

CONSOLIDATED FINANCIAL STATEMENTS,
REPORTS, SUPPLEMENTARY INFORMATION, AND
SCHEDULE REQUIRED BY THE UNIFORM GUIDANCE

Ochsner Clinic Foundation and Subsidiaries
Years Ended December 31, 2025 and 2024
With Reports of Independent Auditors



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Ochsner Clinic Foundation and Subsidiaries

Consolidated Financial Statements, Reports, Supplementary Information, and
Schedule Required by the Uniform Guidance

Years Ended December 31, 2025 and 2024

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Report of Independent Auditors

Management and the Board of Directors
Ochsner Clinic Foundation and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Ochsner Clinic Foundation and Subsidiaries (Ochsner), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ochsner at December 31, 2025 and 2024, and the results of its operations, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Ochsner 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 of 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 Ochsner’s ability to continue as a going concern for one year after the date that the financial statements are issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ochsner'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 Ochsner'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. We have not performed any procedures with respect to the audited financial statements subsequent to April 22, 2026. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



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Other Information

Management is responsible for the other information. The other information comprises the information included in the annual financial information disclosure but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2026 on our consideration of Ochsner'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 Ochsner'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 Ochsner's internal control over financial reporting and compliance.

Ernst + Young LLP

April 22, 2026, except for our report
on the Schedule of Expenditures of
Federal Awards, for which the date is
June 23, 2026

Ochsner Clinic Foundation and Subsidiaries

Consolidated Balance Sheets (In Thousands)

	December 31	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,044,159	\$ 832,605
Assets limited as to use required for current liabilities	5,329	2,725
Patient accounts receivable	481,004	441,156
Other receivables	818,960	638,633
Inventories	179,519	165,268
Prepaid expenses and other current assets	99,747	98,668
Estimated third-party payor settlements	75,195	66,758
Total current assets	2,703,913	2,245,813
Assets limited as to use:		
By Board for capital improvements, charity, research, and other	1,680,439	1,507,310
Under bond indenture agreements	172,070	–
Under self-insurance trust fund	5,329	2,725
Donor-restricted long-term investments	102,969	119,888
Total assets limited as to use	1,960,807	1,629,923
Less assets limited as to use required for current liabilities	5,329	2,725
Noncurrent assets limited as to use	1,955,478	1,627,198
Investments in unconsolidated affiliates	95,261	98,862
Property – net	2,169,521	2,010,627
Right-of-use assets from operating leases	513,049	505,410
Goodwill and intangible assets	145,873	148,643
Other assets	88,874	54,633
Total assets	<u>\$ 7,671,969</u>	<u>\$ 6,691,186</u>

Ochsner Clinic Foundation and Subsidiaries

Consolidated Balance Sheets (continued) (In Thousands)

	December 31	
	2025	2024
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 460,661	\$ 337,600
Accrued salaries, wages, and benefits	504,714	477,377
Deferred revenue	36,889	43,661
Estimated third-party payor settlements	58,050	52,670
Notes payable – current	374,000	274,000
Long-term debt and bonds payable – current portion	38,590	159,659
Operating lease current liabilities	77,413	76,495
Other current liabilities	113,438	104,033
Total current liabilities	1,663,755	1,525,495
Pension and postretirement obligations	13,073	32,888
Bonds payable	2,105,104	1,650,165
Long-term debt	354,575	310,132
Operating lease long-term liabilities	443,542	435,154
Other long-term liabilities	300,692	231,812
Total liabilities	4,880,741	4,185,646
Commitments and contingencies (Notes 7 and 19)		
Net assets:		
Without donor restrictions	2,616,114	2,326,124
Noncontrolling interest	(3,168)	(3,441)
Total net assets without donor restrictions	2,612,946	2,322,683
Net assets with donor restrictions	178,282	182,857
Total net assets	2,791,228	2,505,540
Total liabilities and net assets	\$ 7,671,969	\$ 6,691,186

See notes to financial statements.

Ochsner Clinic Foundation and Subsidiaries

Consolidated Statements of Operations (In Thousands)

	Year Ended December 31	
	2025	2024
Revenues:		
Patient service revenue	\$ 5,849,556	\$ 5,245,452
Premium revenue	403,444	467,697
Other operating revenue	2,128,596	1,973,992
Net assets released from restrictions used for operations	24,508	11,120
Total revenues	8,406,104	7,698,261
Expenses:		
Salaries and wages	3,533,919	3,313,466
Benefits	367,281	337,733
Medical services to outside providers	188,742	248,237
Medical supplies and services	2,236,294	1,892,876
Other operating expenses	1,585,136	1,364,256
Depreciation and amortization	255,781	252,159
Interest	109,475	102,151
Total expenses	8,276,628	7,510,878
Operating income	129,476	187,383
Nonoperating gains (losses):		
Investment and other realized gains – net	71,468	55,019
Unrealized gains on investments – net	70,213	36,320
Gain on early extinguishment of debt	2,238	–
Pension cost	(10,875)	(7,539)
Total nonoperating gains – net	133,044	83,800
Excess of revenues over expenses	262,520	271,183
Loss from discontinued operations	(28,744)	(29,629)
Attributable to noncontrolling interest	1,547	1,521
Excess of revenues over expenses:		
Attributable to the Ochsner Clinic Foundation	\$ 235,323	\$ 243,075

See notes to financial statements.

Ochsner Clinic Foundation and Subsidiaries

Consolidated Statements of Changes in Net Assets (In Thousands)

	Year Ended December 31	
	2025	2024
Changes in net assets without donor restrictions		
Excess of revenues over expenses:		
Attributable to Ochsner Clinic Foundation	\$ 235,323	\$ 243,075
Pension-related changes other than net periodic pension costs	24,014	27,085
Other changes in net assets without donor restrictions	30,926	608
Increase in net assets without donor restrictions	290,263	270,768
Changes in net assets with donor restrictions		
Contributions	20,392	48,406
Other changes in net assets with donor restrictions	(24,967)	(23,231)
(Decrease) increase in net assets with donor restrictions	(4,575)	25,175
Increase in net assets	285,688	295,943
Net assets – beginning of year	2,505,540	2,209,597
Net assets – end of year	<u>\$ 2,791,228</u>	<u>\$ 2,505,540</u>

See notes to financial statements.

Ochsner Clinic Foundation and Subsidiaries

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended December 31	
	2025	2024
Operating activities		
Increase in net assets	\$ 285,688	\$ 295,943
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Pension-related changes other than net periodic pension costs	(24,014)	(27,085)
Depreciation and amortization	255,916	252,201
Loss (income) from equity-method investments, net of cash received	6,051	(5,039)
Net realized and unrealized gains on investments	(150,112)	(65,866)
Gain on early extinguishment of debt	(2,238)	–
Other, net	(9,951)	(8,800)
Changes in operating assets and liabilities, net of acquisitions:		
Patient accounts receivable	(39,848)	(7,928)
Other current and noncurrent assets	(189,878)	(60,207)
Accounts payable	121,686	(12,624)
Accrued expenses and other liabilities	103,625	42,415
Net cash provided by operating activities	356,925	403,010
Investing activities		
Purchases of assets whose use is limited and other investments	(679,506)	(1,747,898)
Sales and maturities of assets whose use is limited and other investments	686,093	1,650,728
Capital expenditures	(363,826)	(250,678)
Notes issued to related parties	(47,881)	(49,570)
Other	380	(5,227)
Net cash used in investing activities	(404,740)	(402,645)
Financing activities		
Proceeds from (payments on) line of credit and short-term borrowings	100,000	(5,727)
Repayment of bonds payable and long-term debt	(332,824)	(30,302)
Payments on finance lease obligations	(37,323)	(8,033)
Proceeds from long-term borrowings	723,417	–
Other	(6,542)	422
Net cash provided by (used in) financing activities	446,728	(43,640)
Net increase (decrease) in cash, cash equivalents, and restricted cash	398,913	(43,275)
Cash, cash equivalents, and restricted cash – beginning of year	855,368	898,643
Cash, cash equivalents, and restricted cash – end of year	<u>\$ 1,254,281</u>	<u>\$ 855,368</u>

See notes to financial statements.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025

1. Summary of Significant Accounting Policies

Organization

Ochsner Clinic Foundation (OCF or Ochsner) d/b/a Ochsner Health, located in New Orleans, Louisiana, is a not-for-profit institution that, either directly or through its fully owned subsidiaries, owns and operates an acute care hospital known as Ochsner Medical Center (OMC), an 11-story clinic building, a 134-room hotel, and related medical facilities located on a main campus in Jefferson Parish at the western end of New Orleans. OCF owns Ochsner Medical Center – West Bank, Ochsner Baptist Medical Center, Ochsner Hospital for Orthopedics and Sports Medicine, and Ochsner Medical Complex – Clearview, which are operated as remote campuses of OMC. It also owns and operates health centers throughout southeast Louisiana; owns a hospital in Baton Rouge, Louisiana, that operates as Ochsner Medical Center – Baton Rouge; owns a hospital in Kenner, Louisiana, that operates as Ochsner Medical Center – Kenner; operates a hospital in Raceland, Louisiana, known as Ochsner St. Anne Hospital; operates a hospital in Bay St. Louis, Mississippi, known as Ochsner Medical Center – Hancock; operates a hospital in Morgan City, Louisiana, known as Ochsner St. Mary; and owns several fitness centers that operate as Ochsner Fitness Center. OCF also operates eight hospitals in the Acadiana region of Louisiana, including Ochsner Lafayette General Medical Center, Ochsner Lafayette General Surgical Hospital, Ochsner Lafayette General Orthopedic Hospital, Ochsner University Hospital & Clinics, Ochsner Abrom Kaplan Memorial Hospital, Ochsner Acadia General Hospital, Ochsner St. Martin Hospital, and Ochsner American Legion Hospital. OCF, under the name Ochsner Rush, operates seven hospitals in the east Mississippi and west Alabama region, including Ochsner Rush Medical Center, Ochsner Specialty Hospital, Ochsner Choctaw General Hospital, Ochsner Scott Regional Hospital, Ochsner Laird Hospital, Ochsner Stennis Hospital, and Ochsner Watkins Hospital. OCF also owns Louisiana Women’s Healthcare Associates, a women’s health care provider, located in Baton Rouge, Louisiana. OCF also provides management/administrative assistance and support for a hospital in Houma, Louisiana, known as Leonard J. Chabert Medical Center (Chabert); for a hospital in Luling, Louisiana, known as St. Charles Parish Hospital (SCPH); for a hospital in Chalmette, Louisiana, known as St. Bernard Parish Hospital (SBPH); for hospitals in Slidell, Louisiana, known as Slidell Memorial Hospital (SMH); and for hospitals and clinics located in Shreveport, Louisiana, and Monroe, Louisiana, known as Ochsner LSU Health System of North Louisiana (OLHS-NL).

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of Ochsner, its wholly owned subsidiaries, and its controlled affiliates.

All intercompany accounts and transactions have been eliminated upon consolidation. The assets of any member of the consolidated group may not be available to meet the obligations of other members in the group, except as disclosed in Notes 9, 10, and 11.

Discontinued Operations

During the third quarter of 2025, Ochsner strategically decided to voluntarily terminate its Medicare Advantage and Part D contracts as of January 1st, 2026. As such, the Ochsner Health Plan revenue and expenses as well as its related impact to Ochsner's hospital and clinic operations are included in loss from discontinued operations on the accompanying consolidated statements of operations for the years ended December 31, 2025 and 2024. An adjustment has been made to the consolidated statements of operations for the fiscal year ended December 31, 2024, to reclassify the losses from Ochsner Health Plan and its related operations into discontinued operations (see Note 15).

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents on the balance sheet include investments with a maturity of three months or less when purchased, excluding amounts whose use is limited by board designation, under bond indenture agreements, or under self-insurance agreements.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The following table provides a reconciliation of cash, cash equivalents, and cash equivalents whose use is limited by board designation reported within the consolidated balance sheets that sum to the total of the same amounts shown on the statements of cash flows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
	<i>(In Thousands)</i>	
Cash and cash equivalents	\$ 1,044,159	\$ 832,605
Assets limited as to use:		
By board for capital improvements, charity, research, and other	38,052	22,763
Under bond indenture agreements	172,070	—
Cash, cash equivalents, and restricted cash	<u>\$ 1,254,281</u>	<u>\$ 855,368</u>

Inventories

Inventories are stated at the lower of first-in, first-out cost or net realizable value.

Investments

Investments held by Ochsner are included in assets limited as to use on the consolidated balance sheets. Substantially all of Ochsner's investments are designated as other-than-trading investments. Investments in equity securities and fixed income funds of the U.S. government and government agencies with readily determinable fair values, and all investments in debt securities are measured at fair value on the consolidated balance sheets. Certain prior period investment classifications have been changed to conform with the current period presentation on the consolidated statements of cash flows.

Investments also include investments in private equity funds, hedge funds, real estate funds, offshore fund vehicles, and funds of funds structured as limited liability corporations or partnerships or trusts. These investments are termed alternative investments in the notes to the consolidated financial statements and are accounted for under the equity method, which approximates fair value. These funds invest in certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments, which involve varying degrees of risk, may result in loss due to changes in the market (market risk).

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

OCF regularly reviews its investments in debt securities to determine whether a decline in fair value below the carrying value has occurred. If a debt security is in an unrealized loss position, OCF recognizes the credit-related impairment as an allowance for credit losses through excess of revenues over expenses and the non-credit related impairment in net assets. OCF considers a variety of factors in evaluating whether a credit related loss exists. For the years ended December 31, 2025 and 2024, OCF did not record an allowance for credit losses.

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements, self-insurance trust agreements, investments restricted by donors, and designated assets set aside by the Board of Trustees (the Board) primarily for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities have been classified on the consolidated balance sheets as current assets.

Property – Net

Property improvements and additions are recorded at cost and capitalized and depreciated on the straight-line basis over the following estimated useful lives of the assets:

	<u>Years</u>
Land improvements	5–25
Buildings and building improvements	9–40
Leasehold improvements	5–20
Equipment, furniture, and fixtures	2–20

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

Ochsner evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. There were no impairment charges on long-lived assets recognized for the years ended December 31, 2025 or 2024.

Goodwill and Intangible Assets

Intangible assets consist primarily of trade name, licenses, trademark, and employment contracts. Goodwill represents the excess of the fair value of the consideration conveyed in the acquisition over the fair value of net assets acquired. Goodwill and indefinite-lived intangible assets arising from business combinations are not amortized but rather are tested for impairment at least annually at the reporting unit level. Impairment is the condition that exists when the carrying amount of goodwill or intangible assets exceeds its implied fair value. Ochsner has selected December 31 as its annual impairment evaluation date. Additional impairment assessments may be performed on an interim basis if OCF encounters events or changes in circumstances which would indicate it is more likely than not that the carrying value of goodwill or intangible assets has been impaired. OCF has determined it has one reporting unit, which is the consolidated entity.

OCF determined that the use of the income and market approaches were the most appropriate methods of measuring fair value of the reporting unit. These are considered Level 3 valuations in the valuation hierarchy described in Note 3. Under the income approach, fair value is estimated using a discounted cash flow analysis. Under the market approach, fair value is estimated using a guideline company method and a comparable transaction method. Both the income approach and the market approach require significant assumptions to determine the fair value of the reporting unit. The significant assumptions used in the income approach include estimates of future revenues, profits, capital expenditures, working capital requirements, operating plans, industry data, and an appropriate discount rate for the reporting unit. The significant assumptions used in the market approach include the determination of appropriate market comparables and estimated multiples of net revenue and earnings before interest, taxes, depreciation, and amortization. OCF engaged a third-party valuation firm to assist in these fair value calculations as of December 31, 2025, noting no impairment indicated.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue primarily includes amounts related to the Mississippi Hospital Access Payment (MHAP) program and Money Follows the Patient (MFP) program (see Note 4) and the Uncompensated Care Cost (UCC) program (see Note 4).

Estimated Workers' Compensation, Professional and General Liability, and Employee Health Claims

Ochsner is self-insured for workers' compensation, professional and general liability, and employee health and dental claims. The provisions for estimated workers' compensation, professional liability, and employee health and dental claims include estimates for the ultimate costs for both reported claims and claims incurred but not reported. These estimates incorporate Ochsner's past experience, as well as other considerations, including the nature of claims, industry data, relevant trends, and the use of actuarial information.

Accounting for Pension and Other Postretirement Plans

Ochsner recognizes the overfunded or underfunded status of its pension and other postretirement plans as an asset or a liability on its consolidated balance sheets. Changes in the funded status of the pension and other postretirement plans are reported as a change in net assets without donor restrictions presented below the excess of revenues over expenses financial statement line item on the consolidated statement of changes in net assets in the year in which the changes occur.

Noncontrolling Interest in Consolidated Subsidiaries

Ochsner has entered into multiple joint venture and partnership arrangements for which the ownership interest is less than 100%, but the entities are controlled by Ochsner and, therefore, consolidated. The consolidated financial statements include all assets, liabilities, revenues, and expenses of these entities. Noncontrolling interests on the consolidated balance sheets represent the portion of net assets owned by other entities.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Net Assets

Resources are classified for reporting purposes as net assets without donor restrictions and net assets with donor restrictions, according to the absence or existence of donor-imposed restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those whose use by OCF has not been limited by donors and are available for general operating use. Board-designated net assets are net assets without donor restrictions that have been set aside by the Board for specific purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those assets, including contributions and accumulated investment returns, whose use by OCF has been limited by donors to a specific time, period, or purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity to provide a permanent source of income. Donor-restricted gifts are recorded as an addition to net assets with donor restrictions in the period received. Earnings on donor-restricted gifts are recorded as investment income in net assets with donor restrictions and subsequently used in accordance with the donor's designation.

Consolidated Statements of Operations

For purposes of presentation, all revenues and expenses are reported as operating except for investment and other realized gains – net, pension costs, and unrealized gains – net, which are reported as nonoperating.

Excess of Revenues Over Expenses

The consolidated statements of operations include excess of revenues over expenses, which represents Ochsner's performance indicator. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, consistent with industry practice, include pension-related changes other than net periodic pension costs.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which Ochsner 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, Ochsner bills the patients and third-party payors after the services are performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Ochsner. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. Ochsner believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. Ochsner measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

Because its performance obligations relate to contracts with a duration of less than one year, Ochsner has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-60-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

As provided for under the guidance, Ochsner 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.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

Ochsner has agreements with third-party payors that generally provide for payments at amounts different from Ochsner's established rates. For uninsured patients who do not qualify for charity care, Ochsner recognizes revenue based on established rates, subject to certain discounts and implicit price concessions in accordance with policy. Ochsner 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 Ochsner expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. Ochsner 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 or 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.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates will change by a material amount.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Charity Care

Ochsner provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Records of charges forgone for services and supplies furnished under the charity care policy are maintained to identify and monitor the level of charity care provided. Because Ochsner does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Ochsner estimates its costs of care provided under its charity care programs by applying a ratio of direct and indirect costs to charges to the gross forgone charges associated with providing care to charity patients. Ochsner's gross charity care charges include only services provided to patients who are unable to pay and qualify under Ochsner's charity care policies. The ratio of cost to charges is calculated based on Ochsner's total expenses divided by gross patient revenue. During the years ended December 31, 2025 and 2024, the estimated costs incurred by Ochsner to provide care to patients who met certain criteria under its charity care policy were approximately \$112.0 million and \$86.2 million, respectively.

Community Benefit

Ochsner and three other health care providers have formed nonprofit organizations with the purpose of creating a vehicle to provide services to low-income and needy patients. Expenditures recorded by Ochsner to fund the organizations for the years ended December 31, 2025 and 2024, were approximately \$70.0 million and \$48.5 million, respectively. These expenditures are included in other operating expenses on the consolidated statements of operations.

Other Operating Revenue

Other operating revenue includes various sources of revenue, primarily relating to pharmacy revenue, revenue from joint operating agreements and management agreements (see Note 2), Medicaid Managed Care Incentive Payments (MCIP) (see below), physician service agreements, and unrestricted contributions.

Ochsner recognized approximately \$1,235.0 million and \$954.2 million in 2025 and 2024, respectively, related to pharmacy revenue. Pharmacy revenue is primarily composed of revenue generated from the operations of Ochsner's retail and specialty pharmacy locations. Sales related to the dispensing of prescription drugs to patients are the principal source of the revenue.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Other miscellaneous sources of revenue include revenue from physician services agreements, income from equity method investees (see Note 14), rental revenue, Federal Emergency Management Agency (FEMA) revenue, electronic hosting services revenue, and revenue from other services.

Medicaid Managed Care Incentive Payment Program

The Medicaid Managed Care Incentive Payment (MCIP) program was established during 2019 by the Louisiana Department of Health to achieve quality reforms that increase access to health care, improve the quality of care, and enhance the health of members of the Louisiana Medicaid managed care organizations. Contracted hospitals receive payments from an accountable care organization based on their participation and contribution to the outcomes. During 2025 and 2024, Ochsner recognized approximately \$100.4 million and \$72.8 million, respectively, of MCIP revenue, which is recorded in other operating revenue based on the milestones achieved by the program and has approximately \$80.4 million and \$62.3 million receivable included in other receivables on the accompanying balance sheets at December 31, 2025 and 2024, respectively.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported within net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported on the consolidated statements of operations as net assets released from restrictions. Contributions for which restrictions are met in the same period in which the unconditional promise to give is received are recorded as unrestricted revenue.

Fair Value of Financial Instruments Other Than Investments

The following methods and assumptions were used by Ochsner in estimating the fair value of its financial instruments:

Current Assets and Liabilities

Ochsner considers the carrying amounts of financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair values.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The majority of Ochsner and its subsidiaries qualify as tax-exempt organizations under Section 501(a) and are described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes. Any federal income taxes associated with the for-profit subsidiaries and affiliated entities are not material to Ochsner's consolidated financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition on the accompanying consolidated balance sheets. The statute of limitations remains open for tax years 2022 through 2025 in Ochsner's main tax jurisdictions.

Concentration of Credit Risk

Ochsner grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

Risks and Uncertainties

Ochsner's business could be impacted by continuing price pressure on new and renewal business, Ochsner's ability to effectively control health care costs, additional competitors entering Ochsner's markets, and federal and state legislation in the area of health care reform. Changes in these areas could adversely impact its operations in the future.

2. Strategic Partnerships and Affiliation Agreements

In recent years, Ochsner has entered into several strategic partnership and affiliation agreements. They are a component of Ochsner's efforts to increase local access to care, improve quality, reduce the cost of health care, and share best practices and resources in order to improve the health of its communities.

Ochsner has a Joint Operating Agreement (JOA) with St. Tammany Health System (STHS). The JOA is intended to coordinate resources with the goal of lowering costs, improving quality, and creating a seamless clinical environment for patients in their local region. STHS remains a public hospital governed by its board. Ochsner is financially integrated with the hospital and recognizes other operating revenue or other operating expense related to the JOA on its consolidated statements of operations.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Strategic Partnerships and Affiliation Agreements (continued)

Ochsner also provides management assistance and support for Chabert, SCPH, SBPH, SMH, and OLHS-NL. Under the management agreements for Chabert, SCPH, SBPH, and SMH, Ochsner receives management fees and any excess of revenues over expenses generated by each of these facilities annually, as well as reimbursement of purchased services incurred on behalf of the facilities. Under the management agreement with OLHS-NL, Ochsner is reimbursed for certain costs that it incurs in managing the entity and receives a management fee. Ochsner recognized approximately \$102.5 million and \$213.4 million of management and administrative service fees in 2025 and 2024, respectively, which is included in other operating revenue on the consolidated statements of operations. Ochsner has approximately \$120.1 million and \$188.0 million of related receivables recorded at December 31, 2025 and 2024, respectively, which is included in other receivables on the consolidated balance sheets.

3. Assets Limited as to Use and Related Fair Value Measurements and Disclosures

ASC 820, *Fair Value Measurement*, establishes a common definition for fair value to be applied to U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 – Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Unobservable inputs for the asset or liability.

Ochsner endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Transfers into and transfers out of the hierarchy levels are recognized as if they had taken place at the end of the reporting period. There were no transfers between Level 1 and Level 2 in the years ended December 31, 2025 or 2024.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Assets Limited as to Use and Related Fair Value Measurements and Disclosures (continued)

Assets and Liabilities Measured at Fair Value

Recurring Fair Value Measurements

The fair values of assets measured at estimated fair value on a recurring basis are estimated as described in the preceding section. These estimated fair values and their corresponding fair value hierarchy in accordance with ASC 820 are summarized as follows (in thousands):

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)^(a)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
December 31, 2025				
Cash and cash equivalents	\$ 1,094,971	\$ —	\$ —	\$ 1,094,971
Fixed income investments	1,086,288	—	—	1,086,288
Marketable equity securities	235,364	—	—	235,364
Total	\$ 2,416,623	\$ —	\$ —	\$ 2,416,623
December 31, 2024				
Cash and cash equivalents	\$ 775,641	\$ —	\$ —	\$ 775,641
Fixed income investments	1,045,658	—	—	1,045,658
Marketable equity securities	202,828	—	—	202,828
Total	\$ 2,024,127	\$ —	\$ —	\$ 2,024,127

^(a) Valuation of these securities classified as Level 1 is based on unadjusted quoted prices in active markets that are readily and regularly available. Investments classified as Level 1 include mutual funds that are publicly traded.

Money market mutual funds and repurchase agreements that are included in cash and cash equivalents on the consolidated balance sheets are included in cash and cash equivalents in the fair value tables. As of December 31, 2025 and 2024, Ochsner had \$879.3 million and \$752.0 million, respectively, in money market mutual funds and repurchase agreements classified as cash and cash equivalents. Prior period amounts in the table above have been adjusted to reflect money market mutual funds and repurchase agreements included in cash and cash equivalents on the consolidated balance sheets to conform with current period presentation.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Assets Limited as to Use and Related Fair Value Measurements and Disclosures (continued)

Alternative investments and other investments of approximately \$422.6 million and \$354.9 million at December 31, 2025 and 2024, respectively, are not included in these tables as they are equity method investments, which approximates fair value. As of December 31, 2025 and 2024, real estate investments of approximately \$0.9 million and \$2.8 million, respectively, are not included in these tables since they are accounted for at cost.

The table below shows investment gains that are classified as nonoperating on the consolidated statements of operations for the years ended December 31 (in thousands):

	2025	2024
Interest and dividend income	\$ 36,372	\$ 46,025
Realized net gains on sales of securities	35,096	8,994
Unrealized net gains on alternative investments	42,997	17,044
Unrealized net gains on investments other than alternative	27,216	19,276

4. Patient Service and Premium Revenue

A summary of the significant payment arrangements with major third-party payors follows:

Medicare and Medicaid

Inpatient acute care services related to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicare inpatient rehabilitation services are also paid at prospectively determined rates per discharge based on a patient classification system. Psychiatric services rendered to Medicare beneficiaries are reimbursed on a prospectively determined rate per day. Outpatient services to Medicare beneficiaries are paid on a prospectively determined amount per procedure. Medicare skilled nursing care is paid on a prospectively determined amount per diem based on a patient classification system. The Medicare program's share of indirect medical education costs is reimbursed based on a stipulated formula. The Medicare program's share of direct medical education costs is reimbursed based on a prospectively determined amount per resident.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Patient Service and Premium Revenue (continued)

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined per diem rates. Outpatient services rendered to Medicaid program beneficiaries are reimbursed either on a cost basis subject to certain limits or on a prospectively determined amount per procedure.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action, and, in the normal course of business, Ochsner is subject to contractual review and audits, including audits initiated by the Medicare Recovery Audit Contract program. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. Ochsner believes it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements.

Settlements with third-party payors for retroactive adjustments due to review and audits are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care in the period the related services are provided. Ochsner records retroactive Medicare and Medicaid settlements based upon estimates of amounts that are ultimately determined through annual cost reports filed with and audited by the fiscal intermediary, correspondence from the payor, and Ochsner's historical settlement activity, including an assessment to ensure it is probable that a significant revenue reversal in the amount of the cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known or as years are settled or are no longer subject to such reviews and audits. These adjustments arising from a change in estimated settlements increased patient service revenue by approximately \$16.4 million and \$5.7 million in 2025 and 2024, respectively.

Medicaid Supplemental Payment Program

Since December 2010, Ochsner's hospitals and seven other hospitals (Baton Rouge General – Bluebonnet, Baton Rouge General – Mid City, CHRISTUS Health Shreveport-Bossier, CHRISTUS St. Frances Cabrini Hospital, CHRISTUS Ochsner Lake Area Hospital, CHRISTUS Ochsner St. Patrick Hospital, and Rapides Regional Medical Center) participate in public private partnerships with the State and several units of local government in Louisiana (Jefferson Parish Human Services Authority, Terrebonne Parish Hospital Service District #1, Southern Regional Medical Corporation, Hospital Service District No. 3 of the Parish of Allen, Savoy Medical Center, Hospital Service District No. 1 of Iberia Parish, St. Tammany Parish Hospital Service District

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Patient Service and Premium Revenue (continued)

No. 1, St. Tammany Parish Hospital Service District No. 2, Hospital Service District No. 1 of St. Charles Parish, Hospital Service District of the Parish of St. Bernard, Lafourche Parish Hospital Service District No. 2, and Vermilion Parish Hospital Service District #2) to more fully fund the Medicaid program (the Program) to ensure services remain available to low-income and needy patients in the respective communities.

The governmental entities support the UCC program for hospital services to the Medicaid and uninsured populations, the Medicaid Upper Payment Limits (UPL) programs for physician services to the Medicaid fee-for-service population, the MFP program for providing directed payments to hospitals reflecting a percentage increase on their base Medicaid claims payments for hospital services to the Medicaid managed care population, and the Full Medicaid Payment (FMP) and directed payment programs for physician services to the Medicaid managed care population. Each State's UCC, UPL, and Medicaid managed care methodologies must be approved by the Centers for Medicare & Medicaid Services. Under the Programs, federal matching funds are not available for Medicaid payments that exceed a provider's individual entitlement.

Under the FMP and physician directed payment programs, Medicaid Managed Care Organizations (MCOs) are contracted to pay increased reimbursement for physician services that more closely aligns the reimbursement rates for the Medicaid managed care population with the equivalent total reimbursement rates for the Medicaid fee-for-service population.

In 2022, the State of Louisiana (the State) initiated the MFP program, which allows the State to enter into contractual directed payment arrangements with MCOs. The State directs the MCOs to pay uniform percentage increases on top of providers' inpatient and outpatient base claims payments. Within 12 months after the end of the State fiscal year, the State will perform a reconciliation calculation for each hospital, which will result in an additional payment or partial offset against the hospital's interim payments for the following State fiscal year. As a result, there is a possibility that recorded estimates will change by a material amount.

Ochsner Medical Center – Hancock and Ochsner Rush participate in the MHAP program, administered by the Mississippi Division of Medicaid through the MississippiCAN coordinated care organizations (CCOs). The CCOs subcontract with hospitals throughout the state for distribution of the MHAP for the purpose of protecting patient access to hospital care.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Patient Service and Premium Revenue (continued)

Ochsner Lafayette General collaborated with the State of Louisiana, assuming operational responsibility for Ochsner University Hospitals & Clinics in Lafayette, Louisiana. In order for Louisiana State University (LSU) to continue to effectively provide the LSU graduate medical education programs, LSU transferred certain Residency Caps to the hospitals. The Academic Affiliation Agreement allows the hospitals to receive direct graduate medical education payments and indirect medical education reimbursement (DGME and IME). The DGME and IME payment rules establish “caps” on the number of residency positions that are reimbursable but allow the caps (the Residency Caps) to be shared among and/or affiliated to other hospitals under certain circumstances. The hospitals also participate in the UCC and UPL payments for the unreimbursed costs of health care services to Medicaid and self-pay/uninsured patients in a given State fiscal year.

In 2025 and 2024, Ochsner recognized approximately \$924.6 million and \$679.5 million, respectively, in patient service revenue related to these Medicaid programs and recorded accounts receivable of approximately \$340.9 million and \$96.4 million as of December 31, 2025 and 2024, respectively. Such amounts are included in other receivables on the accompanying consolidated balance sheets. Ochsner recognized \$11.0 million and \$17.2 million as deferred revenue as of December 31, 2025 and 2024, respectively, which is included in deferred revenue on the accompanying consolidated balance sheets.

Humana Inc.

Ochsner entered into a provider contract with Humana Inc. to provide services for its commercial and senior members on a fee-for-service basis for physician services and at prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates for hospital services. Also, Ochsner provided services to approximately 35,000 and 39,000 senior members in 2025 and 2024, respectively, under a capitation contract for both physician and hospital services. Premium revenue from Humana Inc. under the capitation contract approximated \$403.4 million and \$467.7 million in 2025 and 2024, respectively, and is included in premium revenue on the accompanying consolidated statements of operations. Expenses for medical services to outside providers under the capitation contract approximated \$188.7 million and \$248.2 million in 2025 and 2024, respectively, and are included in medical services to outside providers on the accompanying consolidated statements of operations. See Note 15 for additional premium revenue and medical services to outside providers related to Ochsner Health Plan.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Patient Service and Premium Revenue (continued)

Managed Care

Ochsner has also entered into contractual arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Inpatient and outpatient services rendered to managed care subscribers are reimbursed at prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The table below shows the sources of patient service revenue for the years ended December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Commercial	\$ 2,422,212	\$ 2,214,776
Medicare	837,929	775,734
Medicaid	1,484,926	1,235,825
Managed Medicare	1,066,571	964,572
Guarantor/patients/other	37,918	54,545
Patient service revenue	<u>\$ 5,849,556</u>	<u>\$ 5,245,452</u>

5. Patient Accounts Receivable

At December 31, Ochsner's patient accounts receivable balances were due from the following sources (in thousands):

	<u>2025</u>	<u>2024</u>
Commercial	\$ 272,880	\$ 262,799
Medicare	44,634	41,916
Medicaid	60,209	54,804
Managed Medicare	93,394	78,826
Guarantor/patients/other	9,887	2,811
Total patient accounts receivable	<u>\$ 481,004</u>	<u>\$ 441,156</u>

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Liquidity and Availability

Financial assets available for general expenditure within one year of December 31 include the following (in thousands):

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,044,159	\$ 832,605
Patient accounts receivable	481,004	441,156
Other receivables	818,960	638,633
Assets limited to use by Board for capital improvements, charity, research, and other	1,680,439	1,507,310
Less alternative investments subject to redemption restrictions	(308,357)	(260,497)
	<u>\$ 3,716,205</u>	<u>\$ 3,159,207</u>

Ochsner has assets limited as to use held by trustees under self-insurance trust agreements and investments restricted by donors. These investments are not reflected in the amounts above.

As part of Ochsner's liquidity management plan, cash in excess of daily requirements for general expenditures is invested in long-term investments. Ochsner's long-term investment portfolio contains money market funds and other liquid investments that can be drawn upon, if necessary, to meet liquidity needs.

Ochsner also maintains credit lines totaling \$500.0 million as discussed in Note 9.

7. Property – Net

Ochsner's investment in property at December 31 is as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 226,995	\$ 221,426
Buildings and leasehold improvements	2,126,846	2,046,823
Equipment, furniture, and fixtures	2,244,288	2,155,871
Construction-in-progress	277,081	126,734
Total property – at cost	4,875,210	4,550,854
Less accumulated depreciation	2,705,689	2,540,227
Property – net	<u>\$ 2,169,521</u>	<u>\$ 2,010,627</u>

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Property – Net (continued)

Depreciation expense, including amortization of finance lease assets, totaled approximately \$253.1 million and \$249.4 million for the years ended December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, Ochsner has purchase commitments totaling approximately \$253.8 million and \$96.4 million, respectively, toward additional capital expenditures.

8. Goodwill and Intangible Assets

Amounts recorded as goodwill and other indefinite and definite-lived intangible assets as of December 31 are as follows (in thousands):

	2025	2024
Goodwill	\$ 120,115	\$ 120,115
Trade name – intangible assets	\$ 21,326	\$ 24,096
Other – intangible assets	4,432	4,432
	<u>\$ 25,758</u>	<u>\$ 28,528</u>

9. Notes Payable

Ochsner has loan agreements with banks that provide three credit lines with maximum borrowings of \$500.0 million. As of December 31, 2025, the lines of credit have maturity dates of November 5, 2026, May 28, 2026, and March 4, 2026. The lines are general obligations of Ochsner that are secured by all present and future accounts receivable of Ochsner and a mortgage of certain property. As of December 31, 2025 and 2024, Ochsner had borrowings outstanding under these arrangements of approximately \$374.0 million and \$274.0 million, respectively. The interest rate on outstanding borrowings is based on the Term Secured Overnight Financing Rate plus the applicable interest rate spread, which, consequently, fluctuates from month to month.

All amounts are classified as current at December 31, 2025 and 2024.

The line of credit that matured on March 4, 2026, was not renewed. This line of credit had maximum borrowings of \$100.0 million.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Bonds Payable

At December 31, bonds payable consisted of the following tax-exempt and taxable bonds (in thousands). The tax-exempt revenue bonds were issued by the Louisiana Public Facilities Authority (LPFA) and the Mississippi Hospital Equipment and Facility Authority (MHEFA) on behalf of Ochsner. The taxable bonds were issued by Ochsner.

	2025	2024
Series 2025 A & B tax-exempt bonds issued by the LPFA May 2025, due serially 2030 and 2055, annual interest rates ranging from 5.00% to 5.50%	\$ 514,435	\$ —
Series 2025 C tax-exempt bonds issued by the MHEFA May 2025, due serially in 2055, annual interest rates ranging from 5.00% to 5.50%	117,905	—
Series 2020 tax-exempt bonds issued by the LPFA October 2020, due in 2049, annual interest rates ranging from 3.00% to 5.00%*	279,645	385,005
Series 2020 private placement bonds, due in 2046, annual interest rates ranging from 3.46% to 4.32%	329,710	337,370
Series 2017 tax-exempt bonds issued by the LPFA May 2017, due 2042 and 2046, annual interest rates ranging from 4.00% to 5.00%	392,105	397,110
Series 2016 tax-exempt bonds issued by the LPFA May 2016, due in 2047, annual interest rates ranging from 3.00% to 5.00%*	120,365	151,345
Series 2015 tax-exempt bonds issued by the LPFA August 2015, due in 2047, annual interest rates ranging from 4.25% to 5.00%*	61,800	95,080
Series 2015 taxable bonds issued June 2015, due in 2045, annual interest rate at 5.90%	252,820	252,820
Total	2,068,785	1,618,730
Plus unamortized net bond premium	73,213	61,242
Less deferred financing costs	18,269	13,357
Less current portion	18,625	16,450
Noncurrent portion of bonds payable	\$ 2,105,104	\$ 1,650,165

* During 2025, \$30.9 million of the Series 2015 tax exempt bonds and \$29.7 million of the Series 2016 tax exempt bonds were refunded with the Series 2025A bonds. The 2020B bonds of \$105.4 million were fully refunded by the Series 2025B bonds.

All of the bonds included in the table above are general obligations of Ochsner. The security includes a pledge of all present and future accounts receivable of Ochsner and a mortgage of certain property.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Bonds Payable (continued)

Also, under the terms of the bond indenture, Ochsner is required to make certain deposits of principal and interest with a trustee. Such deposits are included with assets limited as to use in the consolidated financial statements. The bond indenture also places limits on the incurrence of additional borrowings by Ochsner and requires that it satisfy certain measures of financial performance as long as the bonds are outstanding. Ochsner was in compliance with these requirements at December 31, 2025 and 2024.

At December 31, 2025, scheduled repayments of principal and sinking fund installments to retire the bonds payable for the next five fiscal years are as follows (in thousands):

Year ending December 31:

2026	\$ 18,625
2027	19,095
2028	19,770
2029	26,825
2030	238,060

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Long-Term Debt

A summary of long-term debt at December 31 is as follows (in thousands):

	2025	2024
Working capital note, due April 2031 (subject to six additional five-year extensions), including accrued interest at rates varying from 2.31% to 3.02% during 2025 with a rate of 2.41% as of December 31, 2025	\$ 10,106	\$ 9,842
Note payable 4.61% Senior Secured Note, entered into March 2013, due March 2033	3,301	3,675
Note payable 5.26% Senior Secured Note, entered into December 2013, due December 2028	16,843	21,894
Note payable 5.09% Senior Secured Note, entered into July 2014, due August 2034	44,658	48,657
Promissory note entered into July 2022, due December 2025 with interest at 2.88%	—	130,000
Note payable entered into December 2022, due January 2043 with interest at 5.76%	165,292	168,685
Promissory note entered into March 2023, due April 2043 with interest at 6.00%	36,378	37,062
Clearview land purchase, entered into October 2020, due in installments through March 2045	36,477	37,373
Software, equipment, and other loans, due varying dates in 2030–2045	64,994	—
Total long-term debt	378,049	457,188
Less deferred financing costs	3,509	3,847
Less current portion	19,965	143,209
Noncurrent portion of long-term debt	\$ 354,575	\$ 310,132

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Long-Term Debt (continued)

At December 31, 2025, scheduled repayments of long-term debt for the next five fiscal years are as follows (in thousands):

2026	\$ 19,965
2027	21,636
2028	23,021
2029	18,263
2030	19,479

12. Employee Benefit Plans

Defined Benefit Pension Plan

Certain employees of Ochsner and its subsidiaries are covered under a defined benefit pension plan (the Defined Benefit Plan). The Defined Benefit Plan is noncontributory and provides benefits that are based on the participants' credited service and average compensation during the last five years of covered employment. As of December 31, 2006, benefit accruals ceased for all plan participants under age 40 and those over age 40 who elected to freeze their retirement plan benefits. Ochsner made an additional change to the Defined Benefit Plan, and as of December 31, 2009, benefit accruals ceased for all plan participants under age 55 with less than ten years of service (rounded to the nearest six months). Physician/executive participants were frozen as of December 31, 2009, regardless of age or service. Participants who were not frozen as of December 31, 2009, accrued benefits until the earlier of age 65 or December 31, 2015. No new participants are allowed to enter the Defined Benefit Plan. Ochsner makes contributions to its qualified plan that satisfy the minimum funding requirements under the Employee Retirement Income Security Act of 1974. These contributions are intended to provide not only for benefits attributed to services rendered to date but also those expected to be earned in the future.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Benefit Plans (continued)

The following table sets forth the changes in benefit obligations, changes in plan assets, and components of net periodic benefit cost (in thousands):

	December 31	
	2025	2024
Change in benefit obligation:		
Benefit obligation – beginning of year	\$ 458,395	\$ 485,660
Interest cost	24,546	23,678
Actuarial loss (gain)	11,833	(17,255)
Benefits paid	(35,039)	(33,688)
Benefit obligation – end of year	459,735	458,395
Change in plan assets:		
Fair value of plan assets – beginning of year	440,159	440,893
Actual return on plan assets – gain	49,687	25,820
Employer contributions	6,341	7,134
Benefits paid	(35,039)	(33,688)
Fair value of plan assets – end of year	461,148	440,159
Funded status – overfunded (underfunded)	\$ 1,413	\$ (18,236)

	December 31	
	2025	2024
	<i>(In Thousands)</i>	
Amounts recognized on the consolidated balance sheets consist of:		
Pension and postretirement obligations asset (liability)	\$ 1,413	\$ (18,236)
Amounts recognized in net assets without donor restrictions:		
Net actuarial loss	\$ 173,348	\$ 197,531
Total amounts recognized	\$ 173,348	\$ 197,531
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:		
Net gain	\$ (16,823)	\$ (18,531)
Amortization of net loss	(7,360)	(8,406)
Total amounts recognized	\$ (24,183)	\$ (26,937)

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Benefit Plans (continued)

Weighted average assumptions used to determine projected benefit obligations at December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Weighted average discount rate	5.29%	5.58%

Net periodic pension cost for the years ended December 31 includes the following components (in thousands):

	<u>2025</u>	<u>2024</u>
Interest cost	\$ 24,546	\$ 23,678
Expected return on plan assets	(21,031)	(24,545)
Amortization of net loss	7,360	8,406
Net periodic pension cost	<u>\$ 10,875</u>	<u>\$ 7,539</u>

Weighted average assumptions used to determine net periodic pension cost for the years ended December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Weighted average discount rate	5.58%	5.03%
Expected return on plan assets	4.95	5.75

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Benefit Plans (continued)

The fair values of the Defined Benefit Plan assets at December 31 are included in the tables below (in thousands).

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Observable Identical Assets and Liabilities (Level 1)^(a)			Total Estimated Fair Value
		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
2025				
Cash and cash equivalents	\$ 13,562	\$	\$	\$ 13,562
Fixed income securities	170,801	71,240		242,041
Total	<u>\$ 184,363</u>	<u>\$ 71,240</u>	<u>\$</u>	<u>\$ 255,603</u>
2024				
Cash and cash equivalents	\$ 8,292	\$ –	\$ –	\$ 8,292
Fixed income securities	181,677	66,814	–	248,491
Total	<u>\$ 189,969</u>	<u>\$ 66,814</u>	<u>\$ –</u>	<u>\$ 256,783</u>

^(a) Valuation of these securities classified as Level 1 is based on unadjusted quoted prices in active markets that are readily and regularly available.

Alternative investments of \$205.5 million and \$183.4 million at December 31, 2025 and 2024, respectively, have not been classified in the fair value hierarchy as they are reported at net asset value (NAV).

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Benefit Plans (continued)

The Defined Benefit Plan asset allocation as of the measurement dates (December 31, 2025 and 2024) and the target asset allocation, presented as a percentage of total plan assets, were as follows:

	2025	2025 Target Allocation	2024
Fixed income securities	57%	60%	58%
Equity securities	6	5	5
Private equity/venture capital	37	35	37

Asset allocations and investment performance are formally reviewed at regularly scheduled meetings several times during the year by the Investment Committee of Ochsner. Ochsner utilizes an investment consultant and multiple managers for different asset classes. The Investment Committee takes into account liquidity needs of the plan to pay benefits in the short term and the anticipated long-term obligations of the Defined Benefit Plan.

The primary financial objectives of the Defined Benefit Plan are to (1) provide a stream of relatively predictable, stable, and constant earnings in support of the Defined Benefit Plan's annual benefit obligations and (2) preserve and enhance the real (inflation-adjusted) value of the assets of the Defined Benefit Plan. The long-term investment objectives of the Defined Benefit Plan are to (1) achieve investment returns that together with contributions will provide funds adequate to pay promised benefits to present and future Defined Benefit Plan beneficiaries, (2) earn a long-term investment return in excess of the growth of the Defined Benefit Plan's retirement liabilities, (3) minimize pension expense and cumulative contributions resulting from liability measurement and asset performance, and (4) maintain a diversified portfolio to reduce the risk of large losses.

The asset allocation is structured around a liability-driven investment model, where the mix of assets is determined by the Defined Benefit Plan's liabilities and the main goal is to meet the liabilities that emerge with the assets that are gained. Risk management practices include various criteria for each asset class, including measurement against several benchmarks, achievement of a positive risk-adjusted return, and investment guidelines for each class of assets that enumerate types of investment allowed in each category.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Benefit Plans (continued)

The Ochsner Retirement Plan Statement of Investment Policies and Objectives provides for a range of minimum and maximum investments in each asset class to allow flexibility in achieving the expected long-term rate of return. Historical return patterns and correlations, consensus return forecast, and other relevant financial factors are analyzed to check for reasonableness and appropriateness of the asset allocation to ensure that the probability of meeting actuarial assumptions is reasonable. Ochsner Treasury staff oversees the day-to-day activities involving assets of the Defined Benefit Plan and the implementation of any changes adopted by the Investment Committee.

Ochsner currently expects to make a contribution to the Defined Benefit Plan of approximately \$6.8 million in 2026

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of December 31, 2025, are as follows (in thousands):

Year ending December 31:	
2026	\$ 37,401
2027	38,336
2028	38,856
2029	38,983
2030	39,213
2031–2035	<u>184,414</u>
	<u>\$ 377,203</u>

Defined Contribution Plans

All employees of Ochsner meeting eligibility requirements may participate in the Ochsner Clinic Foundation 401(k) Plan (the Plan). Ochsner may annually elect to make a retirement contribution on behalf of eligible employees in an amount up to 2% of the participant's annual eligible compensation. In addition, Ochsner may annually elect to make a match for eligible employees of 50% of the first 4% the employees contribute into the Plan. At December 31, 2025 and 2024, Ochsner has accrued approximately \$74.9 million and \$65.5 million, respectively, for matching and retirement contributions to the Plan for the 2025 and 2024 fiscal years, respectively.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employee Benefit Plans (continued)

Certain Ochsner employees are also covered under a 457(f) plan. The 457(f) plan was created to replace 100% of the benefit target for employees under age 65 as of December 31, 2009, whose benefits in the Defined Benefit Plan were frozen. The participant pays taxes at vesting and payout occurs at the later of age 65 or retirement. Participants of the 457(f) plan also participate in the 401(k) contributions. OCF's accompanying consolidated balance sheets reflect a liability of approximately \$12.8 million and \$13.0 million for the 457(f) plan at December 31, 2025 and 2024, respectively.

13. Endowment Funds and Net Assets With Donor Restrictions

Ochsner has 1,243 donor-restricted funds established for a variety of purposes. Endowment funds are classified and reported based on donor-imposed restrictions as net assets with donor restrictions. Net assets with donor restrictions include funds dedicated to Medical Education, Nursing Education, Pastoral Care, Biomedical Research, Cancer Research, Cardiology Research, Transplant Research, Alzheimer's Research, and other purposes.

ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which the State of Louisiana enacted on July 1, 2010.

UPMIFA requires that Ochsner preserve the historic dollar value of the donor-restricted endowed funds. As a result of this interpretation, Ochsner classifies as net assets with donor restrictions the aggregate fair market value of (1) an endowment fund at the time it became an endowment fund, (2) each subsequent donation to the fund at the time it is made, and (3) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the permanent endowment is available for appropriation for expenditure by Ochsner in a manner consistent with the standard for expenditure prescribed by UPMIFA. Net assets with donor restriction available for appropriations as of December 31, 2025 and 2024, total approximately \$12.6 million and \$12.0 million, respectively.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Endowment Funds and Net Assets With Donor Restrictions (continued)

Restricted Net Assets as of December 31, by Purpose			
	2025	2024	
	<i>(In Thousands)</i>		
Research	\$ 40,236	\$ 38,032	
Education	15,652	14,941	
Other	122,394	129,884	
Total	<u>\$ 178,282</u>	<u>\$ 182,857</u>	

Endowment Net Asset Composition by Type of Fund as of December 31, 2025			
	Without Donor Restriction	With Donor Restriction	Total
	<i>(In Thousands)</i>		
Donor-restricted funds	\$ –	\$ 57,821	\$ 57,821
Board-designated funds	1,848	–	1,848
Total	<u>\$ 1,848</u>	<u>\$ 57,821</u>	<u>\$ 59,669</u>

Endowment Net Asset Composition by Type of Fund as of December 31, 2024			
	Without Donor Restriction	With Donor Restriction	Total
	<i>(In Thousands)</i>		
Donor-restricted funds	\$ –	\$ 53,106	\$ 53,106
Board-designated funds	1,723	–	1,723
Total	<u>\$ 1,723</u>	<u>\$ 53,106</u>	<u>\$ 54,829</u>

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Endowment Funds and Net Assets With Donor Restrictions (continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2025			
	Without Donor Restriction	With Donor Restriction	Total
	<i>(In Thousands)</i>		
Beginning balance	\$ 1,723	\$ 53,106	\$ 54,829
Investment gain	152	5,958	6,110
Contributions	0	685	685
Appropriations for expenditures	(27)	(1,928)	(1,955)
Ending balance	<u>\$ 1,848</u>	<u>\$ 57,821</u>	<u>\$ 59,669</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2024			
	Without Donor Restriction	With Donor Restriction	Total
	<i>(In Thousands)</i>		
Beginning balance	\$ 1,762	\$ 52,430	\$ 54,192
Investment gain	72	3,160	3,232
Contributions	—	(51)	(51)
Appropriations for expenditures	(111)	(2,433)	(2,544)
Ending balance	<u>\$ 1,723</u>	<u>\$ 53,106</u>	<u>\$ 54,829</u>

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or current law requires Ochsner to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in restricted net assets. Such deficiencies were not material as of December 31, 2025 or 2024. Any such deficiencies resulted from unfavorable market fluctuations.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Endowment Funds and Net Assets With Donor Restrictions (continued)

Return Objectives and Risk Parameters

Ochsner has investment and spending practices for endowment assets that intend to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Ochsner must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The policy allows the endowment assets to be invested in a manner that is intended to produce results that exceed the price and yield results of the allocation index while assuming a moderate level of investment risk. Ochsner expects its endowment funds to provide a rate of return that preserves the gift and generates earnings to achieve the endowment purpose.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Ochsner relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and interest and dividend income. Ochsner uses a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints to preserve capital.

Spending Policy and How the Investment Objectives Relate to Spending Policy

It is Ochsner's objective to establish a payout rate from endowment accounts that provides a stable, predictable level of spending for the endowed purposes that will increase with the rate of inflation, and to continue to invest in accordance with policy goals of providing for a rate of growth in the endowment earnings that meets or exceeds the rate of inflation. The annual spending appropriation will be subject to a minimum rate of 4% and a maximum rate of 7% of each endowment fund's current market value. Net assets with donor restrictions include the spending appropriation and investment income of the endowments and are pending appropriation for expenditure consistent with the specific purpose of the fund.

14. Equity Method Investments, Joint Ventures, and Noncontrolling Interest

Ochsner has multiple investments in unconsolidated affiliates with ownership interests ranging from 20% to 50%. Ochsner's equity method investments totaled \$95.1 million and \$98.7 million at December 31, 2025 and 2024, respectively, and Ochsner recognized income from its equity method investments totaling approximately \$0.6 million and \$8.7 million for the years ended December 31, 2025 and 2024, respectively.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Equity Method Investments, Joint Ventures, and Noncontrolling Interest (continued)

In December 2020, Ochsner formed an unconsolidated joint venture, SafeSource Direct, LLC (SafeSource), with Source US, LLC to manufacture a wide array of personal protection equipment, including shoe covers, isolation gowns, hair covers, masks, and gloves. During 2025 and 2024, Ochsner extended loans to SafeSource of \$47.9 million and \$49.6 million, respectively. Ochsner concluded a total reserve of approximately \$183.8 million and \$135.9 million at December 31, 2025 and 2024, respectively, related to these loans was necessary based on its assessment of the likelihood of collectability. Including interest on the loans, Ochsner recognized \$62.4 million and \$59.0 million of bad debt expense for the years ended 2025 and 2024, respectively, which is included in other operating expense on the consolidated statement of operation.

See Note 19 for additional information related to this joint venture.

15. Ochsner Health Plan

Ochsner Health Plan enrolled approximately 5,900 and 4,200 members for plan years 2025 and 2024, respectively. In 2025 and 2024, attributable to Ochsner Health Plan, Inc., Ochsner recorded a premium deficiency reserve of approximately \$0 and \$8.5 million, respectively. The premium deficiency reserve is an accrual for future policy losses within other current liabilities on the accompanying consolidated balance sheets.

Ochsner recorded \$83.4 million and \$51.5 million in 2025 and 2024, respectively, related to premium revenue. Ochsner recorded \$57.1 million and \$29.9 million in 2025 and 2024, respectively, related to outside provider and pharmacy claim expenses. During the third quarter of 2025, Ochsner strategically decided to voluntarily terminate its Medical Advantage and Part D contracts as of January 1, 2026. As such, the Ochsner Health Plan revenue and expenses as well as its related impact to Ochsner's hospital and clinic operations are included in loss from discontinued operations on the accompanying consolidated statements of operations for the years ended December 31, 2025 and 2024.

16. Leases

Ochsner leases property and equipment under finance and operating leases. For leases with terms greater than 12 months, Ochsner records the related assets and obligations at the present value of lease payments over the term. Many of Ochsner's leases include rental escalation clauses and renewal options that are factored into the determination of lease payments, when appropriate. Ochsner elected the practical expedient to use the risk-free interest rate to discount the lease payments when leases do not provide a readily determinable implicit interest rate.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

16. Leases (continued)

The following table presents Ochsner's lease-related assets and liabilities (in thousands):

		December 31	
		2025	2024
Assets:			
Operating leases	Right-of-use assets from operating leases	\$ 513,049	\$ 505,410
Financing leases	Property – net	122,108	120,746
Total lease assets		<u>\$ 635,157</u>	<u>\$ 626,156</u>
Liabilities:			
Current:			
Operating leases	Operating lease current liabilities	\$ 77,413	\$ 76,495
Financing leases	Other current liabilities	8,428	8,784
Noncurrent:			
Operating leases	Operating lease long-term liabilities	443,542	435,154
Financing leases	Other long-term liabilities	130,014	123,320
Total lease liabilities		<u>\$ 659,397</u>	<u>\$ 643,753</u>
Weighted average operating leases remaining lease term		11 years	11 years
Weighted average finance leases remaining lease term		17 years	16 years
Weighted average operating lease discount rate		4.2%	3.8%
Weighted average finance lease discount rate		5.1%	5.8%

The table below summarizes the components of lease cost by lease type for the years ended December 31 (in thousands):

Lease Costs

	2025	2024
Operating lease cost	\$ 121,826	\$ 122,141
Amortization of finance lease assets	11,043	14,406
Interest on lease liabilities	8,281	7,867

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

16. Leases (continued)

Maturities of Lease Liabilities

The following schedule summarizes Ochsner's future annual minimum rental commitments on outstanding leases as of December 31, 2025 (in thousands):

	Lease Obligations	
	Finance	Operating
2026	\$ 14,170	\$ 96,281
2027	13,514	81,019
2028	13,596	69,601
2029	14,010	60,260
2030	13,829	52,468
Thereafter	143,776	308,295
Total minimum lease payments	212,895	667,924
Less amounts representing interest	(74,453)	(146,969)
Less current maturities	(8,428)	(77,413)
Lease obligations – noncurrent	<u>\$ 130,014</u>	<u>\$ 443,542</u>

Supplemental cash flow information related to leases is as follows:

Cash paid for amounts included in the measurement of operating lease liabilities was \$100.1 million and \$103.2 million in operating cash outflows for operating leases for the years ended December 31, 2025 and 2024, respectively.

Right-of-use assets obtained in exchange for lease obligations were \$84.9 million and \$32.6 million in operating leases for the years ended December 31, 2025 and 2024, respectively.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

16. Leases (continued)

Operating Leases – Lessor

Ochsner leases office space to other businesses. Lease terms generally range from one to ten years, with options of renewal for additional periods. All such property leases provide for minimum annual rentals, and all rental revenue has been recorded on a straight-line basis. Following is a schedule by year of future minimum rental payments under noncancelable operating leases as of December 31, 2025 (in thousands):

Year ending December 31:	
2026	\$ 24,866
2027	19,941
2028	14,243
2029	11,358
2030	10,720
Thereafter	75,432
Total minimum lease payments to be received	<u>\$ 156,560</u>

17. Functional Expenses

Ochsner provides general health care services primarily to residents within its geographic location.

	Functional Expenses as of December 31, 2025						
	Health Care Services	Medical Education	Research	Fitness Center	Hotel	General and Administrative	Total
	<i>(In Thousands)</i>						
Salaries, wages, and benefits	\$ 3,178,345	\$ 52,668	\$ 27,879	\$ 7,690	\$ 1,613	\$ 633,005	\$ 3,901,200
Medical services to outside providers	180,286	—	—	—	—	8,456	188,742
Medical supplies and services	2,235,321	14	958	—	1	—	2,236,294
Other operating expenses	601,320	15,966	3,148	7,008	2,405	955,289	1,585,136
Depreciation and amortization	112,325	621	629	1,381	439	140,386	255,781
Interest	3,815	—	—	—	166	105,494	109,475
	<u>\$ 6,311,412</u>	<u>\$ 69,269</u>	<u>\$ 32,614</u>	<u>\$ 16,079</u>	<u>\$ 4,624</u>	<u>\$ 1,842,630</u>	<u>\$ 8,276,628</u>

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Functional Expenses (continued)

Functional Expenses as of December 31, 2024							
	Health Care Services	Medical Education	Research	Fitness Center	Hotel	General and Administrative	Total
<i>(In Thousands)</i>							
Salaries, wages, and benefits	\$ 2,843,386	\$ 47,747	\$ 27,573	\$ 7,600	\$ 1,602	\$ 723,291	\$ 3,651,199
Medical services to outside providers	247,130	—	—	—	—	1,107	248,237
Medical supplies and services	1,892,397	7	468	4	—	—	1,892,876
Other operating expenses	510,246	14,277	4,432	6,929	2,027	826,345	1,364,256
Depreciation and amortization	105,864	603	640	1,316	381	143,355	252,159
Interest	3,591	—	—	—	164	98,396	102,151
	<u>\$ 5,602,614</u>	<u>\$ 62,634</u>	<u>\$ 33,113</u>	<u>\$ 15,849</u>	<u>\$ 4,174</u>	<u>\$ 1,792,494</u>	<u>\$ 7,510,878</u>

18. Supplemental Disclosures of Cash Flow Information

	Year Ended December 31	
	2025	2024
<i>(In Thousands)</i>		
Cash paid for interest (net of amounts capitalized)	<u>\$ 114,702</u>	<u>\$ 96,255</u>
Supplemental noncash investing and financing activities:		
Property purchases included in accounts payable	<u>\$ 8,691</u>	<u>\$ 10,477</u>
Property purchases financed by finance leases and long-term debt	<u>\$ 43,785</u>	<u>\$ 3,843</u>

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

19. Commitments and Contingencies

Professional and General Liability Insurance

Professional and general liability claims have been asserted against Ochsner by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. Incidents occurring through December 31, 2025, may result in the assertion of additional claims.

Ochsner participates in a risk management program to provide for professional and general liability coverage.

Under this program, Ochsner carries professional and general liability insurance coverage for up to \$100.0 million each of annual aggregate claims subject to certain retention and/or deductible provisions. Ochsner is self-insured with respect to the first \$3.0 million of each claim for professional liability matters. General liability claims are subject to a retention of \$3.0 million per claim. Ochsner also carries additional coverage on certain leased and managed hospitals that carry similar coverage with lower self-retention and aggregate levels.

Professional liability claims are limited by Louisiana statute to \$500,000 per patient plus any applicable future damages, the first \$100,000 of which is payable by the health care provider and the remainder of which is payable by the Patient's Compensation Fund (the Fund) for participants in the Fund. The Fund was established by the Medical Malpractice Act (the Act), which was enacted in 1975 by the State of Louisiana. The Act established the Fund and limited recovery in medical malpractice cases to \$500,000. The limitation on recovery has been challenged and, to date, successfully defended in the courts. Expenditures recorded by Ochsner for participation in the Fund for the years ended December 31, 2025 and 2024, were approximately \$29.8 million and \$25.9 million, respectively, and are included in other operating expenses on the accompanying consolidated statements of operations.

Ochsner has an established trust fund held by a financial institution. Disbursements are made from the trust fund for self-insured professional and general liability claims, claims administration costs, and legal fees. The amounts to be contributed to the trust funds are determined annually by an independent actuary. The trust fund assets for Ochsner in the aggregate totaled approximately \$5.3 million and \$2.7 million at December 31, 2025 and 2024, respectively. The trust fund assets are included in assets limited as to use under self-insurance trust fund on the accompanying consolidated balance sheets. The estimated liability recorded by Ochsner in the aggregate for

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

19. Commitments and Contingencies (continued)

claims, based on the actuarial report, is approximately \$14.6 million with no estimated reinsurance recoveries at December 31, 2025, and \$15.1 million with no estimated reinsurance recoveries at December 31, 2024. The estimated liability is included in other current liabilities and other long-term liabilities on the accompanying consolidated balance sheets. The estimated liability for Ochsner was discounted at approximately 3.5% at December 31, 2025 and 2024. If the risk management program is terminated, the trust fund balances, if any, revert to Ochsner after satisfaction of outstanding claims. Any proceeds from such a reversion would be used to reduce future costs for liability coverage.

Estimated Workers' Compensation and Employee Health Claims

Ochsner is self-insured for workers' compensation and employee health and dental claims. The estimated liability for workers' compensation claims totaled approximately \$25.8 million and \$26.2 million in 2025 and 2024, respectively. Of this total, \$9.2 million is recorded in other current liabilities at both December 31, 2025 and 2024, and \$16.6 million and \$17.0 million is recorded in other long-term liabilities at December 31, 2025 and 2024, respectively. The estimated liability for employee health and dental claims totaled \$13.0 million and \$12.4 million at December 31, 2025 and 2024, respectively, and is recorded in accrued salaries, wages, and benefits.

Property Insurance

Ochsner carries property insurance coverage through third-party insurers. The policy limits are \$750.0 million each occurrence subject to a \$20.0 million self-insured retention for All Perils and are subject to a deductible of \$250,000 per occurrence. The Named Wind sublimit is \$160.0 million per occurrence. The Named Wind deductible is 3% (combined for property damage and time element), subject to a minimum of \$250,000 and a maximum of \$53.0 million. The Flood sublimit is \$50.0 million aggregate for Special Flood Hazard Areas. The Flood deductible for Special Flood Hazard Areas is \$1.0 million per occurrence. Ochsner also carries coverage on certain hospitals with self-retention and aggregate levels.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

19. Commitments and Contingencies (continued)

Contingencies

The health care industry as a whole is subject to numerous complex laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Such compliance with laws and regulations in the health care industry has come under increased government scrutiny. Ochsner and its subsidiaries are parties to various legal proceedings and potential claims arising in the ordinary course of their business. Management of Ochsner believes the reserves it has established for these issues are adequate and does not believe, based on current facts and circumstances and after review with counsel, that these matters will have a material adverse effect on its consolidated statements of financial position or results of operations.

Commitments

Ochsner has an unconditional minimum obligation to purchase medical supplies from the joint venture SafeSource over the 20-year agreement term, beginning in May 2023. The following schedule summarizes Ochsner's future annual minimum purchase commitment for the next five fiscal years (in thousands):

Year ending December 31:	
2026	\$ 10,283
2027	10,500
2028	10,692
2029	10,900
2030	11,109

Ochsner's total obligation over the 20-year term is \$236.8 million, with \$60.3 million accrued as of December 31, 2025. Of this amount, \$10.3 million and \$50.0 million are included within other current and other long-term liabilities, respectively. A \$50.0 million expense accrual was included in other operating expenses on the consolidated statement of operations for the year ended December 31, 2025. As of December 31, 2024, Ochsner had accrued \$20.4 million, with \$10.1 million and \$10.3 million included within other current and other long-term liabilities, respectively.

Ochsner Clinic Foundation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

19. Commitments and Contingencies (continued)

As a component of SafeSource, Ochsner has entered into a guarantee agreement in order to ensure the residual value of SafeSource's property upon lease expiration. The term of the guarantee is one ten-year term with two optional ten-year renewal terms. As of December 31, 2025 and 2024, Ochsner has a guarantee liability of \$8.8 million, which is a component of other long-term liabilities.

20. Subsequent Events

Ochsner has evaluated subsequent events through April 22, 2026, the date the accompanying consolidated financial statements were issued.

Reports Required by the Uniform Guidance



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Report of Independent Auditors 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*

Management and the Board of Directors
Ochsner Clinic Foundation and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Ochsner Clinic Foundation and Subsidiaries (Ochsner), which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated April 22, 2026.

Report on Internal Control Over Financial Reporting

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

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

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



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ochsner's 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Ernst + Young LLP

April 22, 2026



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Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Management and the Board of Directors
Ochsner Clinic Foundation and Subsidiaries

Report of Independent Auditors on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Ochsner Clinic Foundation and Subsidiaries' (Ochsner) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Ochsner's major federal program for the year ended December 31, 2025. Ochsner's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ochsner complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

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

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



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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Ochsner'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 Ochsner'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 GAAS, *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 Ochsner's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Ochsner'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 Ochsner'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 Ochsner's internal control over compliance. Accordingly, no such opinion is expressed.



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

Report on Internal Control Over Compliance

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

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

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

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

Ernst & Young LLP

June 23, 2026

Supplementary Information

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
U.S. Department of Defense						
Pass-Through From:						
<i>University of Pittsburgh</i>						
Military Medical Research and Development	12.420	W81XWH-17-2-0073	\$ 1,132	\$ –	\$ 1,132	\$ –
Total U.S. Department of Defense			1,132	–	1,132	–
U.S. Department of Labor						
Pass-Through From:						
<i>NextOp, Inc.</i>						
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280	MI-38993-22-60-A-22	–	151,477	151,477	–
Total U.S. Department of Labor			–	151,477	151,477	–
U.S. Department of the Treasury						
Pass-Through From:						
<i>State of Alabama</i>						
COVID-19 – Coronavirus Relief Fund	21.019	Unknown	–	46,539	46,539	–
Total U.S. Department of the Treasury			–	46,539	46,539	–
U.S. Department of Health and Human Services						
Pass-Through From:						
<i>Mount Sinai Medical Center of Florida, Inc.</i>						
Research and Training in Complementary and Integrative Health	93.213	5UH3AT009149-06	500	–	500	–
Pass-Through From:						
<i>Heluna Health</i>						
Mental Health Research Grants	93.242	5R01MH128049-04	219,833	–	219,833	–
<i>Heluna Health</i>						
Mental Health Research Grants	93.242	5R01MH128049-05	146,716	–	146,716	–
Total 93.242			366,549	–	366,549	–

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass-Through From:						
<i>Palo Alto Veterans Institute for Research</i>						
Minority Health and Health Disparities Research	93.307	5R01MD017063-04	\$ 32,934	\$ —	\$ 32,934	\$ —
<i>The Board of Supervisors of LSU and A&M College represented by</i>						
<i>Pennington Biomedical Research Center</i>						
Minority Health and Health Disparities Research	93.307	1P50MD017338	345,726	—	345,726	—
Total 93.307			378,660	—	378,660	—
Pass-Through From:						
<i>The Board of Supervisors of LSU and A&M College represented by</i>						
<i>Pennington Biomedical Research Center</i>						
Trans-NIH Research Support	93.310	5UG1OD024959-07	42,749	—	42,749	—
Pass-Through From:						
<i>Beckman Research Institute of the City of Hope</i>						
Cancer Detection and Diagnosis Research	93.394	U01CA214254-07	12,100	—	12,100	—
<i>The University of Texas MD Anderson Cancer Center</i>						
Cancer Detection and Diagnosis Research	93.394	5U01CA200468-08	71,461	—	71,461	—
Total 93.394			83,561	—	83,561	—
Pass-Through From:						
<i>The University of Texas MD Anderson Cancer Center</i>						
Cancer Treatment Research	93.395	5UM1CA186688-08	14,766	—	14,766	—
<i>University of Georgia Research Foundation, Inc.</i>						
Cancer Treatment Research	93.395	7R01CA271533-02	48,586	—	48,586	—
<i>University of Georgia Research Foundation, Inc.</i>						
Cancer Treatment Research	93.395	7R01CA271533-03	11,586	—	11,586	—
Total 93.395			74,938	—	74,938	—

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass-Through From:						
<i>The Administrators of the Tulane Educational Fund d/b/a Tulane University</i>						
Cancer Biology Research	93.396	5R01CA261258-03	\$ 5,075	\$ —	\$ 5,075	\$ —
Pass-Through From:						
<i>Fred Hutchinson Cancer Center</i>						
Cancer Centers Support Grants	93.397	1P50CA285275-01A1	128,900	—	128,900	—
<i>Fred Hutchinson Cancer Center</i>						
Cancer Centers Support Grants	93.397	1P50CA285275-02	56,095	—	56,095	—
Total 93.397			184,995	—	184,995	—
Pass-Through From:						
<i>Alliance NCTN Foundation</i>						
Cancer Control	93.399	5UG1CA189823-11	52,027	—	52,027	—
<i>The Board of Supervisors of Louisiana State University on behalf of its LSU Health Sciences Center</i>						
Cancer Control	93.399	5UG1CA189854-11	271,633	—	271,633	—
<i>The Board of Supervisors of Louisiana State University on behalf of its LSU Health Sciences Center</i>						
Cancer Control	93.399	5UG1CA189854-11SI	177,836	—	177,836	—
Total 93.399			501,496	—	501,496	—
Pass-Through From:						
<i>The Task Force for Global Health, Inc.</i>						
COVID-19 – Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation’s Health	93.421	6 NU38PW000002-02-01	—	24,300	24,300	—

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Public Health Training Centers Program	93.516		\$ —	\$ 100,805	\$ 100,805	\$ —
Pass-Through From:						
<i>Ann and Robert H. Lurie Children's Hospital of Chicago</i>						
Cardiovascular Diseases Research	93.837	5R01HL164773-03	150	—	150	—
<i>Children's Hospital Medical Center</i>						
Cardiovascular Diseases Research	93.837	5R33HL166441-03	43,940	—	43,940	—
<i>Cleveland Clinic Lerner College of Medicine of Case Western Reserve University</i>						
Cardiovascular Diseases Research	93.837	5UM1HL088955-17	147,063	—	147,063	—
<i>Icahn School of Medicine at Mount Sinai</i>						
Cardiovascular Diseases Research	93.837	5U01HL088942-18	77,932	—	77,932	—
<i>The Board of Trustees of the University of Alabama for the University of Alabama at Birmingham</i>						
Cardiovascular Diseases Research	93.837	5R01HL120338-11	35,269	—	35,269	—
Total 93.837			304,354	—	304,354	—
Pass-Through From:						
<i>Joan & Sanford I. Weill Medical College of Cornell University on behalf of the Prime Recipient NYU Grossman School of Medicine</i>						
Lung Diseases Research	93.838	OT2HL161847-01	21,188	—	21,188	—
<i>Duke University</i>						
Lung Diseases Research	93.838	4R33HL147833-05	7,500	—	7,500	—
Total 93.838			28,688	—	28,688	—
Pass-Through From:						
<i>Children's Hospital Medical Center</i>						
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders	93.840	5R01HL164615-03	14,192	—	14,192	—

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass-Through From: <i>University of Pittsburgh</i> Arthritis, Musculoskeletal and Skin Diseases Research	93.846	5U01AR076144-05	\$ 800	\$ —	\$ 800	\$ —
Pass-Through From: <i>The University of Iowa</i> Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	3U01DK108334-10S1	3,000	—	3,000	—
<i>The University of Texas MD Anderson Cancer Center</i> Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	5U01DK126365-05	6,673	—	6,673	—
<i>University of Alabama at Birmingham</i> Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	5U01DK115997-07	7,664	—	7,664	—
Total 93.847			17,337	—	17,337	—
Pass-Through From: <i>Mayo Clinic Jacksonville</i> Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	5U01NS080168-11	1,685	—	1,685	—
<i>Mayo Clinic Jacksonville</i> Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	5U01NS119169-04	5,950	—	5,950	—
<i>National Coordinating Center ("NCC") University of Cincinnati on behalf of the Prime Recipient The Regents of the University of Michigan</i> Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	5U01NS099043-02	1,250	—	1,250	—

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
<i>National Coordinating Center ("NCC") University of Cincinnati on behalf of the Prime Recipient Yale University</i>						
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	5U01NS106513-03	\$ 14,855	\$ —	\$ 14,855	\$ —
<i>University of Cincinnati on behalf of its NIH StrokeNet National Coordinating Center</i>						
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	1U01NS117450-04	40,800	—	40,800	—
Total 93.853			64,540	—	64,540	—
Pass-Through From:						
<i>Duke University</i>						
Allergy and Infectious Diseases Research	93.855	5UM1AI104681-13	21,150	—	21,150	—
<i>Johns Hopkins University</i>						
Allergy and Infectious Diseases Research	93.855	5U01AI138897-05 Revised	200	—	200	—
<i>Johns Hopkins University</i>						
Allergy and Infectious Diseases Research	93.855	5U01AI177211-03	75	—	75	—
Total 93.855			21,425	—	21,425	—
Pass-Through From:						
<i>The Board of Supervisors of LSU and A&M College represented by Pennington Biomedical Research Center</i>						
Biomedical Research and Research Training	93.859	5U54GM104940-09	11,160	—	11,160	—
<i>The Board of Supervisors of LSU and A&M College represented by Pennington Biomedical Research Center</i>						
Biomedical Research and Research Training	93.859	5U54GM104940-10	12,667	—	12,667	—
Total 93.859			23,827	—	23,827	—

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass-Through From:						
<i>The Administrators of the Tulane Educational Fund d/b/a Tulane University</i> Child Health and Human Development Extramural Research	93.865	5U54HD113159-02	\$ 274,910	\$ —	\$ 274,910	\$ 15,669
<i>The Administrators of the Tulane Educational Fund d/b/a Tulane University</i> Child Health and Human Development Extramural Research	93.865	5U54HD113159-03	34,900	—	34,900	—
<i>The Board of Trustees of the University of Alabama for the University of Alabama at Birmingham on behalf of the Prime Recipient George Washington University</i> Child Health and Human Development Extramural Research	93.865	5U10HD036801	5,275	—	5,275	—
<i>The Board of Trustees of the University of Alabama for the University of Alabama at Birmingham</i> Child Health and Human Development Extramural Research	93.865	5R01HD102962-04	1,764	—	1,764	—
<i>The Board of Trustees of the University of Alabama for the University of Alabama at Birmingham</i> Child Health and Human Development Extramural Research	93.865	5R01HD112994-03	11,718	—	11,718	—
Total 93.865			328,567	—	328,567	15,669
Pass-Through From:						
<i>Duke University</i> Aging Research	93.866	5U19AG065188-05	28,320	—	28,320	—
<i>New York University, on behalf of its Grossman School of Medicine</i> Aging Research	93.866	1U19AG078105-02	111,773	—	111,773	—
<i>New York University, on behalf of its Grossman School of Medicine</i> Aging Research	93.866	1U19AG078105-03	79,213	—	79,213	2,250
<i>The Regents of the University of California, San Francisco</i> Aging Research	93.866	5R01AG074710-03	65,484	—	65,484	—
<i>Wake Forest University Health Sciences</i> Aging Research	93.866	5R01AG078153-04	209,483	—	209,483	—
Total 93.866			494,273	—	494,273	2,250

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass-Through From: <i>LSUHSC School of Public Health, New Orleans</i> Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	PH-24-111-006-A4	\$ —	\$ 155,231	\$ 155,231	\$ —
Pass-Through From: <i>Kaplan General Hospital, Inc.</i> Rural Healthcare Services Programs	93.912	1 GA1RH42904-01-00	—	116,978	116,978	—
Pass-Through From: <i>The Administrators of the Tulane Educational Fund d/b/a Tulane University</i> Assistance Programs for Chronic Disease Prevention and Control	93.945	5 U18DP006523-05-00	23,370	—	23,370	—
Pass-Through From: <i>The Board of Supervisors of Louisiana State University and A&M College</i> PPHF Geriatric Education Centers	93.969	1 U1QHP53040-02-00	—	171,706	171,706	—
Pass-Through From: <i>Makerere University College of Health Sciences</i> International Research and Research Training	93.989	5D43TW012255-04	11,062	—	11,062	—
Total U.S. Department of Health and Human Services			2,970,958	569,020	3,539,978	17,919

Ochsner Clinic Foundation and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
U.S. Department of Homeland Security						
Pass-Through From:						
<i>Alabama Law Enforcement Agency</i>						
Non-Profit Security Program	97.008	2024-NPS-30	\$ —	\$ 132,064	\$ 132,064	\$ —
Pass-Through From:						
<i>State of Louisiana Governor's Office of Homeland Security and</i>						
<i>Emergency Preparedness</i>						
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	—	2,691,707	2,691,707	—
Pass-Through From:						
<i>Alabama Emergency Management Agency</i>						
COVID-19 – Disaster Grants – Public Assistance (Presidentially						
Declared Disasters)	97.036	Unknown	—	31,831	31,831	—
Total 97.036			—	2,723,538	2,723,538	—
Total U.S. Department of Homeland Security			—	2,855,602	2,855,602	—
Total Expenditures of Federal Awards			\$ 2,972,090	\$ 3,622,638	\$ 6,594,728	\$ 17,919

See accompanying notes to schedule of expenditures of federal awards.

Ochsner Clinic Foundation and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Ochsner Clinic Foundation and Subsidiaries and is presented on the accrual basis of accounting. The information in the SEFA 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). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the consolidated financial statements of Ochsner Clinic Foundation and Subsidiaries. For purposes of the SEFA, federal awards include any assistance provided by a federal agency, directly, or indirectly, in the form of grants, contracts, cooperative agreements, loan and loan guarantees, or other non-cash assistance. The SEFA does not include payments received under the traditional Medicare and Medicaid reimbursement programs, as these programs are outside the scope of the Uniform Guidance. There were no donated goods and personal protective equipment received from federal sources that required recognition or disclosure in the notes to the SEFA.

2. Indirect Costs

Ochsner Clinic Foundation and Subsidiaries does not use the 15 percent de minimis indirect cost rate provided for in the Uniform Guidance.

3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)

In fiscal year 2025, Ochsner Clinic Foundation and Subsidiaries received approval from the Federal Emergency Management Agency for 4 projects related to the reimbursement of eligible expenditures of \$2,723,538 incurred in previous fiscal years. These previous years' expenditures are included in the SEFA in the current year in accordance with guidance provided by the U.S. Department of Homeland Security.

Schedule Required by the Uniform Guidance

Ochsner Clinic Foundation and Subsidiaries

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

____ Yes

 X No

Significant deficiency(ies) identified?

____ Yes

 X None reported

Noncompliance material to financial statements noted?

____ Yes

 X No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?

____ Yes

 X No

Significant deficiency(ies) identified?

____ Yes

 X None reported

Type of auditor’s report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

____ Yes

 X No

Ochsner Clinic Foundation and Subsidiaries

Schedule of Findings and Questioned Costs (continued)

For the Year Ended December 31, 2025

Section I – Summary of Auditor’s Results (continued)

Identification of major federal program:

Assistance Listing Numbers	Name of Federal Program or Cluster
12.420, 93.213, 93.242, 93.307, 93.310, 93.394, 93.395, 93.396, 93.397, 93.399, 93.837, 93.838, 93.840, 93.846, 93.847, 93.853, 93.855, 93.859, 93.865, 93.866, 93.945, 93.989	Research and Development Cluster

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 1,000,000

Auditee qualified as low-risk auditee?

 X **Yes**

 No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.



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Report of Independent Accountants on Applying Agreed-Upon Procedures

Management of Ochsner Clinic Foundation:

We have performed the procedures enumerated in Attachment A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025 ("Subject Matter"). Ochsner Clinic Foundation's management is responsible for the Subject Matter.

Ochsner Clinic Foundation (the "Engaging Party", or "Ochsner") and the LLA ("together, Specified Parties") have agreed to and acknowledged that the procedures performed are appropriate for the intended purpose of performing specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period of January 1, 2025 through December 31, 2025. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. We did not perform any other procedures other than those reported herein. The procedures performed may not address all of the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the appropriateness of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are included in Attachment A.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA"). An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Ochsner Clinic Foundation and to meet our other ethical responsibilities, as applicable for agreed-upon procedures engagements set forth in the Preface: Applicable to All Members and Part 1 – Members in Public Practice of the Code of Professional Conduct established by the AICPA.



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Furthermore, we undertake no responsibility to update this report for events and circumstances occurring after the date of the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025.

This report is intended solely for the information and use of the management of Ochsner Clinic Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

June 23, 2026

Attachment A

Agreed Upon Procedures	Results
Written Policies and Procedures	
A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹ i. Budgeting, including preparing, adopting, monitoring, and amending the budget. ii. Purchasing, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes. iii. Disbursements, including processing, reviewing, and approving. iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). v. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules. vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.	A. Completed. i. No exceptions noted. ii. No exceptions noted. iii. No exceptions noted. iv. No exceptions noted. v. No exceptions noted. vi. No exceptions noted.

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

Agreed Upon Procedures	Results
vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. viii. Credit Cards (and debit cards, fuel cards, purchase cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). ix. Ethics², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. xi. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. xii. Prevention of Sexual Harassment³, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.	vii. No exceptions noted. viii. No exceptions noted. ix. Testing was deemed not applicable as Ochsner is a nonprofit entity and is not subject to R.S. 42:1111-1121 x. No exceptions noted. xi. No exceptions noted. xii. Testing was deemed not applicable as Ochsner is a nonprofit entity and is not subject to R.S. 42:342-344

² The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

Agreed Upon Procedures	Results
2. Board or Finance Committee⁴	
A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds⁵, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. <i>Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁶ if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i> iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.	A. Completed. i. No exceptions noted. ii. No exceptions noted. iii. No exceptions noted.

⁴ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

⁵ Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁶ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

Agreed Upon Procedures	Results
iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved. ⁷	iv. No exceptions noted.
3. Bank Reconciliations	
A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁸ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that: i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date of the reconciliation was prepared (e.g., initialed and dated, or electronically logged); and iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.	A. Completed. i. No exceptions noted. ii. No exceptions noted. iii. No exceptions noted.
4. Collections (excluding electronic funds transfers)⁹	
A. Obtain a listing of deposit sites ¹⁰ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).	A. Completed. No exceptions noted.

⁷ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

⁸ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

⁹ The Collections category is not required to be performed if the entity has a third party contractor performing all collection functions (e. g., receiving collections, preparing deposits, and making deposits).

¹⁰ A deposit site is a physical location where a deposit is prepared and reconciled.

Agreed Upon Procedures	Results
B. For each deposit site selected, obtain a listing of collection locations¹¹ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that i. Employees responsible for cash collections do not share cash drawers/registers; ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit; iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation. C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.	B. Completed. i. No exceptions noted. ii. No exceptions noted. iii. No exceptions noted. iv. No exceptions noted. C. Completed. No exceptions noted.

¹¹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

Agreed Upon Procedures	Results
D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). <i>Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.</i> Obtain supporting documentation for each of the 10 deposits and: i. Observe that receipts are sequentially pre-numbered.¹² ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. iii. Trace the deposit slip total to the actual deposit per the bank statement. iv. Observe that the deposit was made within one business day of receipt¹³ at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer). v. Trace the actual deposit per the bank statement to the general ledger.	D. Completed. i. No exceptions noted. ii. No exceptions noted. iii. No exceptions noted. iv. No exceptions noted. v. No exceptions noted.
5. Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)	
A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).	A. Completed. No exceptions noted.

¹² The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

¹³ As required by Louisiana Revised Statute 39:1212.

Agreed Upon Procedures	Results
B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase; ii. At least two employees are involved in processing and approving payments to vendors; iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files; iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT)¹⁴, wire transfer, or some other electronic means. [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.] C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and	B. Completed i. No exceptions noted. ii. No exceptions noted. iii. No exceptions noted. iv. No exceptions noted. v. No exceptions noted. C. Completed i. No exceptions noted.

¹⁴ Electronic disbursements do not include transfers from one bank account to another within the agency (i.e. operating account to payroll account).

Agreed Upon Procedures	Results
ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable. D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.	ii. No exceptions noted. D. Completed. No exceptions noted.
6. Credit Cards/Debit Cards/Fuel Cards/Purchase Cards	
A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹⁵. Obtain management's representation that the listing is complete. B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and	A. Completed. No exceptions noted. B. Completed i. No exceptions noted.

¹⁵ Including cards used by school staff for either school operations or school activity fund operations.

Agreed Upon Procedures	Results
ii. Observe that finance charges and late fees were not assessed on the selected statements. C. Using the monthly statements or combined statements selected under procedure #6B above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)¹⁶. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees’ authorization has been removed.	ii. No exceptions noted. C. Completed. No exceptions noted. D. Completed. No exceptions noted.

¹⁶ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #6B were fuel cards, procedure #6C would not be applicable.

Agreed Upon Procedures	Results
7. Travel and Travel-Related Expense Reimbursements¹⁷ (excluding card transactions)	
A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);	A. Completed. i. No exceptions noted.
ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;	ii. No exceptions noted.
iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and	iii. No exceptions noted.
iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.	iv. No exceptions noted.

¹⁷ Non-travel reimbursements are not required to be tested under this category.

Agreed Upon Procedures	Results
8. Contracts	
A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. <i>Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.</i> Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, <u>excluding the practitioner's contract</u>, and i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁸ (e.g., solicited quotes or bids, advertised), if required by law; ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter); iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.	A. Completed. i. No exceptions noted. ii. No exceptions noted. iii. No exceptions noted. iv. No exceptions noted.
9. Payroll and Personnel	
A. Obtain a listing of employees and officials¹⁹ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.	A. Completed. No exceptions noted.

¹⁸ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" (R.S. 38:2211 *et seq*) with "Louisiana Procurement Code."

¹⁹ "Officials" would include those elected, as well as board members who are appointed.

Agreed Upon Procedures	Results
B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and i. Observe that all selected employees or officials²⁰ documented their daily attendance and leave (e.g., vacation, sick, compensatory); ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials; iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file. C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy. D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.	B. Completed. i. No exceptions noted. ii. No exceptions noted. iii. No exceptions noted. iv. . No exceptions noted. C. Completed. No exceptions noted. D. Completed. No exceptions noted.

²⁰ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

Agreed Upon Procedures	Results
10. Ethics²¹	
A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.	A – B. Testing was deemed not applicable as Ochsner is a nonprofit entity and is not subject to R.S. 42:1170. Additionally, we reviewed funding terms and conditions and noted Ochsner Clinic Foundation was not subject to the law as part of its agreement to receive the public funds.
11. Debt Service²²	
A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution. B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).	A. Completed. No exceptions noted. B. Completed. No exceptions noted.

²¹ The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

²² This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

Agreed Upon Procedures	Results
12. Fraud Notice²³	
A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523. B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.	A. Completed. No exceptions noted. B. Completed. No exceptions noted.
13. Information Technology Disaster Recovery/Business Continuity	
Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management.": A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted. B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.	A. We performed the procedure and discussed the results with Management. B. We performed the procedure and discussed the results with Management. C. We performed the procedure and discussed the results with Management.

²³ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the. The notice is available for download at www.la.gov/hotline

Agreed Upon Procedures	Results
D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network. E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267²⁴. The requirements are as follows: • Hired before June 9, 2020 – completed the training; and • Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.	D. We performed the procedure and discussed the results with Management. E. We performed the procedure and discussed the results with Management.
14. Prevention of Sexual Harassment^{25 26}	
A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343. B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).	A – C. Testing was deemed not applicable as Ochsner is a nonprofit entity and is not subject to R.S. 42:343.

²⁴ While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

²⁵ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

²⁶ While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

Agreed Upon Procedures	Results
C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344: i. Number and percentage of public servants in the agency who have completed the training requirements; ii. Number of sexual harassment complaints received by the agency; iii. Number of complaints which resulted in a finding that sexual harassment occurred; iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and v. Amount of time it took to resolve each complaint.	

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