statements of Revenues, Expenses and Changes in Net Position

<i>Years Ended September 30,</i>	2025	Restated 2024
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts of \$1,715,832 and \$1,519,336, respectively	\$ 20,407,572	\$ 19,654,621
Other operating revenue	5,874,454	3,927,957
Total Operating Revenues	26,282,026	23,582,578
Operating Expenses		
Salaries and wages	11,613,420	11,114,360
Employee benefits	2,462,331	2,318,387
Physician fees	1,565,256	1,564,838
Professional fees	448,024	396,650
Purchased services	3,673,207	3,490,468
Supplies and maintenance	2,460,973	2,358,752
Other operating expenses	1,015,873	940,633
Depreciation	502,090	468,262
Total Operating Expenses	23,741,174	22,652,350
Income from Operations	2,540,852	930,228
Nonoperating Revenues		
Property taxes from the parish	520,000	497,294
Investment income	1,495,954	1,603,075
Grants and contributions	97,337	133,765
Total Nonoperating Revenues	2,113,291	2,234,134
Increase in net position	4,654,143	3,164,362
Net Position, beginning of year, before adjustment	37,833,222	34,713,427
Change in Accounting Principle - Implementation of GASB 101	-	(44,567)
Net Position, beginning of year, after adjustment	37,833,222	34,668,860
Net Position, end of year	\$ 42,487,365	\$ 37,833,222

See accompanying notes.

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
d/b/a Hood Memorial Hospital**

Statements of Cash Flows

<i>Years Ended September 30,</i>	2025	2024
Cash Flows from Operating Activities		
Receipts from and on behalf of patients and third-party payors	\$ 26,123,680	\$ 23,487,032
Payments to suppliers and contractors	(8,968,989)	(8,969,167)
Payments to employees	(13,943,936)	(13,299,187)
Net Cash Provided by Operating Activities	3,210,755	1,218,678
Cash Flows from Noncapital Financing Activities		
Property taxes	520,298	482,165
Noncapital grants and contributions	97,337	133,765
Net Cash Provided by Noncapital Financing Activities	617,635	615,930
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(696,293)	(121,133)
Net Cash Used in Capital and Related Financing activities	(696,293)	(121,133)
Cash from Investing Activities		
Interest on investments	841,952	865,823
Net Cash Provided by Investing Activities	841,952	865,823
Net Increase in Cash and Cash Equivalents	3,974,049	2,579,298
Cash and Cash Equivalents, beginning of year	17,223,931	14,644,633
Cash and Cash Equivalents, end of year	\$ 21,197,980	\$ 17,223,931

See accompanying notes.

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
d/b/a Hood Memorial Hospital**

Statements of Cash Flows

<i>Years Ended September 30,</i>	2025	2024
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities		
Income from operations	\$ 2,540,852	\$ 930,228
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	502,090	468,262
Provision for bad debts	1,715,832	1,519,336
Changes in assets and liabilities		
Patient receivables and estimated third-party payor settlements	(834,901)	(1,844,356)
Inventories	3,702	26,469
Supplemental payment program receivables	(1,039,277)	229,473
Other current assets	(37,005)	(106,670)
Accounts payable	227,647	(137,624)
Accrued salaries and wages	80,093	80,301
Compensated absences	51,722	53,259
Net Cash Provided by Operating Activities	\$ 3,210,755	\$ 1,218,678

See accompanying notes.

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
D/B/A Hood Memorial Hospital**

Notes to Financial Statements

1. Nature of Operations, Reporting Entity and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Hospital Service District No. 2 of the Parish of Tangipahoa, State of Louisiana, d/b/a Hood Memorial Hospital (the "Hospital"), is an acute care hospital established in 1964.

Effective April 1, 2003, the Hospital met the Medicare participation requirements to be classified as a critical access hospital. The governing authority of the Hospital is the Tangipahoa Parish Council and accordingly, appoints members to the Hospital Board. The Hospital is considered a component unit of the Tangipahoa Parish.

Basis of Presentation

The Hospital reports in accordance with accounting principles generally accepted in the United States of America in accordance with accounting principles promulgated by the Governmental Accounting Standards Board ("GASB"). The accompanying financial statements of the Hospital have been prepared using the economic resource measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the Hospital receives (or gives) value without directly giving (or receiving) equal value in exchange, include certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most sensitive estimates included in these financial statements relate to contractual discounts under third-party contracts and the allowance for uncollectible accounts.

Cash and Cash Equivalents

Cash and cash equivalents include investments in money market funds and highly liquid investments with maturities of three months or less when purchased, excluding amounts whose use is limited by the Board of Commissioners' designation or under trust agreements.

Investments

The Hospital's investments consist of cash and fixed income securities and are carried at fair value. Interest, dividends and gains and losses on investments, both realized and unrealized, are included in nonoperating income when earned.

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Notes to Financial Statements

Patient Receivables

Patient accounts receivable are reported at net realizable value. Interest income is not accrued on any unpaid balances. Accounts are considered past due at the time that the balance is 30 days delinquent. Accounts are sent to collections when no payment has been received on the account for 120 days and written off when all collection efforts have been exhausted.

Allowance for Doubtful Accounts

Amounts owed to the Hospital are reported net of allowances for contractual adjustments and uncollectible accounts. Specific patient balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of receivables involves significant assumptions and judgements. The Hospital estimates the collectability of its patient accounts receivable based on aging of accounts, historical collection, and contractual agreements. Revisions in reserve estimates are recorded as an adjustment to net patient service revenue in the period the revision occurs.

Inventories

Inventories, consisting primarily of pharmaceuticals and medical supplies, are valued at the lower of cost or market method.

Capital Assets, Net

Capital asset acquisitions are recorded at cost or acquisition value (except for right-to-use leased assets). Donated capital assets are recorded at acquisition value at the date of donation. Land and construction in progress are not depreciated. The Hospital capitalizes all assets that have a value or cost of \$5,000. Depreciation is computed using the straight-line method with useful lives of the property ranging from five to 40 years. Maintenance, repairs, replacement and improvements of minor importance are expensed. Major replacements and improvements are capitalized.

Property Taxes

The Hospital receives a five mills property tax, which is levied in August each year, payable by December 31 of that year. The Hospital records the expected revenues to be received based on factors such as previous years' collections to assessments and the estimated taxable assessed value for the current year. Adjustments are made upon final receipts. The millage was reassessed and approved in December 2021 and is effective for 10 years until the next parish reassessment scheduled for 2031. Property tax receivables were recognized as of September 30, 2025 and 2024 in other current assets on the statements of net position for approximately \$357,000 related to property tax millage assessed in calendar years 2025 and 2024, respectively.

Other Current Assets

Other current assets consist primarily of property tax receivables and prepaid insurance at September 30, 2025 and 2024.

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
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Notes to Financial Statements

Compensated Absences

The Hospital's employees earn paid time off and extended illness hours at varying rates depending on years of service. Employees may accumulate paid time off and be paid if they leave before they exhaust this accumulation. Employees may accumulate extended illness hours but, upon termination, are not paid for any accumulated extended illness hours.

Risk Management

The Hospital is exposed to various risks of loss from torts, theft of, damage to and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, medical malpractice and dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Income Taxes

The Hospital is exempt from federal income taxation as a political subdivision of the State of Louisiana and accordingly, the accompanying basic financial statements do not include any provision for income taxes.

Net Position

The net position of the Hospital is classified into two components which are defined as follows:

- *Net Investment in Capital Assets* - This component reports capital assets net of accumulated depreciation and the outstanding balances of any borrowings used to finance the purchase, improvements or construction of those assets.
- *Unrestricted Net Position* - This component reports the remaining net position that does not meet the definition of invested in capital assets net of related debt or restricted.

The decision to use restricted or unrestricted resources when an expense is incurred is dependent upon the transaction. When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use restricted resources first, followed by unrestricted.

Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments.

Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are considered in the recognition and accrual of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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Notes to Financial Statements

The primary third-party programs include Medicare and Medicaid, which account for a significant amount of the Hospital's revenue. The laws and regulations under which Medicare and Medicaid programs operate are complex and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the Hospital's compliance with these laws and regulations. Such reviews may result in adjustments to program reimbursement previously received and subject the Hospital to fines and penalties. Management believes it has complied with the requirements of these programs.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Records of charges foregone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided.

Operating Revenue and Expenses

The Hospital's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, which is the Hospital's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition and interest income are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Grants and Contributions

From time to time, the Hospital 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 are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 101 ("GASB 101")

The Hospital adopted GASB 101, *Compensated Absences*, in fiscal year 2025. This statement provides guidance on the accounting and financial reporting for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement also established guidance for measuring a liability. As required, the accounting standard was applied retroactively, effective October 1, 2023. The retroactive application resulted in a restatement of prior period balances.

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Notes to Financial Statements

The adoption of GASB 101 resulted in an adjustment to the following items as of and for the year ended September 30, 2024:

	Previously Reported	Change in Accounting Principle	Restated
Statements of Net Position			
Compensated absences	\$ 525,192	\$ 44,567	\$ 569,759
Statements of Revenues, Expenses, and Changes in Net Position			
Net position, beginning of year	\$ 34,713,427	\$ (44,567)	\$ 34,668,860
Net position, end of year	\$ 37,877,789	\$ (44,567)	\$ 37,833,222

Governmental Accounting Standards Board Statement No. 102 ("GASB 102")

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of the government financial statements with essential information about risks related to a government's vulnerability due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, the adoption of GASB 102 required additional disclosure regarding the recently enacted One Big Beautiful Bill Act. See Note 13.

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB statement No. 103 - Financial Reporting Model Improvements - Effective for year-end September 30, 2026. Earlier application is encouraged. The objective of this statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosures requirements will improve consistency and comparability between governments.

GASB statement No. 104 - Disclosure of Certain Capital Assets - Effective for year-end September 30, 2026. Earlier application is encouraged. The objective of this statement is to improve key components of the financial reporting model to enhance the effectiveness in providing information that is essential for decision making and assessing accountability. This Statement also addresses certain application issues.

GASB statement No. 105 - Subsequent Events - Effective for year-end September 30, 2027. Earlier application is encouraged. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
D/B/A Hood Memorial Hospital**

Notes to Financial Statements

2. Cash Deposits and Investments

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law, which are to be insured or collateralized by U.S. Government securities held by the pledging financial institution's trust department in the name of the Hospital.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to them. As of September 30, 2025, \$21,000,252 of the Hospital's bank balance totaling \$21,257,850 was exposed to custodial credit risk. At each institution, \$250,000 of deposits was secured by federal deposit insurance coverage, which was not exposed to custodial credit risk. The remaining deposits, which were exposed to custodial credit risk, were secured by the pledge of securities owned by the fiscal agent bank.

The Hospital's investments generally are reported at fair value, as discussed in Note 1. The Hospital categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interest Rate Risk

The Hospital's investment policy does not limit investment maturities, excluding short-term investments, as a means of managing its exposure to fair value losses arising from changing interest rates.

Credit Risk

The Hospital's investment policy, in compliance with Louisiana Revised Statute 33:2955, allows the Hospital to invest in United States Treasuries, United States Agency securities, certificates of deposit and mutual or trust fund institutions registered with the Securities and Exchange Commission. As of September 30, 2025 and 2024, the Hospital had no investments requiring credit risk disclosures.

Concentration of Credit Risk

As of September 30, 2025 and 2024, the Hospital had no investments requiring concentration of credit risk disclosures.

State statutes authorize the Parish to invest in collateralized certificates of deposits, government-backed securities, commercial paper, and mutual funds consisting solely of government-backed securities. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. ("LAMP"), a nonprofit organization formed by an initiative of the State Treasury and organized under the laws of the State of Louisiana, which operates a local

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Notes to Financial Statements

government investment pool. The investments in LAMP are stated at fair value based on quoted market rates and are considered Level 2 investments. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

Investment Income

Investment income for the years ended September 30 consisted of:

	2025	2024
Interest and dividend income	\$ 1,495,954	\$ 1,603,075
Total	\$ 1,495,954	\$ 1,603,075

3. Fair Value Measurement

The Hospital holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Hospital's mission, the Hospital determined that the disclosures related to these investments only need to be disaggregated by major type.

GASB Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories - Level 1, Level 2 and Level 3 inputs - considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the District has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The following tables represent the fair value measurements as of and for the years ended September 30, 2025 and 2024:

Fair Value Measurements at September 30, 2025

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at September 30, 2025
LAMP funds	\$ -	\$ 14,885,829	\$ -	\$ 14,885,829
	\$ -	\$ 14,885,829	\$ -	\$ 14,885,829

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
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Notes to Financial Statements

Fair Value Measurements at September 30, 2024

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at September 30, 2024
LAMP funds	\$ -	\$ 14,231,827	\$ -	\$ 14,231,827
	\$ -	\$ 14,231,827	\$ -	\$ 14,231,827

4. Concentration of Credit Risk

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

	2025	2024
Medicare	20%	12%
Medicaid	23	27
Self-Pay	4	3
Commercial	53	58
Total	100%	100%

The relative percentages of gross charges billed for patients by payor were as follows:

	2025	2024
Medicaid	28%	29%
Medicare	22	22
Medicare Advantage	27	29
Commercial	19	17
Self-Pay	4	3
Total	100%	100%

5. Patient Accounts Receivable

Patient accounts receivable consists of the following:

	2025	2024
Total Patient Accounts Receivable	\$ 4,894,489	\$ 5,005,140
Less: third-party contractual adjustments	(1,529,279)	(1,639,205)
Less: allowance for doubtful accounts	(1,349,668)	(1,271,159)
Patient Accounts Receivable, Net	\$ 2,015,542	\$ 2,094,776

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
D/B/A Hood Memorial Hospital**

Notes to Financial Statements

6. Capital Assets

Capital assets and depreciation activity for the year ended September 30, 2025 follows:

	September 30, 2024	Additions	Disposals	September 30, 2025
Capital assets not being depreciated:				
Land	\$ 608,273	\$ -	\$ -	\$ 608,273
Construction in progress	22,670	185,900	(22,670)	185,900
Total Capital Assets Not Being Depreciated	630,943	185,900	(22,670)	794,173
Capital assets being depreciated:				
Buildings and improvements	4,453,396	396,941	(16,859)	4,833,478
Equipment	5,794,969	136,122	(89,213)	5,841,878
Total Capital Assets Being Depreciated	10,248,365	533,063	(106,072)	10,675,356
Less accumulated depreciation				
Buildings and improvements	(3,460,499)	(125,698)	16,859	(3,569,338)
Equipment	(3,698,302)	(376,392)	89,213	(3,985,481)
	(7,158,801)	(502,090)	106,072	(7,554,819)
Total Capital Assets Being Depreciated, Net	3,089,564	30,973	-	3,120,537
Capital Assets, Net	\$ 3,720,507	\$ 216,873	\$ (22,670)	\$ 3,914,710

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**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
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Notes to Financial Statements

Capital assets and depreciation activity for the year ended September 30, 2024 follows:

	September 30, 2023	Additions	Disposals	September 30, 2024
Capital assets not being depreciated:				
Land	\$ 608,273	\$ -	\$ -	\$ 608,273
Construction in progress	3,063	34,845	(15,238)	22,670
Total Capital Assets Not Being Depreciated	611,336	34,845	(15,238)	630,943
Capital assets being depreciated:				
Buildings and improvements	4,435,296	18,100	-	4,453,396
Equipment	5,711,543	83,426	-	5,794,969
Total Capital Assets Being Depreciated	10,146,839	101,526	-	10,248,365
Less accumulated depreciation				
Buildings and improvements	(3,369,260)	(91,239)	-	(3,460,499)
Equipment	(3,321,279)	(377,023)	-	(3,698,302)
	(6,690,539)	(468,262)	-	(7,158,801)
Total Capital Assets Being Depreciated, Net	3,456,300	(366,736)	-	3,089,564
Capital Assets, Net	\$ 4,067,636	\$ (331,891)	\$ (15,238)	\$ 3,720,507

For the years ended September 30, 2025 and 2024, depreciation expense was \$502,090 and \$468,262, respectively.

At September 30, 2025, the Hospital did not have any outstanding construction commitments.

7. Commitments and Contingencies

Joint Collaboration Agreement with North Oaks Health System

Effective January 1, 2023, the Hospital entered into a three-year Joint Collaboration Agreement with Tangipahoa Parish Hospital Service District No. 1, d/b/a North Oaks Health System ("North Oaks") to support a strategic collaborative relationship between the parties. Under the terms of the agreement, the Hospital pays a monthly fee in exchange for the availability of and assistance with specified services. Amounts paid under the agreement are recorded as operating expenses as incurred. The agreement does not create an ownership interest or joint venture between the parties allowing the Hospital to continue as an independent entity.

**Hospital Service District No. 2 of the
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Notes to Financial Statements

8. Employee Retirement Plan

The Hospital sponsors a deferred compensation plan 457(b). These plans are tax-advantaged retirement plans offered by state and local governments. Eligible employees will be able to make salary deferral contributions up to an applicable dollar limit set by the Internal Revenue Service ("IRS") each year. The Hospital also maintains a 401(a) pension plan for employer contributions. Through the 401(a) plan, if the employee contributes a minimum of 3.0 percent, the Hospital contributes a match of 5.0 percent of the employee's base salary (excluding overtime salary). Employer contributions are vested by a percentage determined by the employee's years of service. Total expenses for the years ended September 30, 2025 and 2024 were approximately \$369,000 and \$331,000, respectively.

9. Patient Service Revenue

The Hospital has agreements with third-party payors providing payments to the Hospital at amounts different from the Hospital's established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Since obtaining critical access designation, inpatient and outpatient services rendered to Medicare program beneficiaries are reimbursed under cost reimbursement methodologies. The Hospital is reimbursed by the Medicare fiscal intermediary at a tentative interim rate with final settlement determined with the submission of annual cost reports and audits. The Hospital's Medicare cost reports have been filed with the Medicare fiscal intermediary through September 30, 2025. Desk reviews have been performed on reports issued through September 30, 2021.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been filed with the fiscal intermediary through September 30, 2025. A desk review has been performed on Medicaid reports issued through September 30, 2021.

Other

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and Medicare fee schedules.

**Hospital Service District No. 2 of the
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Notes to Financial Statements

A summary of patient service revenue as of September 30 is as follows:

	2025	2024
Gross patient service revenue	\$ 38,917,841	\$ 37,342,962
Less provisions for		
Contractual adjustments under third-party reimbursement programs and managed care contracts	(16,794,437)	(16,169,005)
Uncollectible accounts	(1,715,832)	(1,519,336)
Net Patient Service Revenue	\$ 20,407,572	\$ 19,654,621

The following table sets forth net patient service revenue by payor:

<i>Years ended September 30</i>	2025	2024
Medicare	\$ 11,704,691	\$ 11,044,014
Medicaid	4,502,005	4,605,306
Blue Cross Blue Shield	1,849,657	1,675,708
Commercial	2,105,517	2,065,721
Self-Pay	245,702	263,872
Net Patient Service Revenue	\$ 20,407,572	\$ 19,654,621

10. Charity Care

The number of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated \$10,621 and \$47,176 for the years ended September 30, 2025 and 2024, respectively. The estimated cost of charity care, estimated using a ratio of cost-to-gross charges, totaled approximately \$8,000 and \$35,000 for the years ended September 30, 2025 and 2024, respectively.

11. Insurance Programs

Risk Management

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self-insurance of (1) hospital professional liability and comprehensive general liability and (2) statutory workers' compensation. The Hospital carries commercial insurance for all other risk of loss.

The trust funds for professional liability/comprehensive general liability and statutory workers' compensation are pooling arrangements whereby there is a sharing of risk among the participants of the trust funds. The Hospital reports its premiums as insurance expenditures and expenses these premiums over the pro rata periods involved.

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
D/B/A Hood Memorial Hospital**

Notes to Financial Statements

12. Louisiana Medicaid Supplemental Payment Program

The Hospital has entered into a series of collaborative agreements and cooperative endeavors designed to provide additional Medicaid funds to help improve or expand allowable healthcare services for Medicaid beneficiaries or low-income, uninsured patients in the community.

Louisiana State Directed Payment Program

Effective July 1, 2022, Louisiana Medicaid implemented a new State Directed Payment Program ("SDPP") model for in-state hospitals licensed and enrolled in Medicaid. The program utilizes a uniform percentage increase directed fee schedule in accordance with 42 CFR Section 438.6(c)(1)(iii)(c). Qualifying hospitals receive interim lump-sum quarterly directed payments from Managed Care Organizations ("MCO"), as directed by Louisiana Department of Health ("LDH"). Within 12 months after the end of the MCO contract rating period, LDH will conduct a reconciliation process based on actual utilization during the MCO contract rating period and the MCOs will make payment adjustments, as directed by LDH.

The Hospital recognized total revenue under SDPP of approximately \$1,878,000 and \$2,160,000 during the years ended September 30, 2025 and 2024, respectively. The revenue is included as a component of other operating revenue in the accompanying statements of revenue, expenses and changes in net position. Future reconciliation differences will be reported prospectively.

In response to SDPP, the Hospital entered into a cooperative endeavor agreement with the Rural Hospital Coalition ("RHC"). In collaboration with other rural hospitals, the RHC sought to offer a grant program that would ensure adequate funding for all rural hospitals across the state. The term of this agreement begins July 1, 2022 and ends on June 30, 2023. Thereafter, this agreement will automatically renew for successive one-year terms until terminated. As of September 30, 2025, this agreement has not been terminated.

State Directed Payment Program for Physicians

Effective for the state fiscal year 2025, the state has submitted a preprint to CMS to implement a new payment model for the reimbursement of physician services to Medicaid managed care enrollees. The model is still pending final approval from the Centers of Medicare and Medicaid Services; consequently, no payment for this program was issued by the federal government prior to the Hospital's fiscal year-end. As the model covers services for the period July 1, 2024 through June 30, 2025, the Hospital recorded a receivable. However, due to the uncertainty surrounding the new program's final approval, the receivable was conservatively based on payouts from the previously approved matching federal program.

The Hospital recorded a receivable, at net, under this program of approximately \$1,163,000 as of and for the year ended September 30, 2025. The receivable is included as a component of estimated third-party payor settlements in the accompanying statements of net position. The Hospital recognized net revenue of approximately \$1,032,000 and \$546,000 during the years ended September 30, 2025 and 2024, respectively. The revenue is included as a component of other operating revenue in the accompanying statements of revenues, expenses, and changes in net position. Future reconciliation differences will be reported prospectively.

On August 28, 2025, CMS approved Louisiana's state fiscal year 2025 plan related to this program.

**Hospital Service District No. 2 of the
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Notes to Financial Statements

Managed Care Quality Incentive Program

The LDH amended its agreements with its contracted MCOs to include quality-based performance measures and quality-based outcomes. With the expected achievement of the defined quality measures, LDH will fund the MCOs, who in turn will fund the network that the hospitals contract with for this Managed Care Incentive Payment. Effective January 2019, the Hospital began participating in this program.

The Hospital recognized total revenue of approximately \$581,000 and \$619,000 during the years ended September 30, 2025 and 2024, respectively. The revenue earned from this agreement is included as a component of other operating revenue in the accompanying statements of revenues, expenses and changes in net position.

13. Risks Related to Legislative and Regulatory Changes

Employee Retention Tax Credit

The Hospital filed for the Employee Retention Tax Credit (“ERTC”) under the CARES Act and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 after determining it met the eligibility requirements. The Hospital received and recognized approximately \$1,306,000 as other operating revenues for the year ended September 30, 2025. These claims remain subject to potential IRS examination, and the timing or outcome of any review cannot be reasonably estimated.

One Big Beautiful Bill Act

On July 4, 2025, the U.S. Government enacted the "One Big Beautiful Bill Act" ("OBBBA"), which includes significant tax code changes and modifications to federal healthcare programs, including Medicare and Medicaid. This new law introduces substantial financial and operational risks for the Hospital, and its full impact is not yet known.

- **Revenue Cycle Risk:** The OBBBA includes provisions that alter eligibility criteria and reduce federal funding for certain Medicaid and Affordable Care Act (“ACA”) marketplace coverage. These changes are expected to increase the number of uninsured individuals and decrease overall reimbursement rates. These factors could lead to a decline in net patient service revenue and a corresponding increase in uncollectible patient accounts. The Hospital is actively analyzing the potential revenue cycle impacts, which are highly dependent on the state-specific Medicaid policy interpretations and the ultimate number of patients who lose coverage.
- **Billing and Compliance Risk:** The OBBBA has directed significant federal investment into artificial intelligence (“AI”) tools designed to detect fraudulent billing and utilization patterns, especially within Medicare and Medicaid programs. While the technology is intended to identify fraudulent use, it creates a risk of billing errors or false positives that could lead to denied claims, payment delays, and potential penalties. The Hospital is evaluating and updating its billing workflows, software, and compliance protocols to mitigate this risk.

**Hospital Service District No. 2 of the
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Notes to Financial Statements

- **Operational and Liquidity Risk:** Changes to reimbursement rates, coupled with ongoing inflationary pressures on labor and supply costs, may reduce the Hospital's operating margins and cash flows. The bill also increases regulatory oversight of private equity investment in healthcare, which could reduce the availability of capital for operational improvements. These factors may affect the Hospital's liquidity and ability to fund strategic initiatives and capital expenditures.
- **Forward-Looking Statement:** This disclosure is based on current interpretations of the OBBBA and is subject to change. The Hospital will continue to monitor developments and adjust its risk mitigation strategies and financial reporting as more information becomes available.

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 24, 2026, and determined that no events occurred that require additional disclosure.

Supplementary Information

**Hospital Service District No. 2 of the
Parish of Tangipahoa, State of Louisiana
D/B/A Hood Memorial Hospital**

Schedule of Compensation, Benefits and Other Payments to Agency Head

Agency Head

Michael Whittington, Chief Executive Officer

Purpose	Amount
Salary	\$ 310,954
Benefits - Insurance	\$ 5,093
Benefits - Retirement	\$ 62,413
Per Diem	\$ 805
Reimbursements	\$ 2,491
Conference Fees and Travel (not paid directly to CEO.)	\$ 3,555

See Independent Auditor's Report on Supplementary Information.

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

To the Board of Commissioners
Hospital Service District No. 2
of the Parish of Tangipahoa,
State of Louisiana
d/b/a Hood Memorial Hospital
Amite, Louisiana

We have audited, 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, the financial statements of the business-type activities of Hospital Service District No. 2 of the Parish of Tangipahoa, State of Louisiana (d/b/a Hood Memorial Hospital) (the "Hospital"), a component unit of Tangipahoa Parish, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements and have issued our report thereon dated March 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's 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 the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Hospital's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

March 24, 2026