

GENERAL HEALTH SYSTEM

Consolidated Financial Statements
and
Audit Reports and Schedules Related to
the Uniform Guidance

September 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Trustees
General Health System
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of General Health System (the System), which comprise the consolidated balance sheet as of September 30, 2025, the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the System as of September 30, 2025, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the System as of September 30, 2024, were audited by other auditors whose report dated February 26, 2025, expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating balance sheets; consolidating statements of operations; schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 A(3); the 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 financial responsibility supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2026 , on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Metairie, LA
January 22, 2026

GENERAL HEALTH SYSTEM
Consolidated Balance Sheets
September 30, 2025 and 2024

	2025	2024
	<i>(In Thousands)</i>	
Assets		
Current assets		
Cash and cash equivalents	\$ 24,959	\$ 26,377
Patient accounts receivable	66,375	59,638
Current portion of unconditional promises to give, net	756	1,409
Inventories	15,081	15,720
Prepaid expenses and other assets	48,094	44,909
Short-term investments	316,538	262,306
Total current assets	471,803	410,359
Cash and cash equivalents - limited to use	2,269	2,269
Investments - limited to use	23,802	26,574
Investments - donor restricted	8,117	7,469
Unconditional promises to give, net, less current portion	2,043	967
Investments in affiliates	8,299	7,639
Goodwill	5,615	5,209
Trust receivable	22,991	19,910
Other assets	17,539	10,589
Right-of-use assets for operating leases	3,637	5,024
Property, plant, and equipment, net	221,671	233,485
Property, plant, and equipment under lease, net	16,250	17,307
Total assets	\$ 804,036	\$ 746,801
Liabilities and net assets		
Current liabilities		
Trade accounts payable	\$ 40,207	\$ 36,237
Accrued expenses	24,295	24,957
Deferred revenue	5,852	5,818
Amounts due to contractual third-party payors	8,657	8,463
Current portion of operating lease liabilities	1,602	1,685
Current portion of self-insurance reserves	12,790	13,510
Current portion of long-term debt	13,401	12,410
Total current liabilities	106,804	103,080
Self-insurance reserves, less current portion	1,477	1,007
Operating lease liabilities, less current portion	2,014	3,346
Long-term debt, less current portion, net of debt issuance costs	110,674	124,916
Total liabilities	220,969	232,349
Net assets		
Without donor restrictions	573,081	505,606
With donor restrictions	9,986	8,846
Total net assets	583,067	514,452
Total liabilities and net assets	\$ 804,036	\$ 746,801

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

GENERAL HEALTH SYSTEM
Consolidated Statements of Operations
For the Years Ended September 30, 2025 and 2024

	2025	2024
	<i>(In Thousands)</i>	
Revenues, gains, and other support without donor restrictions		
Net patient service revenue	\$ 620,748	\$ 587,101
Other revenue	89,400	85,589
Transfers to net assets with donor restrictions	(26)	(10)
Net assets released from donor restrictions	3,248	2,074
Total revenues, gains, and other support without donor restrictions	713,370	674,754
Expenses		
Salaries, wages, and benefits	310,350	302,736
Supplies and other expenses	338,124	320,253
Depreciation	22,525	21,600
Interest expense	5,235	5,766
Total expenses	676,234	650,355
Operating income	37,136	24,399
Earnings of subsidiaries	4,501	3,999
Investment return, net	24,763	34,953
Excess of revenues over expenses	\$ 66,400	\$ 63,351

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

GENERAL HEALTH SYSTEM
Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2025 and 2024

	2025	2024
	<i>(In Thousands)</i>	
Net assets without donor restrictions		
Excess of revenues over expenses	\$ 66,400	\$ 63,351
Net assets released from donor restrictions - capital	1,075	5,620
	<hr/>	<hr/>
Increase in net assets without donor restrictions	67,475	68,971
Net assets with donor restrictions		
Contributions	5,110	7,691
Investment return, net	327	435
Transfers from net assets without donor restrictions	26	10
Net assets released from donor restrictions	(4,323)	(7,694)
	<hr/>	<hr/>
Increase in net assets with donor restrictions	1,140	442
Changes in net assets	68,615	69,413
Net assets, beginning of year	514,452	445,039
	<hr/>	<hr/>
Net assets, end of year	\$ 583,067	\$ 514,452
	<hr/>	<hr/>

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

GENERAL HEALTH SYSTEM
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2025 and 2024

	2025	2024
	<i>(In Thousands)</i>	
Cash flows from operating activities		
Change in net assets	\$ 68,615	\$ 69,413
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	22,525	21,600
Amortization included in interest	305	305
Gain from disposal of assets	(530)	(32)
Unrealized gain on investments and other assets	(11,721)	(25,423)
Realized gain on investments and other assets	(5,113)	(1,666)
Amortization of right-of-use assets for operating leases	1,862	1,567
Construction in progress write-off	5,340	-
(Increase) decrease in operating assets		
Patient accounts receivable	(6,737)	(4,860)
Inventories, prepaid expenses, and other current assets	(1,399)	(12,561)
Other assets	(11,016)	(8,376)
Increase (decrease) in operating liabilities		
Trade accounts payable	3,970	8,428
Accrued expenses	(662)	320
Deferred revenue	34	242
Accrued self-insurance reserves	(250)	3,334
Amounts due to contractual third-party payors	194	7,394
Operating lease liabilities	(1,890)	(1,611)
Net cash provided by operating activities	63,527	58,074
Cash flows from investing activities		
Purchases of property, plant, and equipment	(16,450)	(20,479)
Proceeds from disposal of property, plant, and equipment	1,492	141
Proceeds from trust	-	31
Payments to trust	(3,081)	(2,259)
Sales of investments	8,974	12,701
Purchases of investments	(42,324)	(23,862)
Net cash used in investing activities	(51,389)	(33,727)
Cash flows from financing activities		
Principal payments on outstanding debt	(13,421)	(18,976)
Net cash used in financing activities	(13,556)	(18,976)
Net (decrease) increase in cash and cash equivalents	(1,418)	5,371
Cash and cash equivalents, at beginning of year	28,646	23,275
Cash and cash equivalents, at end of year	\$ 27,228	\$ 28,646
Cash and Cash Equivalents Within the Consolidated Balance Sheets		
Cash and Cash Equivalents	\$ 24,959	\$ 26,377
Cash and Cash Equivalents - Limited to Use	2,269	2,269
Total Cash and Cash Equivalents	\$ 27,228	\$ 28,646
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ 4,930	\$ 5,461
Recognition of right-of-use assets for operating leases	475	1,555
Operating lease liabilities arising from obtaining right-of-use assets	475	1,577
Reclassification of construction in progress to prepaid expenses and other current assets	494	1,577

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

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies

Organization

General Health System (the System) is a private, nonprofit health care system located in Baton Rouge, Louisiana. The System primarily provides health care services, including primary care, acute care, rehabilitative services, skilled nursing care, and psychiatric services, all of which are designed to meet the health care needs of the southeast Louisiana area.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of the System and its directly and indirectly owned entities supported by the System. Those entities primarily include Baton Rouge General Medical Center (BRGMC or the Hospital), which provides substantially all of the System's health care services, General Health System Foundation d/b/a Baton Rouge General Foundation (the Foundation), and Baton Rouge General Physicians, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The System considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net patient revenue, which includes explicit and implicit pricing concessions, such as contractual allowance discounts, collectability assessment of outstanding accounts receivable, and self-insurance reserves. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.

Cash Equivalents and Investments

Cash equivalents include investments in money market accounts and highly liquid investments with original maturities of three months or less when purchased, excluding amounts whose use is limited by board designation, under trust agreements, or amounts pledged to third parties. Certain cash and cash equivalents generated in the Hospital's investment accounts are classified as short-term investments.

Inventories

Inventories are valued at the latest invoice price. This method approximates the lower of cost (first-in, first-out method) or net realizable value.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Prepaid Expenses and Deferred Debt Issuance Costs

Prepaid expenses are amortized over the estimated period of future benefit. Deferred debt issuance costs and original issue premium on the System's revenue bonds are being amortized over the term of the bonds and included in interest expense on the statements of operations.

In accordance with Accounting Standards Update (ASU) 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs related to a recognized debt liability are presented in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

Assets - Limited to Use

Several funds were established concurrent with the issuance of debt. Trustees maintain the debt retirement funds, which include investments and cash and cash equivalents, as special trust accounts for the benefit and security of the holders and owners of the debt. The limited use assets as of September 30th are as follows:

	2025	2024
	<i>(In Thousands)</i>	
Debt retirement funds	\$ 23,528	\$ 26,318
Other restricted assets	274	256
	<u>\$ 23,802</u>	<u>\$ 26,574</u>

Property, Plant, and Equipment, Net

The System capitalizes equipment, systems, land, buildings, and land and building improvements with an additional component cost greater than \$5,000 with a useful life greater than three years. All property and equipment acquisitions are recorded at cost, except for donated assets, which are recorded at fair market value on the date of donation. Any interest expense incurred on funds acquired to be used for the construction of assets is capitalized and included in construction in process during the construction phase. After construction is complete, the capitalized interest is transferred along with the other costs to the asset to be depreciated. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the assets range from 3 to 50 years.

Investments in Affiliates

The System uses the equity method of accounting for its affiliates for which it does not hold a controlling interest but does demonstrate significant influence. Under the equity method, investments are carried at cost and increased or decreased by the System's pro-rata share of earnings or losses. The carrying cost of this investment is also increased or decreased to reflect additional contributions or distributions of capital. Any difference in the book equity and the System's pro-rata share of the net assets of the investment will be reported as gain or loss at the time of the liquidation of the investment. It is the System's policy to record losses in excess of the investment if the System is committed to provide financial support to the investee.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Investments in Affiliates (Continued)

In 2025, the System purchased a 10% interest in Healthcare Highways, L.L.C. (Healthcare Highways). Healthcare Highways operates as a healthcare provider network based in Texas to represent self-funded employers, third-party administrators, and health systems. The investment in Healthcare Highways is reported on the cost method of accounting and is included in the accompanying consolidated balance sheets as other assets. The balance of the investment in Healthcare Highways as of September 30, 2025 and 2024 was \$10,000,000, and \$-0-, respectively.

Trust Receivable

The System entered into irrevocable trust agreements beginning in 2012. The purpose of the trusts is to purchase corporate life insurance policies for certain individuals in which the System has an insurable interest. The trusts act as both the owner and the beneficiary of the life insurance proceeds and are not controlled by the System. Therefore, they are not consolidated in the System's consolidated financial statements. The System has made loans to the trusts in the form of notes receivable to allow the trusts to meet their operational cash needs. The receivables are expected to be paid by the trusts as the benefits of the life insurance policies held by the trusts are realized.

Based on current estimates, management has included approximately \$22,991,000 as noncurrent assets at September 30, 2025. Management included approximately \$19,910,000 as noncurrent assets at September 30, 2024. The carrying value of the receivables is secured by cash surrender value of the policies held by the trusts and thus, no reserves for potential credit losses were recorded.

Goodwill

Goodwill represents the amount by which the total consideration paid for business combinations that exceeded the estimated fair value of assets acquired. The System tests goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment.

The System tests goodwill for impairment under the simplified method provided by ASU 2017-04. Goodwill impairment is measured as the difference between the fair value of the reporting unit and carrying value of the reporting unit. Management determined there was no impairment of goodwill at September 30, 2025 or 2024.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Goodwill (Continued)

Changes in the carrying value of goodwill for the years ended September 30, 2025 and 2024 are as follows:

	Gross	Accumulated Impairment Loss	Net
		<i>(In Thousands)</i>	
Balance, September 30, 2023	\$ 5,159	\$ -	\$ 5,159
Additional goodwill recognized	50	-	50
Balance, September 30, 2024	\$ 5,209	\$ -	\$ 5,209
Additional goodwill recognized	406	-	406
Balance, September 30, 2025	\$ 5,615	\$ -	\$ 5,615

Self-Insurance Liabilities

The System is self-insured up to certain amounts for employee health, malpractice, general liability, and workers' compensation claims. The System is self-insured for the first \$1,000,000 of each occurrence. On April 1, 2016, the System created a captive self-insurance company, RRS Insurance Company Ltd. (RRS Insurance), which is a wholly-owned subsidiary of the System. RRS Insurance obtains reinsurance from a commercial carrier specific to health care facilities professional liability, physicians professional liability, commercial general liability, and employee benefits liability risks attributable to the System and certain affiliates. The commercial general liability is a claims-occurrence policy. All other policies are claims-made policies. The System carries excess liability limits to cover claims that exceed the primary limits provided by the reinsurer. The System limits exposure to claims through indemnity insurance purchased in the commercial market.

The liabilities recorded represent management's estimate of the ultimate unpaid cost of all reported and unreported claims incurred, including legal costs. The medical malpractice and workers' compensation claims estimates are based on actuarial projections of the historical loss development of claims incurred but not reported and case-basis estimates of claims reported prior to the end of the period. These estimates are continually reviewed and adjusted, as necessary, as experience develops, or new information becomes known; such adjustments are included in current operations.

Operating Leases

The System accounts for leases under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, which requires lessees to record right-of-use (ROU) assets and related lease obligations on the consolidated balance sheet. The ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments over that term.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Operating Leases (Continued)

Operating ROU assets and liabilities are recognized at commencement based on the present value of lease payments over the lease term. ROU assets also include any lease payments made prior to lease commencement and exclude lease incentives. The lease term is the noncancelable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that an option will be exercised. The System uses the discount rate implicit in the lease, or the System's incremental borrowing rate if the discount rate implicit in the lease cannot be readily determined, in computing the present value of lease payments. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

As permitted by the standard, the System elected, for all asset classes, the short-term lease exemption. A short-term lease is a lease that, at the commencement date, has a term of twelve months or less and does not include an option to purchase the underlying asset. Short-term leases are expensed when incurred and included in supplies and other expenses in the consolidated statements of operations.

The System also leases primarily building space to various lessors. These leases may contain extension and termination options that are predominantly at the sole discretion of the lessee, provided certain conditions are satisfied.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the System reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for healthcare programs and facilities.

Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The *Not-for-Profit Entities* Topic of the FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Management has considered the disclosures required under UPMIFA and determined that the additional disclosures are unnecessary due to the immaterial amount of the endowments.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Grants, Contributions, and Donor Restricted Gifts

The System recognizes contributions when cash, securities, or other assets; an unconditional promises to give; or notifications of a beneficial interest are received. Unconditional promises to give cash and other assets that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give cash and other assets that are expected to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The System uses the allowance method to determine uncollectible, unconditional promises receivable. The allowance is based on prior years' experience. Management's analysis of specific promises made are reported at fair value at the date the promise is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Revenue, Gains, and Losses

The System's mission is to provide a broad range of innovative health care services delivered in a caring, patient-oriented, and cost-effective manner through a quality-driven system. As such, activities related to this purpose are classified as revenue. Revenue is generated from direct patient care, related support services, and other revenue related to the operation of the System.

Net Patient Service Revenue and Related Receivables

Patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled for providing patient care. These amounts are due from patients and third-party payors and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits as well as supplemental payments related to current period operations. Generally, the System bills the patients and third-party payors after the services are performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the System.

Revenue for performance obligations satisfied over time is recognized based on actual charges incurred, which is reduced by an amount that reflects the consideration expected to be received for the services provided based on historic collection patterns. The System believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. Management believes this method provides an accurate depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Net Patient Service Revenue and Related Receivables

The System recognizes revenue for performance obligations satisfied at a point in time, which generally relate to patients receiving outpatient services, when: (1) services are provided and (2) the patient no longer requires additional services.

Because its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in FASB ASC 606-10-60-14(a), and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period. As provided for under the guidance, the System does not adjust the expected net revenue from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

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

Gross charges differ from actual pricing and generally do not reflect what a hospital is ultimately paid and, therefore, are not displayed in the consolidated statements of operations. The System has agreements with third-party payors that generally provide for payments at amounts different from the System's established rates. For uninsured patients who do not qualify for financial assistance, the System recognizes revenue based on established rates, subject to certain discounts and implicit price concessions in accordance with its policy.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Net Patient Service Revenue and Related Receivables (Continued)

The System determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to patients in accordance with policy, and implicit price concessions provided to patients. Explicit price concessions are based on contractual agreements, discount policies, and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors. Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. The System estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change when new information is available. This includes provisions for third-party payor settlements and supplemental payments. Adjustments arising from a change in the transaction price were not significant in 2025 or 2024.

Settlements with third-party payors for retroactive adjustments due to review and audits are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care in the period the related services are provided using the most likely outcome method. The System records retroactive Medicare and Medicaid settlements based upon estimates of amounts that are ultimately determined through annual cost reports filed with and audited by the fiscal intermediary, correspondence from the payor and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant revenue reversal in the amount of the cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known or as years are settled or are no longer subject to such reviews and audits. Adjustments arising from a change in estimated settlements decreased net patient service revenue by approximately \$965,000 and \$850,000 in 2025 and 2024, respectively.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Net Patient Service Revenue and Related Receivables (Continued)

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

Medicare - Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies, subject to certain limits. Physician services are paid based on established fee schedules. Outpatient services are paid using prospectively determined rates. The System's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2021.

Medicaid - Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member. The System's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2018.

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

Financial Assistance Program

The System follows ASU 2010-23, *Health Care Entities* (Topic 954): *Measuring Charity Care for Disclosure*, which states that the level of financial assistance provided should be measured based on the health care entity's direct and indirect costs of providing financial assistance services. It further states that if the costs cannot be specifically attributed to services provided to financial assistance patients, management may estimate the costs of those services using reasonable techniques, including calculating a ratio of costs to gross charges and multiplying that ratio by the gross uncompensated charges associated with providing financial assistance. The Hospital measures its financial assistance based on the direct and indirect costs of providing financial assistance services as tracked by the accounting systems. The System also follows the new regulation under Section 501(r) as established by the Affordable Care Act, which requires policies for financial assistance, emergency medical care, and billing and collections.

Charges foregone (representing charges in excess of payments) and estimated costs in excess of payments related to financial assistance totaled approximately \$27,033,000 and \$7,323,000, respectively, during the year ended September 30, 2025. Charges foregone (representing charges in excess of payments) and estimated costs in excess of payments related to financial assistance totaled approximately \$19,121,000 and \$3,177,000, respectively, during the year ended September 30, 2024.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 1. Significant Accounting Policies (Continued)

Excess of Revenues Over Expenses

The consolidated statements of operations include the excess of revenues over expenses. Changes in net assets without donor restrictions, which would be excluded from excess of revenues over expenses when present, consistent with industry practice, include contributions of, and assets released from donor restrictions related to, long-lived assets, equity transfers involving other entities that control the reporting entity, are controlled by the reporting entity, or are under common control with the reporting.

Income Taxes

The System, BRGMC, the Foundation, and Behavioral Health, Inc. are not-for-profit organizations as described in Internal Revenue Code Section 501(c)(3) and are exempt from federal income taxation under Internal Revenue Code Section 501(a). All other consolidated corporations/LLCs are for-profit entities electing to be taxed under Internal Revenue Code Sub-Chapter C. Income tax expense for these entities is insignificant and is included in the consolidated statements of operations under supplies and other expenses.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The System believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in expenses.

Advertising

The System's policy is to expense advertising costs as the costs are incurred. Advertising costs for the years ended September 30, 2025 and 2024 were approximately \$2,025,000 and \$1,880,000, respectively.

Reclassifications

Certain reclassifications have been made to the prior year balances in order to comply with current year presentation.

Note 2. Community Benefits - Unaudited

The System provides healthcare services to patients who are economically disadvantaged and medically underserved. These patients may not be able to afford health care because of inadequate resources or they may be uninsured.

See Note 1 for a discussion of the System's financial assistance policy.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 2. Community Benefits - Unaudited (Continued)

As a long-standing member of the Baton Rouge community, BRGMC recognizes the positive impact of working together with other organizations within our community. BRGMC supported 21 community organizations with financial, volunteer, and in-kind contributions in FY2025. The focus is on initiatives that align with our mission to restore and maintain health, from the Colon Cancer Coalition and the YMCA to the Elvin Howard Sr. Pancreatic Cancer Foundation and Love Impact Coalition.

BRGMC recognizes the critical role of education in cultivating future clinician leaders. For over 30 years we have had the privilege of training aspiring medical professionals in healthcare. As we treat patients of all ages and virtually every type of medical condition, our hospital is an ideal setting for undergraduate and graduate medical, nursing, and allied healthcare training. Every year we train more than 100 residents, paving a bright future for comprehensive healthcare access in Louisiana.

In addition to our School of Nursing and School of Radiologic Technology, undergraduate medical students in the clinical years are able to rotate on services that satisfy medical school requirements in certain disciplines and/or pursue desired electives. We are affiliated with several medical school programs, including the Tulane School of Medicine, LSU School of Medicine, Edward Via College of Osteopathic Medicine (VCOM) and the American University of the Caribbean School of Medicine. We also offer graduate medical education residency programs in internal medicine and family medicine, and serve as a participating site in surgery and emergency medicine residency programs.

Health education is one of BRGMC's highest priorities. The Hospital provides many free educational events, health screenings and special programs encouraging community health and wellness.

In FY2025, we held the following community events:

- Each year, BRGMC provides health screenings to aid in early detection. The screenings are led by physicians and other clinical experts.
 - Mammography Screening held in October - 67 women were screened.
 - Every October, BRGMC launches its annual Protect your Pumpkins campaign encouraging women 40 and older to schedule their mammogram. The campaign includes pop-up pink pumpkin patches on all three of the hospital's campuses, with nearly 3,000 visitors, to further engage the community in the breast cancer awareness message.
- BRGMC has hosted or participated in 41 community events, screening 1,015 people
- BRGMC hosts a Holiday Lights display each year starting in late November, open for the community to walk through every night through December 31.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 2. Community Benefits - Unaudited (Continued)

- BRGMC offered flu shot events in the fall. Physician clinics teamed up with various businesses to reach Baton Rouge and the surrounding community. 234 people received flu shots.
- BRGMC provides tours of its Birth Center, virtual classes for expecting parents with topics such as childbirth preparation, breastfeeding, and baby CPR techniques.

For patients who meet certain criteria under the System's financial assistance policy, care is provided without charge or at amounts that are less than established rates. Benefits to the indigent also include charges and costs in excess of government payments for services provided to Medicaid beneficiaries.

The System also commits significant time and resources to others who may not qualify as indigent, but who still require special services and support. These benefits include charges and costs in excess of government payments for care provided to Medicare beneficiaries.

A summary of charges and estimated costs in excess of payments related to community benefits provided during the years ended September 30, 2025 and 2024 is as follows:

	2025		2024	
	Charges	Estimated Costs In Excess of Payments	Charges	Estimated Costs In Excess of Payments
<i>(In Thousands)</i>				
Benefits for the indigent				
Financial assistance	\$ 27,033	\$ 7,323	\$ 19,121	\$ 3,177
Medicaid program services	273,123	-	262,894	-
	300,156	7,323	282,015	3,177
Other community benefits				
Medicare program services	297,614	-	283,847	-
Other community benefits	-	214	-	248
	297,614	214	283,847	248
Total quantifiable benefits	\$ 597,770	\$ 7,537	\$ 565,862	\$ 3,425

During the years ended September 30, 2025 and 2024, there were additional community benefit payments made by the Hospital totaling approximately \$30,425,000 and \$33,755,000, respectively, which are recorded in supplies and other expenses on the consolidated statements of operations.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 3. Patient Service Revenue

During the years ended September 30, 2025 and 2024, approximately 35% and 39%, respectively, of consolidated net patient service revenue was derived from Medicare and Medicaid program beneficiaries. 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 term.

Supplemental Payment Program

The System and other health care providers have collaborated with the State and units of local government in Louisiana, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy residents in the community population. The provision of this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on such care, thereby allowing the governmental entities to increase support for the state Medicaid program for federal Medicaid Upper Payment Limits (UPL) and Full Medicaid Pricing (FMP) payments. The System recognized UPL revenue upon receipt of payments through June 30, 2022. The System accrues FMP revenue based on invoiced amounts. Effective July 1, 2022, the UPL program was replaced with the Full Directed Payment program (MFP). The System accrues MFP payments based on annual estimates provided by the Louisiana Department of Health (LDH).

During the years ended September 30, 2025 and 2024, Medicaid UPL, FMP, and MFP payments received by the System were approximately \$77,693,000 and \$72,208,000, respectively, which are recorded in net patient service revenues on the consolidated statements of operations, as the payments relate directly to patient care.

Effective January 1, 2019, certain entities within the System entered into an agreement with the Quality and Outcome Improvement Network (QOIN) to facilitate payments to these entities under the State of Louisiana's Medicaid Managed Care Quality Incentive Program (Program). The LDH amended its agreements with its contracted Managed Care Organizations (MCO) to include quality-based performance measures and quality-based outcomes. With the expected achievement of the defined quality measures, LDH will fund the MCOs, who in turn will fund the network that the hospitals contract with for this Managed Care Incentive Payment (MCIP). For each measurement year, LDH will evaluate the performance relative to the specific quality performance measures. In the event LDH finds a deficiency in the accomplishment of those performance measures, there is the potential for recoupment of the MCIPs. Under the terms of the agreement with QOIN, the System recognized revenue of approximately \$8,459,000 and \$6,138,000 for the years ended September 30, 2025 and 2024, respectively, which are recorded in net patient service revenues on the consolidated statements of operations, as the payments related directly to patient care.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 4. Unconditional Promises to Give

Unconditional promises to give at September 30, 2025 and 2024 were as follows:

	2025	2024
	<i>(In Thousands)</i>	
Receivable in less than one year	\$ 1,676	\$ 1,642
Receivable in one to five years	777	1,121
Receivable in more than five years	823	4
Total unconditional promises to give	3,276	2,767
Less: discount to net present value (discount rate was 3.74% and 3.58% as of September 30, 2025 and 2024, respectively)	(86)	(39)
Less: allowance for unfulfilled pledges	(391)	(352)
Net unconditional promises to give	\$ 2,799	\$ 2,376

Note 5. Investments

The System's investments at September 30, 2025 and 2024 were as follows:

	2025	2024
	<i>(In Thousands)</i>	
Investments		
Cash and cash equivalents	\$ 15,850	\$ 33,260
Money market deposits	2,532	1,233
Certificates of deposit	1,267	1,369
Exchange traded funds (ETFs)	173,531	134,707
Private Equities	16,231	9,481
Bond funds	14,997	13,721
Mutual funds	5,514	38
Equities	1,863	1,761
U.S. Corporate Bonds	430	271
Government securities	21,952	26,186
Alternative investments	94,290	74,322
Total investments	\$ 348,457	\$ 296,349

See Note 1, Significant Accounting Policies, for further information about assets whose use is limited.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

As mentioned in Note 1, fair value measurements are based on a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the System has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Assets measured at fair value on a recurring basis at September 30, 2025 and 2024 are summarized below (in thousands), and are included on the consolidated balance sheets as assets whose use is limited and short-term investments:

Assets	2025			Net Balance
	Level 1	Level 2	Level 3	
	(In Thousands)			
Cash and cash equivalents	\$ 15,850	\$ -	\$ -	\$ 15,850
Money market deposits	2,532	-	-	2,532
Certificates of deposit	1,267	-	-	1,267
ETFs	173,531	-	-	173,531
Bond funds	14,997	-	-	14,997
Mutual funds	5,514	-	-	5,514
U.S. Corporate Bonds	430	-	-	430
Equities	1,863	-	-	1,863
Government securities	21,752	200	-	21,952
Investments measured at NAV per share*	-	-	-	110,521
	\$ 237,736	\$ 200	\$ -	\$ 348,457

Assets	2024			Net Balance
	Level 1	Level 2	Level 3	
	(In Thousands)			
Cash and cash equivalents	\$ 33,260	\$ -	\$ -	\$ 33,260
Money market deposits	1,233	-	-	1,233
Certificates of deposit	1,369	-	-	1,369
ETFs	134,707	-	-	134,707
Bond funds	13,721	-	-	13,721
Mutual funds	38	-	-	38
U.S. Corporate Bonds	271	-	-	271
Equities	1,761	-	-	1,761
Government securities	25,763	423	-	26,186
Investments measured at NAV per share*	-	-	-	83,803
	\$ 212,123	\$ 423	\$ -	\$ 296,349

* Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025 from those used in 2024.

- *Common stocks, corporate bonds and U.S. government securities:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Exchange traded funds (ETF) and mutual funds:* Valued at the daily closing price as quoted in active markets. Mutual funds held by the System are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). The NAV of an ETF is calculated in the same manner as it is for a mutual fund: by summing the total assets and subtracting the total liabilities, divided by the number of shares outstanding. The NAV is the value used to compare it with other funds and to calculate performance statistics. However, the NAV may not represent the current value of an ETF since the component prices change throughout the trading day. Therefore, the NAV is calculated only at the end of the trading day. The ETFs held by the System are deemed to be actively traded and valued at the NAV calculated at the end of the trading day.
- *Cash and cash equivalents, money market deposits, and certificates of deposit:* Valued at cost which approximates fair value.
- *Alternative investments (hedge funds):* Hedge funds are usually organized as limited partnerships, with the manager being the general partner who makes the investment decisions, and has a significant stake in the fund. Since hedge funds are private investment pools, securities are issued as private offerings. Valued based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investments.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share

The following table summarizes investments measured at fair value based on net asset value per share as of September 30, 2025 (in thousands):

2025	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge Funds:				
AMG Pantheon Fund, LLC	(A) \$ 13,898	None	Quarterly**	N/A
AQR Style Premia Fund, LP (CL B)	(B) 3,160	None	Semi-Monthly or Monthly	15 or 30 Days
Cassiopeia Fund, LTD	(C) 10,007	None	Quarterly	90 Days
CFM-Discus Feeder Fund Limited (CL B)	(D) 4,168	None	Monthly	15 Days
D.E Shaw Alkali International Fund VI, LP	(E) 60	615	Periodic*	N/A
Forefront Select (Cayman) Fund, LTD	(F) 5,433	None	Semi-Annually	95 Days
FyrFly Venture Partners Fund III, LP	(G) 414	519	Periodic*	N/A
Greywolf Maritime Opportunities Offshore Fund III, LP	(H) 12,164	259	Periodic*	N/A
iCapital Lexington Capital Partners X Offshore	(I) 989	406	Periodic*	N/A
Kepos Alpha Fund, LTD (CL A)	(J) 92	None	Quarterly	65 Days
Luminus Energy Partners, LTD	(K) 513	None	Quarterly	90 Days
Lyxor-Balyasny Atlas Enhanced Fund, LTD (CL L)	(L) 4,136	None	Quarterly	65 Days
Lyxor-Bridgewater Fund, LTD (CL B)	(M) 464	None	Monthly	15 Days
Lyxor-Sandler Plus Offshore Fund Limited (CL B)	(N) 4,675	None	Monthly	30 Days
Marshall Wace Tops Fund PLC	(O) 7,562	None	Monthly	30 Days
Millennium International, LTD (CL GG)	(P) 1,828	None	Quarterly	90 Days
MW Alpha Plus Fund, SP (CL A)	(Q) 257	None	Monthly	30 Days
Oaktree Opportunities XII iCapital Offshore Fund	(R) 5,026	582	Periodic*	N/A
Oceanic Hedge Fund (CL B)	(S) 2,308	None	Monthly	90 Days
Paloma International, LTD	(T) 2,468	None	Quarterly	65 Days
Radcliffe Inl Ultra Short Duration Fund, LTD	(U) 3,393	None	Monthly	40 Days
Sante Health Venutres V, LP	(V) 68	911	Periodic*	N/A
Seer Capital Partners Offshore Fund, LTD	(W) 3,499	None	Quarterly	90 Days
Silver Point Capital Fund, LTD	(X) 8,021	None	Annually	90 Days
Totem Point India, LP	(Y) 1,252	None	Monthly	60 Days
Twin Beech Capital Offshore Fund, LP	(Z) 2,118	None	Quarterly	60 Days
Two Sigma Absolute Return Cayman Fund, LTD (CL A1)	(AA) 3,696	None	Monthly	30 Days
Verition Intl Multi-Strategy Fund, LTD (CL A)	(BB) 7,299	None	Quarterly	45 Days
York Credit Opportunities Unit Trust (CL A)	(CC) 11	None	Annually	60 Days
ZP Offshore Utility Fund, LTD (CL E)	(DD) 1,542	None	Quarterly	45 Days
	<u>\$ 110,521</u>			

*Distributions are fully at the managers discretion and may be callable.

** Tenders are generally offered quarterly but are at the managers discretion.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

The following table summarizes investments measured at fair value based on net asset value per share as of September 30, 2024 (in thousands):

2024		Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge Funds:					
AMG Pantheon Fund, LLC	(A)	\$ 9,024	None	Quarterly**	N/A
AQR Style Premia Fund, LP (CL B)	(B)	2,730	None	Semi-Monthly or Monthly	15 or 30 Days
Cassiopeia Fund, LTD	(C)	72	None	None	None
CFM-Discus Feeder Fund Limited (CL B)	(D)	4,857	None	Monthly	15 Days
Forefront Select (Cayman) Fund, LTD	(F)	7,345	None	Semi-Annually	95 Days
iCapital Lexington Capital Partners X Offshore	(I)	400	522	Periodic*	N/A
Kepos Alpha Fund, LTD (CL A)	(J)	2,764	None	Quarterly	90 Days
Luminus Energy Partners, LTD	(K)	377	None	Quarterly	90 Days
Lyxor-Balyasny Atlas Enhanced Fund, LTD (CL L)	(L)	6,513	None	Quarterly	65 Days
Lyxor-Bridgewater Fund, LTD (CL B)	(M)	3,448	None	Monthly	15 Days
Lyxor-Sandler Plus Offshore Fund Limited (CL B)	(N)	3,184	None	Monthly	30 Days
Marshall Wace Tops Fund PLC	(O)	4,241	None	Monthly	30 Days
Millennium International, LTD (CL GG)	(P)	6,812	None	Quarterly	90 Days
MW Alpha Plus Fund, SP (CL A)	(Q)	1,594	None	Monthly	30 Days
Oaktree Opportunities XII iCapital Offshore Fund	(R)	58	767	Periodic*	N/A
Oceanic Hedge Fund (CL B)	(S)	3,687	None	Monthly	90 Days
Paloma International, LTD	(T)	2,184	None	Quarterly	65 Days
Radcliffe Inl Ultra Short Duration Fund, LTD	(U)	3,120	None	Monthly	40 Days
Seer Capital Partners Offshore Fund, LTD	(W)	3,048	None	Quarterly	90 Days
Silver Point Capital Fund, LTD	(X)	5,563	None	Annually	90 Days
Twin Beech Capital Offshore Fund, LP	(Z)	2,728	None	Quarterly	60 Days
Two Sigma Absolute Return Cayman Fund, LTD (CL A1)	(AA)	3,237	None	Monthly	30 Days
Verition Intl Multi-Strategy Fund, LTD (CL A)	(BB)	5,324	None	Quarterly	45 Days
York Credit Opportunities Unit Trust (CL A)	(CC)	46	None	Annually	60 Days
ZP Offshore Utility Fund, LTD (CL E)	(DD)	1,447	None	Quarterly	45 Days
		<u>\$ 83,803</u>			

*Distributions are fully at the managers discretion and may be callable.

** Tenders are generally offered quarterly but are at the managers discretion.

(A) AMG Pantheon Fund, LLC is a feeder fund in a master-feeder structure and invests exclusively in AMG Pantheon Master Fund, LLC. AMG Pantheon Fund, LLC's primary objective is to seek long-term capital appreciation through investments in private investments, infrastructure, other private asset funds, and co-investments in portfolio companies.

(B) AQR Style Premia Fund, LP is a feeder fund and invests exclusively in AQR Style Premia Master Account, LP, an exempted limited partnership incorporated under the laws of the Cayman Islands, with a primary objective to produce high risk-adjusted returns while maintaining low-to-zero correlation to traditional markets by investing in a combination of different investment strategies that apply quantitative return forecasting models and systematic risk control methods. Each of these investment strategies is designed to (a) target positive excess returns over a cash investment, (b) target a specific controlled level of volatility, and (c) exhibit low-to-zero correlation to other traditional and nontraditional markets. AQR Style Premia Master Account, LP will invest globally in a broad range of instruments, including without limitation, equities, currencies, futures, forwards, options, swaps, and other derivative products.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

- (C) Cassiopeia Fund, LTD is an exempted investment company, which was incorporated under the laws of Bermuda. Cassiopeia Fund, LTD has been organized for the limited purpose of pooling, managing, and running off and liquidating the “legacy risk” investment and related collateral assets contributed to the Fund from various other investment vehicles managed by Nephila Capital, Ltd, the Trading Manager.
- (D) CFM-Discus Feeder Fund Limited is a feeder fund that invests all or substantially all of its assets in Discus Holdings LTD. CFM-Discus Feeder Fund Limited’s investment objective is to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes by investing its assets in Discus Holdings LTD that follows the Discus trading program.
- (E) D.E. Shaw Alkali International Fund VI, LP is a feeder fund that invests all or substantially all of its assets in D.E. Shaw Alkali Holdings VI, LLC. D.E. Shaw Alkali International Fund VI, LP and D.E. Shaw Alkali Holdings VI, LLC’s investment objectives are to achieve positive returns from capital appreciation and income generation primarily through credit, credit-related, and opportunistic investments, including in private credit, public credit, and banking marketplaces.
- (F) Forefront Select (Cayman) Fund, LTD is a Cayman Islands feeder fund that invests all or substantially all of its assets in Forefront Select Fund, L.P. Forefront Select (Cayman) Fund, LTD and Forefront Select Fund, LP’s investment objective seeks to grow capital by allocating assets among hedge fund and other private fund shares as well as publicly traded securities that represent a spectrum of risk exposures in an attempt to produce positive and less than perfect correlation to equity markets.
- (G) FyrFly Venture Partners Fund III, LP is a limited partnership with the purpose to invest in and hold equity and equity-like investments under a venture capital-style investment strategy in the securities of emerging companies.
- (H) Greywolf Maritime Opportunities Offshore Fund III, LP is a maritime-focused investment fund that pursues a hard-asset strategy by acquiring mid-life commercial vessels, often with existing leases to major shipping operators, to generate income and capitalize on developments in global supply chains and commercial fleets.
- (I) iCapital Lexington Capital Partners X Offshore Fund is a Cayman Islands exempted limited partnership that invests all or substantially all of its assets in LCP X (Offshore), LP which in turn invests in Lexington Capital Partners X, LP which has an investment objective of acquiring interests in global private equity funds and other investment vehicles primarily established global buyout, mezzanine and venture capital funds primarily through secondary market transactions.
- (J) Kepos Alpha Fund, LTD was organized as an exempted company incorporated under the provision of the Companies Law (2010 revision) of the Cayman Islands. The fund acts as a feeder fund in a master feeder fund structure and accordingly invests a portion of its capital in Kepos Alpha Master Fund, LP. The master fund’s investment objective is to provide investors with an attractive total return on investment capital over an entire three-to five-year market cycle while maintaining a low correlation with global equity markets.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

- (K) Luminus Energy Partners, LTD is a hedge fund that invests all or substantially all of its assets in Luminus Energy Partners Master Fund, LTD, Luminus Energy Partners, LTD, and Luminus Energy Partners Master Fund, LTD's investment objectives are to generate and deliver consistent absolute returns, in both up and down markets, while substantially limiting market risk by investment in core investment sectors including power, energy, utilities, and related industries and sectors.
- (L) Lyxor-Balyasny Atlas Enhanced Fund, LTD is setup as a multi-class investment fund whose investment objective is to primarily achieve capital appreciation and deliver absolute returns across a number of investment strategies in all market environments.
- (M) Lyxor-Bridgewater Fund, LTD is setup as a multi-class investment fund to provide a competitive return by trading the global markets.
- (N) Lyxor-Sandler Plus Offshore Fund Limited is a hedge fund that invests in public equity markets. It also employs long/short strategy to make its investments. Lyxor/Sandler Plus Offshore Fund Limited is domiciled in the United States.
- (O) Marshall Wace Tops Fund PLC is a feeder fund with thirteen active sub-funds with varying investment objectives including providing investors with above absolute returns, average absolute returns, long-term capital growth, risk-adjusted returns, above average absolute returns with variable net market exposure, above average absolute returns with low net market exposure, and consistent absolute returns, primarily through investing and trading in various equities and equity related instruments and other funds.
- (P) Millennium International, LTD is the domestic feeder fund of Millennium Partners LP Millennium Partners, LP is a trading partnership engaged in the business of trading equities, fixed income products, options, futures, and other financial instruments.
- (Q) MW Alpha Plus Fund, SP is a segregated portfolio of Marshall Wace Feeder Funds, SPC that is a Cayman Islands exempted company. The fund's investment objective is to generate absolute returns irrespective of whether markets are trending up or down by investing in SP Alpha Plus Master Fund. Kepos Alpha Fund LTD was organized as an exempted company incorporated under the provision of the Companies Law (2010 revision) of the Cayman Islands. The fund acts as a feeder fund in a master feeder fund structure and accordingly invests a portion of its capital in Kepos Alpha Master Fund, LP. The master fund's investment objective is to provide investors with an attractive total return on investment capital over an entire three- to five-year market cycle while maintaining a low correlation with global equity markets.
- (R) Oaktree Opportunities XII iCapital Offshore Fund is a Cayman Islands exempted limited partnership that invests all or substantially all of its assets in Oaktree Opportunities Fund XII Feeder (Cayman), LP which in turn invests in Oaktree Opportunities Fund XII, LP which has an investment objective of realizing substantial capital appreciation without subjecting principal to undue risk primarily by investing in public and private distressed and privately negotiated non-distressed investments that offer substantial downside protection and strong upside potential across a wide range of industries, investment types and geographies with dependable rule of law.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

- (S) Oceanic Hedge Fund is an exempted company incorporated in the Cayman Islands. Oceanic Hedge Fund's objective is to achieve capital appreciation through focused long/short investments in the shipping, energy, and related sectors and associated commodities.
- (T) Paloma International, LTD is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in Paloma International LP. The fund's investment objective is to seek to achieve attractive long-term risk-adjusted returns through dynamic capital allocation among a changing set of investment strategies and portfolio managers.
- (U) Radcliffe International Ultra Short Duration Fund, LTD is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in Radcliffe Ultra Short Duration Master Fund, LP. The fund's investment objective is to seek to achieve meaningfully higher net returns than short-term high-grade bond funds, with minimal default risk, while avoiding both the duration risk and credit risk of other fixed income strategies.
- (V) Sante Health Ventures V, LP is a limited partnership that is focused on investing in equity or equity-oriented securities of early stage, privately held, healthcare companies although select investments may be in public companies and companies not in the healthcare sector.
- (W) Seer Capital Partners Offshore Fund, LTD is a hedge fund that invests all or substantially all of its assets in Seer Capital Partners Master Fund LP and Subsidiary. Seer Capital Partners Offshore Fund, LTD, and Seer Capital Partners Master Fund, LP and Subsidiary is a diversified, credit focused investment firm that primarily invests in structured credit and loans.
- (X) Silver Point Capital Fund, LTD is a Cayman Islands exempted company, that participated or transferred substantially all of its interests in financial instruments, agreements and other assets and related liabilities, to Silver Point Capital Offshore Master Fund, LP. The investment objective of the fund is to achieve superior risk-adjusted returns by investing in debt, equity or other securities or obligations of misvalued, leveraged, or financially distressed companies and in event-oriented and other special situations.
- (Y) Totem Point India, LP is a pooled investment fund that seeks to deliver attractive returns through a disciplined, research-driven strategy focused on identifying transformative, innovation-led businesses, leveraging expertise in global technology-oriented markets.
- (Z) Twin Beech Capital Offshore Fund, LP is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in Twin Beech Capital Master Fund, L.P. The fund's investment objective is to seek positive attractive absolute and risk-adjusted returns through a research-intensive, data-driven systematic trading and investment program.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

- (AA) Two Sigma Absolute Return Cayman Fund, LTD was organized as a Cayman Islands exempted company, registered under the Cayman Islands' Mutual Funds Law. The investment objective of Two Sigma Absolute Return Cayman Fund LTD is to achieve absolute U.S. dollar-denominated returns primarily by combining multiple model-driven investment strategies with proprietary risk management and execution techniques.
- (BB) Verition International Multi-Strategy Fund, LTD is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in Verition Multi-Strategy Master Fund, LTD. The fund's investment objective is superior risk-adjusted returns through implementation of a diversified range of alternative investment strategies.
- (CC) York Credit Opportunities Unit Trust is a fund that invests in a master fund which in turn invests in long and short positions in equity and debt of companies undergoing Chapter 11 reorganization or other types of restructuring.
- (DD) ZP Offshore Utility Fund, LTD is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in ZP Master Utility Fund, LTD. The fund's investment objective is to employ an energy infrastructure-focused, long/short strategy which seeks to deliver absolute returns in all market conditions with minimal correlation to energy section indices and broader market indices.

Note 6. Affiliates

Investment in Affiliates

On December 23, 2009, the System purchased a 45% interest in Baton Rouge Rehabilitation Hospital, L.L.C. (BRRH) and Baton Rouge Rehabilitation Development, L.L.C. (BRRD). Baton Rouge Rehabilitation Hospital is an 80 bed, Medicare certified inpatient rehabilitation hospital that offers a variety of rehabilitation services to Baton Rouge and the surrounding area. The investments in BRRH and BRRD are reported on the equity method of accounting.

On July 17, 2012, the System entered into an operating agreement to own and operate Radiation Oncology Center-Zachary (ROC-Zachary) with the Hospital Service District No. 1 of the Parish of East Baton Rouge, Louisiana, a Louisiana political subdivision d/b/a Lane Regional Medical Center, and Bayou Income Group, LLC. The purpose of ROC-Zachary is to operate a radiation oncology center. The center opened in February 2014. On October 1, 2017, the System increased its membership interest from 50% to 70%. In accordance with its 70% membership interest, the System entered into a contribution agreement for contributions when needed. The investment in ROC-Zachary is reported on the equity method of accounting because management determined the other LLC Member has substantive participating rights.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

On January 1, 2015, the System purchased a 50% interest in Verity Healthnet, L.L.C. (Verity). Verity operates as a healthcare provider network based in Louisiana to represent self-funded employers, third-party administrators, and other managed care organizations. The investment in Verity is reported on the equity method of accounting.

On April 1, 2016, the System purchased a 33% interest in Hood Home Health Service, L.L.C. The joint venture operates a Home Health agency in the State of Louisiana under the name of Baton Rouge General Home Health. The investment in Baton Rouge General Home Health is reported on the equity method of accounting.

On December 5, 2019, the System purchased a 50% interest in Baton Rouge Wellness and Recovery Services, L.L.C. (BRWR). BRWR was created to own and operate certain inpatient and outpatient facilities providing psychiatric and addiction services in the Baton Rouge, Louisiana area. The investment in BRWR is reported on the equity method of accounting.

On February 28, 2020, the System purchased a 52.65% interest in Louisiana Independent Hospital Network Coalition, L.L.C. (LIHNC). LIHNC operates a joint venture with other regional healthcare providers to increase access and quality of care and improving operational efficiencies between its members. In 2021 through 2023, additional members joined LIHNC, which resulted in diluting the System's interest to 4.0% as of September 30, 2025 and 2024. The investment in LIHNC is reported on the equity method of accounting.

On July 12, 2023, the System purchased a 30% interest in The Wellness Studio. The Wellness Studio is a mental health clinic. The investment in The Wellness Studio is reported on the equity method of accounting. On July 1, 2025, the remaining 70% interest was acquired. As of September 30, 2025 and for the period from July 1, 2025 to September 30, 2025 The Wellness Studio is reported as a consolidated subsidiary of the System.

On June 1, 2025, the System purchased a 50% interest in HealthRemede Holdings and GWF Properties, LLC (HealthRemede Holdings). HealthRemede Holdings is a holding company for HealthRemede, LLC. The investment in HealthRemede Holdings is reported on the equity method of accounting.

On August 1, 2025, the System purchased a 50% interest in HealthRemede, LLC. HealthRemede, LLC is a comprehensive medical provider offering family medicine, occupational medicine, and urgent care services across East Baton Rouge Parish. The investment in HealthRemede, LLC is reported on the equity method of accounting.

On June 22, 2025, the System purchased a 20% interest in Bluebonnet Medical Office Development, LLC (BBMO). BBMO is a development company created to construct a medical office building on land near the System. A portion of this building will be leased to SpineCenter, LLC with the remainder to be leased by the System. The investment in BBMO is reported on the equity method of accounting.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

These investments are summarized as follows:

	2025	2024
	<i>(In Thousands)</i>	
Baton Rouge Rehabilitation Hospital, L.L.C. (BRRH)		
Beginning balance	\$ 2,705	\$ 2,233
Distributions	(3,660)	(3,076)
Net income (45%)	3,881	3,548
	<u>\$ 2,926</u>	<u>\$ 2,705</u>
Baton Rouge Rehabilitation Development, L.L.C. (BRRD)		
Beginning balance	\$ 2,196	\$ 2,289
Distributions	(773)	(750)
Net income (45%)	682	657
	<u>\$ 2,105</u>	<u>\$ 2,196</u>
Radiation Oncology Center-Zachary (ROC-Zachary)		
Beginning balance	\$ 699	\$ 887
Contributions	137	-
Net loss (70%)	(45)	(188)
	<u>\$ 791</u>	<u>\$ 699</u>
Baton Rouge General Home Health		
Beginning balance	\$ 51	\$ 107
Distributions	(99)	(156)
Net income (33%)	102	100
	<u>\$ 54</u>	<u>\$ 51</u>
Verity Healthnet, L.L.C. (Verity)		
Beginning balance	\$ 1,866	\$ 1,867
Net loss (50%)	-	(1)
	<u>\$ 1,866</u>	<u>\$ 1,866</u>
Baton Rouge Wellness and Recovery Services, L.L.C. (BRWR)		
Beginning balance	\$ 191	\$ 231
Net loss (50%)	(14)	(40)
	<u>\$ 177</u>	<u>\$ 191</u>
Bluebonnet Medical Office Development, L.L.C (BBMO)		
Beginning balance	\$ -	\$ -
Contributions	5	-
	<u>\$ 5</u>	<u>\$ -</u>

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

	2025	2024
	<i>(In Thousands)</i>	
Louisiana Independent Hospital Network Coalition, L.L.C. (LIHNC)		
Beginning balance	\$ 2	\$ 4
Net income (loss) (4%)	7	(2)
	<u>\$ 9</u>	<u>\$ 2</u>
The Wellness Studio		
Beginning balance	\$ (71)	\$ 9
Net loss (30% through acquisition during the year ended 9/30/2025)	(44)	(80)
Acquisition of remaining 70% interest during the year ended 9/30/2025	115	-
	<u>\$ -</u>	<u>\$ (71)</u>
HealthRemede Holdings and GWF Properties, LLC		
Beginning balance	\$ -	\$ -
Contributions	345	-
Net income (50%)	20	-
	<u>\$ 365</u>	<u>\$ -</u>
HealthRemede, LLC		
Beginning balance	\$ -	\$ -
Contributions	89	-
Net loss (50%)	(88)	-
	<u>\$ 1</u>	<u>\$ -</u>
Total equity investments	<u>\$ 8,299</u>	<u>\$ 7,639</u>

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

Summarized financial information for entities carried under the equity method are as follows as of and for the years ended September 30, 2025 and 2024:

2025	Total Assets	Total Liabilities	Equity (Deficit)	Net Income (Loss)
(In Thousands)				
BRRH	\$ 10,587	\$ 4,088	\$ 6,499	\$ 8,621
BRRD	\$ 4,677	\$ -	\$ 4,677	\$ 1,516
ROC-Zachary	\$ 1,479	\$ 141	\$ 1,338	\$ (65)
BRG Home Health	\$ 643	\$ 469	\$ 174	\$ 208
Verity Healthnet	\$ 907	\$ 907	\$ -	\$ -
BRWR	\$ 1,659	\$ 1,380	\$ 279	\$ (27)
LIHNC	\$ 418	\$ 78	\$ 340	\$ (61)
HealthRemede Holdings and GWF Properties, LLC	\$ 808	\$ 817	\$ (9)	\$ 41
HealthRemede, LLC	\$ 388	\$ 563	\$ (175)	\$ (175)
Bluebonnet Medical Office	\$ 25	\$ -	\$ 25	\$ -

2024	Total Assets	Total Liabilities	Equity	Net Income (Loss)
(In Thousands)				
BRRH	\$ 9,227	\$ 3,216	\$ 6,011	\$ 7,883
BRRD	\$ 4,879	\$ -	\$ 4,879	\$ 1,459
ROC-Zachary	\$ 1,431	\$ 239	\$ 1,192	\$ (269)
BRG Home Health	\$ 340	\$ 84	\$ 256	\$ 203
The Wellness Studio	\$ 65	\$ 418	\$ (353)	\$ 270
Verity Healthnet	\$ 586	\$ 585	\$ 1	\$ (1)
BRWR	\$ 1,666	\$ 1,361	\$ 305	\$ (106)
LIHNC	\$ 226	\$ 63	\$ 163	\$ (54)

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

At September 30, 2025 and 2024, the System had a receivable of approximately \$1,744,000 and \$2,045,000, respectively, due from the above referenced affiliates for various operating and payroll expenses, which is reported in the accompanying consolidated balance sheets within prepaid expenses and other assets.

The System also contracts with other affiliates for physician services and medical teaching services. Other affiliates, as used within these statements, are persons or entities that are affiliated with the System through directorate control. During 2025 and 2024, these contract payments totaled approximately \$2,933,000 and \$7,633,000, respectively.

Note 7. Property, Plant, and Equipment

Property, plant, and equipment and accumulated depreciation at September 30, 2025 and 2024 are as follows:

	2025	2024
	<i>(In Thousands)</i>	
Land and land improvements	\$ 47,273	\$ 47,985
Buildings and fixed equipment	329,964	330,904
Equipment	229,048	225,306
Works of Art	422	422
Construction in progress	4,851	7,359
	<u>611,558</u>	<u>611,976</u>
Less: Accumulated depreciation	<u>(389,887)</u>	<u>(378,491)</u>
	<u>\$ 221,671</u>	<u>\$ 233,485</u>

Property, plant, and equipment under lease and accumulated depreciation at September 30, 2025 and 2024 are as follows:

	2025	2024
	<i>(In Thousands)</i>	
Buildings and fixed equipment	\$ 27,783	\$ 27,783
Less: Accumulated depreciation	<u>(11,533)</u>	<u>(10,476)</u>
	<u>\$ 16,250</u>	<u>\$ 17,307</u>

Depreciation expense was approximately \$22,525,000 and \$21,600,000 for the years ended September 30, 2025 and 2024, respectively.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt

Long-term debt, as presented on the consolidated balance sheets, is comprised of both bond indentures and bank debt. A summary of both bond indentures and bank debt is summarized as follows:

	2025	2024
	<i>(In Thousands)</i>	
Series 2011, LA Local Government Environmental Facilities and Community Development Authority-Gulf Opportunity Zone Revenue Bonds issued on behalf of General Health System (Obligor). \$28,000,000 of serial bonds, variable interest. Quarterly principal and interest payments of \$250,000 through maturity at October 1, 2041. This loan, with a principal balance of \$20,000,000, was refinanced on October 6, 2021. Interest was reduced to 2.18%, principal and interest payable monthly in the amount of \$103,254, maturing on October 6, 2031. Secured by deposits held by Bank. Secured by a mortgage on medical office building which was constructed with the proceeds of issue.	\$ 16,238	\$ 17,211
Mortgage payable to Bank, with a principal balance of \$129,158,260. Interest rate of 2.85%, principal and interest payable monthly in the amount \$966,292, maturing on January 1, 2033. Secured by building. Insured by HUD.	76,259	85,596
Mortgage payable to Bank, original principal of \$45,474,000 with interest rate of 4.74% per annum. Interest computed and payable monthly through April 2020. Beginning in May 2020, principal and interest payable monthly in the amount of \$353,477, maturing May 1, 2035. Secured by building. Insured by HUD.	32,619	35,460
Note payable with Bank, original amount of \$1,920,000, interest rate of 3.75%, per annum, principal and interest payable monthly in the amount of \$26,072, maturing on August 30, 2029. Secured by deposits held by Bank.	1,131	1,401
	<u>126,247</u>	<u>139,668</u>
Less: principal payments due within one year	(13,401)	(12,410)
Less: debt issuance costs	(2,172)	(2,342)
Total long-term debt	\$ 110,674	\$ 124,916

Under the terms of the bond indentures, the System is required to make certain deposits with a trustee. Such deposits are included within assets whose use is limited on the consolidated balance sheets. See Note 1. The bond indentures also limit the incurrence of additional borrowings and require that certain measures of financial performance be met as long as the bonds are outstanding. Management is not aware of any non-compliance with these requirements.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

The scheduled maturities of long-term debt for the next five years ending September 30th are as follows (in thousands):

2026	\$	13,401
2027		14,068
2028		14,526
2029		14,969
2030		15,172
Thereafter		<u>54,111</u>
	\$	<u>126,247</u>

Interest expense charged to operations was approximately \$5,235,000 and \$5,766,000 for the years ended September 30, 2025 and 2024, respectively.

Note 9. Employee Benefit Plans

Substantially all employees of the System are eligible to participate in the General Health System Retirement Plus Plan (GHSRP Plan) provided they meet certain service and eligibility requirements. The GHSRP Plan is a defined contribution plan. Newly hired and eligible employees are automatically enrolled in the GHSRP Plan within 30 days after their hire date. If employees do not specifically elect an alternative deferral amount (including zero), then as soon as administratively feasible after the end of that 30-day period, 4% of their compensation will automatically be withheld from each paycheck and deposited into a plan account in their name as a salary deferral. A participant's elective deferral percentage will automatically increase each year by 1% up to a maximum deferral of 10%. The GHSRP Plan also allows for voluntary contributions by employees up to 100% of their annual compensation, subject to certain limits. The System matches 50% of the employee's deferral up to 6% of annual compensation, to participants who have completed one year of service, defined as 1,000 hours worked. A participant is 100% vested in the System match after completing three years of credited service. System matching contributions to the GHSRP Plan totaled approximately \$4,125,000 and \$4,549,000 for the years ended September 30, 2025 and 2024, respectively.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 10. Contingencies and Risk Management

Malpractice claims that fall within the System's adopted policy of self-insurance (see Note 1) have been asserted against the System by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial.

The accrual for malpractice and general liability self-insurance reserves totaled approximately \$9,687,000 at September 30, 2025, of which approximately \$1,938,000 was discounted at 4% and the remainder of approximately \$7,749,000 was undiscounted. The accrual for malpractice and general liability self-insurance reserves totaled approximately \$8,853,000 at September 30, 2024, of which approximately \$1,766,000 was discounted at 4% and the remainder of approximately \$6,387,000 was undiscounted. Approximately \$8,209,000 and \$7,845,000 is included in current liabilities at September 30, 2025 and 2024, respectively. Based on management's best knowledge and belief, it is the opinion of management that the ultimate resolution of malpractice claims and incidents will not have a material effect on the System's consolidated financial statements.

In addition to the malpractice and general liabilities reserves, the System has reserved for workers' compensation claims. At September 30, 2025, the reserves, which were discounted at 5% totaled approximately \$2,289,000. At September 30, 2024, the reserves, which were discounted at 5% totaled approximately \$3,105,000. All of these amounts are included as current liabilities at each of those dates.

Note 11. Insurance Programs

The System is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee's injuries and illnesses; natural disasters; and medical malpractice.

As further described in Notes 1 and 10, the System is self-insured for medical claims and certain medical malpractice claims up to predetermined stop-loss amounts. Claims in excess of the stop-loss amounts are insured through commercial insurance carriers. The System has reflected its estimate of the ultimate liability for known and incurred but not reported claims in the accompanying consolidated financial statements as current liabilities.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 11. Insurance Programs (Continued)

Changes in the System's claims liability amount are reflected below (in thousands):

	2025	2024
Claims liability, beginning of year	\$ 2,560	\$ 2,126
Current year claims and changes in estimates	22,649	22,223
Current year claims payments	<u>(22,917)</u>	<u>(21,789)</u>
Claims liability, end of year	<u>\$ 2,292</u>	<u>\$ 2,560</u>

Note 12. Leases and Other Commitments

Operating Leases

The System leases medical and office equipment and office buildings under several operating leases, which expire in various years through 2031. The System's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease cost and other required information are as follows for the years ended September 30, 2025 and 2024, respectively (in thousands):

	2025	2024
Lease cost:		
Operating lease cost	\$ 1,917	\$ 1,751
Short-term lease cost	1,011	1,117
Variable lease cost	94	106
Total lease cost	<u>\$ 3,022</u>	<u>\$ 2,974</u>
Other information:		
Weighted-average remaining lease term (in years):		
Operating leases	2.80	3.50
Weighted-average discount rate applied (%):		
Operating leases	5.75	5.75

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 12. Leases and Other Commitments (Continued)

Operating Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the consolidated balance sheet are as follows as of September 30, 2025 (in thousands):

2026	\$	1,736
2027		1,160
2028		575
2029		237
2030		125
Thereafter		<u>20</u>
Total lease payments		3,853
Less: imputed interest		(237)
Less: lease liabilities, current portion		<u>(1,602)</u>
Lease liabilities, net of current portion	\$	<u>2,014</u>

The System leases building space to outside entities. These rental agreements are typically multi-year periods and are operating leases. Rental income is reported as earned over the term of the lease.

Future undiscounted cash flows for each of the next five years and thereafter at September 30, 2025 are as follows (in thousands):

2026	\$	3,077
2027		1,182
2028		625
2029		634
2030		439
Thereafter		<u>282</u>
	\$	<u>6,239</u>

Rental income under operating leases totaled approximately \$4,019,000 and \$4,231,000 for the years ended September 30, 2025 and 2024, respectively.

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 12. Leases and Other Commitments (Continued)

Other Commitments

The System is required by the State of Louisiana Department of Employment and Training, Office of Workers' Compensation, to maintain a cash reserve for the self-insured workers' compensation plan. The System acquired a standby letter of credit to satisfy this requirement with an available balance of approximately \$2,500,000 at September 30, 2025 and 2024.

Note 13. Business and Credit Concentrations

Financial instruments which potentially subject the System to concentrations of credit risk consist principally of unsecured accounts receivable and interest-bearing depository accounts in excess of federally insured limits. The System has not experienced any losses from deposits in excess of federally insured limits and does not believe that significant credit risk exists as a result of this practice. At September 30, 2025 and 2024, approximately \$12,932,000 and \$13,424,000, respectively, of cash and cash equivalents was uninsured.

The System grants credit to patients, substantially all of whom are regional residents, and generally does not require collateral or other security in extending this credit; however, the System routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, and commercial insurance policies).

The mix of receivables due from patients and third-party payors at September 30, 2025 and 2024 was as follows:

	2025	2024
Medicare	14 %	16 %
Medicaid	8 %	14 %
Commercial and managed care	76 %	70 %
Self pay	2 %	0 %
	<u>100 %</u>	<u>100 %</u>

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 14. Other Operating Revenue

Other operating revenue recognized during the years ended September 30, 2025 and 2024 consisted of the following:

	2025	2024
	<i>(In Thousands)</i>	
Retail pharmacy sales	\$ 45,702	\$ 41,607
Contracted vendor supplemental revenue	11,591	12,274
Lab service revenue	7,492	8,025
Cafeteria revenue	6,896	6,711
Rent revenues	4,019	4,231
Physician shared savings payments	3,142	3,645
Management fees	3,369	3,089
MDVIP Fees	3,026	2,662
Training revenue	2,733	2,420
Gift shop sales	1,065	1,046
Purchase rebates	768	1,202
Contributions	839	875
Medical record release fees	404	373
Net payments under MBP JOA	(4,198)	(4,136)
Other	2,552	1,565
Total Other Operating Revenue	\$ 89,400	\$ 85,589

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 15. Functional Expenses

The System provides general health care services to residents within its geographic location. For the years ended September 30, 2025 and 2024, expenses related to providing these services were as follows (in thousands):

September 30, 2025	Program Services					Support Services		
	Healthcare Services	Surgical Services	Pharmacies	Greater Baton Rouge Community Health Improvement	Total	Management and General	Fundraising	Total
Expenses								
Salaries, wages, and benefits	\$ 192,906	\$ 9,422	\$ 7,911	\$ 768	\$ 211,007	\$ 99,342	\$ -	\$ 310,349
Supplies and other expenses	108,341	43,403	49,936	980	202,660	135,276	189	338,125
Depreciation	22,525	-	-	-	22,525	-	-	22,525
Interest expense	5,235	-	-	-	5,235	-	-	5,235
Total expenses	\$ 329,007	\$ 52,825	\$ 57,847	\$ 1,748	\$ 441,427	\$ 234,618	\$ 189	\$ 676,234

September 30, 2024	Program Services					Support Services		
	Healthcare Services	Surgical Services	Pharmacies	Greater Baton Rouge Community Health Improvement	Total	Management and General	Fundraising	Total
Expenses								
Salaries, wages, and benefits	\$ 183,144	\$ 9,336	\$ 8,215	\$ 734	\$ 201,429	\$ 101,307	\$ -	\$ 302,736
Supplies and other expenses	86,700	45,940	49,504	606	182,750	137,267	236	320,253
Depreciation	21,598	-	-	-	21,598	2	-	21,600
Interest expense	5,720	-	-	-	5,720	46	-	5,766
Total expenses	\$ 297,162	\$ 55,276	\$ 57,719	\$ 1,340	\$ 411,497	\$ 238,622	\$ 236	\$ 650,355

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Those expenses are allocated on the basis of time and effort.

Note 16. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2025	2024
	<i>(In Thousands)</i>	
Subject to expenditure for a specified purpose:		
Healthcare programs and facilities	\$ 7,524	\$ 6,333
Medical education	975	971
Employee assistance program	19	47
	<u>8,518</u>	<u>7,351</u>
Subject to the System's spending policy and appropriation:		
Investment in perpetuity (including amounts above original investment of \$847 and \$875 at September 30, 2025 and 2024, respectively) which, once appropriated, are expendable to support healthcare programs and medical education.	1,468	1,495
	<u>1,468</u>	<u>1,495</u>
Total net assets with donor restrictions	\$ 9,986	\$ 8,846

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 17. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, as follows:

	2025	2024
	<i>(In Thousands)</i>	
Generator project	\$ 1,341	\$ -
Patient care	1,222	968
Property and equipment	1,075	1,621
HIV testing	460	79
Employee assistance	95	64
Education	57	29
Supplies	34	92
Scholarships	16	13
American cancer society	10	-
COVID-19 related expenses	8	714
Nursing	5	13
Capital	-	3,999
Emergency preparedness expenses	-	102
Total amounts released from restrictions	\$ 4,323	\$ 7,694

Note 18. Transfer of Net Assets

During the years ended September 30, 2025 and 2024, there were transfers from net assets without donor restrictions to net assets with donor restrictions that was donor directed. These transfers are shown on the consolidated statements of operations and the consolidated statements of changes in net assets

GENERAL HEALTH SYSTEM

Notes to Consolidated Financial Statements

Note 19. Liquidity and Availability

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

	2025	2024
	<i>(In Thousands)</i>	
Cash and cash equivalents	\$ 24,959	\$ 26,377
Investments	316,538	262,306
Patient accounts receivable	66,375	59,638
Current portion of unconditional promises to give, net	484	478
	<u>\$ 408,356</u>	<u>\$ 348,799</u>

As part of the System's liquidity management plan, the System, through an investment manager and advice of an investment consultant, invests balances in excess of daily requirements in equities, fixed income, real assets, alternative investments, and cash and cash equivalents subject to investment policy asset allocation ranges and targets with the objective of an intermediate to long-term focus of seven to ten years, as well as a cash buffer to cover the expense obligations of the System. All account investments are to be selected and diversified so as to mitigate the risk of large losses subject to the return objectives and constraints, by the manager.

Note 20. Accounting for Income Taxes

As further described in Note 1, the System and certain of its subsidiaries are not-for-profit entities under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxation. Certain other subsidiaries are for-profit entities. The operations of the for-profit subsidiaries have resulted in cumulative net operating losses for federal income tax purposes at September 30, 2025 and 2024, of approximately \$112,337,000 and \$98,969,000, respectively. The net operating loss carryforwards expire in varying amounts beginning in 2026 through 2044. No tax benefits related to these operating losses have been recognized in the accompanying consolidated financial statements as the for-profit entities are not expected to generate sufficient taxable income to utilize the losses prior to their expiration.

Note 21. Subsequent Events

The System has evaluated subsequent events through the date that the financial statements were available to be issued, January 22, 2026, and determined that the following event occurred that required disclosure. In October 2025, the System entered into a financing agreement with a bank for an original principal balance not exceeding \$40,000,000 at an interest rate of 4.59% and maturing twelve years after a two year construction period ends that will be secured by a building once constructed. No further subsequent events occurring after January 22, 2026 have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

GENERAL HEALTH SYSTEM
Consolidating Balance Sheet
September 30, 2025
(In Thousands)

	General Health System Parent Company	General Health System Corporate Services	Baton Rouge General Medical Center	General Health System Foundation	Verity Healthnet Accounts Management Services, Inc.	Baton Rouge General Physicians, Inc.	RRS Insurance	Behavioral Health, Inc., & Other Entities	Eliminations	General Health System Consolidated
ASSETS										
Current assets										
Cash and cash equivalents	\$ -	\$ 7,318	\$ 11,319	\$ 2,464	\$ -	\$ 1,667	\$ 2,180	\$ 11	\$ -	\$ 24,959
Patient accounts receivable	-	-	65,305	-	-	1,047	-	23	-	66,375
Current portion of unconditional promises to give, net	-	-	-	756	-	-	-	-	-	756
Inventories	-	-	14,908	-	-	173	-	-	-	15,081
Prepaid expenses and other assets	-	7,416	30,803	13	11	8,237	1,513	101	-	48,094
Short-term investments	-	183,744	120,990	5,376	-	-	6,428	-	-	316,538
Total current assets	-	198,478	243,325	8,609	11	11,124	10,121	135	-	471,803
Cash and cash equivalents - limited to use	-	2,269	-	-	-	-	-	-	-	2,269
Investments - limited to use	-	-	23,802	-	-	-	-	-	-	23,802
Investments - donor restricted	-	-	-	8,117	-	-	-	-	-	8,117
Unconditional promises to give, net, less current portion	-	-	-	2,043	-	-	-	-	-	2,043
Investment in affiliates	583,067	9	-	-	1,866	-	-	6,424	(583,067)	8,299
Goodwill	-	-	4,706	-	-	716	-	193	-	5,615
Trust receivable	-	22,991	-	-	-	-	-	-	-	22,991
Other assets	-	17,337	202	-	-	-	-	-	-	17,539
Due from affiliates	-	-	160,709	-	13,613	-	-	17,619	(191,941)	-
Right-of-use assets for operating leases	-	653	828	-	-	2,156	-	-	-	3,637
Property, plant, and equipment, net	-	51,219	161,637	-	-	811	-	8,004	-	221,671
Property, plant, and equipment under lease, net	-	11,729	4,521	-	-	-	-	-	-	16,250
Total assets	\$ 583,067	\$ 304,685	\$ 599,730	\$ 18,769	\$ 15,490	\$ 14,807	\$ 10,121	\$ 32,375	\$ (775,008)	\$ 804,036
LIABILITIES AND NET ASSETS										
Current liabilities										
Trade accounts payable	\$ -	\$ 13,912	\$ 22,178	\$ 17	\$ -	\$ 4,062	\$ 36	\$ 2	\$ -	\$ 40,207
Accrued expenses	-	6,201	14,667	27	100	3,170	-	110	-	24,295
Deferred revenue	-	251	4,352	51	-	-	1,198	-	-	5,852
Amounts due to contractual third-party payors	-	-	6,871	-	-	1,786	-	-	-	8,657
Current portion of operating lease liabilities	-	274	400	-	-	928	-	-	-	1,602
Current portion of self-insurance reserves	-	5,331	-	-	-	-	7,459	-	-	12,790
Current portion of long-term debt	-	1,274	12,127	-	-	-	-	-	-	13,401
Total current liabilities	-	27,243	60,615	95	100	9,946	8,693	112	-	106,804
Self-insurance reserves, less current portion	-	1,208	-	-	-	-	269	-	-	1,477
Operating lease liabilities, less current portion	-	379	423	-	-	1,212	-	-	-	2,014
Long-term debt, less current portion, net of debt issuance costs	-	15,876	94,798	-	-	-	-	-	-	110,674
Due to affiliates	-	63,642	-	-	-	128,299	-	-	(191,941)	-
Total liabilities	-	108,348	155,836	95	100	139,457	8,962	112	(191,941)	220,969
Net assets										
Without donor restrictions	573,081	196,337	443,894	8,688	15,390	(124,650)	1,159	32,263	(573,081)	573,081
With donor restrictions	9,986	-	-	9,986	-	-	-	-	(9,986)	9,986
Total net assets	583,067	196,337	443,894	18,674	15,390	(124,650)	1,159	32,263	(583,067)	583,067
Total liabilities and net assets	\$ 583,067	\$ 304,685	\$ 599,730	\$ 18,769	\$ 15,490	\$ 14,807	\$ 10,121	\$ 32,375	\$ (775,008)	\$ 804,036

See independent auditor's report.

GENERAL HEALTH SYSTEM
Consolidating Balance Sheet (Continued)
September 30, 2024
(In Thousands)

	General Health System Parent Company	General Health System Corporate Services	Baton Rouge General Medical Center	General Health System Foundation	Verity Healthnet Accounts Management Services, Inc.	Baton Rouge General Physicians, Inc.	RRS Insurance	Behavioral Health, Inc., & Other Entities	Eliminations	General Health System Consolidated
ASSETS										
Current assets										
Cash and cash equivalents	\$ -	\$ 9,168	\$ 10,979	\$ 2,251	\$ -	\$ 1,584	\$ 2,385	\$ 10	\$ -	\$ 26,377
Patient accounts receivable	-	-	59,310	-	-	308	-	20	-	59,638
Current portion of unconditional promises to give, net	-	-	-	1,409	-	-	-	-	-	1,409
Inventories	-	-	15,381	-	-	339	-	-	-	15,720
Prepaid expenses and other assets	-	8,415	33,109	10	9	2,387	903	76	-	44,909
Short-term investments	-	139,976	112,235	3,967	-	-	6,128	-	-	262,306
Total current assets	-	157,559	231,014	7,637	9	4,618	9,416	106	-	410,359
Cash and cash equivalents - limited to use	-	2,269	-	-	-	-	-	-	-	2,269
Investments - limited to use	-	-	26,574	-	-	-	-	-	-	26,574
Investments - donor restricted	-	-	-	7,469	-	-	-	-	-	7,469
Unconditional promises to give, net, less current portion	-	-	-	967	-	-	-	-	-	967
Investment in affiliates	514,452	2	-	-	1,866	-	-	5,771	(514,452)	7,639
Goodwill	-	-	4,706	-	-	310	-	193	-	5,209
Trust receivable	-	19,910	-	-	-	-	-	-	-	19,910
Other assets	-	10,303	286	-	-	-	-	-	-	10,589
Due from affiliates	-	-	112,553	-	11,000	-	-	31,287	(154,840)	-
Right-of-use assets for operating leases	-	912	1,223	-	-	2,889	-	-	-	5,024
Property, plant, and equipment, net	-	51,964	174,402	-	-	1,154	-	5,945	-	233,465
Property, plant, and equipment under lease, net	-	12,405	4,902	-	-	-	-	-	-	17,307
Total assets	\$ 514,452	\$ 255,344	\$ 555,660	\$ 16,073	\$ 12,875	\$ 8,971	\$ 9,416	\$ 43,302	\$ (669,292)	\$ 746,801
LIABILITIES AND NET ASSETS										
Current liabilities										
Trade accounts payable	\$ -	\$ 17,076	\$ 16,838	\$ -	\$ -	\$ 2,289	\$ 26	\$ 6	\$ -	\$ 36,237
Accrued expenses	-	7,474	14,270	32	35	2,895	-	251	-	24,957
Deferred revenue	-	251	4,529	30	-	-	1,008	-	-	5,818
Amounts due to contractual third-party payors	-	-	6,725	-	-	1,738	-	-	-	8,463
Current portion of operating lease liabilities	-	259	395	-	-	1,031	-	-	-	1,685
Current portion of self-insurance reserves	-	6,415	-	-	-	-	7,095	-	-	13,510
Current portion of long-term debt	-	1,243	11,167	-	-	-	-	-	-	12,410
Total current liabilities	-	32,718	53,924	62	35	7,953	8,131	257	-	103,060
Self-insurance reserves, less current portion	-	1,016	-	-	-	-	(9)	-	-	1,007
Operating lease liabilities, less current portion	-	653	823	-	-	1,870	-	-	-	3,346
Long-term debt, less current portion, net of debt issuance costs	-	17,270	107,646	-	-	-	-	-	-	124,916
Due to affiliates	-	27,101	-	-	-	112,474	-	15,265	(154,840)	-
Total liabilities	-	78,758	162,393	62	35	122,297	8,122	15,522	(154,840)	232,349
Net assets										
Without donor restrictions	505,606	176,586	393,267	7,165	12,840	(113,326)	1,294	27,780	(505,606)	505,606
With donor restrictions	8,846	-	-	8,846	-	-	-	-	(8,846)	8,846
Total net assets	514,452	176,586	393,267	16,011	12,840	(113,326)	1,294	27,780	(514,452)	514,452
Total liabilities and net assets	\$ 514,452	\$ 255,344	\$ 555,660	\$ 16,073	\$ 12,875	\$ 8,971	\$ 9,416	\$ 43,302	\$ (669,292)	\$ 746,801

See independent auditor's report.

GENERAL HEALTH SYSTEM
Consolidating Statement of Operations
For the year ended September 30, 2025
(In Thousands)

	General Health System Parent Company	General Health System Corporate Services	Baton Rouge General Medical Center	General Health System Foundation	Verity Healthnet Accounts Management Services, Inc.	Baton Rouge General Physicians, Inc.	RRS Insurance	Behavioral Health, Inc., & Other Entities	Eliminations	General Health System Consolidated
Revenues, gains, and other support without donor restrictions										
Net patient service revenue	\$ -	\$ -	\$ 567,221	\$ -	\$ -	\$ 53,521	\$ -	\$ 6	\$ -	\$ 620,748
Other revenue	-	100,125	93,925	1,923	2,837	21,639	1,973	197	(133,219)	89,400
Transfers to net assets with donor restrictions	-	-	-	(26)	-	-	-	-	-	(26)
Net assets released from donor restrictions	-	-	1,819	1,429	-	-	-	-	-	3,248
Total revenues, gains, and other support without donor restrictions	-	100,125	662,965	3,326	2,837	75,160	1,973	203	(133,219)	713,370
Expenses										
Salaries, wages, and benefits	-	23,977	226,981	768	-	59,274	-	43	(693)	310,350
Supplies and other expenses	-	65,973	372,319	3,019	287	27,002	1,983	67	(132,526)	338,124
Depreciation	-	3,895	18,318	-	-	298	-	14	-	22,525
Interest expense	-	423	4,812	-	-	-	-	-	-	5,235
Total expenses	-	94,268	622,430	3,787	287	86,574	1,983	124	(133,219)	676,234
Operating income (loss)	-	5,857	40,535	(461)	2,550	(11,414)	(10)	79	-	37,136
Earnings of subsidiaries	66,400	7	-	-	-	-	-	4,494	(66,400)	4,501
Investment return, net	-	13,387	10,092	909	-	-	375	-	-	24,763
Excess (deficit) of revenues over expenses	\$ 66,400	\$ 19,251	\$ 50,627	\$ 448	\$ 2,550	\$ (11,414)	\$ 365	\$ 4,573	\$ (66,400)	\$ 66,400

See independent auditor's report.

GENERAL HEALTH SYSTEM
Consolidating Statement of Operations
For the year ended September 30, 2024
(In Thousands)

	General Health System Parent Company	General Health System Corporate Services	Baton Rouge General Medical Center	General Health System Foundation	Verity Healthnet Accounts Management Services, Inc.	Baton Rouge General Physicians, Inc.	RRS Insurance	Behavioral Health, Inc., & Other Entities	Eliminations	General Health System Consolidated
Revenues, gains, and other support without donor restrictions										
Net patient service revenue	\$ -	\$ -	\$ 546,953	\$ -	\$ -	\$ 39,744	\$ -	\$ 404	\$ -	\$ 587,101
Other revenue	-	101,402	100,675	1,881	2,546	15,006	1,772	400	(138,093)	85,589
Transfers to net assets with donor restrictions	-	-	-	(10)	-	-	-	-	-	(10)
Net assets released from donor restrictions	-	-	876	1,179	-	19	-	-	-	2,074
Total revenues, gains, and other support without donor restrictions	-	101,402	648,504	3,050	2,546	54,769	1,772	804	(138,093)	674,754
Expenses										
Salaries, wages, and benefits	-	26,357	220,574	734	-	55,063	-	710	(702)	302,736
Supplies and other expenses	-	66,255	363,291	3,338	98	19,649	4,514	499	(137,391)	320,253
Depreciation	-	2,560	18,678	-	-	358	-	4	-	21,600
Interest expense	-	460	5,260	-	-	-	-	46	-	5,766
Total expenses	-	95,632	607,803	4,072	98	75,070	4,514	1,259	(138,093)	650,355
Operating income (loss)	-	5,770	40,701	(1,022)	2,448	(20,301)	(2,742)	(455)	-	24,399
Earnings of subsidiaries	63,351	2	-	-	-	-	-	3,997	(63,351)	3,999
Investment return, net	-	16,541	16,015	1,580	-	-	817	-	-	34,953
Excess (deficit) of revenues over expenses	\$ 63,351	\$ 22,313	\$ 56,716	\$ 558	\$ 2,448	\$ (20,301)	\$ (1,925)	\$ 3,542	\$ (63,351)	\$ 63,351

See independent auditor's report.

GENERAL HEALTH SYSTEM
Schedule of Compensation, Benefits, and Other Payments
To Agency Head
For the Year Ended September 30, 2025

Agency Head
 Edgardo Tenreiro
 Chief Executive Officer

Purpose	Amount
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Organization	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Miscellaneous Expenses	\$0

See independent auditor's report.

GENERAL HEALTH SYSTEM
Financial Responsibility Supplemental Schedule
For the Year Ended September 30, 2025

Lines	Primary Reserve Ratio (in Thousands):			
			Expendable Net Assets	
32	Balance Sheet - Net assets without donor restrictions	Net assets without donor restrictions		573,081
33	Balance Sheet - Net assets with donor restrictions	Net assets with donor restrictions		9,986
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Secured and Unsecured related party receivable	1,744	
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Unsecured related party receivable		1,744
17, 18	Balance Sheet - Property, plant, and equipment, net	Property, plant, and equipment, net (includes Construction in progress)	237,921	
FS Note 7	Notes to the Financial Statements - Property, plant, and equipment - pre-implementation	Property, plant, and equipment - pre-implementation		79,971
FS Note 7	Note of the Financial Statements - Statement of Financial Position - Property, Plant, and Equipment - post-implementation with outstanding debt for original purchase	Property, plant, and equipment - post-implementation with outstanding debt for original purchase		35,538
FS Note 7	Note of the Financial Statements - Statement of Financial Position - Property, Plant, and Equipment - post-implementation without outstanding debt for original purchase	Property, plant, and equipment - post-implementation without outstanding debt for original purchase		101,311
FS Note 7 - Line 5	Notes to the Financial Statements - Property, plant, and equipment note disclosure - Construction in progress	Construction in progress		4,851
13	Balance Sheet - Goodwill	Intangible Assets		5,615
26, 30	Balance Sheet - Long-term debt (both current and long-term)	Long term debt - for long term purposes	124,075	
FS Note 8	Balance Sheet - Long-term debt (both current and long-term)	Long term debt - for long term purposes - pre-implementation		112,723
FS Note 8	Balance Sheet - Long term debt (both current and long term)	Long-term debt - for long term purposes - post-implementation		13,524
FS Note 8	Balance Sheet - Long term debt (both current and long term)	Long-term debt - for long term purposes - for Construction in process		-
FS Note 16 - Line 6	Notes to Financial Statements - Net assets with donor restrictions disclosure	Net assets with donor restrictions: restricted in perpetuity		1,468
		Total Expenses and Losses		
45	Statement of Operations - Total Operating Expenses (Total from Statement of Operations prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Operations		676,234

See independent auditor's report.

GENERAL HEALTH SYSTEM
Financial Responsibility Supplemental Schedule (Continued)
For the Year Ended September 30, 2025

Lines	Equity Ratio (in Thousands):			
			Modified Net Assets	
32	Balance Sheet - Net assets without donor restrictions	Net assets without donor restrictions		573,081
33	Balance Sheet - Net assets with donor restrictions	Net assets with donor restrictions		9,986
13	Balance Sheet - Goodwill	Intangible Assets		5,615
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Secured and Unsecured related party receivable	1,744	
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Unsecured related party receivable		1,744
		Modified Assets		
19	Balance Sheet - Total assets	Total assets		804,036
13	Balance Sheet - Goodwill	Intangible assets		5,615
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Secured and Unsecured related party receivable	1,744	
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Unsecured related party receivable		1,744

Lines	Net Income Ratio (in Thousands):			
			Modified Net Assets	
52	Statement of Changes in Net Assets - Change in Net Assets Without Donor Restrictions	Change in net assets without donor restrictions		67,475
40, 47, 48, 51	Statement of Operations and Statement of Changes in Net Assets - Total Revenues, gains, and other support, Earnings of subsidiaries, investment return, net, and Net assets released from restriction - capital	Total revenues and gains		743,709

See independent auditor's report.



**INDEPENDENT AUDIT'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 Trustees
General Health System
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of General Health System (a nonprofit organization) (the System) which comprise the consolidated balance sheet as of September 30, 2025, the related consolidated statements of operations, changes in net assets, and cash flows for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 22, 2026.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Metairie, LA
January 22, 2026



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND THE CONSOLIDATED
AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS**

To the Board of Trustees
General Health System
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited General Health System's (the System) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the System's major federal programs for the year ended September 30, 2025. The System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the System's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the System's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the System'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 the System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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, 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 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.

Mauldin & Jenkins, LLC

Metairie, LA
January 22, 2026

GENERAL HEALTH SYSTEM
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Grantor/Program Title/ Pass-Through Grantor's Number	Assistance Listing Number	Contract Period	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Mortgage Insurance - Hospitals	14.128	10/01/24-09/30/25	\$ 108,878,044
U.S. Department of Education (Note 2):			
Student Financial Aid Cluster			
Federal Pell Grant Program	84.063	07/01/24-06/30/25	249,786
		07/01/25-06/30/26	219,000
Federal Direct Student Loans	84.268	07/01/24-06/30/25	525,975
		07/01/25-06/30/26	<u>509,520</u>
			1,504,281
U.S. Department of Homeland Security:			
State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness			
COVID 19 - Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	10/01/24-09/30/25	<u>8,121</u>
Total Expenditures of Federal Awards			<u><u>\$ 110,390,446</u></u>

GENERAL HEALTH SYSTEM
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Note 1. Basis of Accounting

The schedule of expenditures of federal awards is prepared using the accrual basis of accounting.

Complete Catalog of Assistance Listing numbers are presented for those programs for which such numbers were available. Assistance Listing prefixes and other identifying numbers are presented for programs for which a Complete Assistance Listing number is not available.

Note 2. Indirect Cost Rate

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

Note 3. Mortgage Insurance

The System participates in the Section 242 Program which is a loan guarantee by the Department of Housing and Urban Development (HUD). The objective of the program is to facilitate affordable financing of hospitals for the care and treatment of persons who are acutely ill or who otherwise require medical care and related services of the kind customarily furnished by hospitals. HUD insures lenders against a loss on mortgages. The loans may be used to finance construction, modernization, equipment, or refinancing of acute care hospitals. (See Note 4 for the use of bond proceeds).

Note 4. Insured Mortgage

On December 8, 2004, the Louisiana Public Facilities Authority (the Authority) issued the Series 2004 Bonds, for which Baton Rouge General Medical Center (the Hospital), the mortgaged entity, is obligated. The mortgaged entity's financial statements have been presented in the Consolidating Balance Sheets and Statements of Operations as Baton Rouge General Medical Center.

Concurrently with the issuance of the bonds, the Authority entered into a loan agreement related to the bonds dated as of November 1, 2004, with Baton Rouge General Medical Center. Pursuant to this loan agreement, the Authority lent the proceeds of the Bonds to the mortgaged entity for the purpose of providing funds, together with other available funds for (a) refunding a \$98.1 million capital expansion of the Bluebonnet Campus including capitalized interest during the construction period, (b) funding a debt service reserve fund, (c) retiring previously issued bonds, and (d) pay certain costs incurred in connection with the issuance of the bonds. To provide a source of repayment of such loan, the mortgage entity executed a mortgage note and mortgage. Payments on the mortgage note and the mortgage, together with other available funds, will be required to be sufficient to pay the principal of, premium, if any, and interest on the Bonds as they become due. HUD, acting by and through FHA, ensures the advances of funds secured by the mortgage pursuant to Section 242 of Title II of the National Housing Act.

GENERAL HEALTH SYSTEM
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Note 4. Insured Mortgage (Continued)

Proceeds from the Series 2004 Bonds were used to refund previous bond issuances that were obligations of the Hospital. Approximately, \$96,894,000 of the proceeds of the bonds, together with other monies of the Hospital, was used to refund the Series 1989A Bonds, Series 1989B Bonds, Series 1992 Bonds and Series 1994 Bond, which were redeemed within ninety (90) days after the delivery of the bonds.

On December 4, 2012, the Louisiana Public Facilities Authority Series 2004 Bonds were defeased and a new mortgage payable was issued. The proceeds of the mortgage payable were used for the purpose of advance refunding and defeasance of the nontaxable Series 2004 Bonds. The mortgage was attached to the 2012 mortgage payable at the defeasance of the 2004 Bonds.

This mortgage payable was refinanced on September 1, 2019.

On December 31, 2018, Wells Fargo Bank issued debt for which BRGMC is obligated. The proceeds of the Series 2018 Bonds were used in refunding previously issued bond series, together with providing funds for the construction of a neighborhood hospital in Ascension Parish.

A mortgage reserve fund was established as a trust fund with a trustee. As of September 30, 2025, the fund had a balance of approximately \$23,528,000, which is presented as a component of assets whose use is limited on the consolidated balance sheet.

The related mortgages payable as of September 30th are summarized as follows (in thousands):

	2025	2024
Mortgage payable to Bank, original principal of \$45,474,000 with interest rate of 4.74% per annum. Interest computed and payable monthly through April 2020. Beginning in May 2020, principal and interest payable monthly in the amount of \$353,477, maturing May 1, 2035. Secured by building. Insured by HUD.	\$ 32,619	\$ 35,460
Mortgage payable to Bank, with a principal balance of \$129,158,260. Interest rate of 2.85%, principal and interest payable monthly in the amount \$966,292, maturing on January 1, 2033. Secured by building. Insured by HUD.	76,259	85,596
	\$ 108,878	\$ 121,056

GENERAL HEALTH SYSTEM
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards Section

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	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?	No
Identification of Major Programs:	
Mortgage Insurance - Hospitals	14.128
Student Financial Aid Cluster	84.063/84.268
Dollar threshold used to determine Type A programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Part II - Financial Statement Findings Section

None.

Part III - Federal Award Findings and Questioned Costs Section

None.

GENERAL HEALTH SYSTEM
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2025

None.