O’BRIEN HOUSE

BATON ROUGE, LOUISIANA

DECEMBER 31, 2025

O'Brien House

RECOVERY CENTER

TABLE OF CONTENTS

Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA

L.A. CHAMPAGNE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Member of the Private Companies Practice Section of the American Institute of CPAs

Serving the Greater Baton Rouge Area for Over 100 Years

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
O'Brien House

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of O'Brien House (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of O'Brien House as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about O'Brien House's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 O'Brien House'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 O'Brien House's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements as a whole. The schedule of compensation, benefits, and other payments to Agency heads is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated 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 consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of O'Brien House'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 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 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 O'Brien House's internal control over financial reporting and compliance.

L. A. Champagne & Co, LLP

Baton Rouge, Louisiana
June 30, 2026

O'BRIEN HOUSE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	*Restated* 2024
ASSETS		
CURRENT ASSETS		
Cash	$ 54,720	$ 38,320
Receivables:		
Grants receivable	49,997	94,692
Contributions receivable	30,000	-
Program services receivable	6,005	10,772
	86,002	105,464
Prepaid expenses	108,606	121,247
Total current assets	249,328	265,031
PROPERTY AND EQUIPMENT (NET)	2,092,183	2,167,502
OTHER ASSETS		
Contributions receivable, net of current portion, net discount	18,631	-
Total assets	$ 2,360,142	$ 2,432,533
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Short-term loan obligations	$ 134,128	$ 182,741
Current portion of long term debt	58,531	55,632
Accounts payable	48,305	55,041
Payroll withholding payable	11,796	9,937
Accrued salaries	33,169	30,717
Accrued compensated absences	13,169	13,181
Accrued interest	-	2,835
Client deposits	7,445	7,637
Total current liabilities	306,543	357,721
LONG-TERM LIABILITIES		
Long term debt, net of current maturities	429,190	461,183
NET ASSETS		
Without donor restrictions	1,453,279	1,534,094
With donor restrictions	171,130	79,535
	1,624,409	1,613,629
Total liabilities and net assets	$ 2,360,142	$ 2,432,533

See accompanying notes to financial statements

O'BRIEN HOUSE
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2025 and 2024

	2025			*Restated* 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Federal contracts and grants	$ 88,288	$ -	$ 88,288	$ 88,054	$ -	$ 88,054
United Way allocation	84,000	-	84,000	84,000	-	84,000
Grants	28,270	118,631	146,901	41,590	10,000	51,590
Contributions	40,854	-	40,854	70,232	-	70,232
Contributed goods	172,480	-	172,480	336,628	-	336,628
Program services and rent	1,508,416	-	1,508,416	1,341,630	-	1,341,630
Special events	75,854	-	75,854	56,291	-	56,291
Interest income	-	-	-	-	-	-
SRO activity	159,351	-	159,351	158,436	-	158,436
Other income	1,021	-	1,021	2,876	-	2,876
	2,158,534	118,631	2,277,165	2,179,737	10,000	2,189,737
Net assets released from restrictions:						
Satisfaction of time and purpose restrictions	27,036	(27,036)	-	23,155	(23,155)	-
	2,185,570	91,595	2,277,165	2,202,892	(13,155)	2,189,737
EXPENSES						
Program expenses	2,026,377	-	2,026,377	2,114,786	-	2,114,786
Management and general expenses	191,996	-	191,996	197,013	-	197,013
Fundraising expenses	48,012	-	48,012	47,607	-	47,607
TOTAL EXPENSES	2,266,385	-	2,266,385	2,359,406	-	2,359,406
Increase (decrease) in net assets	(80,815)	91,595	10,780	(156,514)	(13,155)	(169,669)
Net assets - beginning of year	1,534,094	79,535	1,613,629	1,690,608	92,690	1,783,298
Net assets - end of year	$ 1,453,279	$ 171,130	$ 1,624,409	$ 1,534,094	$ 79,535	$ 1,613,629

See accompanying notes to financial statements

O'BRIEN HOUSE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	*Restated* 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 10,780	$ (169,669)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	75,319	78,464
Bad debt expense	49,076	46,562
Amortization of imputed interest on loans payable	17,036	19,192
(Increase) decrease in receivables	(48,245)	(74,974)
(Increase) decrease in prepaid expense	12,641	(13,862)
(Decrease) increase in accounts payable	(6,736)	31,102
(Decrease) increase in payroll withholding payable	1,859	426
(Decrease) increase in accrued salaries	2,452	2,090
(Decrease) increase in accrued interest on SBA loan	(2,835)	(3,567)
(Decrease) increase in client deposits	(192)	2,861
(Decrease) increase in accrued compensated absences	(12)	(934)
Net cash provided by (used in) operating activities	111,143	(82,309)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment and furnishings acquired	-	(10,966)
Net cash (used in) provided by investing activities	-	(10,966)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal advances on short-term debt	150,737	209,212
Principal payments on short-term debt	(199,350)	(162,155)
Principal payments on long-term debt	(46,130)	(44,900)
Net cash (used in) provided by financing activities	(94,743)	2,157
NET CHANGE IN CASH	16,400	(91,118)
Cash and cash equivalents - beginning of year	38,320	129,438
Cash and cash equivalents - end of year	$ 54,720	$ 38,320

See accompanying notes to financial statements

O'BRIEN HOUSE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2025 and 2024

	2025				*Restated* 2024			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and contract labor	$ 938,038	$ 84,767	$ 23,870	$ 1,046,675	$ 937,073	$ 81,995	$ 23,806	$ 1,042,874
Payroll taxes	68,132	6,149	1,732	76,013	66,263	6,002	1,690	73,955
Employee benefits	25,481	2,299	648	28,428	23,177	2,099	591	25,867
Food and beverage	174,473	-	-	174,473	344,701	-	-	344,701
Occupancy	152,677	13,276	-	165,953	145,018	16,113	-	161,131
Insurance	161,085	14,007	-	175,092	145,256	16,140	-	161,396
Tax and licenses	704	61	-	765	688	77	-	765
Bad debts	49,076	-	-	49,076	46,562	-	-	46,562
Supplies	102,281	8,894	-	111,175	76,267	8,474	-	84,741
Interest	27,572	224	-	27,796	28,929	-	-	28,929
Information technology and website	19,038	1,655	-	20,693	19,557	2,173	-	21,730
Accounting and audit	-	34,725	-	34,725	-	33,375	-	33,375
Vehicle	16,003	1,392	-	17,395	20,299	2,255	-	22,554
Drug testing supplies	1,071	93	-	1,164	2,989	332	-	3,321
Special events	-	-	21,762	21,762	-	-	21,520	21,520
Equipment lease and maintenance	7,127	620	-	7,747	6,589	732	-	7,321
Client assistance	9,537	-	-	9,537	6,199	-	-	6,199
Miscellaneous	64,245	5,587	-	69,832	41,059	4,562	-	45,621
Bank charges	1,507	131	-	1,638	630	70	-	700
Pest control	3,946	343	-	4,289	3,898	433	-	4,331
Postage	408	35	-	443	193	21	-	214
Other	91,055	7,918	-	98,973	69,030	7,670	-	76,700
SRO activity	43,628	3,794	-	47,422	59,791	6,644	-	66,435
Depreciation	69,293	6,026	-	75,319	70,618	7,846	-	78,464
Total expenses	$ 2,026,377	$ 191,996	$ 48,012	$ 2,266,385	$ 2,114,786	$ 197,013	$ 47,607	$ 2,359,406

See accompanying notes to financial statements

O'BRIEN HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities
O'Brien House (the "Organization") is a Louisiana non-profit corporation whose mission is to contribute to a sustained reduction in the use and abuse of alcohol and other chemicals proven to be hazardous to human health and detrimental to community well-being. The Organization was established in August, 1971. Its facilities are located near downtown Baton Rouge.

In 2006, O'Brien House Management, Inc., a corporation, was organized for the purpose of being the managing member of O'Brien House, SRO, LLC (SRO). The Organization is its sole shareholder. In 2023, the Organization became the sole owner of the SRO through a purchase/sale agreement with the other members.

The consolidated financial statements include the accounts of O'Brien House, and O'Brien House SRO, LLC. All intercompany accounts and transactions have been eliminated.

Basis of accounting
The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization 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 the Organization, the environment in which it operates, the purposes specified in its 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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Contributions and grants

Contributions received, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports cash gifts, grants and contributions of other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or grants, or if they are designated as support for future periods.

When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Sources of revenue

The Organization received federal grants, passed through the State of Louisiana, Parish of East Baton Rouge and City of Baton Rouge and fees from clients for the purpose of providing supportive housing programs. They also received grants for the purpose of providing treatment to individuals for substance abuse disorders.

The Organization is also a participating agency of and receives a portion of its annual funding from the Capital Area United Way. Other principal sources of revenues are private grants, contributions from its annual appeal, special events, donations and client service fees.

Donated personal services

The value of donated personal services provided has not been recorded in the accompanying financial statements. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in the performance of its programs and various committee activities.

Donated food and supplies

Food and supplies donated to the Organization are recorded at fair market value on the date received and are included in contributed goods and charged out as appropriate to various expenses. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

Cash flow statement
For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents. Cash paid for interest was $10,760 and $14,432 for 2025 and 2024, respectively.

Accounts receivable
Accounts receivables are stated at amounts management expects to collect from outstanding balances. Management evaluates the collectability of receivables based on historical experience, current economic conditions, and specific account analysis. An allowance for doubtful accounts is recorded as needed to adjust receivables to their estimated net realizable value. Accounts are written off when deemed uncollectible.

Prepaid expenses
Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid.

Property and equipment
Acquisitions of property and equipment are capitalized and are stated at cost less accumulated depreciation with depreciation being calculated on the straight-line basis over the estimated useful life of the assets as follows:

Buildings	20 - 40 yrs
Equipment	5 - 10 yrs
Furniture	7 yrs
Vehicles	5 yrs

When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Fair value – loan payables
Certain loan payables with a stated interest rate that is less than its market rate are carried at their approximate fair value. The fair value is based on the Wall Street Journal prime rate in effect at inception, for the loans with no scheduled payments. For the loans with a fixed payment schedule, the fair value is based on the estimated borrowing rate in effect at the time the loans are fully funded.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax status
The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation under IRC 170(b)(1)(A)(vi). Accordingly, no provision for income taxes has been included in the financial statements.

The Organization accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Organization may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by tax authorities. The Organization has evaluated its tax positions regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

The Organization files a United States return of organization exempt from income tax. The Organization is also subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Functional allocation of expenses
The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function, and the remaining costs are allocated among programs, management, and fundraising based upon estimates of staff time devoted to these functions or other appropriate allocation bases.

Revenue recognition
The Organization recognizes revenue based on the nature of the underlying transaction.

Program service revenue is derived primarily from providing residential housing and substance abuse treatment services to individuals, including reimbursement arrangements with governmental programs. Revenue from these exchange transactions is recognized as services are provided to clients.

Contributions, including unconditional promises to give, are recognized when received or when the donor makes an unconditional promise to give. Contributions are reported as increases in net assets with or without donor restrictions, depending on the existence of donor-imposed restrictions. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

Client deposits
Client deposits represent advance payments received from clients for housing and program services. Amounts are either applied to future services or refunded in accordance with program policies.

B: ECONOMIC DEPENDENCY

The Organization receives the majority of its funds provided through government grants and contracts. If significant budget cuts are made at the federal or state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

Significant among those grants and contracts are the following, reflecting their percentage of total revenues provided in 2025 and 2024:

	2025	2024
Medicaid	60%	54%
Department of Health and Human Services	3%	4%

C: CONCENTRATION OF CREDIT RISK

Included in receivables are amounts due from the federal government, Medicaid providers, private grants, and the State of Louisiana. The majority of the other receivables are service fees due from local clients. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the strength of the local economy and the availability of federal and state governmental funding for grant programs.

The Organization maintains deposits in a local financial institution with balances at times that may exceed the $250,000 federal insurance provided by the Federal Deposit Insurance Corporation.

D: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost, less accumulated depreciation:

	2025	2024
Land	$ 131,000	$ 131,000
Buildings	2,853,650	2,853,650
Vehicles	43,813	43,813
Equipment	144,588	144,588
Furniture	111,041	111,041
	3,284,092	3,284,092
Less accumulated depreciation	(1,191,909)	(1,116,590)
	$ 2,092,183	$ 2,167,502

Depreciation expense for 2025 and 2024 was $75,319 and $78,464, respectively.

E: RESTRICTIONS OF NET ASSETS

Net assets with donor restrictions at December 31, 2025 and 2024, consist of the unamortized portion of imputed interest on below market rate loans in the amount of $52,499 and $69,535, respectively. This imputed interest was previously recorded as contributions with donor restrictions. Amounts are released from restriction as the imputed interest is expensed over the terms of the loans.

The Organization also received grant funds with donor and time restrictions that have not yet been released from restriction as of December 31, 2025, and 2024 in the amount of $118,631 and $10,000, respectively.

Net assets were released from restrictions by incurring expenses satisfying the time and purpose of restrictions as follows:

	2025	2024
Purpose restriction accomplished:		
Imputed interest	$ 17,036	$ 19,192
Pennington Foundation	10,000	-
Huey and Angelina Wilson Foundation	-	3,963
Total restrictions released	$ 27,036	$ 23,155

F: SHORT-TERM LOAN OBLIGATIONS

Short-term loan obligations at December 31, 2025 and 2024 consisted of:

	2025	2024
Interest bearing loan at 6.70%, payable in monthly installments of $11,104 (2025) and $12,702 (2024), secured by unexpired insurance premiums.	$ 86,701	$ 93,693
Unsecured line of credit with capital one bank, interest rate is variable at Prime plus 1.75%, which was 10.40% at December 31, 2025.	47,427	48,048
Unsecured non interest bearing note payable with a local donor, paid in full on January 14, 2025.	-	31,000
Unsecured non interest bearing note payable with a related party, due in full on April 8, 2025.	-	10,000
	$ 134,128	$ 182,741

G: CONTINGENCIES

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

H: LEASE COMMITMENTS

The Organization leases certain office equipment and parking under agreements classified as short-term leases. These leases are typically month-to-month or have lease terms of twelve months or less. The Organization has elected the short-term lease exemption and, therefore, does not recognize right-of-use assets or lease liabilities for these leases.

Lease expense for these arrangements is recognized on a straight-line basis over the lease term. Lease expense for 2025 and 2024 was $5,560 and $5,560, respectively.

The Organization may enter into equipment rental arrangements on a periodic basis as needed.

I: NON-CASH INVESTING AND FINANCING ACTIVITIES

There were no non-cash investing and financing activities in 2025 or 2024.

J: RELATED PARTY TRANSACTIONS

In 2024, the Organization executed a short-term non-interest bearing notes payable with a past board member as follows:

Unsecured non interest bearing note payable with a related party, paid in full on April 8, 2025.	$ 10,000

K: LONG-TERM DEBT

Long-term debt at December 31, 2025 and 2024 consisted of the following:

	2025		
	Gross Balance	Discount	Net
CDBG loan at 0% (imputed interest rate of 6%) payable in annual installments of $20,850, commencing January, 2012. Effective July, 2014 payable in monthly installments of $1,737.	$ 135,626	$ 22,025	$ 113,601
Home program loan at 0% (imputed interest rate of 6%) payable in monthly installments of $2,004, commencing January, 2012.	155,824	27,745	128,079
CDBG loan at 0% (imputed interest rate of 6%) payable in quarterly installments of $2,500, commencing September, 2022.	100,000	2,730	97,270
SBA - EIDL term loan at 2.75% interest payable in 360 monthly installments of $641, commencing February 2023.	148,771	-	148,771
	$ 540,221	$ 52,500	487,721
Less current portion			58,531
Long-term portion			$ 429,190

K: LONG-TERM DEBT (Continued)

	2024		
	Gross Balance	Discount	Net
CDBG loan at 0% (imputed interest rate of 6%) payable in annual installments of $20,850, commencing January, 2012. Effective July, 2014 payable in monthly installments of $1,737.	$ 156,476	$ 28,851	$ 127,625
Home program loan at 0% (imputed interest rate of 6%) payable in monthly installments of $2,004, commencing January, 2012.	179,874	36,013	143,861
CDBG loan at 0% (imputed interest rate of 6%) payable in quarterly installments of $2,500, commencing September, 2022.	100,000	4,671	95,329
SBA - EIDL term loan at 2.75% interest payable in 360 monthly installments of $641, commencing February 2023.	150,000	-	150,000
	$ 586,350	$ 69,535	516,815
Less current portion			55,632
Long-term portion			$ 461,183

Scheduled principal reductions for the next five years and thereafter are as follows:

2026	$ 43,782
2027	46,307
2028	48,974
2029	51,695
2030	53,957
Thereafter	243,006
	$ 487,721

K: LONG-TERM DEBT (Continued)

Interest expense on all loan obligations for the year ended December 31, 2025 and 2024 was $27,796 and $28,929, respectively.

From 2004 to 2010, the City-Parish of East Baton Rouge advanced funds totaling $996,762 under three separate programs for the construction of facilities. The notes are to be repaid at 0% interest with terms from 40 to 240 months. The notes were discounted using an imputed rate of 6%. The original discount for these loans in the amount of $475,415, was recognized as a contribution with donor restrictions in 2010.

In 2020, an emergency impact disaster loan (EIDL) from the Small Business Administration was granted totaling $150,000 at a stated fixed interest rate of 2.75% for 30 years with payments of $641 per month.

L: CONTRIBUTION RECEIVABLE

The Organization has an unconditional contribution receivable from a single donor totaling $100,000, pledged on October 29, 2025, to be collected over a three-year period. The contribution payment schedule is as follows:

- Year 1 payment due 2025: $50,000
- Year 2 payment due 2026: $30,000
- Year 3 payment due 2027: $20,000

The first-year payment of $50,000 was received during the current reporting period ended December 31, 2025.

The third-year payment has been discounted to present value using the 3.61% Treasury par yield curve rate in effect at the contribution date. The discount recorded on the third-year payment is $1,369.

As of December 31, 2025, the unconditional contribution receivable is presented as follows:

Receivable in less than one year	$	30,000
Receivable in one to five years		20,000
Total contribution receivable		50,000
Less: discount on year 3		(1,369)
Net contribution receivable	$	48,631

The contribution is reported as net assets with donor restrictions due to time restrictions. Management evaluates the collectability of contribution receivables based on the creditworthiness of the donor, historical collection experience, and other relevant factors. Based on this evaluation, management has determined that no allowance for uncollectible pledges is necessary as of December 31, 2025.

M: FAIR VALUE MEASUREMENTS

Fair value guidance in the *Fair Value Measurements and Disclosures* topic of the FASB ASC requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement costs). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Fair value measurements are reported in a fair value hierarchy which is determined by the lowest level input that is significant to the fair value measurement in its entirety. The hierarchy is separated into three levels, which are:

> Level 1 – inputs are based upon unadjusted quoted prices for identical assets or liabilities traded in active markets.
>
> Level 2 – inputs are based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.
>
> Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Organization's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

M: FAIR VALUE MEASUREMENTS (Continued)

Below market rate loans payable
These loans are reported at fair value utilizing Level 3 inputs. Fair value measurements are calculated using discounted cash flows.

SRO building
The SRO building is reported at fair value using Level 2 inputs. The fair value is determined by using valuation techniques consistent with the market approach using recent sales of comparable properties.

Fair values of liabilities measured on a recurring basis at December 31, 2025 and 2024, are as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2025				
Below market rate loans payable	$ 338,950	$ -	$ -	$ 338,950
December 31, 2024				
Below market rate loans payable	$ 366,815	$ -	$ -	$ 366,815

The table below presents the changes in fair value for the year ended December 31, 2025 and 2024, in Level 3 instruments that are measured at fair value on a recurring basis.

	Loans Payable
Balance at December 31, 2023	$ 392,523
Principal reductions	(44,900)
Amortized interest	19,192
Balance at December 31, 2024	$ 366,815
Principal reductions	(44,900)
Amortized interest	17,035
Balance at December 31, 2025	$ 338,950

M: FAIR VALUE MEASUREMENTS (Continued)

Certain financial assets are measured at fair value on a nonrecurring basis, the asset is not measured at fair value on an ongoing basis but is subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). Fair value of an asset measured on a non-recurring basis at December 31, 2025 and 2024 is as follows.

	Total	Level 1	Level 2	Level 3
December 31, 2025				
SRO building	$ 783,000	$ -	$ 783,000	$ -
December 31, 2024				
SRO building	$ 783,000	$ -	$ 783,000	$ -

N: CONTRIBUTED GOODS

During the years ended December 31, 2025 and 2024, the Organization received contributed nonfinancial assets in the form of food and household items, which are used in the Organization's programs to support clients. The Organization does not sell contributed nonfinancial assets.

Contributed food and household items are valued at estimated fair value based on prices of similar items in the local market at the time of donation.

Unless otherwise specified by the donor, contributed nonfinancial assets are treated as unrestricted and are used in program services in accordance with the Organization's mission. There were no significant donor-imposed restrictions associated with these contributions for the years ended December 31, 2025 and 2024.

Category	Expense account charged	2025	2024
Food	Food and beverage	$ 77,741	$ 269,985
Household items	Supplies	94,739	66,643
Total in kind contributions		$ 172,480	$ 336,628

O: REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue related to program services are recognized at a point in time when the Organization meets its performance obligations under the respective grants and program services. As of December 31, 2025 and 2024, there are no performance obligations to be satisfied. Program services are billed monthly, and payment is due upon presentation.

Disaggregated Revenue
The Organization disaggregates revenue from contracts with customers into major revenue

O: REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

streams and based on the timing of recognized revenue. The Organization's revenue disaggregated based on timing of the transfer of goods or services is as follows as of December 31, 2025 and 2024:

Recognized at a point in time:

	2025	2024
Program services	$ 1,508,416	$ 1,341,630

Contract Balances
The timing of revenue recognition, billings, and cash collections results in contract assets, receivables, and contract liabilities. The Organization's receivables related to contracts with customers amounted to $6,005 as of December 31, 2025, $10,772 in 2024, and $7,979 in 2023.

P: SHORT-TERM LEASE REVENUE

The Organization leases residential units in its single-room occupancy (SRO) facility to individuals experiencing homelessness and substance use recovery. These leases are typically month-to-month and qualify as short-term leases under ASC 842. The Organization has elected the short-term lease exemption for this class of assets and, accordingly, does not recognize lease receivables or right-of-use assets for these leases.

Lease income from these short-term arrangements totaled $151,148 and $149,295 for December 31, 2025 and 2024, respectively.

Q: LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2025	2024
Cash	$ 54,720	$ 38,320
Grants receivable	49,997	94,692
Contributions receivable	48,631	-
Program services receivable	6,005	10,772
Less donor imposed restrictions	(118,631)	(10,000)
Financial assets available to meet cash needs for general expenditure within one year	$ 40,722	$ 133,784

Q: LIQUIDITY (Continued)

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As reflected in the table above, the availability of financial assets may be affected by the timing of receivable collections and the receipt of grant funding.

To manage liquidity, the Organization monitors cash flows and maintains a line of credit to support short-term operational needs. Management anticipates that cash generated from ongoing operations, grant funding, and available financing will be sufficient to meet general expenditures within one year of the statement of financial position date

R: SUBSEQUENT EVENTS

Subsequent events were evaluated through June 30, 2026, which is the date the financial statements were available to be issued.

S: RESTATEMENT OF NET ASSETS

During the year ended December 31, 2025, the Organization identified an error in its historical accounting for accrued compensated absences relating to prior years. This error resulted in an overstatement of accrued liabilities and a corresponding understatement of net assets in prior periods.

Accordingly, the Organization has retrospectively restated its financial statements for the year ended December 31, 2024 to correct this error. The effect of this restatement on the Organization's previously reported December 31, 2024 financial statements is summarized below.

Impact on the Statement of Financial Position as of December 31, 2024

Line item	As previously reported	Effect of correction	As restated
Accrued compensated absences	$ 45,776	$ (32,595)	$ 13,181
Net assets without donor restrictions	1,501,499	32,595	1,534,094
Total net assets	1,581,034	32,595	1,613,629

Impact on the Statement of Activities for the year end December 31, 2024

Line item	As previously reported	Effect of correction	As restated
Salaries and contract labor	$ 1,044,527	$ (1,653)	$ 1,042,874
Total expenses	2,361,059	(1,653)	2,359,406
Change in net assets without donor restrictions	(158,167)	1,653	(156,514)

The cumulative effect of the correction on periods prior to January 1, 2024, resulted in an increase of $30,942 to the opening balance of net assets without donor restrictions as of January 1, 2024.

SUPPLEMENTAL INFORMATION

O'BRIEN HOUSE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AN AGENCY HEAD

December 31, 2025

Agency Head Name:	Emily George Tilley Executive Director
Purpose	Amount
Salary	$ 70,189
Health insurance reimbursement	2,382

Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA

L.A. CHAMPAGNE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors
O'Brien House

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 consolidated financial statements of O'Brien House and its subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 30, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered O'Brien House's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of O'Brien House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a material misstatement of O'Brien House's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 may exist that have not been identified.

4911 Bennington Avenue · Baton Rouge, LA 70808-3153 · Phone (225) 925 1120 · Fax (225) 927 8124 · lac@laccpa.com

Compliance and Other Matters
As part of obtaining reasonable assurance about whether O'Brien House's consolidated financial statements are free of 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 determination of consolidated financial statement amounts. 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 instance 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 O'Brien House's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering O'Brien House's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L. A. Champagne & Co., LLP

Baton Rouge, Louisiana
June 30, 2026

O'BRIEN HOUSE
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2025

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of O'Brien House.

2. No significant deficiency or material weaknesses in internal controls, relating to the audit of the consolidated financial statements are included in the "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.*"

3. No instance of noncompliance material to the financial statements of O'Brien House was disclosed during the audit.

4. A management letter was not issued.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

None

O'BRIEN HOUSE
SCHEDULE OF CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
Year Ended December 31, 2025

None noted.