Financial Report

Baptist Community Health Services, Inc

New Orleans, Louisiana

December 31, 2025

Baptist Community Health Services

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Financial Report

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New Orleans, Louisiana

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New Orleans, Louisiana

December 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Baptist Community Health Services, Inc,
New Orleans, Louisiana.

Opinion

We have audited the accompanying financial statements of Baptist Community Health Services, Inc (BCHS) (a non-profit organization) which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BCHS as of December 31, 2025, and changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BCHS 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.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Audit 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BCHS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BCHS's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility

of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis and is required by the Louisiana Revised Statute 24:513(A)(3) and is not a required part of the financial statements. The information in Schedule 1 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, this information in Schedule 1 is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2026, on our consideration of BCHS'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 this report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on 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 BCHS's internal control over financial reporting and compliance.

Restatement

As discussed in Note 2 to the financial statements, management of BCHS discovered an understatement of deferred revenue during the year ended December 31, 2024 that required the restatement of the financial statements for the year ended December 31, 2024.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 4, 2026.

Exhibit A

STATEMENT OF FINANCIAL POSITION

Baptist Community Health Services, Inc

New Orleans, Louisiana

December 31, 2025

ASSETS

Cash	$ 761,780
Grants receivable	485,490
Patient receivables, net	448,715
Prepaid expenses	92,504
Inventory	24,549
Property and equipment, net	1,581,745
Operating lease right-of-use asset	1,714
Other assets	12,462
Total assets	$3,408,959

LIABILITIES

Accounts payable	$ 149,092
Accrued salaries	21,131
Operating lease liability	1,714
Deferred revenues	485,490
Note payable	1,693,047
Total liabilities	2,350,474

NET ASSETS

Without donor restrictions	572,995
With donor restrictions	485,490
Total net assets	1,058,485
Total liabilities and net assets	$3,408,959

See notes to financial statements.

STATEMENT OF ACTIVITIES

Baptist Community Health Services, Inc

New Orleans, Louisiana

For the year ended December 31, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Net Patient Service Revenue	$2,753,313	$ -	$2,753,313
Support and Other Revenues			
Grants:			
Federal	2,599,313	-	2,599,313
Private	208,333	-	208,333
Contributions of cash and financial assets	798,031	-	798,031
Contributions of nonfinancial assets	104,745	-	104,745
Incentive payments	287,506	-	287,506
Miscellaneous income	9,702	-	9,702
Loss on disposal of assets	(5,749)	-	(5,749)
Net assets released from restrictions	674,236	(674,236)	-
Total support and other revenues	7,429,430	(674,236)	6,755,194
Expenses			
Program services:			
Adult physical health	1,408,260	-	1,408,260
Pediatric physical health	1,246,434	-	1,246,434
Behavioral health	850,979	-	850,979
Dental health	183,929	-	183,929
Total program services	3,689,602	-	3,689,602
Management and general	2,221,060	-	2,221,060
Fundraising	279,001	-	279,001
Total expenses	6,189,663	-	6,189,663
Increase (Decrease) in Net Assets	1,239,767	(674,236)	565,531
Net Assets (Accumulated Deficit)			
Beginning of year (as restated)	(666,772)	1,159,726	492,954
End of year	$ 572,995	$ 485,490	$1,058,485

See notes to financial statements.

Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES

Baptist Community Health Services, Inc
New Orleans, Louisiana

For the year ended December 31, 2025

	Adult Health Services	Pediatric Health Services	Behavioral Health Services	Dental Health Services	Total Program Services	Management and General	Fundraising	Totals
Salaries	$ 921,076	$ 784,620	$648,165	$102,342	$2,456,203	$ 930,919	$170,570	$3,557,692
Payroll taxes	68,536	58,382	48,229	7,615	182,762	58,382	12,692	253,836
Employee benefits	4,550	3,876	3,202	506	12,134	3,876	843	16,853
Total compensation	994,162	846,878	699,596	110,463	2,651,099	993,177	184,105	3,828,381
Advertising	-	-	-	-	-	34,213	1,801	36,014
Amortization	-	-	-	-	-	15,789	831	16,620
Bad debts	17,819	27,649	15,975	-	61,443	-	-	61,443
Bank charges	-	-	-	-	-	5,359	282	5,641
Contract services	193,928	179,000	95,854	8,215	476,997	131,600	30,691	639,288
Depreciation	-	-	-	-	-	276,828	14,570	291,398
Dues and subscriptions	1,330	1,155	665	-	3,150	175	175	3,500
Insurance	51,620	44,817	25,950	76	122,463	102,178	11,823	236,464
Medical supplies	128,348	128,348	-	63,228	319,924	470	25	320,419
Miscellaneous expenses	-	-	-	-	-	8,399	442	8,841
Office supplies and expenses	11,890	10,130	8,357	1,315	31,692	110,250	7,471	149,413
Professional fees	-	-	-	-	-	331,014	14,445	345,459
Repairs and maintenance	3,793	3,793	1,897	632	10,115	52,268	3,283	65,666
Taxes and licenses	5,370	4,664	2,685	-	12,719	706	707	14,132
Technology	-	-	-	-	-	15,610	822	16,432
Travel and meals	-	-	-	-	-	34,551	1,819	36,370
Uniforms	-	-	-	-	-	3,176	167	3,343
Utilities	-	-	-	-	-	105,297	5,542	110,839
Totals	$1,408,260	$1,246,434	$850,979	$183,929	$3,689,602	$2,221,060	$279,001	$6,189,663

See notes to financial statements.

STATEMENT OF CASH FLOWS

Baptist Community Health Services, Inc

New Orleans, Louisiana

For the year ended December 31, 2025

Cash Flows From Operating Activities	
Increase in net assets	$ 565,531
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	308,018
Bad debt (recoveries)	61,443
Inventory donations	(104,745)
Accrued operating lease obligations	(9,560)
Loss on disposal of property and equipment	5,749
(Increase) decrease in assets:	
Patient receivables	(342,780)
Prepaid expenses	7,483
Inventory	107,107
Increase in liabilities:	
Accounts payable	(19,009)
Accrued salaries	(117,414)
Net cash provided by operating activities	461,823
Cash Flows From Investing Activities	
Purchases of property and equipment	(49,949)
Cash Flows From Financing Activities	
Payments on notes payable	(150,000)
Net Increase in Cash	261,874
Cash	
Beginning of year	499,906
End of year	$ 761,780

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Baptist Community Health Services, Inc
New Orleans, Louisiana

December 31, 2025

Note 1 - NATURE OF ACTIVITIES

Baptist Community Health Services, Inc. (BCHS) is a not-for-profit organization established in 2011 to provide quality primary healthcare to individuals in medically underserved communities. In 2014, BCHS opened its first facility in the Lower Ninth Ward neighborhood of New Orleans, Louisiana and began operations. On September 30, 2016, BCHS purchased a pediatric practice (two locations) (the "Practice"). BCHS also maintains a location in Covington, Louisiana. During the year ended December 31, 2023, BCHS partnered with a local high school to provide care to students on campus. As of December 31, 2025 had six locations in the Greater New Orleans area.

Using the community health center model, BCHS provides high-quality, comprehensive care to individuals and families in areas where economic, cultural, and geographic barriers can hinder access to affordable healthcare. BCHS's primary care is integrated with other services including mental health care, women's health, substance abuse services, and HIV and Hepatitis C care. As a Community Health Center (CHC), BCHS is able to accept all insurance types, including Medicare, Medicaid and TriCare, as well as offer a generous Sliding Fee Scale application option to all patients to help mitigate financial burdens for those who qualify. No one is ever turned away due to inability to pay. The goal of BCHS's model is to help individuals and families get the care they need and deserve, improving the continuity of care and demonstrating the love of Christ.

The programs provided by BCHS are as follows:

Adult Medical Health Care Services - Providing comprehensive primary care to adult patients.

Pediatric Medical Health Care Services - Providing comprehensive primary care to pediatric patients.

Behavioral Health Care Services - Providing behavioral health care for adults and children.

Dental Health Care Services - The Mobile dental unit provides dental services to patients at their doorstep.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

BCHS is a non-profit organization organized under the laws of the State of Louisiana and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5).

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of December 31, 2025, management believes BCHS has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ending December 31, 2022 and later remain subject to examination by taxing authorities.

b. Basis of Accounting

The financial statements of BCHS are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB). Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

c. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

d. Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of BCHS and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Resources that are available to support the general operations of BCHS.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of BCHS and/or the passage of time, or net assets that are maintained in perpetuity by BCHS.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, BCHS considers all short-term highly liquid investments with an original maturity of three months or less from the date of acquisition to be cash equivalents.

As of December 31, 2025, BCHS had no cash equivalents.

f. Patient Receivables

Patient receivables consist of patient service fees and are stated at the amounts BCHS expects to collect. BCHS does not require collateral and maintains an allowance for expected credit losses for estimated losses resulting from the inability of its patients to make required payments. If the financial condition of BCHS's patients were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. BCHS's estimate for the allowance for credit losses is based on a review of the current status of accounts receivable. Accounts receivable is presented net of an allowance for credit losses of $350,000 as of December 31, 2025. BCHS uses a third-party company for receivable collections.

BCHS estimates credit losses associated with accounts receivable using an expected credit loss model, which utilizes an aging schedule methodology based on historical information and adjusted for asset-specific considerations, current economic conditions, and reasonable and supportable forecasts.

BCHS's approach considers a number of factors, including overall historical credit losses and payment experience, as well as current collection trends such as write-off frequency. BCHS also considers other qualitative factors such as current and forecasted conditions.

g. Inventory

Inventory of medical supplies is stated at the lower of cost (first-in, first-out) or net realizable value.

h. Property and Equipment

Property and equipment consist of land, buildings, office furniture and equipment, and medical equipment, and is stated at cost or, if contributed, at fair market value at date of donation, net of accumulated depreciation. Repairs and maintenance are charged to expense as incurred; major renewals and betterments are capitalized.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Property and Equipment (Continued)

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the related assets. Buildings and improvements are depreciated over 15 years; other depreciable property and equipment are depreciated from three to seven years. BCHS has established a policy capitalizing all expenditures for property and equipment in excess of $2,500.

i. Other Assets

Other assets include the purchase of medical records, employee contracts, trade name, publishing rights, and public appearance rights and legal fees which totaled $166,195, as part of the Practice acquisition. The other assets are being amortized using the straight-line method over a ten-year life. Amortization expense for the year ended December 31, 2025 totaled $16,620. Accumulated amortization as of December 31, 2025 totaled $153,733.

Other assets as of December 31, 2025 consists of the following:

Cost	$166,195
Accumulated amortization	(153,733)
Other assets, net	$ 12,462

j. Contributions

BCHS reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Contributions (Continued)

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributions of donated non-cash assets (such as inventory) are recorded at their fair or estimated values in the period received.

k. Revenue Recognition

Revenue from Exchange Transactions: BCHS recognizes revenue in accordance with Accounting Standards Update (ASU) No. 2014-09, "*Revenue from Contracts with Customers*", as amended. ASU No. 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. BCHS records the following exchange transaction revenue in its Statement of Activities for the year ended December 31, 2025:

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

Net patient service revenues are reported at the amounts realized from patients, third-party payors, and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment.

Costs incurred by BCHS in obtaining a contract are not capitalized. As part of BCHS's adoption of the revenue recognition guidance, BCHS has elected to apply the practical expedient to recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that BCHS otherwise would have recognized is one year or less. These costs are included in operating expenses in the Statement of Activities.

BCHS has elected to apply practical expedients to not disclose the revenue related to unsatisfied performance obligations if the contract has an original duration of one year or less, and BCHS has recognized revenue for the amount in which it has the right to bill.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Allocated Expenses

The financial statements report certain categories of expenses that are attributable to a program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are summarized on a functional basis. The expenses that are allocated include salaries, payroll taxes, and employee benefits which are allocated on the basis of estimates of employee time and effort. Insurance, office supplies and expenses, repairs and maintenance, and utilities are allocated based on the estimated use of square footage in BCHS facilities or usage in programs. All other expenses are allocated based on direct identification of expense related to each function.

m. Subsequent Events

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 4, 2026, which is the date the financial statements were available to be issued.

Note 3 - RESTATEMENT

During the year ended December 31, 2025, it was discovered that deferred revenue as of December 31, 2024 was understated and net assets without donor restrictions were overstated. The following table presents the restatement on the December 31, 2024 financial statements to correct the identified errors.

	December 31, 2024		
	As Previously Reported	Corrections	As Restated
Liabilities:			
Deferred revenue	$ -	$ 1,135,351	$ 1,135,351
Net assets without donor restrictions	$ 1,628,305	$ (1,135,351)	$ 492,954

Note 4 - PATIENT RECEIVABLES

The following table summarizes receivables and related allowance for credit losses as of December 31, 2025 and January 1, 2025.

	December 31, 2025	January 1, 2025
Receivable, gross	$798,715	$ 758,627
Allowance for credit losses	(350,000)	(591,249)
Receivables, net of credit losses	$448,715	$ 167,378

Many of BCHS's loss estimation techniques rely on delinquency-based models, therefore, delinquency is an important indicator of credit quality in the establishment of BCHS's allowance for credit losses. BCHS manages the receivables using delinquency as a key credit quality indicator.

The following table presents the amounts due status as of December 31, 2025:

Current - 30 days	$ 227,251
31-60 days	82,450
61-90 days	64,160
Greater than 90 days	424,854
Receivables	$ 798,715

BCHS estimates credit losses on receivables by applying an expected credit loss model, which relies on historical loss data to calculate default probabilities. The assessment of default probabilities includes receivables delinquency status, historical loss experience and how long the receivables have been outstanding. BCHS also considers the need to adjust the estimate of credit losses on receivables for reasonable and supportable forecasts and internal statistical analyses.

Activity for the year ended December 31, 2025 in the allowance for credit losses for the patient receivables were as follows:

Beginning allowance for credit losses	$ 591,249
Bad debt expense (recoveries)	61,443
Write-offs	(302,692)
Ending allowance for credit losses	$ 350,000

Note 5 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2025 consists of the following:

Buildings	$1,675,737
Land	315,325
Medical equipment	155,512
Furniture and fixtures	69,153
Office equipment	152,931
Vehicles	751,177
	3,119,835
Less accumulated depreciation	(1,538,090)
Total	$1,581,745

Depreciation expense totaled $291,398 for the year ended December 31, 2025.

Note 6 - OPERATING LEASES

BCHS leases equipment under operating leases expiring at various dates through December 31, 2026. The charges for these leases are charged concurrently with the maintenance on the underlying equipment. Total lease expense for leases of equipment was approximately $2,000 for the year ended December 31, 2025. Lease expense is reported in office supplies and expenses on the Statement of Functional Expenses.

BCHS leases office space under operating leases expiring at various dates through April 1, 2025, all leases are currently month to month. Total lease expense for the lease of office space was approximately $26,000 for the year ended December 31, 2025. Lease expense is reported in office supplies and expenses on the Statement of Functional Expenses.

Operating leases reported under FASB ASC 842 as of and for the year ended December 31, 2025 are as follows:

Operating lease costs	$ 8,926
Operating lease right-of-use asset	$ 1,714
Operating lease liability	$ 1,714
Weighted-average remaining lease in years	1
Weighted-average discount rate:	
Operating leases	1.26%

Note 6 - OPERATING LEASES (Continued)

Future minimum lease payments under non-cancellable operating leases as of December 31, 2025 are as follows:

Year Ending December 31,	Amounts
2026	$ 1,726
Total lease payments less interest	(12)
Present value of lease liabilities	$ 1,714

Note 7 - NOTE PAYABLE

On February 24, 2014, BCHS opened and began caring for patients. Also on February 24, 2014, New Orleans Baptist Ministries (NOBM) sold the building and land on which BCHS resides to BCHS for $749,212 through a note payable secured by the property. At various times, NOBM provided cash and paid expenses on behalf of BCHS. This loan was refinanced into a new loan agreement with NOBM dated September 30, 2016. The loan is for a maximum of $5,000,000. The balance of this loan as of February 28, 2018, converted to a term loan, which per the agreement stipulated repayment in 226 equal monthly installments of principal. During the year ended December 31, 2018, the agreement was amended by NOBM to forgo interest. Interest will not be charged on the loan unless the clinic fails to operate within its mission.

Future maturities on the note payable as of December 31, 2025 are as follows:

Year Ending December 31,	
2024	$ 150,000
2023	150,000
2022	150,000
2021	150,000
2020	150,000
Thereafter	943,047
Total	$ 1,693,047

Note 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2025 are as follows:

Net assets with donor or grantor restrictions:	
Time restricted for subsequent periods	$ 485,490

Net assets released from restrictions for the year ended December 31, 2025 are as follows:

Time restrictions satisfied	$ 649,861
Purpose restrictions satisfied:	
Dental services support	24,375
Total assets released from restrictions	$ 674,236

Note 9 - GRANTS - BAPTIST COMMUNITY MINISTRIES, INC.

BCHS participates in grant programs administered by Baptist Community Ministries, Inc. The grant agreement stipulates that BCHS shall return all improperly expended grant funds. BCHS's management believes that the amount of disallowances, if any, which may arise from future audits, would not be material to the financial statements.

Note 10 - CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, 2025, contributed nonfinancial assets recognized in contributions on the Statement of Activities included:

Prescription medications	$ 104,745

BCHS recognized contributed nonfinancial assets within contributions on the Statement of Activities.

	Revenue Recognized 2025	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Prescription medications	$104,745	Physical Health Services	No associated donor restrictions.	The Organization estimated the fair value based on donor sales prices on specific inventory donated.

Contributed prescription medications are reported in medical supplies on the Statement of Functional Expenses.

Note 11 - RETIREMENT PLAN

BCHS sponsors a defined contribution, retirement plan, which satisfies the applicable requirements of Internal Revenue Code Section 403(b)(9).

Employees are eligible to participate in the plan upon beginning their employment and may make voluntary contributions which are income tax sheltered. The employer may make contributions to the plan on behalf of employees. All employer's contributions to the plans are immediately vested.

There were no employer contributions to the plan for the year ended December 31, 2025.

Note 12 - CONCENTRATIONS

BCHS maintains cash balances at a local financial institution where they are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. Cash balances in excess of insured limits as of December 31, 2025, were approximately $504,000.

BCHS grants credit to patients as part of patient service revenue contracts, substantially all of which are located in the Southeast Louisiana region.

Note 13 - CONTINGENCIES AND RISK MANAGEMENT

a. Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of Federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participating requirements; reimbursement for patient services; and Medicare and Medicaid fraud and abuse. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that BCHS is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Note 13 - CONTINGENCIES AND RISK MANAGEMENT (Continued)

b. Risk Management

BCHS purchases commercial insurance to protect itself from various risks of loss related to torts; theft of damage to and destruction of assets; business interruption; errors and omissions; injuries to employees; illnesses; natural disasters; medical malpractice; and employee health and accident benefits.

c. Risk Factors

BCHS's ability to maintain and/or increase future revenues could be adversely affected by the enactment into law of all or any part of the current budget resolutions under consideration by Congress related to Medicare and Medicaid reimbursement methodology and/or further reductions in payments to hospitals and other health care providers.

Note 14 - LIQUIDITY AND AVAILABILITY OF ASSETS

BCHS is substantially supported by restricted contributions and grants. Because a donor's or grantor's restriction requires resources to be used in a particular manner or in a future period, BCHS must maintain sufficient resources to meet those responsibilities to its donors and grantors. Thus, some financial assets may not be available for general expenditure within one year. As part of BCHS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

The following table represents financial assets available for general expenditures within one year as of December 31, 2025:

Financial assets:	
Cash	$ 761,780
Grants receivable	485,490
Patient receivables, net	448,715
Total financial assets	1,695,985
Less amounts not available to be used within one year, due to:	
Contractual or donor imposed restrictions:	
Restricted by donor with time restrictions	485,490
Financial assets available to meet general expenditures within one year	$ 1,210,495

Note 15 - COMMITMENTS

BCHS has eight employment contracts with health care providers expiring on dates ranging from June 10, 2026 through July 18, 2026, which provides for minimum annual salaries. As of December 31, 2025, the total commitment is approximately $443,000.

Note 16 - ECONOMIC DEPENDENCY

BCHS receives a substantial portion of its revenue from grants provided by the Department of Health and Human Services (DHHS). The grant amounts are appropriated each year by the federal government, with no established minimum guarantees. Any potential DHHS budget reductions at the federal level, particularly related to Medicaid, could have adverse impacts to the funds received by BCHS. Approximately 39% of BCHS's total support and revenue was received from the DHHS for the year ended December 31, 2025.

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Baptist Community Health Services, Inc
New Orleans, Louisiana

For the year ended December 31, 2025

Agency Head Name: Phillip Brodt, CEO

Purpose	
Salary	$119,021
Benefits - insurance	0
Benefits - retirement	0
Deferred compensation	0
Benefits - life insurance	0
Benefits - long term disability	0
Benefits - FICA and Medicare	9,105
Cell phone	0
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	3,463
Travel	0
Registration fees	0
Conference travel	0
Unvouchered expenses	0
Meetings and conventions	0
	$ 131,589

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
Baptist Community Health Services, Inc,
New Orleans, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Baptist Community Health Services, Inc (BCHS) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BCHS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Certified Public Accountants.

New Orleans, Louisiana,
June 4, 2026.

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

To the Board of Directors,
Baptist Community Health Services, Inc,
New Orleans, Louisiana.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Baptist Community Health Services, Inc's (BCHS) 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 BCHS's major federal programs for the year ended December 31, 2025. BCHS'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, BCHS 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; 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 BCHS 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 BCHS's compliance with the compliance requirements referred to above.

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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 BCHS'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 BCHS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 BCHS's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding BCHS'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 BCHS'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 BCHS'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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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 first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, significant deficiencies or material weaknesses may exist that have not been 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.

Certified Public Accountants.

New Orleans, Louisiana.
June 4, 2026.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Baptist Community Health Services, Inc
New Orleans, Louisiana

For the year ended December 31, 2025

Federal Grantor/Program Title	Grant Number	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Health and Human Services			
Health Center Program Cluster			
Health Center Program - Year 6	H8033653	93.224	$ 418,500
Health Center Program - Year 7	H8033653	93.224	1,303,183
Behavioral Health Services Expansion	H8N54046	93.224	536,712
Grants for New and Expanded Services Under the Health Care Program			
ACA Primary Care HIV Prevention	H8H45044	93.527	340,918
Total Health Center Program Cluster			2,599,313
Total Department of Health and Human Services			2,599,313
Total expenditures of federal awards			$2,599,313

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Baptist Community Health Services, Inc
New Orleans, Louisiana

For the year ended December 31, 2025

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Baptist Community Health Services, Inc (BCHS). BCHS's reporting entity is defined in Note 1 to the financial statements for the year ended December 31, 2025. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed through other government agencies.

b. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2b to BCHS's financial statements for the year ended December 31, 2025.

c. Indirect cost Rate

BCHS has elected to use the *de minimus* indirect cost rate, 15%, as allowed under Uniform Guidance. For the year ended December 31, 2025, no indirect costs were included in Expenditures of Federal Awards.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Baptist Community Health Services, Inc
New Orleans, Louisiana

For the year ended December 31, 2025

Section I - Summary of Auditor's Results

a) Financial Statements

Type of report issued on the financial statements: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ___ Yes _X_ None reported

Noncompliance material to the financial statements noted? ___ Yes _X_ No

b) Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? ___ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ___ Yes _X_ No

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes _X_ No

Section I - Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

AL Number	Name of Federal Program
	U.S. Department of Health and Human Services
93.224	Health Center Program - Year 6
93.224	Health Center Program - Year 7
93.224	Behavioral Health Services Expansion Grants for New and Expanded Services Under the Health Care Program
93.527	ACA Primary Care HIV Prevention

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000

Auditee qualified as a low-risk auditee? __ Yes _X_ No

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2025.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2025.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2025.

Section III - Federal Award Findings and Questioned Costs

Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2025 related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Baptist Community Health Services, Inc
New Orleans, Louisiana

For the year ended December 31, 2025

The following findings were identified during the audit for the year ended **December 31, 2024**.

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

2024-001 Internal Control Structure

Recommendation - We recommend BCHS implement adequate internal controls relating to transaction approval and account reconciliation which provide for approval of all transactions and reconciliation of all accounts on a monthly basis.

Management's Corrective Action - Resolved - BCHS has implemented adequate internal control procedures related to reconciliation of all accounts on a yearly basis.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None

2024-002 Federal Financial Reporting

Recommendation - We recommend BCHS submit form SF-425 for all grants in compliance with Federal Financial Reporting requirements.

Management's Corrective Action - Resolved - BCHS has submitted all required grant reporting in compliance with Federal Financial Reporting requirements.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2024.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2024 related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2024.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Baptist Community Health Services, Inc
New Orleans, Louisiana

For the year ended December 31, 2025

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2025.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2025.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2025.

Section II - Internal Control Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2025, related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2025.