MARY BIRD PERKINS CANCER CENTER
Baton Rouge, Louisiana

Consolidated Financial Statements
For the Years Ended
June 30, 2024 and 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Finance Committee
Mary Bird Perkins Cancer Center
Baton Rouge, Louisiana

Opinion

We have audited the consolidated financial statements of Mary Bird Perkins Cancer Center and its subsidiaries (the "Center"), which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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.

Other Matters

The financial statements of the Center, as of and for the year ended June 30, 2023, before the restatement described in Note 2 to the financial statements, were audited by other auditors, whose report dated April 29, 2024, expressed an unmodified opinion on those financial statements. As part of our audit of the June 30, 2024 financial statements, we also audited the adjustments described in Note 2 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2023 financial statements of the Center other than with respect to the adjustments and, accordingly, we do not express an opinion or any form of assurance on the 2023 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS 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, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended June 30, 2024, as a whole. The supplementary information 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 as of and for the year ended June 30, 2024, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the year ended June 30, 2024, is fairly stated in all material respects in relation to the financial statements as a whole.

Horne LLP

Ridgeland, Mississippi
June 12, 2025

MARY BIRD PERKINS CANCER CENTER
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023 (As Restated)
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,936,296	$ 14,101,112
Investments	11,941,542	14,022,076
Net patient accounts receivable	30,206,997	21,695,317
Current portion unconditional promises to give	385,359	2,033,447
Drug rebate receivables	7,720,346	9,197,987
Due from other third parties	3,018,501	4,955,425
Inventory	4,531,317	4,507,224
Current portion note receivable	2,160,000	2,234,074
Prepaid expenses and other assets	3,799,572	4,349,742
Total current assets	73,699,930	77,096,404
Investment in Gamma Knife of Louisiana, LLC	-	298,517
Assets limited as to use		
Investments	33,269,670	28,770,496
Beneficial interest in split-interest agreements	1,763,853	1,683,789
Property and equipment, net	53,654,714	55,432,749
Right-of-use assets - operating leases	9,308,889	8,583,595
Note receivable, net	6,480,000	8,640,000
Unconditional promises to give, net	4,345,931	2,339,684
Other assets	5,791,867	5,772,721
Total assets	$ 188,314,854	$ 188,617,955
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of operating lease obligations	$ 1,397,284	$ 1,133,382
Current maturities of long-term debt	1,249,368	1,226,531
Accounts payable	37,501,581	32,119,968
Accrued expenses	9,211,408	7,578,651
Due to OneOncology	1,764,415	5,757,735
Deferred revenue	4,340,887	4,340,887
Total current liabilities	55,464,943	52,157,154
Operating lease obligation, net of current maturities	8,085,482	7,694,031
Long-term debt, net of current maturities	17,853,034	19,117,778
Deferred revenues, net of current maturities	7,615,131	10,852,218
Total liabilities	89,018,590	89,821,181
Net assets		
Controlling interest:		
Net assets without donor restrictions		
Undesignated	59,478,041	62,499,857
Designated for endowment purposes	8,997,071	8,196,225
Net assets with donor restrictions	22,575,177	19,598,787
Total controlling interest	91,050,289	90,294,869
Noncontrolling interest	8,245,975	8,501,905
Total net assets	99,296,264	98,796,774
Total liabilities and net assets	$ 188,314,854	$ 188,617,955

See accompanying notes.

MARY BIRD PERKINS CANCER CENTER
Consolidated Statements of Activities
Years Ended June 30, 2024 and 2023

	2024	2023 (As Restated)
Revenues without donor restrictions		
Net patient service revenue	$ 196,047,991	$ 143,344,539
Medical management services	565,037	570,038
Shared services	19,644,263	16,533,080
Other operating revenues	5,832,036	5,870,081
Total unrestricted revenues, gains and other support	222,089,327	166,317,738
Expenses		
Salaries and wages	38,989,395	31,503,891
Employee benefits	52,685	362,297
Purchased services and professional fees	40,609,757	34,058,005
Supplies and other	140,349,223	96,621,607
Repairs and maintenance	1,532,549	1,426,185
Bad debt expense	236,500	34,989
Depreciation and amortization	5,091,814	4,564,692
Interest	614,049	519,534
Total expenses	227,475,972	169,091,200
Operating loss	(5,386,645)	(2,773,462)
Nonoperating revenue		
Investment income, net	3,217,733	14,287,740
Total nonoperating revenue	3,217,733	14,287,740
Mission and program activities		
Contributions and grants without donor restrictions	3,578,144	1,739,295
Research trials and cancer abstracting services	811,094	(3,650)
Net assets released from restriction	4,007,649	3,039,841
Total mission and program revenues	8,396,887	4,775,486
Cancer support services	3,317,288	3,531,634
Research expenses	2,234,779	1,773,477
Fundraising expenses	2,136,058	1,800,442
Total mission and program expenses	7,688,125	7,105,553
Excess (deficiency) of mission and program activities revenues over (under) expenses	708,762	(2,330,067)
Revenues, gains and other support in excess (deficiency) of expenses and losses, before noncontrolling interest	(1,460,150)	9,184,211
Less: increase in net assets attributed to noncontrolling interest	760,820	4,123,832
Change in assets without donor restrictions	$ (2,220,970)	$ 5,060,379

See accompanying notes.

MARY BIRD PERKINS CANCER CENTER

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2024 and 2023

	Net assets without donor restrictions	Net assets with donor restrictions	Noncontrolling Interests	Total
Balances at June 30, 2022 (as restated)	$ 65,635,703	$ 16,939,562	$ 4,378,073	$ 86,953,338
Revenues, gains and other support in excess (deficiency) of expenses and losses	5,060,379	-	4,123,832	9,184,211
Contributions and grants with donor restrictions	-	5,699,066	-	5,699,066
Net assets released from restriction	-	(3,039,841)	-	(3,039,841)
Change in net assets	5,060,379	2,659,225	4,123,832	11,843,436
Balances at June 30, 2023 (as restated)	70,696,082	19,598,787	8,501,905	98,796,774
Revenues, gains and other support in excess (deficiency) of expenses and losses	(2,220,970)	-	760,820	(1,460,150)
Contributions and grants with donor restrictions	-	5,333,739	-	5,333,739
Investment income with donor restrictions	-	1,965,159	-	1,965,159
Change in value of split-interest agreements	-	120,263	-	120,263
Grants to the Mary Bird Perkins Cancer Center	-	(435,122)	-	(435,122)
Net assets released from restriction	-	(4,007,649)	-	(4,007,649)
Distribution to noncontrolling interest	-	-	(1,016,750)	(1,016,750)
Change in net assets	(2,220,970)	2,976,390	(255,930)	499,490
Balances at June 30, 2024	$ 68,475,112	$ 22,575,177	$ 8,245,975	$ 99,296,264

See accompanying notes.

MARY BIRD PERKINS CANCER CENTER
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023 (As Restated)
Cash flows from operating activities		
Change in net assets	$ 499,490	$ 11,843,436
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	5,091,814	4,564,692
Amortization of deferred revenue	(4,340,887)	(4,340,887)
Right-of-use assets - operating leases amortization	1,680,111	1,006,576
Net realized and unrealized gain on investments	(4,292,356)	(14,311,593)
Changes in assets and liabilities		
Net patient accounts receivable	(8,511,680)	1,406,117
Prepaids and other receivables	6,179,663	(8,747,387)
Inventory	(24,093)	(860,327)
Accounts payable and accrued expenses	3,388,057	18,637,144
Deferred revenues	1,103,800	-
Operating lease obligation	(1,750,052)	(791,934)
Unconditional promises to give and beneficial interest	(438,223)	782,422
Net cash provided by (used in) operating activities	(1,414,356)	9,188,259
Cash flows from investing activities		
Purchase of property and equipment	(3,680,786)	(17,052,071)
Purchase of investments	(12,348,508)	-
Sale of investments	14,222,224	10,638,384
Distributions received from Gamma Knife	298,517	350,000
Net cash used in investing activities	(1,508,553)	(6,063,687)
Cash flows from financing activities		
Principal payments on long-term debt	(1,241,907)	(1,314,137)
Net cash used in financing activities	(1,241,907)	(1,314,137)
Net change in cash and cash equivalents	(4,164,816)	1,810,435
Cash and cash equivalents, beginning of year	14,101,112	12,290,677
Cash and cash equivalents, end of year	$ 9,936,296	$ 14,101,112
Supplemental disclosure of cash flow information		
Interest paid	$ 614,049	$ 519,534
Supplemental disclosure of noncash investing and financing activities		
Purchase of capital assets with capital lease obligations	$ 2,405,405	$ 3,977,824

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Organization

Mary Bird Perkins Cancer Center (the "Center") is a Louisiana not-for-profit corporation with a mission to improve survivorship and lessen the burden of cancer through expert treatment, compassionate care, early detection, research, and education. The Center owns and operates cancer treatment and research facilities in both Louisiana and Mississippi. Partnering with companies, physicians, and support organizations, the Center has assumed responsibilities for developing and delivering programs and services to reduce cancer incidence and mortality and to improve the quality of life for those affected by cancer within these communities. The Center is also affiliated with the Louisiana State University Medical Physics and Health Physics Program and provides didactic instruction and clinical and research training to Masters and Doctoral students in medical physics.

The Center is the sole member of the Mary Bird Perkins Cancer Foundation (the "Foundation"), which was organized in 2005 for the purpose of building a long-term sustainable endowment fund to provide financial support to cancer programs conducted in the geographic areas served by the Center. The Foundation is governed by a Board of Directors of not less than six and not more than nine members selected for their knowledge and interest in the purposes for which the Foundation was created.

The Center is also the sole member of Cancer Services, Inc. ("CSI"), which was organized effective January 1, 2018. CSI merged with Cancer Services of Greater Baton Rouge on March 1, 2018, for the purpose of furthering the mission of the Center. This mission-based entity provides supportive services to cancer patients in the greater Baton Rouge area.

The Center holds a 65 percent membership interest in St. Elizabeth - Mary Bird Perkins Cancer Center, LLC, ("STEMBPCC") which operates a cancer treatment and research facility in Gonzales, Louisiana.

Gulf South Oncology Holdings, LLC ("GSOH") was formed during the year ended June 30, 2022, in connection with the Center's transaction with OneOncology, LLC (see Note 2). The Center and the Foundation each hold membership interests in GSOH of approximately 33 percent and 35 percent, respectively.

The Center holds a 50 percent membership interest in Gamma Knife of Louisiana, LLC, which owns cancer treatment equipment. The Center accounts for this investment using the equity method. This arrangement ended December 31, 2023.

Consolidation

The consolidated financial statements include the accounts of the Mary Bird Perkins Cancer Center, the Mary Bird Perkins Cancer Foundation, St. Elizabeth – Mary Bird Perkins Cancer Center, LLC, Cancer Services, Inc., and Gulf South Oncology Holdings, LLC, (thereafter referred to as the "Center"). All significant intercompany accounts and transactions have been eliminated in consolidation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

The following is a summary of significant accounting policies:

Basis of Preparation

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, which requires the Center to report information regarding its financial position and activities according to the following net asset classification:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Use of Estimates

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

Sensitive estimates included in these consolidated financial statements relate to contractual discounts under third-party payor arrangements and the allowance for doubtful accounts receivable. In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Cash and Cash Equivalents

The Center considers all cash and highly liquid financial instruments with original maturities of three months or less, which are not held in brokerage accounts, necessary for redemption upon vesting, and neither held nor restricted by donors for long-term purposes, to be cash and cash equivalents. Restricted cash and equivalents are reported within assets limited as to use.

Inventories

Inventories, which consist primarily of medical supplies and drugs, are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out ("FIFO") method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices on the consolidated statements of financial position. For those investments for which quoted market prices are unavailable, management estimates fair value based on information provided by the fund managers or the general partners. Investment income, including unrealized capital gains and losses, dividends, and realized capital gains and losses, less external investment expenses, are reported in the consolidated statements of activities as nonoperating revenue.

Assets Limited as to Use

Assets limited as to use principally includes assets held with brokerage firms, beneficial interests in split-interest agreements, and assets held in trust for the benefit of the Center, represent assets permanently restricted by donors and designated assets set aside by the Board of Directors for equipment replacement and endowment purposes. As the Board retains control over designated assets, they may, at their discretion, subsequently use the assets for alternative purposes.

Split-Interest Agreements

Irrevocable split-interest agreements are recorded as revenue when the trust agreements are executed. Revenues from the split-interest agreements are based on the present value of the expected cash flows to be received by the Center over the term of the agreement.

Prepaid Expenses

Prepaid expenses, related to insurance policies for general liability, workers compensation, automobiles and others, are amortized over the estimated period of future benefit, generally on a straight-line basis.

Drug Rebates Receivable

Drug rebates receivable are amounts due from pharmaceutical companies in accordance with agreements related to drug purchases.

Net Patient Service Revenue and Patient Accounts Receivable

Patient service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations is satisfied at a point in time and is generally recognized when services are provided.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

The Center is utilizing the portfolio approach practical expedient in Accounting Standards Codification ("ASC 606") for contracts related to net patient service revenue. The Center 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 revenue. Based on historical collection trends and other analysis, the Center has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Center's policy, and implicit price concessions provided to uninsured patients. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with the class of patients.

Patient accounts receivable are based upon the estimated amounts expected to be paid from patients and third-party payors. The estimated uncollectible amounts for patient accounts receivable are generally considered implicit rate concessions that are a direct reduction to patient accounts receivable rather than an allowance for doubtful accounts.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors is as follows:

- **Medicare** - Certain services are paid at prospectively determined rates based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules.
- **Medicaid** - Reimbursements for Medicaid services are generally paid at prospectively determined rates per occasion of service, or per covered member.
- **Other** - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations which provide for payments discounted from established charges.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Center's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Center. In addition, the contracts the Center has with commercial payors also provide for retroactive audit and review of claims.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustments is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, review, and investigations. Adjustments arising from a change in the transaction price were not significant in 2024 and 2023.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Center also provides services to uninsured patients and offers those uninsured patients a discount from standard charges. The Center estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, 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.

Patient accounts receivable can be impacted by the effectiveness of the Center's collection efforts. Additionally, significant changes in payor mix, business office operations, economic conditions, or trends in federal and state governmental healthcare coverage could affect the net realizable value of accounts receivable. The Center also continually reviews the net realizable value of accounts receivable by monitoring historical cash collections and admissions by payor classification, days revenue outstanding, the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value as of the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Land improvements	5 — 39 years
Buildings and improvements	5 — 39 years
Equipment	5 — 10 years
Furniture and fixtures	3 — 10 years

Expenditures for maintenance and repairs which do not extend the useful lives of the applicable assets are charged to expense when incurred. Major renewals and betterments which extend the useful lives are capitalized. Upon sale or disposal of an asset, the asset and accumulated depreciation and amortization accounts are adjusted accordingly. Any resulting gain or loss is included in current operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Long-Lived Assets

The Center evaluates the recoverability of its long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*. ASC 360 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the estimated future undiscounted cash flows attributable to such assets or the projection of amounts ultimately expected to be recovered for such assets. Management believes there was no impairment of long-lived assets in 2024 or 2023.

Compensated Absences

The Center's paid time off ("PTO") policy is to compensate employees for absences due to earned vacation and sick leave. Accumulated pay is accrued at the balance sheet date and is payable at 100 percent of unused PTO upon termination of employment as long as the employee is in good standing.

Professional Liability Claims

The Center maintains insurance for protection from losses resulting from professional liability claims. The policy is of the claims-made type. The Center has not experienced material losses from professional liability claims in the past. As such, no accrual for losses has been established.

Deferred Revenues

Contract liabilities are reported as deferred revenue in the consolidated statements of financial position. Deferred revenue represents the excess of payments received as compared to amounts recognized as revenue in the statements of activities and changes in net assets.

Right-of-Use Asset and Operating Lease Liabilities

The Center leases various facilities and equipment under noncancelable operating leases expiring at various dates through 2034 and records the corresponding right-of-use asset and operating lease liabilities on the statement of financial position. Right-of-use asset is calculated as the lease liability plus any prepaid lease payments and initial direct costs, less any lease incentives. Renewal options to extend the lease term that are reasonably certain to be exercised are included in the measurement of leases. Operating lease as liabilities are calculated as the present value of the remaining lease payments, discounted at rates ranging from 4.02 percent to 11.50 percent. The Center excludes operating leases with terms of 12 months or less and includes any fixed nonlease components in lease measurement.

The Center has elected the practical expedient that allows lessees to choose to not separate lease and nonlease components by class of underlying asset and are applying this expedient to all relevant asset classes. Additionally, the Center elected the package of transition provisions available which allow the carryforward of the Center's historical assessments of whether the contracts are or contain leases, the lease classification, and the treatment of initial direct costs.

The Center reviews the carrying values of right-of-use assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the right-of-use assets. No impairments were recognized during 2024 or 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Unconditional Promises to Give, Gifts and Contributions

Unconditional promises to give cash and other assets are reported at fair value at the time of commitment. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of 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 in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying consolidated financial statements.

For contributions of long-lived assets or of cash and other assets restricted to the purchase of long-lived assets for which donors have not expressly stipulated how long the long-lived asset must be used, the Center has adopted an accounting policy of implying time restrictions on the use of such contributed assets that expire over the assets' expected useful lives.

Functional Expenses

The costs of program and supporting services have been summarized on a functional basis in Note 20. The Center provides program services including cancer support services such as family support, patient therapy, financial assistance, and other services for the patients. Administrative services include administration, finance and accounting, contract services, depreciation, utilities, legal, and other functions. Fundraising includes advertising and activities related to fundraising. Expenses are allocated to the different categories based on the functional department for which they are incurred.

Financing Component

The Center has elected the practical expedient allowed under Financial Accounting Standards Board ("FASB") Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606-10-32-18), and 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 Center's 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. However, the Center does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year.

For those cases, the financing component is not deemed to be significant to the contract.

Excess (Deficiency) of Revenue Over (Under) Expenses

The consolidated statements of activities and changes in net assets include revenue, gains and other support in excess (deficiency) of expenses and losses as the Center's performance indicator. Consistent with industry practice, changes in net assets without donor restrictions that are excluded from revenue, gains and other support in excess (deficiency) of expenses and losses include unrealized and realized gains and losses on investments other than trading securities, the impact of noncontrolling interest in a subsidiary, permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions, which by donor restrictions were to be used for the purposes of acquiring such assets).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Advertising

Advertising and program costs are charged to expenses as incurred. Advertising expense for the years ended June 30, 2024 and 2023 was approximately $2,380,000 and $2,120,000, respectively.

Income Taxes

The Center, Foundation and CSI are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the IRC. STEMBPCC and GSOH are taxed as partnerships. Since the partners of these organizations are taxed based on their proportionate share of taxable income, no provision is made for income taxes. The Center has recognized an income tax liability and corresponding expense for the year ended June 30, 2024 due to unrelated business income recognized in fiscal year 2023.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2024 presentation, with no impact to total net assets.

Accounting Standards Adopted

In June 2016, the FASB issued guidance ASC 326, *Financial Instruments – Credit Losses* ("ASC 326"), which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Center that are subject to the guidance in FASB ASC 326 were patient accounts receivable and drug rebate receivable.

The Center adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in additional disclosures.

Note 2. Restatement

The Company's audited financial statements as of and for the year ended June 30, 2023 have been restated for an error with regard to the accounting for the due from (to) OneOncology, LLC ("ONC"). The cause of the restatement was due to an overstatement of partnership revenue and an understatement of expenses. Primarily the result of the complex nature of these arrangements, these amounts were being incorrectly included in the due from (to) OneOncology. These adjustments were related to the fiscal years ending June 30, 2022 and June 30, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Continued

The cumulative effect of the restatement of the financial statements as of and for the year ended June 30, 2023 is presented below:

	Previously Reported	Restatement Adjustment	Restated
Consolidated Statement of Financial Position			
Due from (to) third parties	$ (535,368)	$ 5,490,793	$ 4,955,425
Due from (to) OneOncology	$ 7,880,112	$ (13,637,847)	$ (5,757,735)
Deferred revenues	$ 18,900,000	$ (3,706,895)	$ 15,193,105
Net Assets:			
Controlling interest:			
Net assets without donor restrictions:			
Undesignated	$ 66,940,016	$ (4,440,159)	$ 62,499,857
Consolidated Statement of Activities			
Net patient service revenue	$ 134,375,380	$ 8,969,159	$ 143,344,539
Shared services	$ 18,327,080	$ (1,794,000)	$ 16,533,080
Other operating revenues	$ 13,361,783	$ (7,491,702)	$ 5,870,081
Purchased services and professional fees	$ 34,868,704	$ (810,699)	$ 34,058,005
Supplies and other	$ 96,820,601	$ (198,994)	$ 96,621,607

Note 3. Transaction with OneOncology

In August 2021, the Center signed a letter of intent to affiliate with ONC and Hematology-Oncology Associates of Baton Rouge, L.L.C. d/b/a Louisiana Hematology-Oncology Associates ("LHOA"), a medical oncology group in Baton Rouge. The transaction with ONC closed in the fourth quarter of 2021, with an effective date of January 1, 2022. ONC brings to the Center resources, access to a broad network of physicians across the country, information technology assets and national buying power. The partnership is anticipated to support program growth, reduce costs for patients and expand access to clinical trials.

As part of this affiliation, the Center and ONC entered into an asset purchase and consideration agreement along with a management services agreement in which the Center sold a limited portion of its nonclinical assets but retained all of its buildings and clinical equipment. A portion of the consideration was paid to the Center, which was in the form of cash, ownership units and a promissory note. The Center recorded a portion of these funds as deferred revenues and is recognizing these revenues over the terms of the agreement.

In accordance with the terms of the management services agreement, the Center pays a management service fee to ONC equal to 20 percent of revenues less office expenses as defined. This fee totaled approximately $2,820,000 and $3,340,000 during the years ended June 30, 2024 and 2023, respectively.

As part of the management services agreement, certain expenses of the Center are paid directly by ONC and certain revenues of the Center are billed and collected by ONC on behalf of the Center. As a result of these transactions, the Center had an outstanding balance due from (to) ONC of approximately ($1,760,000) and ($5,760,000) at June 30, 2024 and 2023, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023 include the following:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	$ 9,936,296	$ 14,101,112
Investments	11,941,542	14,022,076
Net patient accounts receivable	30,206,997	21,695,317
Current portion of unconditional promises to give	385,359	2,033,447
Drug rebate receivable	7,720,346	9,197,987
Current portion of note receivable	2,160,000	2,234,074
Assets limited as to use – investments	33,269,670	28,770,496
Total financial assets	95,620,210	92,054,509
Less those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	(22,575,177)	(19,598,787)
GSOH-restricted investments	(3,658,100)	(3,264,931)
Financial assets available to meet cash needs for general expenditures within one year	$ 69,386,933	$ 69,190,791

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

Note 5. Investments

The Center holds investments carried at fair value. The Center's investments held at June 30, 2024 and 2023 were as follows:

	2024	2023
Investments		
Money market	$ 5,348,770	$ 10,891,309
Mutual funds	9,776,436	10,832,871
Equity securities	12,682,988	10,611,953
Fixed income	6,580,650	5,398,202
Alternative investments	10,822,368	5,058,237
Total investments	$ 45,211,212	$ 42,792,572

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Continued

Investment income and gains for investments, assets limited as to use, cash equivalents and other investments are approximately comprised of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Investment income		
Interest and dividend income	$ 1,690,689	$ 1,349,603
Gain on sale of stock	-	7,117,500
Net realized and unrealized gains	3,492,203	5,793,687
Change in split-interest agreement	120,263	26,950
Total investment income, net	$ 5,303,155	$ 14,287,740

The Center invests in securities that are exposed to multiple risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated statements of financial position.

Note 6. Fair Value Measurements

The Center holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Center's mission, the Center determined that the disclosures related to these investments only need to be disaggregated by major type. The Center elected a narrative format for the fair value disclosures.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a hierarchal disclosure framework for measuring fair value and requires expanded disclosures about fair value measurements. The provisions of this statement apply to all financial instruments that are being measured and reported on a fair value basis.

Financial assets and liabilities recorded on the consolidated statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the Center has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Continued

The following tables represent the fair value measurements as of and for the years ended June 30, 2024 and 2023:

	Fair Value Measurements at June 30, 2024				
	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value
Investments					
Money market funds	$ 5,348,770	$ 5,348,770	$ -	$ -	$ -
Mutual funds	9,776,436	9,776,436	-	-	-
Equity securities	12,682,988	12,682,988	-	-	-
Fixed income	6,580,650	6,580,650	-	-	-
Alternative investments[1]	10,822,368	-	-	-	10,822,368
	45,211,212	34,388,844	-	-	10,822,368
Split-interest agreements	1,763,853	-	-	1,763,853	-
Total	$ 46,975,065	$ 34,388,844	$ -	$ 1,763,853	$ 10,822,368

	Fair Value Measurements at June 30, 2023				
	Balance at June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value
Investments					
Money market funds	$ 10,891,309	$ 10,891,309	$ -	$ -	$ -
Mutual funds	10,832,871	10,832,871	-	-	-
Equity securities	10,611,953	10,611,953	-	-	-
Fixed income	5,398,202	5,398,202	-	-	-
Alternative investments[1]	5,058,237	-	-	-	5,058,237
	42,792,572	37,734,335	-	-	5,058,237
Split-interest agreements	1,683,789	-	-	1,683,789	-
Total	$ 44,476,361	$ 37,734,335	$ -	$ 1,683,789	$ 5,058,237

[1] In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Continued

The fair value of the beneficial interest in split-interest agreements is determined by calculating the present value of expected cash flows over the term of the underlying agreement and therefore, is classified as Level 3. A discount rate of 5.46 percent and 5.54 percent as of June 30, 2024 and 2023, respectively, was used to calculate the present value.

The following is a reconciliation of the beginning balance and ending balances for the split-interest agreements measured at fair value on a recurring basis using the significant unobservable inputs (Level 3) during the years ended June 30, 2024 and 2023:

	2024	2023
Balance, beginning of year	$ 1,683,789	$ 1,705,161
Change in value of split-interest agreements	80,064	(21,372)
Balance, end of year	$ 1,763,853	$ 1,683,789

The following summarizes the alternative investments measured at fair value based on net asset value per share as of June 30, 2024 and 2023:

	Assets at Fair Value at June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments				
Partners Group – Private Equity Fund –	$ 928,106	$ -	N/A	N/A
Cantillon – Series 1 Shares – Class G (b)	1,800,023	-	Monthly	Daily
Darlington Partners Offshore, L.P. – U.S. Equity Fund (c)	1,253,540	-	Quarterly	Daily
Independent Franchise Partners Global Equity II, L.P. – Global Equity Fund (d)	1,906,205	-	Semi-	Daily
Egerton Capital Equity Fund – Class I (b)	1,524,683	-	Weekly	Daily
59 North Offshore Partners Ltd. – U.S. Equity Fund (e)	1,058,997	-	Quarterly	Daily
Hudson Bay International Fund Ltd. – Global Equity Fund (f)	1,218,088	-	Quarterly	Daily
Redwood Opportunity Offshore Fund Ltd. – Private Investment/Fixed Income Fund (g)	1,132,726	-	Quarterly	Daily
Total	$ 10,822,368	$ -		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Continued

	Assets at Fair Value at June 30, 2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments				
Partners Group – Private Equity Fund	$ 2,058,237	$ -	N/A	N/A
Cantillon – Series 1 Shares – Class G	1,000,000	-	Monthly	Daily
Darlington Partners Offshore, L.P. – U.S. Equity Fund (c)	1,000,000	-	Quarterly	Daily
Independent Franchise Partners Equity II, L.P. – Global Equity Fund (d)	1,000,000	-	Semi-monthly	Daily
Total	$ 5,058,237	$ -		

(a) This private equity fund invests in a variety of industries, including commercial products, manufacturing, clean technology, and technology / media / telecommunications.

(b) This private equity fund invests in equity and equity-related securities, including securities of emerging market issuers.

(c) This private equity fund invests in equity securities, focusing on companies within the transportation services and amusement/recreation services industries.

(d) This private equity fund invests in franchise companies listed on the major global stock exchanges.

(e) This private equity fund invests in oil and gas exploration and production assets located offshore.

(f) This private equity fund invests in diverse range of global market opportunities across multiple strategies, including distressed debt, special situations, and shareholder activism.

(g) This private equity fund invests in hedge funds focused on distressed / stressed credit investments.

(h) This private equity fund invests in a variety of asset classes, including equities, commodities, and debt securities.

Note 7. Unconditional Promises to Give

Unconditional promises to give at June 30, 2024 and 2023, were as follows:

	2024	2023
Promises to give expected to be collected in:		
Less than one year	$ 393,914	$ 2,058,447
One to five years	4,370,931	2,339,684
	4,764,845	4,398,131
Less allowance for uncollectible accounts	(33,555)	(25,000)
Total unconditional promises to give, net	$ 4,731,290	$ 4,373,131

Note 8. Split-Interest Agreements

The Center is the irrevocable beneficiary of several split-interest agreements. The funds are held and administered by an unrelated third-party trustee. The Center's interest in the funds held by the trustee is measured at present value and is recorded at fair market value in the consolidated statements of financial position as a beneficial interest in split-interest agreements.

The discount rate used in the present value calculation for future payments is the prevailing rate of interest for similar types of high quality, fixed income investments. The discount rates used for the years ended June 30, 2024 and 2023 were 5.46 percent and 5.54 percent, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Continued

Adjustments were recognized for these split-interest agreements of approximately $120,000 and $27,000 for the years ended June 30, 2024 and 2023, respectively. Distributions received from the trusts totaled approximately $40,000 and $48,000 for the years ended June 30, 2024 and 2023, respectively.

As of June 30, trust distributions are expected to be received as follows:

	2024	2023
Less than one year	$ 44,120	$ 50,375
One to five years	1,895,607	1,864,697
More than five years but less than 10 years	-	35,782
	1,939,727	1,950,854
Less discount to net present value	(175,874)	(267,065)
Total beneficial interest in split-interest agreements, net	$ 1,763,853	$ 1,683,789

Note 9. Note Receivable

In connection with the transaction described in Note 2, ONC executed a promissory note with the Center in the amount of $10,800,000. The promissory note, which is payable from ONC to the Center, bears interest at 4.25 percent, is unsecured, and requires five annual principal payments which began on January 1, 2024.

The note is expected to mature as follows:

Year Ending June 30,	
2025	$ 2,160,000
2026	2,160,000
2027	2,160,000
2028	2,160,000
Total	$ 8,640,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Property and Equipment

Property and equipment as of June 30, 2024 and 2023 consists of the following:

	2024	2023
Land	$ 969,293	$ 969,293
Buildings and building improvements	58,581,883	56,682,259
Furniture and fixtures	8,176,274	6,783,851
Equipment	57,967,442	50,048,381
	125,694,892	114,483,784
Less accumulated depreciation	(72,845,959)	(67,754,145)
	52,848,933	46,729,639
Construction in progress	563,456	8,460,785
Artwork	242,325	242,325
Total	$ 53,654,714	$ 55,432,749

Note 11. Line of Credit

The Center has a line of credit of $10,000,000 which bears interest at a variable rate and is secured by equipment, investment accounts, and cash accounts. The line of credit which extends through December 30, 2031, had no outstanding balance at June 30, 2024 or 2023. The credit agreement contains certain restrictive covenants which require, amongst other things, the maintenance of certain financial ratios by the Center. Total borrowings available were $10,000,000 as of June 30, 2024 and 2023.

Note 12. Long Term Debt

A summary of long-term debt at June 30, follows:

	2024	2023
Loan agreement dated December 30, 2021 for $20,000,000. The loan is due in monthly installments of principle and interest of $107,448 maturing in December 2031. The loan bears interest at 2.65 percent per annum and is secured by equipment, investment accounts, and cash accounts of the Center.	$ 18,127,351	$ 18,916,772
Loan agreement dated August 1, 2017 for $4,224,723 related to the acquisition of medical equipment. Maturing in April 2028, the loan is noninterest bearing and is secured by medical equipment of the Center.	975,051	1,427,537
Total long-term debt	19,102,402	20,344,309
Less current portion of long-term debt	(1,249,368)	(1,226,531)
Long-term portion, net of current maturities	$ 17,853,034	$ 19,117,778

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Continued

As part of these agreements, the Center has agreed to comply with certain covenants. These primarily consist of reporting requirements, restrictions on additional debt and security interests, maintenance of its tax-exempt status, maintenance of its facilities and other administrative requirements.

Principal maturities of long-term debt as of June 30, 2024, are as follows:

Year Ending June 30,		
2025	$	1,249,368
2026		1,271,462
2027		957,879
2028		879,246
2029		904,278
Thereafter		13,840,169
Total	$	19,102,402

Interest expense for the years ended June 30, 2024 and 2023, totaled approximately $610,000 and $520,000, respectively.

Note 13. Leases

Operating Leases - Lessor

In connection with the transaction described in Note 2, ONC rents office space from the Center in order to provide management advisory services to the Center. The initial term of the agreement is for 25 years and requires monthly payments of approximately $297,000. The monthly fee, however, is subject to adjustment on an annual basis to market rates according to the provisions stipulated in the agreement. The revenues recognized under this agreement totaled approximately $3,610,000 and $3,520,000 for the years ended June 30, 2024 and 2023, respectively. Future required payments to be made to the Center for the office space are as follows:

Year Ending June 30,		
2025	$	3,696,963
2026		3,789,387
2027		3,884,121
2028		3,981,224
2029		4,080,755
Thereafter		71,413,213
Total	$	90,845,663

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Continued

ONC also leases equipment from the Center under the management services agreement, with variable monthly payments required through May 31, 2034. The revenues recognized under this agreement totaled approximately $2,710,000 and $2,950,000 for the years ended June 30, 2024 and 2023, respectively. Future required payments to be made to the Center for the equipment are as follows:

Year Ending June 30,		
2025	$	2,603,464
2026		2,269,863
2027		2,154,127
2028		1,902,618
2029		1,559,696
Thereafter		5,173,984
Total	$	15,663,752

The Center also leases office space to several unrelated medical organizations under operating leases whose terms expire at various times through the year ending June 30, 2030, with options to renew. The revenues recognized under these agreements totaled approximately $400,000 and $410,000 for the years ended June 30, 2024 and 2023, respectively. Future required payments to be made to the Center for the office space are as follows:

Year Ending June 30,		
2025	$	397,920
2026		315,563
2027		34,824
2028		34,824
2029		34,824
Thereafter		14,510
Total	$	832,465

Operating Leases - Lessee

The parcels of land on which certain of the Center's treatment facilities are located are owned by various unrelated Hospitals. Use of these pieces of property has been provided at little or no cost to the Center. These land leases expire at various dates through June 30, 2082. Since the fair values of these land leases cannot be determined with reasonable certainty, they are not included in the accompanying consolidated financial statements.

The Center primarily leases real estate, as well as offices, facilities, certain medical equipment and certain furniture and other equipment under terms that expire in various years through 2034. Lease payments are stated in lease agreements and are set for the entire term. Variable lease costs are primarily comprised of maintenance, utilities, insurance, taxes, and additional fees based upon usage that are not included as part of the lease payments. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. Rental expenses totaled approximately $4,907,000 and $4,786,000 during the years ended June 30, 2024 and 2023, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Continued

The following is a schedule by years of future minimum payments required under these operating leases together with their present values as of June 30, 2024:

Year Ending June 30,		
2025	$	2,048,782
2026		2,075,100
2027		1,959,986
2028		1,617,457
2029		1,198,873
Thereafter		3,310,881
Total minimum lease payments		12,211,079
Less amounts representing interest		(2,728,313)
Present value of operating lease obligation		9,482,766
Less current maturities		(1,397,284)
Operating lease obligation, net of current maturities	$	8,085,482

The components of lease expense and other required information for the years ended June 30 were as follows:

		2024		2023
Lease Expense				
Operating lease expense	$	1,624,143	$	1,114,268
Short-term lease expense		63,361		22,922
Total	$	1,687,504	$	1,137,190
Other Information				
Right-of-use assets obtained in exchange for lease liabilities				
Operating leases	$	2,405,405	$	3,977,842
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	$	1,750,052	$	791,934
Weighted-average remaining lease term				
Operating leases		6.6 years		7.45 years
Weighted-average discount rate				
Operating leases		7.41%		4.33%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at June 30:

	2024	2023
Net assets with purpose restrictions:		
Cancer screenings / early detection	$ 242,236	$ 575,600
Comprehensive cancer care and support	1,069,567	1,249,302
Research / education	1,545,317	1,743,760
Net assets with permanent restrictions	19,718,057	16,030,125
Total net assets with donor restrictions	$ 22,575,177	$ 19,598,787

Net assets which were released from donor restrictions during the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Cancer screenings / early detection	$ 1,476,368	$ 389,732
Comprehensive cancer care and support	1,135,208	1,698,232
Research / education	1,396,073	951,877
Total net assets released from donor restrictions	$ 4,007,649	$ 3,039,841

Note 15. Endowment

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed net assets in perpetuity. Both policies are reviewed annually by the Foundation's Board of Directors. The investment policy sets forth the guidelines relative to asset allocation parameters and investment return goals. The Foundation's Board of Directors determines the amount of funds to be disbursed to the Center and the types of cancer programs to be funded.

The Center's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. From time to time, certain donor-restricted funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Continued

Changes in endowed net assets for the years ended June 30, 2024 and 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, June 30, 2022	$ 7,214,294	$ 13,872,769	$ 21,087,063
Investment return, net	589,381	2,022,534	2,611,915
Split-interest agreements	-	26,950	26,950
Contributions	392,550	107,872	500,422
Endowment net assets, June 30, 2023	8,196,225	16,030,125	24,226,350
Investment return, net	1,075,520	1,965,159	3,040,679
Split-interest agreements	-	120,263	120,263
Contributions	(44,800)	2,037,632	1,992,832
Appropriation of endowment net assets for expenditure	(229,874)	(435,122)	(664,996)
Endowment net assets, June 30, 2024	$ 8,997,071	$ 19,718,057	$ 28,715,128

The Foundation disbursed funds in the amounts of approximately $665,000 and $716,000 to the Center during the years ended June 30, 2024 and 2023, respectively, in support of the mission and program activities.

Note 16. Retirement Plan

The Center previously sponsored a 403(b) retirement program which covered substantially all of its employees. The Center matched 100 percent of the contributions made by eligible employees up to 5.0 percent of their covered salaries. On September 8, 2022, the Compensation Committee of the Board of Directors adopted a resolution to terminate the Plan effective December 31, 2022. On January 1, 2023, eligible employees began participating in a 401(k) retirement plan sponsored by ONC. Under this plan, the Center makes a contribution equal to 3.0 percent of an eligible employee's covered salary and may also make a discretionary contribution. Employer contributions totaled approximately $1,678,000 and $1,248,000 during the years ended June 30, 2024 and 2023, respectively.

Note 17. Professional Liability and Other Contingencies

The Center purchases general liability insurance to cover nonmedical and facility claims against the Center. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from nonmedical and facility operations. Management expects most claims will likely be covered by liability insurance, and that any noncovered losses would not have a materially adverse effect on the Center's future financial position or results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Continued

The Center purchases claims-made professional liability insurance to cover medical malpractice claims. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. In addition, the Center is sometimes subject to litigation resulting from claims in the ordinary course of business. Historically, any awards or settlements resulting from these proceedings have been covered under professional liability insurance or have not been significant.

Note 18. Concentrations of Credit Risk

The Center has concentrated its credit risk for cash by maintaining deposits in financial institutions which at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Center has not experienced any losses in such accounts, and management believes the Center is not exposed to significant credit risk with respect to cash and cash equivalents.

As of June 30, 2024 and 2023, net patient accounts receivable, by payor class, consisted of the following:

	2024	2023
Medicare	22%	22%
Medicare Advantage	25	27
Medicaid	20	20
Commercial	28	28
Other, including Self-Pay	5	3
	100%	100%

The composition of net patient service revenue by primary payor for the years ended June 30, 2024 and 2023, is as follows:

	2024	Percent	2023	Percent
Medicare	$ 53,866,171	27.5%	$ 46,774,630	32.6%
Medicare Advantage	61,952,431	31.6	38,100,869	26.6
Medicaid	11,047,504	5.6	9,146,627	6.4
Commercial	60,706,074	31.0	43,832,773	30.6
Other, including Self-pay	8,475,811	4.3	5,489,640	3.8
Net patient service revenue	$ 196,047,991	100%	$ 143,344,539	100%

Note 19. Uncompensated Care

Integral to the Center's mission, care is provided to patients regardless of their ability to pay. In addition to providing patient care for which it receives no compensation, the Center participates in the Medicare and Medicaid programs that do not reimburse the Center at a rate sufficient to cover its costs of providing services. The Center incurred approximately $33,300,000 and $16,200,000 of costs in excess of reimbursements received for healthcare services provided to this classification of patients during the years ended June 30, 2024 and 2023, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 20. Functional Expense

The following operating expenses were incurred during the years ended June 30, 2024 and 2023:

	2024			
	Fundraising	Health Care Services	General & Administrative	Total
Salaries and wages	$ -	$ 24,307,136	$ 14,682,259	$ 38,989,395
Employee benefits	-	32,843	19,842	52,685
Purchases services and professional fees	-	28,079,981	12,529,776	40,609,757
Supplies and other	-	129,672,857	10,676,366	140,349,223
Repairs and maintenance	-	-	1,532,549	1,532,549
Depreciation and amortization	-	-	5,091,814	5,091,814
Bad debt expense	-	-	236,500	236,500
Interest	-	-	614,049	614,049
	$ -	$ 182,092,817	$ 45,383,155	$ 227,475,972

	2023			
	Fundraising	Health Care Services	General & Administrative	Total
Salaries and wages	$ -	$ 19,210,087	$ 12,293,804	$ 31,503,891
Employee benefits	-	220,917	141,380	362,297
Purchases services and professional fees	-	23,297,651	10,760,354	34,058,005
Supplies and other	-	90,270,377	6,351,230	96,621,607
Repairs and maintenance	-	-	1,426,185	1,426,185
Depreciation and amortization	-	-	4,564,692	4,564,692
Bad debt expense	-	-	34,989	34,989
Interest	-	-	519,534	519,534
	$ -	$ 132,999,032	$ 36,092,168	$ 169,091,200

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 20. Continued

Included in the total expenses are the following costs and expenses incurred by the Center in support of the Mission and Program Activities. Contributions, grants, and sponsorship funds of approximately $8,900,000 and $7,400,000 were received during the years ended June 30, 2024 and 2023, respectively, and were used to offset these expenses and are included in the accompanying financial statements as revenues. The expenses attributable to Mission and Program Activities for the years ended June 30, 2024 and 2023, were as follows:

	2024			
	Fundraising	Program Expenses	General & Administrative	Total
Salaries and wages	$ -	$ 1,443,466	$ -	$ 1,443,466
Employee benefits	-	179,671	-	179,671
Purchases services and professional fees	-	933,511	-	933,511
Supplies and other	-	733,916	-	733,916
Repairs and maintenance	-	26,724	-	26,724
Research expenses	-	2,234,779	-	2,234,779
Fundraising expenses	2,136,058	-	-	2,136,058
	$ 2,136,058	$ 5,552,067	$ -	$ 7,688,125

	2023			
	Fundraising	Program Expenses	General & Administrative	Total
Salaries and wages	$ -	$ 1,055,099	$ -	$ 1,055,099
Employee benefits	-	103,360	-	103,360
Purchases services and professional fees	-	917,746	-	917,746
Supplies and other	-	1,364,600	-	1,364,600
Repairs and maintenance	-	90,829	-	90,829
Research expenses	-	1,773,477	-	1,773,477
Fundraising expenses	1,800,442	-	-	1,800,442
	$ 1,800,442	$ 5,305,111	$ -	$ 7,105,553

Note 21. Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through June 12, 2025, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

MARY BIRD PERKINS CANCER CENTER
Consolidating Statement of Financial Position
June 30, 2024

	Mary Bird Perkins Cancer Center	Mary Bird Perkins Cancer Foundation	St. Elizabeth - Mary Bird Perkins Cancer Center, LLC	Cancer Services, Inc.	Gulf South Oncology Holdings, LLC	Eliminations	Total
ASSETS							
Current assets							
Cash and cash equivalents	$ 7,758,500	$ 46,725	$ 2,055,191	$ 75,880	$ -	$ -	$ 9,936,296
Investments	9,957,258	-	1,069,229	915,055	-	-	11,941,542
Net patient accounts receivable	27,380,816	-	2,826,181	-	-	-	30,206,997
Current portion unconditional promises to give	261,016	100,000	-	24,343	-	-	385,359
Drug rebate receivables	7,720,346	-	-	-		-	7,720,346
Due from other third parties	3,018,501	-	-	-	-	-	3,018,501
Inventory	4,531,317	-	-	-	-	-	4,531,317
Current portion note receivable	2,160,000	-	-	-	-	-	2,160,000
Prepaid expenses and other	3,760,403	-	10,206	4,736	24,227	-	3,799,572
Total current assets	66,548,157	146,725	5,960,807	1,020,014	24,227	-	73,699,930
Equity method investments							
Investment in St. Elizabeth, LLC	7,219,245	-	-	-	-	(7,219,245)	-
Investment in Cancer Services, Inc.	2,499,340	-	-	-	-	(2,499,340)	-
Investment in Gulf South Oncology Holdings, LLC	1,133,109	1,213,028	-	-	-	(2,346,137)	-
Total equity method investments	10,851,694	1,213,028	-	-	-	(12,064,722)	-
Assets limited as to use							
Investments	-	29,611,570	-	-	3,658,100	-	33,269,670
Beneficial interest in split-interest agreements	-	1,763,853	-	-	-	-	1,763,853
Property and equipment, net	48,284,836	-	6,555,592	1,704,194	-	(2,889,908)	53,654,714
Right-of-use assets - operating leases	9,308,889	-	-	-	-	-	9,308,889
Note receivable, net	6,480,000	-	-	-	-	-	6,480,000
Unconditional promises to give, net	2,562,372	1,783,559	-	-	-	-	4,345,931
Other assets	69,367	-	-	-	5,722,500	-	5,791,867
Total assets	$ 144,105,315	$ 34,518,735	$ 12,516,399	$ 2,724,208	$ 9,404,827	$ (14,954,630)	$ 188,314,854
LIABILITIES AND NET ASSETS							
Current liabilities							
Current maturities of operating lease obligations	$ 1,397,284	$ -	$ -	$ -	$ -	$ -	$ 1,397,284
Current maturities of long-term debt	1,249,368	-	-	-	-	-	1,249,368
Accounts payable	36,181,238	17,065	1,303,157	121	-	-	37,501,581
Accrued expenses	8,668,116	14,292	-	-	-	-	8,682,408
Income tax payable	261,000	268,000	-	-	-	-	529,000
Due to OneOncology	4,654,323	-	-	-	-	(2,889,908)	1,764,415
Due to (from) related party	(532,572)	201,114	106,711	224,747	-	-	-
Deferred revenue	3,260,887	-	-	-	1,080,000	-	4,340,887
Total current liabilities	55,139,644	500,471	1,409,868	224,868	1,080,000	(2,889,908)	55,464,943
Operating lease obligation, net of current maturities	8,085,482	-	-	-	-	-	8,085,482
Long-term debt, less current maturities	17,853,034	-	-	-	-	-	17,853,034
Deferred revenues, net of current portion	5,995,131	-	-	-	1,620,000	-	7,615,131
Total liabilities	87,073,291	500,471	1,409,868	224,868	2,700,000	(2,889,908)	89,018,590
Net assets							
Controlling interest without donor restrictions							
Undesignated	54,789,874	5,308,636	11,106,531	1,878,870	6,704,827	(20,310,697)	59,478,041
Designated for endowment purposes	-	8,997,071	-	-	-	-	8,997,071
Controlling interest with donor restrictions	2,242,150	19,712,557	-	620,470	-	-	22,575,177
Total controlling interest	57,032,024	34,018,264	11,106,531	2,499,340	6,704,827	(20,310,697)	91,050,289
Noncontrolling interest	-	-	-	-	-	8,245,975	8,245,975
Total net assets	57,032,024	34,018,264	11,106,531	2,499,340	6,704,827	(12,064,722)	99,296,264
Total liabilities and net assets	$ 144,105,315	$ 34,518,735	$ 12,516,399	$ 2,724,208	$ 9,404,827	$ (14,954,630)	$ 188,314,854

See accompanying notes.

MARY BIRD PERKINS CANCER CENTER
Consolidating Statement of Activities
Year Ended June 30, 2024

	Mary Bird Perkins Cancer Center	Mary Bird Perkins Cancer Foundation	St. Elizabeth - Mary Bird Perkins Cancer Center, LLC	Cancer Services, Inc.	Gulf South Oncology Holdings, LLC	Eliminations	Total
Revenues without donor restrictions							
Net patient service revenue	$ 188,653,859	$ -	$ 7,394,132	$ -	$ -	$ -	$ 196,047,991
Medical management services	1,188,194	-	-	-	-	(623,157)	565,037
Shared services	19,644,263	-	-	-	-	-	19,644,263
Other operating revenues	11,026,513	-	48,802	-	1,080,000	(6,323,279)	5,832,036
Total unrestricted revenues, gains and other support	220,512,829	-	7,442,934	-	1,080,000	(6,946,436)	222,089,327
Expenses							
Salaries and wages	38,989,395	-	-	-	-	-	38,989,395
Employee benefits	52,610	-	75	-	-	-	52,685
Purchased services and professional fees	39,792,300	-	1,440,614	-	-	(623,157)	40,609,757
Supplies and other	141,625,314	311,338	4,183,451	185,392	-	(5,956,272)	140,349,223
Repairs and maintenance	1,314,320	-	199,162	19,067	-	-	1,532,549
Bad debt expense	-	-	236,500	-	-	-	236,500
Depreciation and amortization	4,862,106	-	436,413	160,302	-	(367,007)	5,091,814
Interest	603,415	-	10,910	-	-	(276)	614,049
Total expenses	227,239,460	311,338	6,507,125	364,761	-	(6,946,712)	227,475,972
Operating income (loss)	(6,726,631)	(311,338)	935,809	(364,761)	1,080,000	276	(5,386,645)
Nonoperating revenue							
Investment income, net	1,614,768	1,209,377	143,438	102,754	147,672	(276)	3,217,733
Income from subsidiaries	715,479	429,685	-	-	-	(1,145,164)	-
Total nonoperating revenue	2,330,247	1,639,062	143,438	102,754	147,672	(1,145,440)	3,217,733
Mission and program activities							
Contributions and grants without donor restrictions	3,811,500	246,349	-	185,291	-	(664,996)	3,578,144
Research trials and cancer abstracting services	811,094	-	-	-	-	-	811,094
Net assets released from restriction	3,497,230	-	-	510,419	-	-	4,007,649
Total mission and program revenues	8,119,824	246,349	-	695,710	-	(664,996)	8,396,887
Salaries and wages	1,443,466	-	-	-	-	-	1,443,466
Employee benefits	179,671	-	-	-	-	-	179,671
Purchased services and professional fees	303,261	21,667	-	518,103	-	-	843,031
Supplies and other	1,095,654	229,874	-	163,864	-	(664,996)	824,396
Repairs and maintenance	26,724	-	-	-	-	-	26,724
Cancer support services	3,048,776	251,541	-	681,967	-	(664,996)	3,317,288
Research expenses	2,234,779	-	-	-	-	-	2,234,779
Fundraising expenses	2,045,893	34,852	11,427	43,886	-	-	2,136,058
Total mission and program expenses	7,329,448	286,393	11,427	725,853	-	(664,996)	7,688,125
Excess (deficiency) of mission and program activities revenues over (under) expenses	790,376	(40,044)	(11,427)	(30,143)	-	-	708,762
Revenues, gains and other support in excess (deficiency) of expenses and losses, before noncontroller interest	$ (3,606,008)	$ 1,287,680	$ 1,067,820	$ (292,150)	$ 1,227,672	$ (1,145,164)	$ (1,460,150)

See accompanying notes.

MARY BIRD PERKINS CANCER CENTER
Consolidating Statement of Changes in Net Assets
Year Ended June 30, 2024

	Mary Bird Perkins Cancer Center	Mary Bird Perkins Cancer Foundation	St. Elizabeth - Mary Bird Perkins Cancer Center, LLC	Cancer Services, Inc.	Gulf South Oncology Holdings, LLC	Eliminations	Total
Net assets without donor restrictions							
Revenues, gains and other support in excess (deficiency) of expenses and losses, before noncontroller interest	$ (3,606,008)	$ 1,287,680	$ 1,067,820	$ (292,150)	$ 1,227,672	$ (1,145,164)	$ (1,460,150)
Net assets with donor restrictions							
Contributions and grants with donor restrictions	2,883,045	2,037,632	-	413,062	-	-	5,333,739
Investment income	-	1,965,159	-	-	-	-	1,965,159
Change in value of split interest agreements	-	120,263	-	-	-	-	120,263
Grants to the Mary Bird Perkins Cancer Center	-	(435,122)	-	-	-	-	(435,122)
Net assets released from restriction	(3,497,230)	-	-	(510,419)	-	-	(4,007,649)
Increase (decrease) in net assets with donor restrictions	(614,185)	3,687,932	-	(97,357)	-	-	2,976,390
Distribution to consolidated members	-	-	(1,888,250)	-	-	1,888,250	-
Distribution to noncontrolling interest	-	-	(1,016,750)	-	-	-	(1,016,750)
Increase (decrease) in net assets	(4,220,193)	4,975,612	(1,837,180)	(389,507)	1,227,672	743,086	499,490
Net assets, beginning of year	61,252,217	29,042,652	12,943,711	2,888,847	5,477,155	(12,807,808)	98,796,774
Net assets, end of year	$ 57,032,024	$ 34,018,264	$ 11,106,531	$ 2,499,340	$ 6,704,827	$ (12,064,722)	$ 99,296,264

See accompanying notes.

MARY BIRD PERKINS CANCER CENTER

Baton Rouge, Louisiana

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Reporting Period
July 1, 2023 through June 30, 2024

HORNE

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Finance Committee
Mary Bird Perkins Cancer Center

We have performed the procedures enumerated below, which were agreed to by Mary Bird Perkins Cancer Center (the "Center") and the Louisiana Legislative Auditor ("LLA") on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the reporting period July 1, 2023 through June 30, 2024. The Center's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Determine whether the Center's written policies and procedures address each of the following financial/business functions: budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, travel and expense reimbursement, credit cards, ethics, debt service, information technology disaster recovery/business continuity and prevention of sexual harassment.

We obtained and examined the Center's policies and procedures documentation for each of the financial/business functions listed above and noted the inclusion of all necessary times as defined by the LLA's SAUPs.

Board/Committee Meetings

2. Determine whether the managing Board meets (with quorum) at least monthly, or on a frequency in accordance with the Board of Commissioners (the "Board") enabling legislation, charter, bylaws or other equivalent documents.
3. Observe that the minutes referenced or included financial activity.
4. Obtain the prior year audit report and observe the unrestricted fund balance. If the unrestricted fund balance in the prior year had a negative ending balance, observe that the minutes for at least one meeting during the reporting period referenced or included a formal plan to eliminate the negative unrestricted balance.

5. Observe that the minutes include updates of the progress of resolving audit findings, if applicable.

We obtained and examined the Center's Board minutes and related documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Bank Reconciliations

6. Obtain from management a listing of all bank accounts held by the Center.

We obtained from management a list of all bank accounts held by the Center during the period.

7. Select the Center's main operating account and a sample of four other bank accounts provided in the listing obtained from management in SAUP #6. For each sample, randomly select one month from the reporting period, obtain bank statements and corresponding reconciliations for month selected, and determine whether:

   a. Bank reconciliations have been prepared within two months of the related statement closing date;

We inspected supporting documentation, including bank statements and reconciliations, for all months related to the accounts sampled. We noted that all months were reconciled to the general ledger within the required time frame.

   b. Bank reconciliations were properly reviewed by management within one month of being prepared; and

We inspected supporting documentation, including bank statements and reconciliations, for all months related to the accounts sampled. We noted that all months were approved by personnel other than the employee responsible for preparing the reconciliation within the required time frame.

   c. Management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date and documented such research accordingly, if applicable.

We inspected supporting documentation for reconciling items per the bank reconciliations, noting no research of reconciling items deemed applicable at this time.

Collections

8. Obtain from management a listing of all deposit sites maintained by the Center and select a sample of five deposit sites. For each deposit site, obtain from management a listing of all cash collection locations maintained by the Center.

9. Select a sample of one collection location for each deposit site provided in the listing obtained from management in SAUP #8. For each sample, obtain and inspect written policies and procedures related to employee job duties. Observe that job duties are properly segregated at each collection location such that:

   a. Employees who are responsible for cash collections do not share cash drawers/registers;

   b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit; and

   c. Each employee responsible for collecting cash is not 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.

10. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

11. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

12. Select two deposit dates for each of the five bank accounts selected for SAUP #8 and obtain supporting documentation such that:

    a. Observe that receipts are sequentially pre-numbered;

    b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip;

    c. Trace the deposit slip total to the actual deposit per the bank statement;

    d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles or the deposit is less than $100); and

    e. Trace the actual deposit per the bank statement to the general ledger.

We obtained and examined the Center's collections documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Nonpayroll Disbursements

13. Obtain from management a listing of all Center disbursements for the reporting period and a listing of all employees involved with nonpayroll purchasing and payment functions.

14. Obtain written policies and procedures related to employee job duties and observe job duties are properly segregated such that:

    a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;

    b. At least two employees are involved in processing and approving payments to vendors;

    c. 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;

    d. 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

    e. Only employees/officials authorized to sign checks approves the release of electronic reimbursements.

15. Select a sample of five disbursements, excluding credit cards and travel reimbursements, provided in the listing obtained from management in SAUP #13. Obtain supporting documentation for each transaction and:

    a. Observe that the disbursement matched the related original invoice/billing statement; and

    b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under SAUP #14, as applicable.

16. Select a sample of five electronic disbursements and observe that the disbursement was approved by the appropriate personnel per the Hospital's policy.

We obtained and examined the Center's disbursements documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Credit Cards

17. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards maintained by the Center.

We obtained from management a list of all active credit cards, bank debit cards, fuel cards, and P-cards.

18. Select a sample of five cards used from the listing obtained from management in SAUP #17 during the reporting period. For each sample, obtain one monthly statement and reconciliation during the reporting period and:

    a. Observe that there is evidence that the monthly statement and supporting documentation (e.g., original receipts for purchases, exception reports, etc.) were reviewed and approved in writing/electronically by someone other than the authorized card holder; and

We reviewed monthly statements and supporting documentation related to credit card activity selected and noted all items were approved in accordance with written policy.

    b. Observe that finance charges and/or late fees were not assessed on the selected statements.

We reviewed monthly statements and supporting documentation related to credit card activity selected and noted no finance charges or late fees were assessed on the selected statements.

19. Using the monthly statements obtained from management in SAUP #18, excluding fuel cards, select 10 transactions from each statement and obtain supporting documentation including:

    a. An itemized receipt that identifies precisely what was purchased;

    b. Written documentation of the business/public purpose; and

    c. Documentation of individuals participating in meals, if applicable.

We reviewed supporting documentation related to credit card activity selected and noted all items were properly documented as defined by LLA's SAUPs.

Travel and Expense Reimbursement

20. Obtain from management a listing of all travel and related expense reimbursements for the reporting period.

We obtained from management a list of all travel and related expense reimbursements for the reporting period.

21. Select a sample of five reimbursements from the listing obtained from management in SAUP #20. For each sample, obtain the related expense reimbursement forms or prepaid expense documentation, as well as supporting documentation, and determine:

    a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

We reviewed management's travel and expense reimbursement policy and noted that mileage is reimbursed per the IRS standard mileage rates. We noted that the Center has a set rate for lodging and daily transactions related to meal reimbursement.

    b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

We performed inquiries and reviewed supporting documentation related to the reimbursement sample and noted all expenses reimbursed (or prepaid) had original receipts identifying what was purchased.

c. Observe that each reimbursement is supported by documentation for the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy; and

We performed inquiries and reviewed supporting documentation related to the reimbursement sample and noted all expenses reimbursed (or prepaid) had documentation regarding the business/public purpose of the travel.

d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We reviewed supporting documentation related to each reimbursement and noted all were approved in accordance with written policy.

Contracts

22. Obtain from management a listing of all contracts in effect during the reporting period.

We obtained from management a list of all contracts in effect during the reporting period.

23. Select a sample of five contracts during the reporting period, excluding payments to practitioners, provided in the listing obtained from management in SAUP #22. Obtain the related contracts, paid invoices and:

    a. Observe whether each contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

    b. Observe whether each contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

    c. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment; and

    d. Select one payment from the reporting period for each of the five contracts selected, 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.

We obtained and examined the Center's contracts documentation for each of the requirements listed above and confirmed the inclusion of all applicable items as defined by LLA's SAUPs. We noted the Center is not subject to Louisiana Public Bid Law as a nonprofit organization.

Payroll and Personnel

24. Obtain from management a listing of all employees employed during the reporting period. Select a sample of five employees, obtain their paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates within their personnel files.

We obtained from management a list of all employees employed during the period.

25. Select one pay period during the reporting period and, for the five employees selected above in SAUP #24, obtain attendance leave records and leave documentation, and:

    a. Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory);

    b. Observe that supervisors approved the attendance and leave of the selected employees;

    c. Observe that any leave accrued or taken for those selected employees is reflected in the Center's cumulative leave records; and

    d. Observe the rate paid to the employees agrees to the authorized salary/pay rate found within the personnel file.

26. Obtain from management a listing of all employees that received termination payments during the reporting period. Select a sample of two employees and obtain related documentation of the hours and pay rates used in termination payment calculations. Agree hours to the employees' cumulative leave records and agree pay rates to the employees' authorized pay rates per their personnel files.

27. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and associated forms were submitted to the applicable agencies by the required deadlines.

We obtained and examined the Center's payroll and personnel documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Ethics

28. Using the sample of five employees from the listing provided in SAUP #24, obtain ethics compliance documentation from management and determine whether the Center maintained documentation to demonstrate:

    a. Each employee completed one hour of required ethics training during the reporting period; and

    b. Each employee attested through signature verification that they have read the Center's ethics policy during the reporting period.

We obtained and examined the Center's ethics documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

29. Inquire and/or observe whether the agency has appointed an ethics designee.

We confirmed with the Louisiana Ethics Administration Program that the Center had not appointed an ethics designee as of the reporting period ended June 30, 2024. We noted that the Center, as a nonprofit organization, is not subject to the regulations requiring the appointment of an ethics designee.

Debt Service

30. If debt was issued during the reporting period, obtain supporting documentation from the Center and determine whether approval was obtained from the State Bond Commission.

31. If the Center had outstanding debt during the reporting period, obtain from management a listing of all bonds/notes outstanding. 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.

We obtained and examined the Center's debt service documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs.

Fraud Notice

32. Inquire of management whether the Center had any misappropriations of public funds or assets during the reporting period. If applicable, review supporting documentation and determine whether the Center reported the misappropriation to the legislative auditor and the Center attorney of the parish in which the Center is domiciled.

33. Observe whether the Center has posted on its premises and website the notice required by R.S 24:523.1 related to the reporting of misappropriation, fraud, waste or abuse of public funds.

We obtained and examined the Center's fraud notice documentation for each of the requirements listed above. HORNE noted the fraud notice had not been posted on the website or premises as required by the LLA's SAUPs.

Management's Response: The Center will correct this by posting the fraud notice on both its website and premises.

Information Technology Disaster Recovery/Business Continuity

34. Obtain and inspect the Center's most recent documentation that it has backed up its critical data. Observe evidence that such back up occurred within the past week, was not maintained on local servicer/network, and was encrypted.
35. Obtain and inspect the Center's most recent documentation that it has tested/verified that its backups can be restored. Confirm that the test/verification was successfully performed within the past three months.
36. Obtain a listing of the Center's computers currently in use. Select a sample of five computers and observe 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.
37. Using the listing of terminated employees provided in SAUP #26, select five terminated employees and observe evidence that they have been removed or disabled from the network.
38. Using the listing of employees from payroll and personnel testing, obtain cybersecurity training documentation and determine that training occurred in accordance with R.S 42:1267.

We obtained and examined the Center's information technology documentation for each of the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs. We performed the procedures and discussed the results with management.

Prevention of Sexual Harassment

39. Using the five employees selected above in SAUP #24, obtain sexual harassment training documentation demonstrating at least one hour of training during the calendar year.

We reviewed training documentation for all employees selected and noted all employees completed trainings within a year.

40. Observe the Center has posted its sexual harassment policy and complaint procedure on its website.

We examined the Center's website and confirmed the inclusion of all necessary sexual harassment policy and complaint procedure documentation as defined by LLA's SAUPs.

41. Obtain the Center's annual sexual harassment report for the current fiscal period, confirm that it was dated on or before February 1, and observe it includes the following:
    a. Number and percentage of public servants in the Center who have completed the training requirements;
    b. Number of sexual harassment complaints received by the Center;
    c. Number of complaints which resulted in a finding that sexual harassment occurred;

d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e. Amount of time it took to resolve each complaint.

We obtained and examined the Center's sexual harassment documentation for the requirements listed above and confirmed the inclusion of all necessary items as defined by LLA's SAUPs. We noted that the Center did not submit any such documentation to the state. As a nonprofit, the Center is not subject to that level of disclosure.

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 those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

HORNE LLP

Ridgeland, Mississippi
July 25, 2025

HORNE

September 24, 2025

Management and the Finance Committee
Mary Bird Perkins Cancer Center
Baton Rouge, Louisiana

This letter includes information and recommendations with respect to matters that came to our attention in connection with our audit of the financial statements of Mary Bird Perkins Cancer Center (the "Center") as of and for the year ended June 30, 2024.

Schedule of Findings and Responses

Audit Finding #2024-001 - Delinquent Filing

Condition

Management experienced unforeseen delays in gathering and finalizing the necessary data to complete the audit of their fiscal year end June 30, 2024 financial statements. As such management submitted an extension request to the Louisiana Legislative Auditor ("LLA") prior to their statutory due date which was received. The fiscal year 2024 report was later properly filed with LLA but after their statutory due date.

Criteria

Louisiana Revised Section ("R.S.") 24:513 and 24:514 establishes the statutory due dates of auditees as no later than six months after the auditee's fiscal year end. Extension requests are allowable under the following categories: non-emergency or emergency. An emergency extension may only occur when a gubernatorially declared disaster or emergency prevents the auditee from completing the report by the statutory due date. The LLA grants non-emergency extensions but still considers audits with nonemergency extensions as late and expects a finding issued as such.

Cause and Effect

The Center experienced several changes in leadership over the course of the financial statement audit for fiscal year 2024, most notably turnover at the Chief Financial Officer position. The 2024 audit also marked the first year of a transition in audit firms, which is typically a challenging period for any organization. These events impacted management's ability to meet the established statutory due date

Recommendation

We recommend that the Center designate an individual on the finance team to monitor reporting deadlines and ensure the timely filing of all reporting requirements.

Views of Responsible Officials and Planned Corrective Action

Mary Bird designated an individual on the finance team to monitor reporting deadlines and they will ensure the timely filing of all reporting requirements going forward.

This letter is intended solely for the information and use of management, the Finance Committee and the LLA, and is not intended to be, and should not be, used by anyone other than these specified parties. It is our pleasure to respond to any questions you have about this letter. We appreciate the opportunity to continue to be of service to the Center.

Sincerely,

Horne LLP

HORNE LLP