LOUISIANA CHILDREN'S MEDICAL CENTER
dba LCMC HEALTH

Independent Auditor's Report
Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

Contents

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

To the Governing Board of Trustees
Louisiana Children's Medical Center

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of Louisiana Children's Medical Center dba LCMC Health, and its subsidiaries (collectively, the System) which comprise the consolidated balance sheet as of December 31, 2025, the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the System as of December 31, 2025, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion
We conducted our audit 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 System 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 opinion.

Other Matter
The financial statements of the System, as of and for the year ended December 31, 2024, were audited by other auditors, whose report, dated April 22, 2025, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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.

Report on 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, as required by Louisiana Revised Statute (R.S.) 24:513 A(3) is presented for purposes 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 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 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 April 23, 2026, on our consideration of the System'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 System'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 System's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Metairie, LA
April 23, 2026

Louisiana Children's Medical Center
Consolidated Balance Sheets
December 31, 2025 and 2024 (in Thousands)

	2025	2024
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 265,368**	$ 135,374
Patient Accounts Receivable	**467,547**	405,185
Other Receivables	**398,549**	198,455
Estimated Third-Party Payor Settlements	**78,893**	114,385
Inventories	**85,716**	76,515
Prepaid Expenses and Other	**58,670**	60,455
Total Current Assets	**1,354,743**	990,369
Assets Limited as to Use		
Investments Designated for Capital Projects and Specific Programs	**952,210**	947,702
Restricted by Bond Indenture, Debt Service Reserve	**3,760**	1,725
Donor-Restricted Long-Term Investments	**21,206**	22,071
Assets Limited as to Use, Net	**977,176**	971,498
Investments in Joint Ventures	**41,286**	47,687
Long-Term Portion of Prepaid Leases	**315,436**	329,930
Property, Plant, and Equipment, Net	**1,318,334**	1,368,439
Goodwill	**87,598**	80,767
Other Assets	**107,782**	101,861
Total Assets	**$ 4,202,355**	$ 3,890,551

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

Louisiana Children's Medical Center
Consolidated Balance Sheets (Continued)
December 31, 2025 and 2024 (in Thousands)

	2025	2024
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 388,188**	$ 283,559
Accrued Salaries and Benefits	**138,533**	118,803
Deferred Revenue	**19,768**	26,533
Line of Credit	**100,000**	100,000
Notes Payable	**-**	50,000
Other Current Liabilities	**101,981**	84,798
Total Current Liabilities	**748,470**	663,693
Bonds Payable, Net of Current Portion	**1,087,624**	1,098,560
Notes Payable, Net of Current Portion	**28,000**	28,000
Deferred Revenue, Net of Current Portion	**161,506**	167,345
Other Long-Term Liabilities	**134,034**	141,234
Total Liabilities	**2,159,634**	2,098,832
Noncontrolling Interest	**384**	512
Net Assets		
Without Donor Restrictions	**2,020,927**	1,769,074
With Donor Restrictions		
Purpose Restrictions	**15,439**	16,168
Perpetual in Nature	**5,971**	5,965
Total Net Assets	**2,042,337**	1,791,207
Total Liabilities and Net Assets	**$ 4,202,355**	$ 3,890,551

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

Louisiana Children's Medical Center
Consolidated Statements of Operations
For the Years Ended December 31, 2025 and 2024 (in Thousands)

	2025	2024
Revenues, Gains, and Other Support Without Donor Restrictions		
Net Patient Service Revenues	**$ 3,515,666**	$ 3,175,112
Other Operating Revenues	**382,203**	300,542
Total Operating Revenues	**3,897,869**	3,475,654
Operating Expenses		
Employee Compensation and Benefits	**1,435,092**	1,386,958
Purchased Services	**458,290**	428,396
Professional Fees	**364,762**	327,028
Supplies and Other Expenses	**1,265,615**	1,070,791
Depreciation and Amortization	**163,680**	173,071
Interest Expense	**54,879**	65,335
Total Operating Expenses	**3,742,318**	3,451,579
Income from Operations	**155,551**	24,075
Investment Income	**136,204**	75,396
Other Non-operating Income (Expense)	**664**	(4,167)
Community Support, Net	**(41,350)**	(73,709)
Excess of Revenues over Expenses	**$ 251,069**	$ 21,595

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

Louisiana Children's Medical Center
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2025 and 2024 (in Thousands)

	2025	2024
Changes in Net Assets Without Donor Restrictions		
Excess of Revenues over Expenses	**$ 251,069**	$ 21,595
Excess of Revenues over Expenses Attributable to Noncontrolling Interests	**(85)**	126
Adjustment to Additional Minimum Pension Liability	**862**	1,554
Ownership Revisions	**7**	(323)
Increase in Net Assets Without Donor Restrictions	**251,853**	22,952
Changes in Net Assets With Donor Restrictions		
Contributions and Grants	**4,856**	6,182
Investment Income	**1,417**	824
Net Assets Released from Restrictions	**(6,996)**	(4,788)
(Decrease) Increase in Net Assets With Donor Restrictions	**(723)**	2,218
Increase in Net Assets	**251,130**	25,170
Net Assets, Beginning of Year	**1,791,207**	1,766,037
Net Assets, End of Year	**$ 2,042,337**	$ 1,791,207

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

Louisiana Children's Medical Center
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024 (in Thousands)

	2025	2024
Cash Flows from Operating Activities		
Increase in Net Assets	**$ 251,130**	$ 25,170
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**163,680**	174,212
Other Non-Cash Adjustments	**1,673**	(2,404)
Net Realized and Unrealized Investment Income	**(136,204)**	(75,396)
(Increase) Decrease in:		
Patient Accounts Receivable	**(61,802)**	(22,045)
Other Receivables	**(200,085)**	59,095
Third-Party Payor Settlements	**35,492**	(133,918)
Inventories, Prepaid Expenses and Other Assets	**1,624**	19,910
Increase (Decrease) in:		
Accounts Payable	**92,482**	38,015
Accrued Salaries and Benefits	**19,631**	17,472
Deferred Revenue and Other Liabilities	**(20,289)**	(9,510)
Net Cash Provided by Operating Activities	**147,332**	90,601
Cash Flows from Investing Activities		
Acquisition of Businesses, Net of Cash Acquired	**(3,291)**	-
Capital Expenditures, Net	**(88,737)**	(183,741)
Purchases of Investments	**(126,504)**	(52,933)
Proceeds from Sales of Investments	**262,742**	233,107
Net Cash Provided by (Used in) Investing Activities	**44,210**	(3,567)
Cash Flows from Financing Activities		
Principal Payments of Debt and Finance Lease Obligations	**(58,628)**	(107,673)
Proceeds from Bond Remarketing, Net of Issuance Costs	**2,794**	-
Net Cash Used in Financing Activities	**(55,834)**	(107,673)
Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Limited as to Use	**135,708**	(20,639)
Cash, Cash Equivalents, and Cash Limited as to Use, Beginning of Year	**146,841**	167,480
Cash, Cash Equivalents, and Cash Limited as to Use, End of Year	**$ 282,549**	$ 146,841

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

Note 1. Organization

Louisiana Children's Medical Center, dba LCMC Health, is a nonprofit corporation headquartered in New Orleans, Louisiana. It serves as the parent entity for an integrated health system dedicated to delivering comprehensive care across the Gulf South. LCMC Health combines the medical expertise and specialties of Children's Hospital (dba Manning Family Children's), Touro Infirmary (Touro), University Medical Center Management Corporation (UMCNO), West Jefferson Medical Center (WJMC), and University Healthcare System (UHS) - which includes East Jefferson General Hospital (EJGH), Lakeside Hospital, and Lakeview Hospital (collectively the System) - in a comprehensive manner to improve the health outcomes and the well-being of the population it serves. Collectively, these institutions form a continuum of care that supports patients across every stage of life while advancing medical education and research.

LCMC Health, Manning Family Children's, Touro Infirmary, WJMC, and UHS (collectively, the Obligated Group) are jointly responsible for debt under the Master Trust Indentures. Membership in the Obligated Group is limited to these specific primary entities; their respective subsidiaries and certain affiliates are not members of the Obligated Group and do not guarantee or secure this debt. The Master Indenture is secured solely by a pledge of the gross revenues of the Obligated Group members.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the System include the activities of LCMC Health along with the operating units defined in Note 1. The consolidated financial statements of the System incorporate both tax-exempt and taxable entities. All significant intercompany transactions have been eliminated in consolidation.

Financial statement preparation follows accounting principles generally accepted in the United States of America (U.S. GAAP), which requires the System to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of Estimates

The consolidated financial statements are prepared on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated balance sheets. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with a remaining maturity of three months or less when purchased. Cash and cash equivalents held in investment trading accounts for reinvesting are classified as investments.

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

For purposes of the consolidated statements of cash flows, total cash , cash equivalents, and cash limited as to use includes cash and cash equivalents of $265,368 and $135,374, and cash limited as to use of $17,181 and $11,467 as of December 31, 2025, and 2024, respectively.

Assets Limited As to Use

Assets whose use is limited primarily include assets designated for capital projects and specific programs, restricted under indenture agreements, and those with donor restrictions.

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value on the consolidated balance sheets. Alternative investments that do not have readily determinable fair values are recorded at fair value based on unobservable inputs estimated by management. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities could occur and such changes could materially affect the value of investments.

Patient Accounts Receivable

Patient accounts receivable are carried at a net amount determined by the original charge for the services provided, less an estimate made for implicit and explicit pricing concessions provided. Implicit price concessions are based on historical collection experience and current economic conditions for groups of customers with similar risk characteristics. The System had net patient accounts receivable of $467,547, $405,185, and $383,140 on December 31, 2025, 2024, and 2023, respectively.

Inventories

Inventories are stated at the lower of first-in, first-out cost (pharmacy), weighted average cost (supplies), or its market value at the date of the consolidated balance sheets.

Prepaid Expenses and Other Assets

Other assets (current and non-current) consist of prepaid payments, including current portion of prepaid leases, which are amortized over their benefit period on a straight-line basis.

Leases

The System leases various facilities and equipment under noncancelable operating leases expiring at various dates through 2060 and records the corresponding right-of-use (ROU) assets and operating lease liabilities on the consolidated balance sheets. ROU assets are calculated as lease liabilities plus any prepaid lease payments and initial direct costs, less any lease incentives. Renewal options to extend the lease term that are reasonably certain to be exercised are included in the measurement of leases.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Operating lease liabilities are calculated as the present value of the remaining lease payments and reported within current portion of other liabilities and operating leases on the consolidated balance sheets. The System does not separate lease and non-lease components of contracts. Generally, the estimated incremental borrowing rate is used to discount the lease payments, as most of the leases do not provide implicit interest rates.

ROU assets and prepaid operating leases related to the UMCNO Cooperative Endeavor Agreement (CEA) and the WJMC CEA, are amortized over the contractual lease term.

Property and Equipment

Property and equipment are stated at cost or market value at the time of purchase. Donated assets are recorded at their estimated fair value at the date of donation.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset, as follows:

	Years
Land Improvements	10 to 20
Buildings	15 to 40
Leasehold Improvements	3 to 5
Fixed Equipment	10 to 20
Major Moveable Equipment	3 to 10

Impairment of Long-Lived Assets

The System reviews its long-lived asset groups, including property and equipment, and intangibles, for impairment, at least annually, or more frequently, if indicators exist that the carrying amount of an asset group may not be recoverable. No impairment was identified for the years ended December 31, 2025 and 2024, respectively.

Goodwill

Goodwill at December 31, 2025 and 2024 is measured as the excess of the acquisition price over the estimated fair value of net assets acquired. The System performs an impairment test annually on October 1, or more frequently, if events or changes in circumstances indicate a potential impairment. No impairment was identified for the years ended December 31, 2025 and 2024, respectively.

Workers' Compensation, Professional Liability, and Employee Health Claims

The System records the provisions for estimated medical, professional, and general liability, and workers' compensation claims based upon claims incurred, combined with an estimate of claims incurred but not reported. Claims expense is reduced by amounts recoverable through stop-loss insurance purchased by the System. Estimates recorded for these self-insured liabilities are based on past experience, as well as other considerations, including the nature of claims, industry data, relevant trends, and/or the use of actuarial information.

Note 2. Summary of Significant Accounting Policies (Continued)

Pension and Other Postretirement Plans

The System recognizes the underfunded status of its pension and other postretirement plans as a liability in its consolidated balance sheets. Changes in the funded status of the pension and other postretirement plans are reported as a change in unrestricted net assets presented below the excess of revenues over expenses financial statement line item in the consolidated statements of changes in net assets in the year in which the change occurs.

Derivatives and Financial Instruments

The System uses interest rate and basis swap agreements to mitigate the impact of changing interest rates and manage borrowing costs. These agreements are primarily designed to align cash flow requirements with debt service on variable-rate obligations. The fair value of these instruments is recorded in other receivables or liabilities on an instrument-by-instrument basis, depending on net values and maturities, within the consolidated balance sheets. Net realized gains or losses are reflected in interest expense, while changes in fair value are recognized as investment income or loss in the consolidated statements of operations.

All derivative instruments are subject to market risk and impact the value of all derivative instruments. Management estimates exposure to credit-related losses to be low based on counter-party credit ratings. Exposure to market risk is subject to risk limits set by the LCMC Health Investment Committee.

Fair Value of Financial Instruments

The System accounts for certain assets and liabilities at fair value or on a basis that approximates fair value. A fair value hierarchy for valuation prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels and is determined by the lowest level input that is significant to the fair value measurement in its entirety. The System recognizes transfers between fair value hierarchy levels at the end of the reporting period.

These levels are:

- Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. Financial assets in this category primarily include listed equities.
- Level 2 Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and for which all significant inputs are observable, either directly or indirectly, as of the measurement date. Financial assets and liabilities in this category generally include asset-backed securities, corporate bonds and loans, municipal bonds, and interest rate swaps.

Note 2. Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

Level 3 Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. Financial assets in this category generally include alternative investments.

Deferred Financing Costs and Original Issue Premium

Deferred financing costs, original issue premiums, and original issue discounts are netted with the related debt and are amortized over the period the obligation is outstanding using a method that approximates the interest method.

Deferred Revenue

Upon receipt of payments prior to satisfaction of all performance obligations, the System defers recognition of the related revenue until the period in which the System has satisfied such obligations. Deferred revenue primarily includes energy asset arrangements (as detailed in Note 17) and other individually insignificant items.

Endowment Funds

The System's net assets with donor restrictions include an endowment fund established to support its healthcare operations. The System has interpreted the applicable state Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. The System's investment and spending policies for these assets are designed to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment. As of December 31, 2025 and 2024, donor-restricted endowment net assets were not significant, and no funds had a fair value less than the original gift amount required to be maintained in perpetuity.

Patient Service Revenues

Patient service revenues are recognized as the System satisfies performance obligations under its contracts with patients. These amounts are due from patients, third-party payors (including health insurers and government programs), and others, and include variable consideration for retroactive revenue adjustments. Generally, performance obligations satisfied over time relate to patients in the System receiving inpatient acute care services or patients receiving services in its outpatient centers. The System has determined that no significant financing components exist. Patient care service revenues are reported at the estimated transaction price or amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care.

Note 2. Summary of Significant Accounting Policies (Continued)

Patient Service Revenues (Continued)

The System determines the transaction price based on standard charges, reduced by contractual adjustments, discounts, and implicit price concessions. Generally, the System bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility, and patient accounts receivable are due in full when billed.

Agreements with third-party payors typically provide for payments at amounts less than standard charges. Following is a summary of the payment arrangements with major third-party payors:

Medicare - Inpatient and outpatient services, including physician services, are paid at prospectively determined rates based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies, subject to certain limits.

Medicaid - Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to review and audits are variable consideration and are included in the determination of the estimated transaction price for providing patient care in the period the related services are provided using the most likely outcome method. The System records retroactive Medicare and Medicaid settlements based upon estimates of amounts that are ultimately determined through annual cost reports filed with and audited by the fiscal intermediary. Estimated settlements are adjusted in future periods as adjustments become known or as years are settled or are no longer subject to such reviews and audits. Adjustments from a change in estimated settlements increased patient revenues by $4,835 in 2025 and decreased patient service revenues by $1,352 in 2024.

Medicare and Medicaid cost reports remain open across the System for various audit years, primarily for 2019 and subsequent years. These periods remain subject to retroactive examination by third-party payers, including Recovery Audit Contractors (RAC). Because the laws and regulations governing these programs are complex and subject to interpretation, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 2. Summary of Significant Accounting Policies (Continued)

Financial Assistance Program

The System provides medical care without charge or at reduced costs to residents of its community through the provision of financial assistance. The System has established and follows its policies for financial assistance, emergency medical care, and billing and collections. Costs for medical care provided under this program are generally estimated based on direct costs incurred or through estimation of an overall cost to charge ratio to the uncompensated charges associated with care provided under this program.

During the years ended December 31, 2025 and 2024, estimated costs associated with providing financial assistance, throughout the System, were $128,933 and $125,050, respectively. These amounts are not reported within net patient service revenues, since the System does not pursue collection of these amounts.

Grants, Gifts, and Contributions with Donor Restrictions

Revenues from grants and contributions are recognized when all eligibility requirements are met and there is reasonable assurance of receipt. These are recorded as either operating or non-operating revenues based on their nature.

Unconditional promises to give are recorded at fair value when received. Promises due in more than one year are discounted to present value. Conditional promises are recognized only when the conditions are substantially met.

Gifts are reported as net assets with donor restrictions if they include stipulations that limit their use. When a restriction expires, net assets are reclassified to "without donor restrictions" and reported as net assets released from restrictions.

Contributions whose restrictions are met in the same period they are received are reported as revenues without donor restrictions.

Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market area through a broad range of general and specialized healthcare services. Activities directly related to this mission are considered to be operating activities. Transactions and events that are not directly related to the System's primary mission are reported as non-operating.

Excess of Revenues over Expenses

Excess of revenues over expenses includes all changes in net assets without donor restrictions except for the effect of changes in accounting principles, net assets released from restrictions used for purchase of property and equipment, change in funded status of pension obligations, change in the non-controlling interests, contributions specifically restricted for the acquisition of property and equipment, and other capital gifts.

Income Taxes

Certain of the System's subsidiaries are not-for-profit entities under Section 501(c)(3) of Internal Revenue Code and are exempt from federal income taxation. WJMC and UHS are considered disregarded entities for federal and state income tax purposes, with profits and losses presented together with LCMC Health.

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Through the year ended December 31, 2025, the operations of certain for-profit entities have resulted in estimated cumulative net operating losses for federal income tax purposes of $103,457, of which $58,628 have no expiration as to their use while $44,829 expire in varying amounts through 2036. No tax benefits related to these operating losses have been recognized in the accompanying consolidated financial statements.

Accounting for Uncertainty in Income Taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense. The System believes that it has appropriate support for any tax positions taken, and there are no uncertain tax positions that are material to the consolidated financial statements.

Recent Accounting Pronouncements - Adopted

In July 2025, the FASB issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments - Credit Losses* (Topic 326), which introduces simplifications for measuring credit losses on current accounts receivable. The System early adopted the standard's practical expedient and accounting policy election for the year ended December 31, 2025. The adoption did not have a material impact on the consolidated financial statements.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation. These reclassifications had no effect on the reported results of operations.

Note 3. Supplemental Cash Flow Information

Cash paid for interest totaled $54,768 and $64,905 for the years ended December 31, 2025 and 2024, respectively. For 2025, cash paid for operating lease liabilities was $12,762 and cash paid for finance lease liabilities was $3,013. For 2024, these payments totaled $10,112 and $333, respectively. These amounts are included within the changes in other liabilities in the consolidated statements of cash flows.

Non-cash investing and financing activities for the years ended December 31, 2025 and 2024 included the recognition of ROU assets in exchange for operating lease liabilities of $14,921 and $17,839, respectively, and ROU assets in exchange for finance lease liabilities of $-0- and $2,925, respectively. Additionally, property and equipment purchases included in accounts payable were $9,224 and $20,504 at December 31, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 4. Patient Service Revenues

Patient service revenues are derived from inpatient and outpatient medical care. For both years ended December 31, 2025 and 2024, inpatient revenues accounted for 37% of total net patient service revenues.

The following table reflects net patient service revenues by payor source for the years ended December 31:

	2025	2024
Medicaid	**$ 1,617,426**	$ 1,431,419
Medicare	**978,467**	886,794
Other Third-Party	**894,773**	811,174
Guarantor/Patient/Other	**25,000**	45,725
Net Patient Service Revenues	**$ 3,515,666**	$ 3,175,112

Supplemental Payment Programs

The System participates in various Medicaid supplemental payment programs administered by the State of Louisiana to support healthcare services for underinsured and medically underserved populations. These programs are authorized under the State Plan by the Centers for Medicare and Medicaid Services (CMS).

The System recognizes revenues from its various Medicaid programs as follows:

- Medicaid Full Directed Payment Program (MFP): Based on estimates from the Louisiana Department of Health and adjusted for actual qualifying patient volume.
- Disproportionate Share (DSH): Recorded as qualifying services are rendered.
- Medicaid Managed Care Quality Incentive Program (MCIP): Recognized when it is probable that defined performance measures have been achieved.

Program revenues totaled $966,456 and $850,923 for 2025 and 2024, respectively, and is included in net patient service revenues. Reconciliations and retroactive adjustments are recorded in the period identified, consistent with the System's policy for variable consideration. Management believes that adequate provision has been made for potential adjustments to the supplemental payment programs described above, which are frequently subject to retroactive state and federal review.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 5. Other Receivables

Amounts reflected in other current receivables on the consolidated balance sheets consist of the following amounts as of December 31:

	2025	2024
Supplemental Payments	**$ 295,751**	$ 121,028
Due from Managed Entities	**60,367**	46,459
Scholars Program	**12,646**	8,861
Grants Receivable	**4,596**	4,641
Pledges Receivable	**5,853**	4,235
Other Receivables	**19,336**	13,231
Total	**$ 398,549**	$ 198,455

Note 6. Assets Limited as to Use

At December 31, assets limited as to use are invested as allowed and consist of the following investment categories:

	2025	2024
Marketable Equity Securities	**$ 554,825**	$ 527,005
Other Fixed Income Securities	**395,064**	417,520
Money Market Funds, Certificates of Deposit, and Commercial Paper	**9,580**	14,981
Cash	**17,181**	11,467
U.S. Government Securities	**549**	548
Total Investments	**$ 977,199**	$ 971,521
Less: Amount Required for Current Obligations	**(23)**	(23)
Assets Limited as to Use, Net	**$ 977,176**	**$ 971,498**

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 7. Leases

The following table presents the components of the System's ROU assets and liabilities related to leases and their classification in the consolidated balance sheets at December 31:

Component	Classification	**2025**	2024
Assets			
Finance Lease Assets	Other Assets	**$ 11,697**	$ 14,431
Operating Lease Assets	Other Assets	**63,236**	58,643
Total Lease Assets		**$ 74,933**	$ 73,074
Liabilities			
Finance Lease Liabilities			
Current	Other Current Liabilities	**$ 2,707**	$ 2,570
Long-Term	Other Long-Term Liabilities	**10,339**	13,127
Operating Lease Liabilities			
Current	Other Current Liabilities	**11,543**	10,148
Long-Term	Other Long-Term Liabilities	**54,689**	51,497
Total Lease Liabilities		**$ 79,278**	$ 77,342

As of December 31, 2025, the weighted-average remaining lease term was 6 years for operating leases and 7 years for finance leases, with weighted-average discount rates of 3.6% and 2.4%, respectively.

As of December 31, 2024, the weighted-average remaining lease term was 6 years for operating leases and 7 years for finance leases, with weighted-average discount rates of 3.0% and 2.5%, respectively.

The following table presents the components of the System's lease costs and other information related to leases and their classification in the consolidated statements of operations for the years ending December 31:

	2025	2024
Finance Lease Cost		
Amortization of Right-of-Use Assets Recorded in Depreciation and Amortization	**$ 2,734**	$ 1,919
Interest on Lease Liabilities Recorded in Interest Expense	**361**	333
Operating Lease Cost Recorded in Supplies and Other Expenses	**10,909**	13,151
Short-Term Lease Cost Recorded in Supplies and Other Expenses	**19,130**	33,102
Total Lease Cost	**$ 33,134**	$ 48,505

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 7. Leases (Continued)

Future maturities of lease liabilities at December 31, 2025 are presented in the following table:

	Operating Leases	Finance Leases
2026	$ 13,538	$ 2,985
2027	12,766	2,141
2028	11,649	1,972
2029	10,334	1,437
2030	9,102	1,126
Thereafter	17,877	4,581
Total Lease Payments	75,266	14,242
Less: Imputed Interest	(9,034)	(1,196)
Total Lease Obligations	66,232	13,046
Less: Current Obligations	(11,543)	(2,707)
Long-Term Lease Obligations	$ 54,689	$ 10,339

Note 8. Property, Plant, and Equipment

At December 31, property, plant, and equipment consisted of the following:

	2025	2024
Land and Land Improvements	**$ 117,838**	$ 117,364
Leasehold Improvements	**20,927**	21,906
Buildings	**1,389,538**	1,311,505
Fixed Equipment	**155,066**	160,805
Major Moveable Equipment	**870,964**	799,173
	2,554,333	2,410,753
Less: Accumulated Depreciation	**(1,262,085)**	(1,127,141)
Construction in Progress	**26,086**	84,827
Property, Plant, and Equipment, Net	**$ 1,318,334**	$ 1,368,439

Depreciation expense was $148,505 and $159,073 for the years ended December 31, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 9. Other Liabilities

As of December 31, other liabilities consisted of the following:

	2025		2024	
	Current	***Non-Current***	*Current*	*Non-Current*
Operating Lease Liabilities	**$ 11,543**	**$ 54,689**	$ 10,148	$ 50,002
Health, Workers' Compensation, Professional, and General Claims	**31,876**	**21,659**	31,389	23,846
Contingent Performance Obligation	**29,300**	**8,100**	21,200	16,200
Employee Benefits	**-**	**32,400**	-	25,910
Finance Lease Liabilities	**2,707**	**10,339**	2,570	13,127
Accrued Interest	**9,306**	**-**	9,358	-
Current Portion of Bonds Payable	**5,835**	**-**	5,615	-
Other Liabilities	**11,414**	**6,847**	4,518	12,149
Total	**$ 101,981**	**$ 134,034**	$ 84,798	$ 141,234

Note 10. Debt Obligations

Line of Credit: The System has a revolving line of credit note that provides borrowing up to $100,000; a $50,000 line of credit with a $50,000 accordion feature. At December 31, 2025 and 2024, the outstanding balance was $100,000. The note is renewable annually, with a maturity date of February 11, 2026. Interest is payable quarterly at SOFR plus 0.10% per annum. The interest rate at December 31, 2025 and 2024 was 4.55% and 5.38%, respectively.

Subsequent to year-end, the System partially repaid the outstanding balance and amended the credit agreement to extend its maturity (see Note 20).

Term Loan: The System was obligated under a Related Debt Obligation note issued under the Master Trust Indenture dated April 1, 2014. The note bore interest at a variable rate of SOFR plus 0.10% per annum. The interest rate at December 31, 2024, was 5.38%. During the year ended December 31, 2025, the System repaid the outstanding principal balance of $50,000.

Fixed Note: Interest payable semi-annually at a fixed rate of 6.20%. The outstanding balance at December 31, 2025 and 2024 was $28,000 and is presented in Notes Payable, Net of Current Portion. This note is secured on parity with the Series 2021A Obligation. This note matures on March 20, 2027.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 11. Bonds Payable

At December 31, bonds payable consisted of the following:

Bonds Payable	Interest Rates	Maturity Dates	2025	2024
Tax-Exempt				
Series 2015 Bonds (b)	3.90%	8/15/2029	**$ 23,070**	$ 28,685
Series 2015 A1 - Serial Bonds	5.00%	6/1/2039	**27,515**	27,515
Series 2015 A1 - Term Bonds	5.00%	6/1/2045	**27,320**	27,320
Series 2015 A1 - Term Bonds	4.00%	6/1/2045	**25,000**	25,000
Series 2015 A2 Bonds - Term Rate Mode	5.00%	6/1/2045	**-**	75,140
Series 2015 A2 Bonds (Remarketed) (c)	5.88%	6/1/2045	**75,140**	-
Series 2015 A3 Bonds - Term Rate Mode	5.00%	6/1/2045	**25,500**	25,500
Series 2017 A Bonds - Weekly Rate Mode (d)	Variable	9/1/2057	**62,500**	62,500
Series 2017 B Bonds - Weekly Rate Mode (d)	Variable	9/1/2057	**62,500**	62,500
Series 2020 A Bonds - Term Bonds	3.00%	6/1/2050	**55,000**	55,000
Series 2020 A Bonds - Term Bonds	4.00%	6/1/2050	**40,850**	40,850
Series 2022 A Bonds - Fixed Rate Mode (a)	5.60%	1/12/2052	**43,605**	43,605
Series 2022 A Bonds - Fixed Rate Mode (a)	5.70%	1/12/2052	**76,605**	76,605
Series 2022 A Bonds - Fixed Rate Mode (a)	5.80%	1/12/2052	**79,790**	79,790
Series 2023 A Bonds - Term Rate Mode (b)	5.25%	6/1/2052	**50,000**	50,000
Series 2023 B Bonds - Term Rate Mode	3.56%	12/1/2052	**55,000**	55,000
Taxable				
Series 2020B Bonds - Term Bonds	2.28%	6/1/2030	**102,280**	102,280
Series 2021 A1 Bonds - Fixed Rate Mode (a)	6.85%	4/1/2031	**79,610**	79,610
Series 2021-A1.2 Bonds - Fixed Rate Mode (a)	6.85%	4/1/2041	**31,000**	31,000
Series 2021-B1.1 - Fixed Rate Mode (a)	6.85%	4/1/2041	**53,585**	53,585
Series 2021-B1.2 - Fixed Rate Mode (a)	7.00%	4/1/2051	**90,210**	90,210
			1,086,080	1,091,695
Plus: Unamortized Original Issue Premium			**14,795**	20,706
Less: Debt Issuance Costs, Net of Amortization			**(7,416)**	(8,226)
			1,093,459	1,104,175
Less: Current Maturities of Bonds Payable			**(5,835)**	(5,615)
Bonds Payable - Long-Term			**$ 1,087,624**	$ 1,098,560

(a) Denotes bonds subject to interest rate swap agreements as of December 31, 2025 and 2024.
(b) Denotes bonds subject to an interest rate swap agreement as of December 31, 2024. This agreement was terminated during 2025; consequently, these bonds are unhedged as of December 31, 2025.
(c) Denotes bonds subject to an interest rate swap agreement as of December 31, 2025, in connection with the 2025 remarketing.
(d) On December 31, 2025 and 2024 variable interest rates approximated 3.3% and 3.6%, respectively.

Certain tax-exempt and taxable bond series listed above are subject to mandatory sinking fund redemptions at various dates prior to their stated final maturities.

Refer to Note 12 for specific details regarding interest rate swap agreements.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 11. Bonds Payable (Continued)

The System completed the following remarketing transactions for bonds issued through the Louisiana Public Facilities Authority:

Series 2015 A2: Remarketed June 2, 2025; converted to fixed-rate Term Mode through private placement. These bonds are scheduled to mature on June 1, 2045, subject to a mandatory tender on June 1, 2035, and are callable beginning June 1, 2026.

Series 2017 A & B: Remarketed September 11, 2025, to substitute the credit support provider. These variable-rate demand bonds are secured by a TD Bank, N.A. Letter of Credit expiring September 11, 2030, covering principal plus 50 days of interest at 12%.

Bondholders retain a weekly optional tender right; unremarketed tenders purchased by the bank bear interest at the default rate and are subject to accelerated amortization.

The carrying amount of the weekly rate bonds approximates fair value due to the frequent interest rate resets. The fair value of the fixed and term rate term bonds is estimated using discounted cash flows based on current borrowing rates for similar arrangements.

At December 31, 2025, scheduled repayments of principal and sinking fund installments are as follows:

2026	$ 5,835
2027	6,060
2028	6,295
2029	4,880
2030	102,280
Thereafter	960,730
Total	$ 1,086,080

Note 12. Derivative Instruments

The System utilizes interest rate swap agreements to manage variable interest rate exposure by effectively converting variable-rate debt into fixed-rate obligations. As of December 31, 2025, and 2024, all swaps were linked to either the Secured Overnight Financing Rate (SOFR) or the Securities Industry and Financial Markets Association (SIFMA) base indices.

At December 31, 2025, the System held interest rate swaps with a notional amount of $529,545 maturing at various dates between 2029 and 2035, effectively fixing the interest rate between 5.6 and 7.0%.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 12. Derivative Instruments (Continued)

At December 31, 2024, the System held interest rate swaps with a notional amount of $533,090, maturing at various dates between 2025 and 2029, effectively fixing interest rates between 3.9% and 7.0%.

Interest expense on the underlying debt was reduced by net interest earnings of $7,851 and $2,423 in 2025 and 2024, respectively. At December 31, 2025 and 2024, swap agreements had a net carrying asset (liability) of $323 and ($3,421), respectively.

Management estimates exposure to credit-related losses to be low based on counter-party credit ratings.

Note 13. Fair Value of Financial Instruments

The carrying amounts for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to their short-term nature.

The System's fair value measurements are made on a recurring basis using the following approaches:

Investments - Fair value is based on quoted market prices or prices provided by recognized broker-dealers. If listed prices are unavailable, fair value is determined via externally developed models using unobservable inputs.

Interest Rate and Basis Swap Agreements - Fair values represent estimated termination payments at the reporting date, considering current interest rates and counterparty risk (refer to Note 12).

Assets and liabilities measured at fair value on a recurring basis at December 31 are summarized below:

2025 Assets	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Cash	**$ 17,181**	**$ -**	**$ -**	**$ 17,181**
Marketable Equity Securities	**438,174**	**-**	**115,857**	**554,031**
Other Fixed Income Securities	**284,768**	**1,408**	**110,231**	**396,407**
Money Market Funds	**9,580**	**-**	**-**	**9,580**
Investments Measured at Fair Value	**$ 749,703**	**$ 1,408**	**$ 226,088**	**$ 977,199**

2024 Assets	Level 1	Level 2	Level 3	Total Fair Value
Cash	$ 11,467	$ -	$ -	$ 11,467
Marketable Equity Securities	416,748	-	110,257	527,005
Other Fixed Income Securities	245,121	1,344	171,603	418,068
Money Market Funds	14,981	-	-	14,981
Investments Measured at Fair Value	$ 688,317	$ 1,344	$ 281,860	$ 971,521

Total investments above are presented net of $23 in held current obligations within Assets Limited as to Use on the consolidated balance sheets.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 13. Fair Value of Financial Instruments (Continued)

The following table provides a reconciliation of the beginning and ending balances of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Period Ended	Beginning Balance	Total Gains / (Losses)	Purchases	Sales	Transfers In / (Out)	Ending Balance
2024	$ 336,695	$ 7,607	$ 90,723	$ (153,165)	$ -	$ 281,860
2025	$ 281,860	$ 14,392	$ 20,992	$ (21,769)	$ (69,387)	$ 226,088

Level 3 fair values are based on unadjusted third-party broker quotes where management does not develop the unobservable inputs. Total gains and losses on these investments are included in investment income. Of the total gains of $14,392 in 2025 and $7,607 in 2024, $8,380 and ($33,753), respectively, represent unrealized gains (losses) related to investments still held at December 31. During 2025, $69,387 was transferred from Level 3 to Level 1 due to the availability of observable market data for the underlying securities.

Note 14. Employee Retirement Plans

Defined Contribution Plans

The System sponsors the LCMC Health Retirement Savings Plan, a Section 403(b) defined contribution plan covering substantially all eligible employees. The plan provides a 2% non-elective employer contribution, a 50% match on the first 4% of employee contributions, and a discretionary employer contribution up to 3%. Total employer contributions were $29,534 and $29,517 for 2025 and 2024, respectively.

Defined Benefit Pension Plan

Touro Infirmary sponsors a non-contributory defined benefit pension plan. Effective January 1, 2016, the plan was frozen to new participants and pay credits were eliminated.

Funded Status: The System's policy is to fund the plan in accordance with the minimum and maximum standards of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. As of December 31, 2025 and 2024, the plan had a net funded status of $556 and ($697), respectively. Benefit obligations totaled $22,830 and $22,716, against plan assets at fair value of $23,386 and $22,019. Net periodic pension cost and contributions were $208 and $600 in 2025 and $343 and $1,197 in 2024, respectively.

Assumptions: Weighted-average assumptions included discount rates of 5.30%-5.40%, an expected return on assets of 7.00%, and cash balance interest credits of 3.00%.

Risk Management: Equity securities are utilized for growth, while the fixed-income portfolio is restricted to investment-grade securities (minimum rating of BAA/BBB) to provide stable returns and reduce volatility.

Fair Value: Under the hierarchy defined in Note 2, 100% of Plan investments were classified as Level 1 at December 31, 2025 and 2024. These assets consisted of cash and cash equivalents, corporate stocks, and mutual funds, which are valued using quoted market prices.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 14. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of December 31, 2025, are as follows:

2026	$	4,814
2027		1,773
2028		1,628
2029		1,602
2030		1,564
2031-2035		7,044
Total	$	18,425

Executive Benefit Plan

The System sponsors a Section 457(b) deferred compensation plan for certain current and former senior management. Related assets and liabilities were $32,400 and $25,910 at December 31, 2025 and 2024, respectively. Assets are recorded in Other Assets, and corresponding liabilities in other long-term liabilities on the consolidated balance sheets.

Note 15. Concentrations of Credit Risk

Patient accounts receivable are stated at estimated net realizable value. The System grants credit without collateral to patients insured under third-party payor agreements.

The payor mix for receivables at December 31 was as follows:

	2025	2024
Medicare	**36 %**	34 %
Medicaid	**18**	21
Other Third-Party	**45**	44
Guarantor/Patient/Other	**1**	1
Total	**100 %**	100 %

Periodically, cash in bank accounts exceeds insured limits. The System does not believe this creates significant risk.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 16. Functional Expenses

The System provides general health care services, both inpatient and outpatient, to patients in the Gulf South region. The statement of operations report expenses based on natural classifications. The costs of providing program and supportive activities on a functional basis for the years ended December 31 were as follows:

2025	Healthcare	Management and General	Fundraising	Total
Operating Expenses				
Compensation and Benefits	**$ 1,187,996**	**$ 245,802**	**$ 1,294**	**$ 1,435,092**
Purchased Services	**235,679**	**215,484**	**7,127**	**458,290**
Professional Fees	**360,131**	**4,631**	**-**	**364,762**
Supplies and Other Expenses	**1,166,100**	**98,307**	**1,208**	**1,265,615**
Depreciation and Amortization	**84,220**	**79,460**	**-**	**163,680**
Interest	**44,880**	**9,999**	**-**	**54,879**
	$ 3,079,006	**$ 653,683**	**$ 9,629**	**$ 3,742,318**
Non-operating Expenses				
Community Support	**$ 41,350**	**$ -**	**$ -**	**$ 41,350**

2024	Healthcare	Management and General	Fundraising	Total
Operating Expenses				
Compensation and Benefits	$ 1,141,962	$ 243,808	$ 1,188	$ 1,386,958
Purchased Services	219,254	202,988	6,154	428,396
Professional Fees	324,678	2,350	-	327,028
Supplies and Other Expenses	967,945	102,192	654	1,070,791
Depreciation and Amortization	106,882	66,189	-	173,071
Interest	49,504	15,831	-	65,335
	$ 2,810,225	$ 633,358	$ 7,996	$ 3,451,579
Non-operating Expenses				
Community Support	$ 73,709	$ -	$ -	$ 73,709

Note 17. Commitments and Contingencies

The System is subject to litigation, claims, and extensive healthcare regulations arising in the ordinary course of business. Management believes the resolution of these matters will not exceed recorded reserves or insurance coverage, and that the System is in compliance with all applicable laws and regulations.

Professional and General Liability Insurance

The System participates in the Louisiana Patient's Compensation Fund (the Fund), which statutorily limits each medical professional liability claim to $500. The System is self-insured for the first $100 of each claim, with the remaining $400 covered by the Fund. Additionally, the System maintains a per-occurrence retention of $1,000 for general liability and a commercial excess general liability policy limit of $35,000.

Note 17. Commitments and Contingencies (Continued)

Professional and General Liability Insurance (Continued)

The System records an estimate of the ultimate liability for known and incurred but not reported (IBNR) claims. These liabilities were discounted at 4.5% and 3.5% at December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, total estimated liabilities were $29,607 and $31,989, with $14,859 and $14,761 classified as other current liabilities. The undiscounted total amounts of these liabilities were $31,248 and $33,897 at December 31, 2025 and 2024, respectively.

Estimated Employee Health and Workers' Compensation Claims

The System maintains a risk management program for employee health and workers' compensation claims. The estimated liability for these claims, with workers' compensation discounted consistent with the rates above, was $23,928 and $23,348 at December 31, 2025 and 2024, respectively. Of these amounts, $17,017 and $16,628 were classified as current at December 31, 2025 and 2024, respectively, and are included in other current liabilities. The undiscounted total amounts of these liabilities were $25,130 and $24,301 at December 31, 2025 and 2024, respectively.

Employee health claims are recorded at carrying value, as fair value approximates carrying value due to their short-term nature.

Commitments under Cooperative Endeavor Agreements (CEAs)

University Healthcare System

The System operates EJGH under a CEA subject to a minimum capital expenditure requirement of $100,000 over a multi-year period, requiring annual reporting to the Jefferson Parish Government. The System fulfilled the minimum capital expenditure obligations stipulated by the CEA.

Effective January 1, 2023, the System acquired UHS through an agreement with HCA Healthcare (HCA) and the Administrators of the Tulane Educational Fund (Tulane). This agreement includes provisions for contingent consideration based on the achievement of certain performance measures. Management has determined it is probable that the remaining contingent consideration will be paid. Accordingly, the System recorded $24,300 and $16,200 within accounts payable as of December 31, 2025 and 2024, respectively. Additionally, $8,100 and $16,200 were included in non-current accrued liabilities at December 31, 2025 and 2024, respectively.

The UHS agreement also requires minimum capital expenditures of $220,000 over a multi-year period, subject to annual reporting to Tulane. The System fulfilled the minimum capital expenditure obligations.

Note 17. Commitments and Contingencies (Continued)

Commitments under Cooperative Endeavor Agreements (CEAs) (Continued)

WJMC

The System operates an acute care hospital facility under a CEA and Master Hospital Lease with an initial term of 45 years and two 15-year renewal options.

A $200,000 prepayment was made for future rent, which is amortized over the lease term. At December 31, 2025 and 2024, the unamortized balance was $154,445 and $158,889, respectively, with $4,444 classified within other current assets for both years.

The CEA is subject to a minimum capital expenditure requirement of $340,000 over a multi-year period, which requires annual reporting to Jefferson Parish Government. As of December 31, 2025, the System reported $270,311 in qualifying capital expenditures toward this requirement.

UMCNO

LCMC Health has operated UMCNO under a CEA since 2013. This agreement automatically renews for successive five-year terms, subject to a 270-day advance notice of termination.

UMCNO maintains multiple triple-net lease agreements with annual rent escalations capped at 5%, with fair market value adjustments every twenty years. Under the CEA and Master Hospital Lease, LCMC Health made a 40-year lease prepayment of $243,000. Of this amount, $110,000 is applied as an annual rent credit ratably over the first twenty years, while $143,000-representing all future rent for ambulatory facilities-is being amortized over 40 years. The unamortized balance of this prepayment was $175,486 and $185,535 at December 31, 2025 and 2024, respectively, with $10,049 classified within other current assets for both years.

These balances remain subject to the standard legislative appropriation processes; realization of any refund is contingent upon specific future appropriations by the Louisiana Legislature. A 2024 amendment to the Master Hospital Lease credited LCMC Health $56,958 for funded capital improvements, reducing annual lease payments $8,137 through June 30, 2031.

The System leases certain additional facilities integral to its operation of the CEA under 20-year agreements, and equipment under a 10-year agreement containing two five-year renewal options, from government entities. This equipment lease carries substantial reporting requirements to the Louisiana Assistance Agency and the State's Legislative Auditor. Because these agreements include fiscal funding clauses making future obligations subject to annual legislative appropriation, management determined the enforceable period is limited to the annual fiscal cycle. Management elected the short-term lease recognition exemption under ASC 842. Total rent expense under these lease agreements was $78,105 and $78,156 for the years ended December 31, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 17. Commitments and Contingencies (Continued)

LCMC Health provides a joint and several guarantee for all UMCNO lease obligations. This guarantee remains in effect unless LCMC Health submits a formal "Withdrawal Notice", terminating liability for future-accruing obligations.

UMCNO

Estimated minimum annual rental payments, as of December 31, 2025 for the above mentioned leases, are as follows:

2026	$ 80,112
2027	82,735
2028	85,065
2029	87,348
2030	90,004
Thereafter	254,974
Total	$ 680,238

New Orleans East Hospital

On April 1, 2014, a CEA was entered into between Parish Hospital Service District for Parish of Orleans dba New Orleans East Hospital (NOEH), LCMC Health and Touro (Joint Parties). Under this agreement, the Joint Parties manage and are responsible for the day-to-day operations of the 50-bed public hospital and emergency department in exchange for a management fee paid to the System. At December 31, 2025 and 2024, other current receivables included $61,358 and $46,459, respectively, due from NOEH for management fees and direct costs. The System maintains a consolidated allowance for credit losses based on an assessment of collectability across its total other receivables balance.

Energy Asset Commitments

The System and certain affiliates (the Participating Entities) maintain 15-year agreements through 2038 with Bernhard Energy, LLC (Bernhard) for energy optimization and design/build services. Total upfront payments received of $206,146 are recorded as deferred revenue and recognized ratably over the contract term; these agreements contain early termination provisions that would require the System to pay significant termination fees, including the satisfaction of outstanding debt obligations and other contractually defined costs.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 17. Commitments and Contingencies (Continued)

Commitments under CEAs (Continued)

Deferred revenue balances and classifications as of December 31 are as follows:

	2025		2024	
	Current	***Non-Current***	*Current*	*Non-Current*
Energy Optimization (1)	**$ 12,596**	**$ 121,421**	$ 12,596	$ 134,017
Energy Services (2)	**1,147**	**10,608**	1,147	11,755
Energy Asset Improvements (1)	**2,853**	**29,477**	2,078	21,573
Total Deferred Revenue	**$ 16,596**	**$ 161,506**	$ 15,821	$ 167,345

(1) Includes Manning Family Children's, UHS, and Touro (2) Includes UMC, WJMC, and Touro

The System paid approximately $72,100 to Bernhard for optimization services, which includes guaranteed energy cost savings. Assets acquired through these services are capitalized when placed in service and depreciated in accordance with System policy. For the years ended December 31, 2025 and 2024, expenses associated with the Energy Service Charges totaled $32,675 and $31,542, respectively.

As of December 31, 2025, the total of the fixed and determinable payments to be paid to Bernhard are as follows:

2026	$ 33,843
2027	34,719
2028	35,618
2029	36,540
2030	37,486
Thereafter	233,586
Total	$ 411,792

Note 18. Community Support

Consistent with its tax-exempt purpose, the System provides healthcare services to the community, including care to patients regardless of their ability to pay. The System reports community benefit activities in accordance with industry practice and based on definitions established by the Internal Revenue Service for purposes of Schedule H of Form 990. Community benefit amounts are reported at estimated cost.

Notes to Consolidated Financial Statements (All Amounts in Thousands)

Note 18. Community Support (Continued)

Community benefit activities include Financial Assistance (Charity Care), representing services provided to patients who meet the System's financial assistance policy criteria; unreimbursed costs of Medicaid and other qualifying programs, reflecting the excess of cost over reimbursement; Community Health Improvement Services and Community Benefit Operations, consisting of programs designed to improve community health through education, screenings, and outreach; Subsidized Health Services, which are clinical services provided despite negative margins to address identified community needs; Health Professions Education, representing costs associated with training programs for physicians, nurses, and other healthcare professionals, including those conducted in partnership with academic institutions such as Louisiana State University and Tulane University; and research activities, including those that are unfunded or underfunded. Community Support consists of cash and in-kind contributions to community organizations and initiatives that promote health improvement, expand access to care, and address social determinants of health, including support of affiliated foundations and community-based programs within the regions served by the System.

The costs of these programs, net of any insignificant offsetting receipts, are presented as Community Support, Net within non-operating income (expense) in the consolidated statements of operations. For the years ended December 31, 2025, and 2024, the System incurred $41,350 and $73,709, respectively, in net community support expenses.

Note 19. Liquidity and Availability

Financial assets available for general expenditure, without donor, or other, restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	$	265,368
Patient Accounts Receivable		467,547
Other Receivables		398,549
Board Designated Assets Limited as to Use		952,210
Total	$	2,083,674

The System maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations come due. The System manages liquidity by monitoring cash flows and maintaining access to a $100,000 revolving line of credit.

Other Receivables include $295,751 in supplemental program payments, including MFP, DSH, and MCIP. While these payments are subject to government funding and approval cycles, the System manages this timing risk through its credit facilities and utilizing assets to bridge cash delays. Management expects full collection of these amounts based on historical performance with the Louisiana Department of Health; accordingly, subsequent to December 31, 2025, the System collected $290,920 of this balance (refer to Note 20).

Note 20. Subsequent Events

Management has evaluated subsequent events through April 23, 2026, the date the consolidated financial statements were available to be issued, and determined that the following events occurred that require disclosure:

Subsequent to December 31, 2025, the System collected $290,920 in Medicaid supplemental payments from the Louisiana Department of Health. These amounts were included in other receivables as of year-end and are further described in Note 5.

Additionally, in February 2026, the System amended its existing line of credit to extend the maturity through February 10, 2027. Subsequent to this amendment, the System repaid $50,000 of outstanding borrowings on the facility.

No further events occurring after April 23, 2026 have been evaluated for inclusion in these consolidated financial statements.

LOUISIANA CHILDREN'S MEDICAL CENTER
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2025

Agency Head
Greg Feirn, CEO

Purpose	Amount
Salary	$0
Benefits-Insurance	$0
Benefits-Retirement	$0
Deferred Compensation (CAA)	$0
Benefits-Executive Incentive	$0
Benefits-Administrative Retention	$0
Benefits-Vacation Payout	$0
Car Allowance	$0
Vehicle Provided by Government	$0
Cell Phone	$0
Dues	$0
Vehicle Rental	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Housing	$0
Unvouchered Expenses	$0
Special Meals	$0
Other	$0

MAULDIN & JENKINS
CPAs & ADVISORS

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*

Independent Auditor's Report

To the Governing Board of Trustees
Louisiana Children's Medical Center
New Orleans, 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 consolidated financial statements of Louisiana Children's Medical Center, dba LCMC Health (a nonprofit organization), and its subsidiaries (collectively, the System), which comprise the consolidated balance sheet as of December 31, 2025, the related consolidated statement of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the System'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 consolidated 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 the 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the System's consolidated 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 System'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Mauldin & Jenkins, LLC

Metairie, LA
April 23, 2026

LOUISIANA CHILDREN'S MEDICAL CENTER

Schedule of Expenditures of Federal Awards
and Independent Auditor's Report

Year Ended December 31, 2025

Contents

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Governing Board of Trustees
Louisiana Children's Medical Center
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Louisiana Children's Medical Center's (the System) 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 the System's major federal programs for the year ended December 31, 2025. The System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the System 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 December 31, 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 (GAAS); 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 the System 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 the System's compliance with the compliance requirements referred to above.

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 the System's federal programs.

Auditor's 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 the System'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 GAAS, *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 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 the System's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the System'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 the System'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 the System's internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the System as of and for the year ended December 31, 2025, and have issued our report thereon dated April 23, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Mauldin & Jenkins, LLC

Metairie, LA
April 23, 2026

LOUISIANA CHILDREN'S MEDICAL CENTER
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Pass-Through Agency Program Title (per Assistance Listing Number)	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures Recognized							Passed Through to Subrecipients
			Children's	Touro	UMC	WJMC	EJGH	LCMC Health	Total	
U.S. Department of Justice										
Through: Louisiana Commission on Law Enforcement										
Crime Victim Assistance	16.575	2023-VA-03 7909	$ 221,905	$ -	$ -	$ -	$ -	$ -	$ 221,905	$ -
Crime Victim Assistance	16.575	2024-VA-01 8501	25,890	-	-	-	-	-	25,890	-
Total Crime Victim Assistance			247,795	-	-	-	-	-	247,795	-
Through: State of Louisiana										
Children Exposed to Violence	16.818	CEVJ	185,338	-	-	-	-	-	185,338	-
Total U.S. Department of Justice			$ 433,133	$ -	$ -	$ -	$ -	$ -	$ 433,133	$ -
U.S. Department of Transportation										
Highway Safety Cluster										
Through: Louisiana Highway Safety Commission										
State and Community Highway Safety	20.600	2025-55-10	$ -	$ -	$ 108,767	$ -	$ -	$ -	$ 108,767	$ -
State and Community Highway Safety	20.600	2026-55-10	-	-	31,270	-	-	-	31,270	-
Total State and Community Highway Safety			-	-	140,037	-	-	-	140,037	-
National Priority Safety Programs	20.616	2025-20-11	-	-	207,050	-	-	-	207,050	-
National Priority Safety Programs	20.616	2026-20-11	-	-	76,687	-	-	-	76,687	-
Total National Priority Safety Programs			-	-	283,737	-	-	-	283,737	-
Total Highway Safety Cluster			-	-	423,774	-	-	-	423,774	-
Total U.S. Department of Transportation			$ -	$ -	$ 423,774	$ -	$ -	$ -	$ 423,774	$ -
U.S. Department of the Treasury										
Through: City of New Orleans										
Coronavirus State and Local Recovery Funds	21.027	SLT-1835 &SLT-7352 K23-822, K24-595	$ 3,576,707	$ -	$ -	$ -	$ -	$ -	$ 3,576,707	$ -
Total U.S. Department of the Treasury			$ 3,576,707	$ -	$ -	$ -	$ -	$ -	$ 3,576,707	$ -
U.S. Department of Education										
Special Education Cluster										
Through: Louisiana Department of Education										
Special Education Grants to States	84.027A	2000559762	$ 187,628	$ -	$ -	$ -	$ -	$ -	$ 187,628	$ -
Total Special Education Cluster			187,628	-	-	-	-	-	187,628	-
Total U.S. Department of Education			$ 187,628	$ -	$ -	$ -	$ -	$ -	$ 187,628	$ -

LOUISIANA CHILDREN'S MEDICAL CENTER
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2025

Federal Grantor/Pass-Through Agency Program Title (per Assistance Listing Number)	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures Recognized							Passed Through to Subrecipients
			Children's	Touro	UMC	WJMC	EJGH	LCMC Health	Total	
U.S. Department of Health and Human Services										
Direct Award										
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	6 H76HA26800-12-02, 6 H76HA26800-13-02	$ -	$ -	$ 786,832	$ -	$ -	$ -	$ 786,832	$ -
Congressional Directives	93.493	CE152439	-	-	951,351	-	-	-	951,351	-
Through: City of New Orleans										
HIV Emergency Relief Project Grants	93.914	H8900035/ UT833948 K24-813; K25-130	-	-	1,038,377	-	-	-	1,038,377	-
Ryan White HIV/AIDS Program Parts A and B	93.686	H8900035/UT833948	-	-	71,669	-	-	-	71,669	-
Healthy Start	93.926	K24-780 & K25-953	-	-	148,474	-	-	-	148,474	-
Through: State of Louisiana										
HIV Prevention Activities Health Dept Based	93.940	2000751186	-	-	5,728	-	-	-	5,728	-
Through: Louisiana Hospital Association Foundation										
National Bioterrorism Preparedness Program	93.889	EP-U3R-24-001	-	-	13,839	-	-	-	13,839	-
Through: Baylor College of Medicine										
National Bioterrorism Preparedness Program	93.889	U3REP220671	142,631	-	-	-	-	-	142,631	-
Total National Bioterrorism Preparedness Program			142,631	-	13,839	-	-	-	156,470	-
Through: The University of Texas Health Science Center at Houston										
Blood Disorder Program: Prevention, Surveillance, and Research	93.080	NU27DD000020-05-02	17,256	-	-	-	-	-	17,256	-
Through: Washington University										
Sickle Cell Treatment Demonstration Program	93.365	U1EMC27865	44,675	-	-	-	-	-	44,675	-
Through: Louisiana State University Agricultural and										
Cancer Control	93.399	5UG1CA189854	56,261	-	-	-	-	-	56,261	-
Through: Olive View - UCLA Education & Research Institute										
Emerging Infections Sentinel Networks	93.860	U01CK000643	-	-	23,100	-	-	-	23,100	-
Through: Administration for Community Living (ACL)										
Paralysis Resource Center	93.325	90PRRC0006-04	-	24,384	-	-	-	-	24,384	-

LOUISIANA CHILDREN'S MEDICAL CENTER
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2025

Federal Grantor/Pass-Through Agency Program Title (per Assistance Listing Number)	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures Recognized							Passed Through to Subrecipients
			Children's	Touro	UMC	WJMC	EJGH	LCMC Health	Total	
U.S. Department of Health and Human Services (Continued)										
Research and Development Cluster										
Through: The University of Texas Health Science Center at Houston										
Maternal and Child Health Federal Consolidated Programs	93.110	H30MC24051	23,920	-	-	-	-	-	23,920	-
Through: The Research Institute at Nationwide Children's Hospital										
Diabetes, Digestive, and Kidney Diseases Extramural	93.847	2U01DK100866	5,020	-	-	-	-	-	5,020	-
Through: Duke University										
Allergy and Infectious Diseases Research	93.855	5R01-AI169641-03 & 5R01-AI169641-04	-	-	1,720	-	-	-	1,720	-
Through: New England Research Institutes										
Cardiovascular Diseases Research	93.837	U24HL135691	19,267	-	-	-	-	-	19,267	-
Through: Pennington Biomedical Research Center										
Biomedical Research and Research Training	93.859	U54GM104940	57,613	-	-	-	-	-	57,613	-
Through: The John Hopkins University										
Child Health and Human Development Extramural Research	93.865	1R01HD110414-01A1	64,851	-	-	-	-	-	64,851	-
Through: LSU Health Science Center										
National Center for Advancing Translational Sciences	93.350	1UM1TR004771-01	-	-	8,785	-	-	-	8,785	-
Cancer Research Manpower	93.398	1OT2HL156812	-	-	67,371	-	-	-	67,371	-
Lung Disease Research	93.838	OT2HL161847	-	-	17,195	-	-	-	17,195	-
Total Research and Development Cluster			170,671	-	95,071	-	-	-	265,742	-
Total U.S. Department of Health and Human Services			$ 431,494	$ 24,384	$ 3,134,441	$ -	$ -	$ -	$ 3,590,319	$ -
U.S. Department of Homeland Security:										
Through: State of Louisiana										
Disaster Grants - Public Assistance (Presidentially Declared Disasters): COVID-19	97.036		$ -	$ 214,690	$ 579,222	$ 259,122	$ -	$ 263,021	$ 1,316,055	$ -
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		-	-	-	-	4,151,161	255,601	4,406,762	-
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			-	214,690	579,222	259,122	4,151,161	518,622	5,722,817	-
Total U.S. Department of Homeland Security			$ -	$ 214,690	$ 579,222	$ 259,122	$ 4,151,161	$ 518,622	$ 5,722,817	$ -
Total Expenditures of Federal Awards			$ 4,628,962	$ 239,074	$ 4,137,437	$ 259,122	$ 4,151,161	$ 518,622	$ 13,934,378	$ -

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Louisiana Children's Medical Center (LCMC Health), Children's Hospital (dba Manning Family Children's), Touro Infirmary (Touro), University Medical Center Management Corporation (UMCNO), West Jefferson Medical Center (WJMC), and University Healthcare System (UHS)-which includes East Jefferson General Hospital (EJGH), Lakeside Hospital, and Lakeview Hospital under programs of the federal government for the year ended December 31, 2025, and is presented on the full accrual basis of accounting. The information in this 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 the System, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the System.

Note 2. De Minimis Cost Rate

The System has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

LOUISIANA CHILDREN'S MEDICAL CENTER
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Part I - Summary of Auditor's Results

Financial Statement Section

Type of Auditor's Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness?	None Reported
Noncompliance Material to Financial Statements Noted?	No

Federal Awards Section

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness?	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

Title	Assistance Listing No.
Congressional Directives	93.493
Disaster Grants - Public Assistance	97.036

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	$1,000,000
Auditee Qualified as Low-Risk Auditee?	No

Part II - Schedule of Financial Statement Findings Section

None.

Part III - Federal Awards Findings and Questioned Costs Section

None.

LOUISIANA CHILDREN'S MEDICAL CENTER
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2025

Part I - Financial Statement Findings

None.

Part II - Federal Award Findings and Questioned Costs

None.

MAULDIN & JENKINS
CPAs & ADVISORS

AGREED-UPON PROCEDURES REPORT

Louisiana Children's Medical Center
d/b/a LCMC Health

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2025 - December 31, 2025

Governing Board of Trustees
Louisiana Children's Medical Center
d/b/a LCMC Health and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Management of Louisiana Children's Medical Center's d/b/a LCMC Health is responsible for those C/C areas identified in the SAUPs.

LCMC Health has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

1) Written Policies and Procedures

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

   i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

iii. ***Disbursements***, including processing, reviewing, and approving.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions were found as a result of these procedures.

2) Board or Finance Committee

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

   i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

   iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

   iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: Procedure #2A(iii) is not applicable as LCMC Health is a nonprofit entity. No exceptions were found as a result of procedures #2A(i, ii, iv).

3) Bank Reconciliations

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

   i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

   ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of these procedures.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

   i. Employees responsible for cash collections do not share cash drawers/registers;

   ii. Each employee responsible for collecting cash is not also responsible for preparing/ making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

   iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/ official is responsible for reconciling ledger postings to each other and to the deposit; and

   iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

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

   i. Observe that receipts are sequentially pre-numbered.

   ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   iii. Trace the deposit slip total to the actual deposit per the bank statement.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

Results: Procedure #4D(iv): Exception noted. Three out of ten selections tested were not deposited within one business day. No exceptions were found as a result of procedures #4A, B, C, or D(i, ii, iii, v).

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

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

   ii. At least two employees are involved in processing and approving payments to vendors;

   iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

   iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

   v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

   i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Results: No exceptions were found as a result of these procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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

   i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

   ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Results: No exceptions were found as a result of these procedures.

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

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

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of these procedures.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of these procedures.

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

   i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

   iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

   iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of these procedures.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

   i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

   ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

This section is not applicable to LCMC Health as it is a nonprofit entity.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

This section is not applicable to LCMC Health as it is a nonprofit entity.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of these procedures.

13) Information Technology Disaster Recovery/Business Continuity

A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

   i. Hired before June 9, 2020 - completed the training; and

   ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

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

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:

   i. Number and percentage of public servants in the agency who have completed the training requirements;

   ii. Number of sexual harassment complaints received by the agency;

   iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

This section is not applicable to LCMC Health as it is a nonprofit entity.

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

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

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

Mauldin & Jenkins, LLC

Metairie, LA
June 5, 2026

Management's Response

Exception:
Procedure 4D(iv): For three deposits selected, bank deposit was not made within one day of receipt.

Management's Response:
Management acknowledges the exception noted regarding the timing of certain deposits. Three deposits selected for testing were not deposited within one business day of receipt as required by the Statewide Agreed-Upon Procedures.

The exceptions were attributable to the low volume and infrequent receipt of non-patient checks within certain areas of the organization. While all funds were safeguarded and ultimately deposited intact, the deposits were not consistently processed within the prescribed timeframe.

Management has reviewed the existing process and implemented additional procedures to reinforce compliance with deposit timing requirements. These measures include enhanced monitoring of check receipts and revised deposit processing expectations to ensure deposits are made as promptly as practicable and in accordance with applicable requirements.

Management remains committed to maintaining strong internal controls and aligning operations with state guidelines.