



INNIS COMMUNITY HEALTH CENTER, INC.

d/b/a ARBOR FAMILY HEALTH

FINANCIAL STATEMENTS

OCTOBER 31, 2025 and 2024

WITH

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Innis Community Health Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Innis Community Health Center, Inc., d/b/a Arbor Family Health, which comprise the statements of financial position as of October 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 present fairly, in all material respects, the financial position of Innis Community Health Center, Inc. as of October 31, 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Innis Community Health Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The financial statements as of October 31, 2024, were audited by Hawthorn, Waymouth & Carroll, L.L.P., who merged with HoganTaylor LLP as of January 1, 2026, and whose report dated April 21, 2025, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

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

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

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 Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by the Louisiana Legislative Auditor, are presented for purposes of additional analysis and are not required parts 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2026, on our consideration of Innis Community Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Innis Community Health Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Innis Community Health Center, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hogan Taylor UP". The signature is written in a cursive style with a large initial "H" and "T".

Baton Rouge, Louisiana
April 27, 2026

INNIS COMMUNITY HEALTH CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

October 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,169,384	\$ 5,134,762
Certificates of deposit	1,450,854	1,388,119
Patient accounts receivable, net	587,934	594,739
Grant funds receivable	340,376	580,875
Other receivables	231,584	255,925
Inventory	67,163	73,170
Prepaid expenses	116,995	100,928
Total current assets	11,964,290	8,128,518
Property and equipment, net	3,460,790	3,642,660
Other assets:		
Operating lease right-of-use asset	34,224	48,584
Utility deposit	1,050	1,050
Investment in LPCA-ACO	122,542	128,042
Intangible asset, net	8,497	9,264
Total other assets	166,313	186,940
Total assets	\$ 15,591,393	\$ 11,958,118
Liabilities and Net Assets		
Current liabilities:		
Current portion of operating lease liability	\$ 16,800	\$ 16,800
Accounts payable	351,226	407,540
Accrued liabilities	564,082	456,627
Total current liabilities	932,108	880,967
Long-term portion of operating lease liability	17,424	31,784
Total liabilities	949,532	912,751
Net assets without donor restrictions	14,641,861	11,045,367
Total liabilities and net assets	\$ 15,591,393	\$ 11,958,118

INNIS COMMUNITY HEALTH CENTER, INC.

STATEMENTS OF ACTIVITIES

Years ended October 31, 2025 and 2024

	<u>Without Donor Restrictions</u>	
	<u>2025</u>	<u>2024</u>
Revenue and other support:		
Net patient service revenue	\$ 5,571,639	\$ 5,369,037
Federal grants	3,850,167	3,583,159
State and other grants	128,724	134,277
Pharmacy revenue	3,994,334	2,995,799
Contributed nonfinancial assets	499,618	299,382
Contributions	1,951,250	1,650
Other revenue	875,082	773,001
	<hr/>	<hr/>
Total revenue and other support	16,870,814	13,156,305
Expenses:		
Program:		
Medical	8,198,077	7,461,884
Dental	1,958,931	2,001,639
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Total program	10,157,008	9,463,523
Management and general	3,117,312	2,981,613
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Total expenses	13,274,320	12,445,136
Change in net assets	3,596,494	711,169
Net assets, beginning of year	11,045,367	10,334,198
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Net assets, end of year	<u>\$ 14,641,861</u>	<u>\$ 11,045,367</u>

INNIS COMMUNITY HEALTH CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended October 31, 2025

	Medical	Dental	Total Program	Management and General	Total Expenses
Salaries and wages	\$ 4,050,652	\$ 680,625	\$ 4,731,277	\$ 1,812,825	\$ 6,544,102
Employee benefits	303,816	49,003	352,819	137,206	490,025
Payroll taxes	275,273	44,399	319,672	124,316	443,988
Advertising	45,190	25,696	70,886	17,721	88,607
Billing and information systems	206,278	103,139	309,417	103,138	412,555
Depreciation and amortization	205,835	102,917	308,752	102,917	411,669
Dues and subscriptions	8,107	4,864	12,971	19,458	32,429
Insurance	44,073	44,073	88,146	88,146	176,292
Licenses and fees	-	-	-	54,495	54,495
Medical supplies	1,889,702	629,900	2,519,602	-	2,519,602
Meetings and conferences	-	-	-	7,306	7,306
Occupancy and other rents	155,605	82,379	237,984	219,679	457,663
Office	-	-	-	128,016	128,016
Professional fees	-	-	-	100,409	100,409
Purchased services	959,680	191,936	1,151,616	127,957	1,279,573
Travel	53,866	-	53,866	53,865	107,731
Miscellaneous	-	-	-	19,858	19,858
Total expenses	<u>\$ 8,198,077</u>	<u>\$ 1,958,931</u>	<u>\$ 10,157,008</u>	<u>\$ 3,117,312</u>	<u>\$ 13,274,320</u>

INNIS COMMUNITY HEALTH CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended October 31, 2024

	Medical	Dental	Total Program	Management and General	Total Expenses
Salaries and wages	\$ 4,067,012	\$ 919,925	\$ 4,986,937	\$ 1,732,519	\$ 6,719,456
Employee benefits	268,052	61,520	329,572	109,858	439,430
Payroll taxes	300,991	69,080	370,071	123,357	493,428
Advertising	33,556	19,081	52,637	13,160	65,797
Billing and information systems	209,481	104,740	314,221	104,740	418,961
Depreciation and amortization	208,598	104,299	312,897	104,299	417,196
Dues and subscriptions	6,687	4,012	10,699	16,048	26,747
Insurance	37,097	37,097	74,194	74,193	148,387
Licenses and fees	-	-	-	72,198	72,198
Medical supplies	1,334,838	444,946	1,779,784	-	1,779,784
Meetings and conferences	-	-	-	12,394	12,394
Occupancy and other rents	155,065	82,093	237,158	218,916	456,074
Office	-	-	-	113,404	113,404
Professional fees	-	-	-	100,614	100,614
Purchased services	774,228	154,846	929,074	103,230	1,032,304
Travel	66,279	-	66,279	66,279	132,558
Miscellaneous	-	-	-	16,404	16,404
Total expenses	\$ 7,461,884	\$ 2,001,639	\$ 9,463,523	\$ 2,981,613	\$ 12,445,136

INNIS COMMUNITY HEALTH CENTER, INC.

STATEMENTS OF CASH FLOWS

Years ended October 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 3,596,494	\$ 711,169
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	411,669	417,196
Amortization of operating lease right-of-use asset	16,800	16,800
(Income) loss from investment in LPCA-ACO	5,500	(65,272)
Changes in operating assets and liabilities:		
Patient accounts receivable	6,805	331,798
Prepaid expenses	(16,067)	(7,724)
Other receivables	24,341	(25,195)
Grant funds receivable	240,499	(502,202)
Inventory	6,007	(27,901)
Operating lease right-of-use asset	(2,440)	(3,275)
Operating lease liability	(14,360)	(13,525)
Accounts payable	(56,314)	154,784
Accrued liabilities	107,455	(180,742)
	4,326,389	805,911
Cash Flows from Investing Activities		
Purchase of property and equipment	(229,032)	(233,405)
Decrease in certificates of deposit	(62,735)	(1,010,231)
	(291,767)	(1,243,636)
Net cash used in investing activities	(291,767)	(1,243,636)
Net change in cash and cash equivalents	4,034,622	(437,725)
Cash and cash equivalents, beginning of year	5,134,762	5,572,487
Cash and cash equivalents, end of year	\$ 9,169,384	\$ 5,134,762

INNIS COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2025 and 2024

Note 1 – Nature of Operations

Innis Community Health Center, Inc., d/b/a Arbor Family Health, (the Center) is incorporated as a Louisiana nonprofit corporation located in the northern part of Pointe Coupee Parish in the Village of Innis, Louisiana, with satellite clinics in Livonia, New Roads, and Maringouin.

The Center is a Federally Qualified Health Center that provides primary healthcare services to area communities in need of preventative, coordinated, and affordable healthcare in a prudent and efficient manner. The vision of the Center is, through community collaboration and partnership, to develop and promote supportive healthcare services to all people who are medically underserved, in order that they may experience all the rights, privileges, and responsibilities as members of the community.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting and presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows: *Net assets without donor restrictions*: net assets not subject to donor stipulations; and *Net assets with donor restrictions*: net assets subject to donor stipulations that a) restrict their use to a specific purpose, which will be satisfied by actions of the Center or the passage of time; or b) require that they be maintained in perpetuity by the Center; generally, the donor of these assets permits the Center to use all or part of the income earned. As of October 31, 2025 and 2024, the Center had no net assets with donor restrictions.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Liquidity management

As of October 31, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures:

	2025	2024
Cash and cash equivalents	\$ 9,169,384	\$ 5,134,762
Certificates of deposit	1,450,854	1,388,119
Patient accounts receivable, net	587,934	594,739
Grant funds receivable	340,376	580,875
Other receivables	231,584	255,925
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,780,132</u>	<u>\$ 7,954,420</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the date of the statement of financial position.

As part of its liquidity management, the Center has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Patient accounts receivable

Patient accounts receivable is recorded at estimated net realizable value due from patients, third-party payors, and others for services rendered. Deducted from patient accounts receivable are estimates of implicit and explicit price concessions for the excess of charges over the payments on patient accounts to be received from third-party payors and uncollectible amounts related to self-paying patients. These estimates are calculated by management based on historical collection experience and the aging of accounts receivable balances. Accounts are written off through a provision for credit loss when the Center has exhausted all collection efforts and determines accounts are impaired based on changes in patient credit worthiness.

Patient accounts receivable, net of allowance for credit losses totaled \$587,934, \$594,739, and \$926,537 as of October 31, 2025, 2024, and 2023, respectively.

Inventory

Inventory is valued at the lower of cost or net realizable value, determined by using the first-in, first-out method. Inventory is comprised of pharmaceutical prescription drugs and supplies.

Property and equipment

Property and equipment are carried at cost. Donated property and equipment are carried at approximate fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from three to ten years for equipment, furniture and fixtures, five years for vehicles, and 15 to 30 years for buildings and leasehold improvements.

All acquisitions of property and equipment in excess of \$1,000 and all expenditures that materially increase values, change capabilities, or extend useful lives of assets are capitalized. Routine maintenance, repairs, and minor equipment replacement costs are charged against operations.

Compensated absences

The Center provides paid time off (PTO) for employees who meet hours worked per pay period criteria. Generally, PTO is earned on a per pay period (bi-weekly) basis ranging from 5.0 to 8.75 hours per pay period, depending on job classification and length of service. Unless otherwise approved by the Board, a maximum of 300 unused PTO hours may be carried forward at the end of the fiscal year.

Federal grants

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

Net patient service revenue

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

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Center measures the performance obligation from the beginning of treatment to the point when it is no longer required to provide services to that patient. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. The Center believes that these methods provide a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Because its performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in Financial Accounting Standards Board Accounting Standards Codification (ASC) 606-10-60-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients no longer require service, which generally occurs within days or weeks of the end of the reporting period.

The Center's estimate of the transaction price includes the Center's standard charges for the goods and services provided with a reduction recorded related to explicit price concessions for such items as contractual allowances, potential adjustments that may arise from payment and other reviews, and implicit price concessions such as uncollectable amounts. The price concessions are determined using the portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. Based on historical experience, a significant portion of the self-pay population will be unable or unwilling to pay for services and only the amount anticipated to be collected is recognized in the transaction price. Other factors, such as account aging and payment cycles, are considered when estimating

implicit price concessions. Certain amounts categorized as implicit price concessions under current accounting standards were previously categorized as provision for bad debts. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenue in the period of change.

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

Other revenue is derived from sources other than providing healthcare services to patients, which include incentive payments, fees for providing medical records, and Medicaid and Medicare adjustments.

340B Program Revenue

The Center participates in the 340B Drug Pricing Program (340B Program) administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). The Center contracts with local retail pharmacies under the program, which results in additional revenues and discounts on outpatient prescriptions for the Center's patients. Revenue and expenditures related to this program are recorded once the prescription drugs are transferred to the patient. Laws and regulations surrounding the 340B Program are complex and subject to interpretation and change.

Contributed nonfinancial assets

The Center recognizes contributed nonfinancial assets within revenue. For the years ended October 31, 2025 and 2024, contributed nonfinancial assets recognized within the statement of activities include medical supplies of \$499,618 and \$299,382, respectively. In valuing contributed medical supplies, the Center estimated the fair value based on estimates of wholesale values that would be received for selling similar products in the United States. There were no donor-imposed restrictions on these contributions.

Functional allocation

Expenses were allocated in the accompanying financial statements to program services and management and general functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Center's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

Income tax status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). The Center is also exempt from state taxes under a similar provision of state law. Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Center were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

Leases

The Center accounts for leases in accordance with ASC 842, *Leases*. As such, the Center determines whether an arrangement is a lease at inception and then performs an analysis to classify the lease as either an operating lease or a finance lease.

Operating lease right-of-use assets represent the Center's right to use an underlying asset for the lease term, and lease liabilities represent the Center's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

In determining the present value of committed lease payments, the Center uses its implicit rate in the lease as the discount rate when readily determinable; if the implicit rate is not available, the Center uses its incremental borrowing rate based on the information available at the lease commencement date which includes corporate debt financings of companies of similar size and credit rating over a loan term approximating the remaining term of each lease. If leases include payments of operating expenses that are dependent and may be revised based on the lessor's estimate, these variable payments are excluded from the lease payments used to determine the operating lease right-of-use assets and liabilities. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise such options. Lease expense is recognized on a straight-line basis over the expected lease term. See Note 5 for more information on leases.

Note 3 – Certificates of Deposit

At October 31, 2025 and 2024, the Center had certificates of deposit totaling \$1,450,854 and \$1,388,119, respectively. The certificates of deposit had interest rates ranging from 1.00% to 4.00% at October 31, 2025, and terms ranging from six months to 12 months, with penalties for early withdrawal. The Center's investment in certificates of deposit is carried at cost, which approximates fair market value.

Note 4 – Property and Equipment

Property and equipment activity for the year ended October 31, 2025, is summarized as follows:

	2024	Additions	Transfers	2025
Construction in progress	\$ -	\$ 102,084	\$ -	\$ 102,084
Land	600,954	-	-	600,954
Office equipment	1,040,077	87,833	-	1,127,910
Furniture and fixtures	45,981	-	-	45,981
Medical and dental equipment	999,951	-	-	999,951
Vehicles	1,307,663	-	-	1,307,663
Building and helipad	2,275,788	20,000	-	2,295,788
Electronic medical records equipment	36,631	-	-	36,631
Leasehold improvements	361,993	19,115	-	381,108
Total property and equipment	6,669,038	229,032	-	6,898,070
Accumulated depreciation and amortization	(3,026,378)	(410,902)	-	(3,437,280)
Total property and equipment, net	\$ 3,642,660	\$ (181,870)	\$ -	\$ 3,460,790

Property and equipment activity for the year ended October 31, 2024, is summarized as follows:

	2023	Additions	Transfers	2024
Construction in progress	\$ 478,000	\$ -	\$ (478,000)	\$ -
Land	511,390	89,564	-	600,954
Office equipment	994,266	45,811	-	1,040,077
Furniture and fixtures	38,922	7,059	-	45,981
Medical and dental equipment	982,734	17,217	-	999,951
Vehicles	811,794	17,869	478,000	1,307,663
Building and helipad	2,225,788	50,000	-	2,275,788
Electronic medical records equipment	36,631	-	-	36,631
Leasehold improvements	356,108	5,885	-	361,993
Total property and equipment	6,435,633	233,405	-	6,669,038
Accumulated depreciation and amortization	(2,609,949)	(416,429)	-	(3,026,378)
Total property and equipment, net	<u>\$ 3,825,684</u>	<u>\$ (183,024)</u>	<u>\$ -</u>	<u>\$ 3,642,660</u>

Note 5 – Operating Leases

The Center leases equipment and facilities under month-to-month and long-term operating leases. Total equipment rent was \$26,106 and \$25,665 for the years ended October 31, 2025 and 2024, respectively. Amounts are included in Occupancy and Other Rents on the statement of functional expenses.

The Center has a month-to-month lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in Livonia, Louisiana. Either party may terminate the lease in writing, voiding the lease within 120 days.

The Center has a month-to-month lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in New Roads, Louisiana.

Total short-term building lease expense was \$11,700 and \$19,700 as of October 31, 2025 and 2024, respectively.

The Center has a lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in New Roads, Louisiana, terminating on January 1, 2028.

Total operating lease expense was \$16,800 for the years ended October 31, 2025 and 2024.

Supplemental cash flow information and noncash activity related to the operating lease for the years ended October 31, are as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities and ROU assets:		
Operating cash flow from operating leases	<u>\$ 16,800</u>	<u>\$ 16,800</u>

Weighted average remaining lease term and discount rate for the leases as of October 31, are as follows:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term (years):		
Operating leases	2.17	3.17
Weighted average discount rate:		
Operating leases	6.00%	6.00%

Future minimum lease payments under the operating lease as of October 31, are as follows:

2026	\$ 16,800
2027	16,800
2028	2,800
Less: imputed interest	<u>(2,176)</u>
Operating lease liability	<u><u>\$ 34,224</u></u>

Note 6 – Intangible Asset

Intangible assets, representing software licensing fees for the Center's pharmacy software, has been recorded at cost and reported net of accumulated amortization, with a 15-year useful life. The original cost of the software licensing fees was \$11,500, and the accumulated amortization amounted to \$3,003 and \$2,236 as of October 31, 2025 and 2024, respectively. Amortization expense totaled \$767 for the years ended October 31, 2025 and 2024.

Note 7 – Contingencies

The Center participates in several federal grant programs which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and the Center.

Note 8 – Related Party Transactions

The Center paid rent in the amount of \$28,500 and \$36,500 for the years ended October 31, 2025 and 2024, respectively, to Pointe Coupee Health Service District #1, an entity related through a common board member.

Note 9 – Concentrations

The Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Revenue mix from patients and third-party payors as of October 31, 2025 and 2024 were as follows:

	2025	2024
Medicaid	41%	41%
Medicare	30%	29%
Sliding fee/ private pay	4%	5%
Third-party payors	25%	25%
Total	100%	100%

Additionally, 23% and 28% of the Center's total revenue and support was provided by the U.S. Department of Health and Human Services during the fiscal years ended October 31, 2025 and 2024, respectively.

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the amount insured by the FDIC. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk.

Note 10 – Commitments

At October 31, 2025, the Center had a commitment totaling \$39,529 related to the construction of a storage building at the Center's Livonia location.

Note 11 – Retirement Plans

The Center participates in a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may participate in the employee contribution plan when hired. This is a plan whereby employees make their own pre-tax contributions to the plan and can either increase, decrease, or stop their contributions at any time. Employees may contribute to the plan up to the maximum amount allowed by the Internal Revenue Code. There is no match by the Center in the Section 403(b) tax deferred annuity plan. Employees may withdraw their contributions from the 403(b)-tax deferred annuity plan upon resignation or termination.

The Center also participates in an employer contribution plan (pension plan). Employees hired after July 1, 2003, are entitled to participate in the employer contribution plan upon completion of one year of service working for the Center. Employees are vested after three years of employment and may withdraw the employer's contributions to their account upon resignation or termination. The Center contributes on behalf of employees at a rate of 2% to 4% of gross salary.

The Center's contributions for 2025 and 2024 were \$156,099 and \$144,135, respectively, which are included in employee benefits on the statements of functional expenses.

Note 12 – Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. 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. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Violations of these laws and regulations could result in exclusion from government healthcare program participation, the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Center is subject to regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Center's financial position.

Note 13 – Board of Directors Compensation

The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any Director.

Note 14 – Subsequent Events

Innis Community Health Center, Inc. has evaluated all subsequent events through April 27, 2026, the date the financial statement were available to be issued.

On November 10, 2025, the Center acquired a building with a total purchase price of \$3.8 million. As part of the transaction, the seller contributed \$1.5 million of the purchase price to the Center. The Center funded the remaining \$2.3 million of the purchase price through its existing cash resources. The Center will use a portion of the building as its administrative office with future plans to renovate the remaining portion for clinic use.

SUPPLEMENTARY INFORMATION

INNIS COMMUNITY HEALTH CENTER, INC.

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

Year ended October 31, 2025

Agency Head Name: Ms. Cindy Peavy, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 153,600
Benefits - insurance	5,576
Benefits - retirement	6,144
Benefits - cell phone	-
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-



**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 Board of Directors
Innis Community Health Center, Inc.

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 Innis Community Health Center, Inc., which comprise the statements of financial position as of October 31, 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Innis Community Health Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hogan Taylor LP". The signature is written in a cursive, flowing style.

Baton Rouge, Louisiana
April 27, 2026



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Innis Community Health Center, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Innis Community Health Center, Inc.'s 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 Innis Community Health Center, Inc.'s major federal programs for the year ended October 31, 2025. Innis Community Health Center, Inc.'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, Innis Community Health Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 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 Innis Community Health Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Innis Community Health Center, Inc.'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 Innis Community Health Center, Inc.'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 Innis Community Health Center, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Innis Community Health Center, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Innis Community Health Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Innis Community Health Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Innis Community Health Center, Inc.'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.

A handwritten signature in black ink that reads "Hogan Taylor LLP". The signature is written in a cursive, flowing style.

Baton Rouge, Louisiana
April 27, 2026

INNIS COMMUNITY HEALTH CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended October 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Identifying Number	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Health Center Program Cluster:			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	N/A	93.224	\$ 3,471,490
Health Center Construction and Capital Improvements	N/A	93.526	93,549
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Plan	N/A	93.912	<u>285,128</u>
Total expenditures of federal awards			<u><u>\$ 3,850,167</u></u>

INNIS COMMUNITY HEALTH CENTER, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended October 31, 2025

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Innis Community Health Center, Inc. under programs of the federal government for the year ended October 31, 2025. 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 Innis Community Health Center, Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Innis Community Health Center, Inc.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Loans and Loan Guarantee Programs

Innis Community Health Center, Inc. had no loans or loan guarantee programs outstanding as of October 31, 2025 for those loans described in 2 CFR 200.502(b).

Note 4 – Indirect Cost Rate

Innis Community Health Center, Inc. has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 – Subrecipients

Innis Community Health Center, Inc. did not pass-through any of its federal awards to a subrecipient during the year ended October 31, 2025.

Note 6 – Noncash Assistance

No federal awards were expended in the form of noncash assistance during the year ended October 31, 2025.

INNIS COMMUNITY HEALTH CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

Year ended October 31, 2025

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

INNIS COMMUNITY HEALTH CENTER, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year ended October 31, 2025

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None



INNIS COMMUNITY HEALTH CENTER, INC.

d/b/a ARBOR FAMILY HEALTH

STATEWIDE AGREED-UPON PROCEDURES REPORT

October 31, 2025





**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Innis Community Health Center, Inc.
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 November 1, 2024 through October 31, 2025. Innis Community Health Center, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Innis Community Health Center, Inc., d/b/a Arbor Family 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 LLA's SAUPs for the fiscal period November 1, 2024 through October 31, 2025. Additionally, 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 associated findings are as follows:

1) Bank Reconciliations

- A. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected four additional accounts (or all accounts if less than five). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
- i. Bank reconciliations included evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations included 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 one month of the date the reconciliation was prepared (e.g., initialed and dated or 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: For the bank reconciliations tested, there was no evidence that a member of management reviewed the reconciliation within one month of the date the reconciliation was prepared.

Management's Response: Management will ensure that all bank reconciliations include two authorized signatures. In instances where a designated signer is on paid time off or leave, the process will be adjusted to assign an alternate approver to maintain compliance.

2) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the five employees or officials selected under procedure #2A above, obtained attendance records and leave documentation for the pay period, and
 - i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observed the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: No exceptions noted.

- C. Obtained 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 selected two employees or officials and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.

Results: No exceptions noted.

- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted.

We were engaged by Innis Community Health Center, Inc. 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 Innis Community Health Center, Inc. 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.

Hogan Taylor LLP

April 27, 2026
Baton Rouge, Louisiana