Access Health Louisiana FINANCIAL STATEMENTS February 28, 2025 and February 29, 2024

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REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Access Health Louisiana Kenner, Louisiana

Opinion

We have audited the accompanying financial statements of Access Health Louisiana (a nonprofit healthcare entity) (AHL), which comprise the statements of financial position as of February 28, 2025 and February 29, 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Health Louisiana as of February 28, 2025 and February 29, 2024, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 AHL 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 AHL's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 AHL'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 AHL's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head is required by Louisiana Revised Statue 24:513(A)(3) and is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards for the year ended February 28, 2025, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2025, on our consideration of AHL'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 AHL'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 AHL's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Carr, Riggs & Ungram, L.L.C.

Metairie, Louisiana August 14, 2025



FINANCIAL STATEMENTS

Access Health Louisiana Statements of Financial Position

As of February 28 and February 29,		2025		2024	
Assets					
Current Assets					
Cash and cash equivalents	\$	1,018,657	\$	327,706	
Patient accounts receivable	•	2,392,181	•	3,096,032	
Pharmacy receivable		436,866		943,048	
340B drug pricing program receivable		575 , 577		523,924	
Grants receivable		1,059,694		989,227	
Other receivables		132,111		75,147	
Employee retention credits receivable		7,667,907		6,523,159	
Inventory		870,385		635,088	
Prepaid expenses		441,525		407,865	
Total current assets		14,594,903		13,521,196	
Niam assessed assessed					
Non-current assets		4 402 500		220 202	
Operating lease right-of-use assets, net		1,182,580		330,202	
Property and equipment, net		20,405,666		20,358,470	
Total non-current assets		21,588,246		20,688,672	
Total assets	\$	36,183,149	\$	34,209,868	
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$	4,383,127	\$	5,404,028	
Accrued expenses		2,497,506	•	1,482,416	
Line of credit		750,000		500,000	
Current maturities of operating lease liabilities		432,776		259,718	
Current maturities of long-term debt		210,638		277,909	
Total current liabilities		8,274,047		7,924,071	
Long-term liabilities					
Operating lease liabilities, less current maturities		749,804		70,484	
Long-term debt, less current maturities		3,868,229		4,089,570	
Total long-term liabilities		4,618,033		4,160,054	
Total liabilities		12,892,080		12,084,125	
Net assets					
Without donor restrictions		22 076 060		21,910,743	
With donor restrictions With donor restrictions		23,076,069 215,000			
				215,000	
Total net assets		23,291,069		22,125,743	
Total liabilities and net assets	\$	36,183,149	\$	34,209,868	

For the Years Ended February 28 and February 29,		2025		2024
Without Donor Restrictions				
Revenue and Other Support				
Patient service revenue	\$	31,831,911	\$	30,423,795
Community health centers grant revenue	•	5,603,293	*	5,802,567
Pharmacy revenue		8,142,978		7,132,919
340B drug pricing program revenue		5,359,784		4,203,418
Other grants and contract revenue		2,589,320		3,515,761
Cooperative endeavor agreement support		2,024,041		1,862,069
Insurance incentives		2,203,310		2,130,114
Other revenues		130,221		227,565
Employee retention credits refund and earned interest		1,144,847		6,523,159
Donations		24,526		33,122
		· · · · · · · · · · · · · · · · · · ·		· · · · · · · · · · · · · · · · · · ·
Total revenues and other support		59,054,231		61,854,489
With out Dancy Bostyistians				
Without Donor Restrictions				
Expenses Drogram convices		40 504 360		40.022.050
Program services		49,594,369		49,933,959
Management and general		8,294,536		10,827,252
Total expenses		57,888,905		60,761,211
Fundamental (Definition on in) Deviation Over Fundamental		4 465 226		1 002 270
Excess of (Deficiency in) Revenue Over Expenses		1,165,326		1,093,278
Grants for the acquisition of property and equipment		-		1,087,411
Change in Net Assets Without Donor Restrictions		1,165,326		2,180,689
Net assets without donor restrictions - beginning of year		21,910,743		19,730,054
Net assets without donor restrictions - end of year	\$	23,076,069	\$	21,910,743
Change in Net Assets With Donor Restrictions	\$	-	\$	-
Net assets with donor restrictions - beginning of year		215,000		215,000
Net assets with donor restrictions - end of year	\$	215,000	\$	215,000

Access Health Louisiana Statement of Functional Expenses

For the	Year	Ended	Febru	ary 28,
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2025

	Program Services	anagement nd General	Total
Salaries and wages	\$ 17,391,378	\$ 4,078,985	\$ 21,470,363
Contractual services	9,652,085	1,598,070	11,250,155
Benefits and payroll taxes	8,006,889	1,481,683	9,488,572
Pharmaceuticals	8,025,468	16,548	8,042,016
Rent	1,192,701	-	1,192,701
Depreciation and amortization	1,054,520	119,848	1,174,368
Other	553,658	160,809	714,467
Insurance	570,680	165,539	736,219
Maintenance	610,082	71,536	681,618
Patient supplies	582,750	-	582,750
Communications	423,055	149,129	572,184
Printing and shipping	502,397	13,671	516,068
Laboratory	362,930	388	363,318
Interest	212,786	116,420	329,206
Utilities	174,669	48,685	223,354
Travel	72,166	115,113	187,279
Supplies	104,010	72,286	176,296
Dues and memberships	40,751	42,109	82,860
Advertising	61,394	-	61,394
Professional fees	-	43,717	43,717
Total Expenses	\$ 49,594,369	\$ 8,294,536	\$ 57,888,905

Access Health Louisiana Statement of Functional Expenses

For the Year Ended February 29,

2024

	Program Services	Management and General		Total
Salaries and wages	\$ 20,078,126	\$	4,875,769	\$ 24,953,895
Contractual services	8,837,565		1,533,619	10,371,184
Benefits and payroll taxes	6,938,063		2,308,278	9,246,341
Pharmaceuticals	7,257,794		2,574	7,260,368
Rent	1,278,410		-	1,278,410
Depreciation and amortization	939,406		166,642	1,106,048
Professional fees	-		978,464	978,464
Other	594,507		221,640	816,147
Insurance	671,442		136,512	807,954
Maintenance	564,464		62,620	627,084
Communications	453,335		168,130	621,465
Patient supplies	582,188		-	582,188
Printing and shipping	494,930		16,568	511,498
Laboratory	488,947		992	489,939
Utilities	178,696		49,711	228,407
Supplies	112,997		102,415	215,412
Interest	173,357		39,556	212,913
Advertising	203,172		-	203,172
Travel	71,003		121,172	192,175
Dues and memberships	15,557		42,590	58,147
Total Expenses	\$ 49,933,959	\$	10,827,252	\$ 60,761,211

Access Health Louisiana Statements of Cash Flows

For the Years Ended February 28 and February 29,	2025	2024
Cash Flow from Operating Activities		
Change in net assets	\$ 1,165,326	\$ 2,180,689
Adjustments to reconcile change in net assets to		
net cash provided by operating activities:		
Depreciation and amortization	1,174,368	1,106,047
Amortization of right-of use assets	336,835	467,999
Credit loss - other receivables	-	26,802
Loss on disposal of asset	19,777	-
Changes in operating assets and liabilities		
Patient accounts receivable	703,851	(1,354,653)
Pharmacy receivables	506,182	(93,934)
340B Drug Pricing Program receivable	(51,653)	(224,225)
Grants receivable	(70,467)	(339,432)
Other receivables	(56,964)	1,006,246
Employee retention credits receivable	(1,144,748)	(6,523,159)
Inventory	(235,297)	23,825
Prepaid expenses	(33,660)	(156,978)
Operating lease liabilities	(336,835)	(467,999)
Accounts payable	(1,020,901)	2,700,710
Accrued expenses	1,015,090	(1,048,624)
Net cash provided by (used in) operating activities	1,970,904	(2,696,686)
Coch Flour from Investing Activities		
Cash Flow from Investing Activities Purchases of property and equipment	(1,241,341)	(1 706 290)
Purchases of property and equipment	(1,241,341)	(1,706,389)
Net cash provided by (used in) investing activities	(1,241,341)	(1,706,389)
Cash Flow from Financing Activities		
Borrowings on line of credit, net	250,000	500,000
Principal payments on long-term debt	(288,612)	(232,089)
Timopai payments on long term dest	(200)022)	(232)337
Net cash provided by (used in) financing activities	(38,612)	267,911
Net change in cash and cash equivalents	690,951	(4,135,164)
Cash and cash equivalents - beginning of year	327,706	4,462,870
Cash and cash equivalents - end of year	\$ 1,018,657	\$ 327,706
		(Continued)

Access Health Louisiana Statements of Cash Flows

or the Years Ended February 28 and February 29, 2025			2024	
Schedule of Certain Cash Flow Information				
Cash paid for interest during the year	\$	329,206	\$	212,913
Schedule of Noncash Transactions Issuance of notes payable for renovation of the building	\$	_	\$	2,027,890
Issuance of notes payable for the purchase of property	,		<u>ې</u>	2,027,690
and equipment	\$	-	\$	168,000
Property and equipment included in accounts payable	\$	-	\$	221,478
Lease liabilities arising from obtaining right-of-use assets	\$	1,171,586		-
	·	_	·	(Concluded)

Note 1: DESCRIPTION OF THE ORGANIZATION

Access Health Louisiana (AHL) is a Federally Qualified Health Center (FQHC) incorporated in the State of Louisiana as a non-profit organization that works to improve, promote and maintain the physical and emotional health of patients in the communities served, regardless of their ability to pay. AHL currently has 53 individual clinic locations, which operate under registered trade names reflective of the communities they serve. AHL conducts programs related to providing medical care to its patients. AHL recognizes patient service revenue for the provision of medical, behavioral, and dental health services through community health centers, school-based wellness centers, retail delivery pharmacy, and specialty service clinics located in southeastern Louisiana across sixteen parishes throughout Louisiana. AHL's administrative offices are located in Kenner, Louisiana.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to expected amounts to be received for services provided, allowance for credit losses, depreciation of property, plant, and equipment, and functional expense allocation.

Risk Management

AHL is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Risk Management (Continued)

Effective August 13, 2003, The U.S. Department of Health and Human Services deemed AHL and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. U.S. GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon AHL's claim experience, no such accrual has been made. However, because of the risk in providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

Substantially all of AHL's employees and their dependents are eligible to participate in AHL's employee health insurance plan. AHL is self-insured for health claims of participating employees and dependents up to an annual stop-loss limit up to \$125,000 per employee. Commercial stop-loss insurance coverage is purchased for claims in excess of these amounts. A provision is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that AHL's estimate could change by a material amount in the near term.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Patient Accounts Receivable and Patient Service Revenue

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

Performance obligations are determined based on the nature of the services provided by AHL. 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 a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

Access Health Louisiana Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable and Patient Service Revenue (Continued)

Because its performance obligations relate to contracts with a duration of less than one year, AHL 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 performance obligations for these contracts are generally completed when the patients no longer require services, which generally occurs within days or weeks of the end of the reporting period.

As provided for under the guidance, AHL does not adjust the promised amount of consideration 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.

AHL is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. AHL 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 services performed. Based on historical collection trends and other analyses, AHL has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

AHL has agreements with third-party payers that provide for payments to AHL at amounts different from charged rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, case rates, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third party payers and others for services rendered.

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

AHL also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to AHL under these agreements includes prospectively determined rates per discharge, reimbursed cost, discounts from billed charges, case rates, and daily rates.

Access Health Louisiana Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable and Patient Service Revenue (Continued)

AHL determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with policy, and implicit price concessions provided to uninsured 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 AHL 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 deductible and coinsurance, which vary in amount. AHL 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. Adjustments arising from a change in the transaction price were not significant in 2025 and 2024.

Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and final settlements are determined.

AHL believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potentially significant wrongdoing. However, there has been an increase in recent years in regulatory initiatives at the state and federal levels.

Additionally, AHL has been subjected to increased routine audits and recoupments of billed claims in recent years, as well as prepayment audits for certain goods and services. Compliance with such laws and regulations is subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. Although AHL believes that there are no significant unrecorded exposures as of fiscal year-end, there can be no guarantees that future audits and regulatory investigations will not occur and resulting findings, if any, may be material to the consolidated financial statements.

Other Receivables

Other receivables principally include program service grants and fees which are uncollateralized funding source obligations and are stated at the invoice amount. These are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for credit loss expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to other receivables. Management has determined that no valuation allowance was required at February 28, 2025 and February 29, 2024.

Patient Accounts Receivables and Credit Policy

Patient accounts receivable are reported at the amount that reflects the consideration to which AHL expects to be entitled in exchange for providing patient care services. Patient accounts receivable are recorded in the accompanying statements of financial position net of contractual adjustments and explicit and implicit price concessions, which reflect management's estimate of the transaction price. AHL estimates the transaction price based on negotiated contractual agreements, historical experience, and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts (including explicit price concessions), and implicit price concessions, and is recorded through a reduction of gross revenue and a credit to patient accounts receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

AHL does not have a policy to charge interest on past due accounts.

Allowance for Contractual Adjustments – Insured Patients

Billings under managed care plans are based primarily on payment terms involving predetermined rates per diagnosis, per diem rates, discounted rates and/or other similar contractual arrangements. These billings are also subject to review and possible audit by the payors, which can take several years before they are completely resolved. The payors are billed for patient services on an individual patient basis. An individual patient's bill is subject to adjustment on a patient-by-patient basis in the ordinary course of business by the payors following their review and adjudication of each particular bill.

AHL estimates the discounts for contractual allowances utilizing billing data on an aggregated (portfolio) approach, assessing recent historical collections by payor. AHL estimates expected reimbursement for patients of managed care plans based on the applicable contract terms and historical performance.

Allowance for Contractual Adjustments – Insured Patients (continued)

Some of the factors that can contribute to changes in the contractual allowance estimates include: (1) changes in reimbursement levels for procedures, supplies and drugs when threshold levels are triggered; (2) changes in reimbursement levels when stop loss or outlier limits are reached; (3) changes in the admission status of a patient due to physician orders subsequent to initial diagnosis or testing; (4) final coding of in house and discharged not final billed patients that change reimbursement levels; (5) secondary benefits determined after primary insurance payments; and (6) reclassification of patients among insurance plans with different coverage and payment levels.

Contractual allowance estimates are periodically reviewed for accuracy by taking into consideration known contract terms, as well as payment history. AHL believes its estimation and review process enables it to identify instances on a timely basis where such estimates need to be revised. AHL does not believe there were any adjustments to estimates of patient bills that were material to its revenues during the years ended February 28, 2025 and February 29, 2024. In addition, AHL does not record any general provision for adjustments to estimated contractual allowances for managed care plans. Managed care accounts, net of contractual allowances recorded, are further reduced to their net realizable value through implicit price concessions based on historical collection trends for these payors and other factors that affect the estimation process.

Allowance for Credit Losses – Uninsured Patients

Uninsured patients (also referred to as "self-pay") are patients who do not qualify for government program payments, such as Medicare and Medicaid, and do not have some form of private insurance and, therefore, are responsible for their own medical bills.

Uninsured accounts receivable, which include amounts due from uninsured patients, as well as copays, co-insurance amounts and deductibles owed to AHL by patients with insurance, pose significant collectability problems. A significant portion of implicit price concessions relates to self-pay amounts.

Estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to patient accounts receivable rather than allowance for doubtful accounts.

AHL records implicit price concessions, primarily related to uninsured patients and patients with copays, co-insurance and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts expected to be collected based on collection history with similar patients. Although outcomes vary, AHL's policy is to attempt to collect amounts due from patients, including co-pays, co-insurance and deductibles due from patients with insurance, at the time of service or afterwards, while complying with all federal and state statutes and regulations, including, but not limited to, the Emergency Medical Treatment and Active Labor Act ("EMTALA").

Allowance for Credit Losses – Uninsured Patients (continued)

Generally, as required by EMTALA, patients may not be denied emergency treatment due to inability to pay. Therefore, services, including the legally required medical screening examination and stabilization of the patient, are performed without delaying to obtain insurance information.

To assist uninsured patients, AHL offers managed care-style discounts to uninsured patients (explicit price concessions). These discounts offered to uninsured patients are recognized as a contractual allowance, which reduces net operating revenues at the time the uninsured accounts are recorded. The uninsured patient accounts, net of contractual allowances recorded, are further reduced to their net realizable value through implicit price concessions based on historical collection trends for uninsured accounts.

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses (entirely related to uninsured accounts) is management's best estimate of the amount of probable credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in income as received.

Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Property and Equipment

AHL capitalizes fixed assets with costs of \$1,000 or greater and useful lives of three years or more. Property and equipment are stated at cost. Donations of property and equipment are capitalized at the estimated fair value of the donation. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of activities. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

Property and Equipment (Continued)

The classes of depreciable assets and their respective estimated useful lives are as follows:

Buildings and improvements	15-40 years
Leasehold improvements	5-10 years
Office and medical equipment	3-7 years
Vehicles	5-7 years

Intangible Assets

FASB ASC (Topic 350) *Intangibles - Goodwill and Other* addresses the initial recognition and measurement of intangible assets acquired outside a business combination and the recognition and measurement of goodwill and other intangible assets subsequent to their acquisition. In accordance with this Topic, intangible assets that have a finite useful life are amortized over the asset's estimated useful life.

Amortization is calculated using the straight-line method unless another method better reflects the pattern of consumption of the economic benefits of the intangible asset.

Leases

AHL leases office space and equipment. AHL determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current maturities of operating lease liabilities, and operating lease liabilities less current maturities the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, AHL uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that AHL will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When indicators of impairment are present, management evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. In the opinion of management, no long-lived assets were significantly impaired as of February 28, 2025 and February 29, 2024.

Compensated Absences

AHL allows regular full-time employees, upon initial eligibility of 90 days, to receive compensated absences based on length of service: 1-4 years, 120 hours; 5-9 years, 160 hours; 10-19 years, 200 hours, and 20+ years, 240 hours. Employees are eligible to carry-over to the following year up to 80 hours of accrued time based on the first pay period following the fiscal year end. Any hours above 80 at the end of the first pay period will be forfeited. Upon termination, all accrued hours are paid to an employee at full value based on base hourly rates as of termination date. Accrued compensated absences included as a component of accrued expenses on AHL's statement of financial position were \$667,392 and \$788,137 as of February 28, 2025 and February 29, 2024, respectively.

Net Assets

AHL reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of AHL, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Net Assets (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Pharmacy Revenue and Expenses

Pharmacy revenue is recognized at the time pharmaceuticals or medical supplies are delivered to patients. Pharmacy revenue is reported at the net realizable amounts due from customers or third-party payors. The costs of pharmaceuticals are recognized in the same period as pharmacy revenue when pharmaceuticals or medical supplies are delivered to patients.

Incentive Revenue

AHL participates in a shared savings agreement with a third-party insurer whereby if AHL meets certain quality risk metrics as defined in the agreement, the third party will share with AHL a percentage of calculated savings. AHL recognizes incentive payments as revenue when it is reasonably assured that the quality risk metrics have been achieved.

Employee Retention Credit

AHL accounts for the ERTC tax credits under the conditional grant guidance issued by the FASB. Under this guidance the funds will be recognized as the criteria for recognition are met. During the year ended February 28, 2025, management determined that all criteria had been met and the income was recorded.

340B Drug Pricing Program

AHL participates in the 340B Drug Pricing Program, which is a US federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices. AHL earns revenue under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. AHL records revenue when earned.

Cooperative Endeavor Agreement Support

Pursuant to a CEA with St. Charles Parish, AHL provides accessible healthcare services for residents of St. Charles Parish in exchange for the use of a Parish-owned building and direct financial support from the proceeds of ad valorem taxes via lump sum payments, less deductions for certain costs associated with the Parish-owned facilities provided. The agreement is effective through December 31, 2030.

Cooperative Endeavor Agreement Support (Continued)

Pursuant to a CEA with St. Bernard Parish, AHL provides accessible healthcare services for residents of St. Bernard Parish in exchange for the use of office space in the medical office building adjacent to the new hospital. This agreement also provides for discretionary direct financial support from the proceeds of ad valorem taxes via lump sum payments, less deductions for certain costs associated with the Parish-owned facilities provided. This agreement stipulates that AHL shall make requests for such support in writing on or about January 31 of each year. This has been recognized in these financial statements as CEA support. The agreement is effective through December 31, 2026.

Charity Care

In the ordinary course of business, AHL renders services to patients who are financially unable to pay for medical care. AHL provides care to these patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Charity care eligibility is based on limited or no insurance coverage, income compared to published poverty levels and family size, as well as other factors. Because AHL does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

AHL maintains records to identify and monitor the level of charity care it provides. Charity care is measured based on AHL's estimated direct and indirect costs of providing charity care services. That estimate is made by multiplying the amount of charges forgone by the estimated cost to charge ratio. The cost of charity care provided during the years ended February 28, 2025 and February 29, 2024 was estimated as \$6,645,073 and \$5,303,371, respectively.

Grants and Contributions

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

Grants and Contributions (Continued)

AHL receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisition are reported after nonoperating revenue and expenses.

Donated Assets

Donated noncash items are recorded as contributions at their fair values at the date of donation.

Advertising

AHL expenses advertising costs as incurred. Advertising expenses amounted to \$61,394 and \$203,172 for the years ended February 28, 2025 and February 29, 2024, respectively.

Functional Allocations of Expenses

Any costs related to program administration or costs related to activities that constitute direct conduct or direct supervision of program service are functionally classified as program service expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of AHL.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and management and general based on actual or percentage of use. The expenses that are allocated include depreciation and amortization, maintenance, laboratory, insurance, and utilities which are allocated on a square footage basis. Salaries and wages, benefits and payroll taxes, contractual services, communications, travel, supplies, dues and memberships, advertising, other, and printing and shipping are allocated on basis of estimates of time and effort.

Current Healthcare Environment

AHL monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact AHL in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Current Healthcare Environment (Continued)

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry.

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on AHL's financial position and operating results.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, AHL is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions.

AHL utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of February 28, 2025 and February 29, 2024, AHL has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 14, 2025. Except as noted in Note 15, no subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In March 2023, the FASB issued ASU 2023-01, Leases (Topic 842): Common Control Arrangements. This guidance is effective for fiscal years (including interim periods within those fiscal years) beginning after December 15, 2023. The guidance provides a practical expedient for private companies and not-for-profit entities that are not conduit bond obligors to use the written terms and conditions of a common control arrangement to determine (1) whether a lease exists and, if so, (2) the classification of and accounting for that lease. The guidance also requires that leasehold improvements associated with common control leases be (1) amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset (the leased asset) through a lease, and (2) accounted for as a transfer between entities under common control through an adjustment to equity (or net assets for not-for-profit entities) if, and when, the lessee no longer controls the use of the underlying asset.

AHL applied this guidance beginning March 1, 2024. The impact of the adoption was not considered material to the financial statements.

Note 3: FINANCIAL ASSET AVAILABILITY

AHL maintains its financial assets primarily in cash and cash equivalents and receivables to provide liquidity to ensure funds are available as AHL's expenditures come due. The following reflects the AHL's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

February 28 and 29,	2025	2024
Total assets at year end Less non-financial assets	\$ 36,183,149 \$	34,209,868
Prepaid expenses and other assets Inventory	(441,525) (870,385)	(407,865) (635,088)
Operating lease right-of-use assets, net Property and equipment, net	(1,182,580) (20,405,666)	(330,202) (20,358,470)
Financial assets at year-end	13,282,993	12,478,243
Financial assets available to meet cash needs for general expenditures within one year	\$ 13,282,993 \$	12,478,243

AHL is principally supported by fees charged for the services it provides, and grants received in support of its mission. The goal of AHL is to maintain available financial assets to meet one month of operating expenses of approximately \$4,800,000 to \$5,000,000. In the event of unanticipated liquidity needs, AHL has a line of credit with available borrowings of \$1,250,000.

Note 4: CONCENTRATIONS

Financial instruments that subject AHL to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. AHL has cash deposits with financial institutions February 28, 2025 and February 29, 2024 in excess of federally insured limits of \$1,899,615 and \$592,367, respectively. AHL has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Concentrations of credit risk with respect to accounts receivable is limited due to the number of customers comprising the AHL's customer base and their dispersion across different geographic regions. To reduce risk, AHL routinely assesses the financial strength of its customers and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

Patient Accounts Receivable

AHL grants credit without collateral to customers, most of who are local residents and are insured under third-party payor agreements.

The percentage mix of accounts receivables from patients and major third-party payors at February 28, 2025 and February 29, 2024 was as follows:

	2025	2024
Commercial	15.3%	14.3%
Private Pay	5.7%	4.3%
Medicaid	68.5%	75.1%
Medicare	9.0%	4.5%
Dental	1.5%	1.8%
Total	100.0%	100.0%

The amounts mix of receivables from patients and third-party payers at February 28, 2025 and February 29, 2024 was as follows:

	2025	2024
Commercial	\$ 365,391	\$ 442,054
Private Pay	137,378	132,266
Medicaid	1,639,228	2,327,092
Medicare	215,054	139,747
Dental	35,130	54,873
Patient accounts receivable	\$ 2,392,181	\$ 3,096,032

Note 4: CONCENTRATIONS (Continued)

Patient Service Revenue

AHL, in the normal course of business, provides healthcare services to patients who are covered by medical insurance from both government-sponsored and private insurance companies. Most of these insurance providers also require the customers to co-pay a portion of the cost.

Approximately 54.0% and 22.3% of the AHL's gross revenues were derived from Medicaid and Commercial, respectively, for the year ended February 28, 2025. For the year ended February 29, 2024, these percentages were 58.6% and 19.1%, respectively. There are a number of provisions contained within recent legislation or proposed legislation that affect or may affect Medicare reimbursement policies for items and services provided by AHL. AHL cannot be certain of the ultimate impact of all legislated and contemplated changes, and, therefore, cannot provide assurance that these changes will not have a material effect on the AHL's results of operations.

Note 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of February 28, 2025 and February 29, 2024:

	2025	2024
Land	\$ 409,620	\$ 409,620
Buildings and improvements	21,408,490	20,505,421
Office equipment	3,313,580	2,804,768
Medical equipment	1,563,610	1,472,396
Vehicles	505,171	505,901
Leasehold improvements	2,911,618	2,854,568
Total property and equipment	30,112,089	28,552,674
Less: accumulated depreciation	(9,706,423)	(8,639,393)
	20,405,666	19,913,281
Construction in progress	-	445,189
Total property and equipment, net	\$ 20,405,666	\$ 20,358,470

Total depreciation expense for the years ended February 28, 2025 and February 29, 2024 was \$1,174,368 and \$1,106,047, respectively.

The construction in progress reflected in the schedule above principally represents building and renovating costs associated with the Woodworth clinic.

AHL recognized grant proceeds of \$-0- and \$1,087,411 for the years ended February 28, 2025 and February 29, 2024, respectively, for the acquisition of property and equipment.

Note 6: ASSET ACQUISITION AGREEMENTS

During January of 2020, AHL entered into an asset acquisition agreement to acquire the assets of a practice of certain providers who became employees of AHL upon the purchase of the assets. Intangible assets acquired in this acquisition were associated with medical records. Total purchase price of the assets was \$241,639 with \$46,944 associated with the purchase of the medical records. AHL began amortization of the intangible costs at the time of acquisition of the assets for a period of three years. There was no amortization expense for the years ended February 28, 2025 and February 29, 2024.

Note 7: LINE OF CREDIT

AHL maintained a line of credit with a financial institution for \$2,000,000, which bore an interest rate of 8.5%. The line of credit matured July 10, 2025, and renewed through July 10, 2026. At February 28, 2025 and February 29, 2024, AHL's outstanding balance on the line of credit was \$750,000 and \$500,000, respectively. The line of credit was secured by all accounts and general intangibles and buildings in Kenner and Woodworth, Louisiana. As of the date of this report, the Line of Credit balance is \$-0-.

Note 8: LONG-TERM DEBT

Details of long-term debt as of February 28, 2025 and February 29, 2024 are as follows:

	2024
97 \$	1,122,212
15	1,277,890
:2	221,052
	Continued
4	97 \$ 45

Continued

Access Health Louisiana Notes to Financial Statements

Note 8: LONG-TERM DEBT (Continued)

		2025		2024
Note Payable- Gulf Coast Bank - Payable in monthly installments of \$4,759, including interest at 4.50% through October 2023 and at a variable rate equal to the Wall Street Journal Index plus 1.25% thereafter, maturing March 2034. Secured by real property in Kenner, LA.		433,405		465,836
Note Payable- Gulf Coast Bank - Payable in monthly installments of \$5,689, including interest at 6.625% through October 2023 and at a variable rate equal to the Wall Street Journal Index plus 1.25% thereafter, maturing November 3, 2043. Secured by real property				
in Woodworth, LA.		726,990		745,608
Note Payable – USDA – Payable in monthly installments of \$2,090, including interest at 4.00%, maturing April 2050. Secured by a building in Luling, LA.		397,447		406,429
Note Payable – BMW Credit – Payable in monthly installments of \$1,007, including interest at 1.90%, maturing September 11, 2026.		-		30,451
Note Payable – CHRISTUS Health Central Louisiana – Payable in monthly installments of \$7,000, maturing April 4, 2025.		14,000		98,000
Total notes payable		4,078,867		4,367,478
Less: current maturities		(210,638)		(277,909)
Notes payable, less current maturities	\$	3,868,229	\$	4,089,569
Maturities of long-term debt subsequent to February 28, 2025 co	onsist	of the follow	ving:	
Year Ending February 29,				
2026		\$		210,638
2027				179,847
2028				132,662
2029				139,697
2030				147,801
Thereafter				3,268,222
Total		\$		4,078,867

Note 8: LONG-TERM DEBT (Continued)

AHL incurred \$329,206 and \$212,913, in interest expense on financed obligations, for the years ended February 28, 2025 and February 29, 2024, respectively.

Note 9: COMMITMENTS AND CONTINGENCIES

Lease Commitments

AHL has operating leases for office space and equipment. The leases have remaining lease terms of 1 to 8 years, some of which may include options to extend the leases for up to 3 years. The components of lease expense consist of the following:

For the years ended February 28 and 29,		2025		2024
Operating lease cost	\$	354,828	\$	478,920
Short-term lease cost	\$	837,873	\$	799,490
Other information related to leases was as follows:				
For the years ended February 28 and 29,		2025		2024
Supplemental Cash Flow Information Cash paid for amounts included in the measurement of lease liabilities: Operating cash flows from operating leases	\$	336,835	\$	467,999
Weighted average remaining lease term and discount rates consist		·	Y	407,333
For the years ended February 28 and 29,		2025		2024
Right-of-use assets obtained in exhange for lease obligations Operating leases	\$	1,171,586	\$	-
Weighted average remaining lease term Operating leases	:	32 months		15 months
Weighted average discount rate Operating leases		3.88%		1.61%

Note 9: COMMITMENTS AND CONTINGENCIES (Continued)

Lease Commitments (Continued)

Future minimum lease payments under non-cancellable leases as of February 28, 2025, were as follows:

	Operating
For the years ended February 28,	 Leases
	_
2026	\$ 470,780
2027	352,820
2028	86,203
2029	86,203
2030	86,203
Thereafter	206,320
Total future minimum lease payments	1,288,529
Less imputed interest	(105,949)
	_
Present value of lease liabilities	\$ 1,182,580
Reported as of February 28, 2025	
Current maturities of operating lease liabilities	\$ 432,776
Operating lease liabilities, less current maturities	749,804
Total	\$ 1,182,580

Industry

The healthcare industry is subject to laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Over the past several years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that AHL is in material compliance with fraud and abuse statutes as well as other applicable government laws and regulations.

Note 9: COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

AHL is subject to or involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect on the AHL's financial position, results of operations, or cash flows.

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a Recovery Audit Contractor (RAC) program on a permanent and nationwide basis no later than 2010. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare/Medicaid reimbursement in an amount estimated to equal the overpayment.

AHL will deduct from revenue any amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. RAC assessments are possible; however, the outcome of such assessments is unknown and cannot be reasonably estimated.

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

Note 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of donated land, recognized at the estimated fair value at the time of donation of \$215,000. The land is to be used in perpetuity for the purpose of housing a community health center in Norco, Louisiana.

Note 11: PATIENT SERVICE REVENUE

AHL is approved as a FQHC for both Medicare and Medicaid reimbursement purposes. AHL has agreements with third-party payers that provide for payments at amounts different from AHL's established rates. These payment arrangements are as follows:

<u>Medicare</u> – Covered FQHC services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. AHL is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by AHL and audit thereof by the Medicare fiscal intermediary. Services not covered under the FQHC benefit are paid based on established fee schedules.

<u>Medicaid</u> – Covered FQHC services rendered to Medicaid program beneficiaries are paid based on a prospective reimbursement methodology. AHL is reimbursed a set encounter rate for all services under the plan. Services not covered under the FQHC benefit are paid based on established fee schedules.

<u>Other</u> – AHL has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to AHL under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

For uninsured patients that do not qualify for the sliding fee program, AHL recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of AHL's uninsured patients who do not qualify for the sliding fee program will be unable or unwilling to pay for the services provided. Thus, in accordance with ASC 606, AHL records only what it expects to collect from these patients in the period the services are provided which is significantly less than what would be collected from an insured patient.

A summary of revenue from patient services provided under contracts with third-party payors follows:

Year ending February 28 and February 29,	2025	2024
Medicaid Medicare Commercial and other	\$ 25,059,130 1,974,937 4,797,844	\$ 23,865,832 1,971,284 4,766,679
Patient service revenue	\$ 31,831,911	30,423,795

Note 11: PATIENT SERVICE REVENUE (Continued)

AHL has agreements with third-party payors that provide payments to AHL at amounts different from its established rates. See Note 2 for a summary of the key provisions of these agreements.

Note 12: PHARMACY REVENUE

Pharmacy revenue was \$8,142,978 and \$7,132,919 for the years ended February 28, 2025 and February 29, 2024, respectively. AHL records accounts receivable for amounts billed to third-parties for prescriptions dispensed but not paid as of the end of the year. Accounts receivable for pharmacy revenue was \$436,866 and \$943,048 as of February 28, 2025 and February 29, 2024, respectively.

The costs of pharmaceuticals were \$4,838,624 and \$3,953,236 for the years ended February 28, 2025 and February 29, 2024, respectively and recognized at the same period as pharmacy revenue when pharmaceuticals or medical supplies are delivered to patients. The cost of pharmaceuticals is included in pharmaceutical expense on the statement of functional expenses.

Note 13: 340B DRUG PRICING PROGRAM

AHL participates in the 340B Drug Pricing Program, which is a US federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices. Revenues from the program were \$5,359,784 and \$4,203,418 for the years ended February 28, 2025 and February 29, 2024. Expenses related to the program were \$2,506,026 and \$2,609,483 for the years ended February 28, 2025 and February 29, 2024, respectively and are included in pharmaceutical expense as program services on the statements of functional expenses.

Note 14: COOPERATIVE ENDEAVOR AGREEMENTS (CEA)

Revenues earned as exchange transactions under cooperative endeavor agreements, along with the corresponding program expenses, are reflected in the statements of activities. During the fiscal years ended February 28, 2025 and February 29, 2024, AHL recognized the following support in its financial statements associated with the agreements:

	2025	2024
Estimated lump sum payments received or receivable		
from St. Charles Parish	\$ 1,235,000 \$	1,159,000
Estimated lump sum payments received or receivable		
from St. Bernard Parish	210,086	162,339
Use of operating space owned by various parish		
governments	578,955	540,730
Total cooperative endeavor support	\$ 2,024,041 \$	1,862,069

Note 14: COOPERATIVE ENDEAVOR AGREEMENTS (CEA) (Continued)

AHL records accounts receivable for amounts recognized, but not paid as of the end of the year. There were no accounts receivable related to these cooperative endeavor agreements at February 28, 2025 and February 29, 2024.

Note 15: EMPLOYEE RETENTION CREDITS

The CARES Act provides an employee retention credit ("CARES Employee Retention Credit"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through February 28, 2021.

Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through February 28, 2022. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

AHL qualified for employee retention tax credits for the year ended February 28, 2022. In December 2023, AHL amended its payroll tax returns for the amount of credits that it was entitled to under the legislation. The entire amount of credit claimed, \$6,523,159, is included as employee retention credits receivable and employee retention credits refund as of February 29, 2024. During the year ended February 28, 2025, AHL recognized an additional \$1,144,748 of interest revenue related to the employee retention tax credits. Subsequent to the fiscal year ending February 28, 2025, AHL received a total of \$5,492,597, including \$4,347,849 of credits and \$1,144,748 of interest. AHL believes that it is entitled to and will receive the remaining \$2,175,310 of ERTC credits recorded.

Additionally, AHL recorded fees to a third party of \$978,474 for calculation of employee retention credits, payable upon receipt of payment from the IRS, and included in professional fees and accounts payable on the February 28, 2025 and February 29, 2024 financial statements.

Note 16: RETIREMENT PLAN

AHL maintains a defined contribution retirement plan under IRS Code Section 403(b). AHL matches 100% of an employee's salary deferral contributions up to 4%. Matching contributions totaling \$510,688 and \$471,230, for the years ended February 28, 2025 and 2024, respectively, were made by AHL.

Access Health Louisiana Notes to Financial Statements

Note 17: RISK MANAGEMENT

As of February 28, 2025 and February 29, 2024 AHL accrued \$392,249 and \$218,051, respectively, as a reserve for self-insurance retentions on outstanding employee health claims in account payables on the accompanying statements of financial position. At February 28, 2025 and February 29, 2024, AHL did not have receivables for claims in excess of stop-loss coverage.



SUPPLEMENTARY INFORMATION

Access Health Louisiana Schedule of Compensation, Benefits, and Other Payments to Agency Head

Mark Keiser, CEO

year ended February 28, 202
\$
ts- insurance
ts - retirement
ts - other
owance
e provided by government
em
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ration fees
rence travel
uing professional education fees
ng
chered expenses
I meals
chered expenses

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expenses, per diem, and registration fees be reported as a supplemental report within the financial statement of local governmental and quasi-public auditees. In 2015 Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.



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

Board of Directors Access Health Louisiana Kenner, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Access Health Louisiana (a nonprofit organization; AHL), which comprise the statement of financial position as of February 28, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AHL'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 AHL's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Carr, Riggs & Ungram, L.L.C.

Metairie, Louisiana August 14, 2025



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

Board of Directors Access Health Louisiana Kenner, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Access Health Louisiana's (AHL) 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 AHL's major federal programs for the year ended February 28, 2025. AHL'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, AHL 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 February 28, 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to AHL's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on AHL'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 AHL'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 AHL'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 AHL's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of AHL's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Carr, Riggs & Ungram, L.L.C.
CARR, RIGGS & INGRAM, LLC

Metairie, Louisiana August 14, 2025

Access Health Louisiana Schedule of Expenditures of Federal Awards

Grantor/Program Title	Assistance Listing Number	Pass-Through Entity No.	Federal Expenditures	Amount Passed through to Subrecipient	Total Federal Expenditures
U.S. Department of Health and Human Services:					
Health Center Cluster					
Community Health Centers: Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care	93.224	N/A	\$ 5,277,608	\$ -	\$ 5,277,608
COVID-19 Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program: FY 2023 Expanding COVID-19 Vaccination (ECV)	93.527	N/A	58,191	-	58,191
COVID-19 Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center					
Program: FY2023 Bridge Access Program	93.527	N/A	38,796		38,796
Total Health Center Program Cluster			5,374,595	-	5,374,595
Affordable Care Act - Teaching Health Center Graduate Medical Education Payment Passed through Board of Supervisors of LSU and A&M obo its Louisiana State University Health Sciences	93.530	N/A	228,698	-	228,698
Center-New Orleans Mental & Behavioral Health Education and Training Grants	93.732	M0141977	15,906	-	15,906
Passed through State of LA Department of Health and Hospitals, Office of Public Health HIV Prevention Activities Health Department Based Passed Through The Administrators of the Tulane	93.940	NU62PS924522	104,570	-	104,570
Educational Fund d/b/a Tulane University Health and					
Public Safety Workforce Resiliency Training Program	93.732	U3NHP4540302	29,010	-	29,010
Total U.S. Department of Health and Human Services			5,752,779	-	5,752,779
U.S. Department of Agriculture:					
Administrator of the Rural Utilities Service (RUS) Distance Learning and Telemedicine Loans and Grants	10.855	N/A	612,708	-	612,708
Passed-Through State of LA Department of Health and Hospitals, Office of Public Health WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	923,015	_	923,015
Total U.S. Department of Agriculture			1,535,723		1,535,723
Total Expenditures of Federal Awards			\$ 7,288,502	\$ -	\$ 7,288,502

Access Health Louisiana Notes to Schedule of Expenditures of Federal Awards

Note 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of Access Health Louisiana (AHL) as defined in Note 1 to AHL's basic financial statements for the year ended February 28, 2025. All federal financial assistance that was received directly from federal agencies is included on the schedule, as well as federal assistance passed through other government agencies.

Note 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Access Health Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 3: INDIRECT COST RATE

AHL elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: FEDERALLY FUNDED INSURANCE

AHL has no federally funded insurance.

Note 5: NONCASH ASSISSTANCE

AHL did not receive any federal noncash assistance for the fiscal year ended February 28, 2025.

Note 6: LOAN

AHL did not expend federal awards related to loans or loan guarantees during the year.

Access Health Louisiana Notes to Schedule of Expenditures of Federal Awards

NOTE 7: RECONCILIATION OF GOVERNMENTAL SUPPORT TO EXPENDITURES OF FEDERAL AWARDS

Below is a reconciliation of the schedule of expenditures of federal awards to the governmental support as presented on the statement of activities.

For the year ended February 28, 2025:	
Federal Grant Revenue:	
	F 600 000
Community health centers grant revenue	\$ 5,603,293
Other grants and contract revenue	1,685,209
Total federal expenditures	\$ 7,288,502

Access Health Louisiana Schedule of Findings and Questioned Costs For the Year Ended February 28, 2025

Section I – SUMMARY OF AUDITOR'S RESULTS

Lin	an	cial	l Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses(es) identified?

• Significant deficiency(es)identified? None noted

Noncompliance material to the financial statements noted?

Federal Awards

Internal control over major federal programs:

a. Material weaknesses(es) identified?

b. Significant deficiency(es) identified?

None noted

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in

accordance with 2CFR section 200.516(a)?

Identification of major programs

Federal Assistance Listing

Number	Federal Program or Cluster	
93.224, 93.527	Health Center Program Cluster	

Dollar threshold used to distinguish between type A and type B programs was \$750,000 for major federal programs.

Auditee qualified as low-risk auditee for federal purposes? Yes

Access Health Louisiana Schedule of Findings and Questioned Costs For the Year Ended February 28, 2025

Section II – FINANCIAL STATEMENT FINDINGS
None noted.
Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
None noted.
Section IV – SUMMARY OF PRIOR AUDIT FINDINGS
None noted.