Chiricahua Community Health Centers, Inc.

Independent Auditor's Reports and Consolidated Financial Statements

April 30, 2026 and 2025

Chiricahua Community Health Centers, Inc.
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Forvis Mazars, LLP
910 E. St. Louis Street
Springfield, MO 65806
P 417.865.8701 | F 417.865.0682
forvismazars.us

Independent Auditor's Report

Board of Directors
Chiricahua Community Health Centers, Inc.
Douglas, Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Chiricahua Community Health Centers, Inc. (the "Organization"), which comprise the consolidated balance sheets as of April 30, 2026 and 2025, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chiricahua Community Health Centers, Inc. as of April 30, 2026 and 2025, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 21 to the consolidated financial statements, the 2025 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chiricahua Community Health Centers, Inc.'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chiricahua Community Health Centers, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2026, on our consideration of Chiricahua Community Health Centers, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chiricahua Community Health Centers, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chiricahua Community Health Centers, Inc.'s internal control over financial reporting and compliance.

Forvis Mazars, LLP

Springfield, Missouri
November 10, 2026

Chiricahua Community Health Centers, Inc.
Consolidated Balance Sheets
April 30, 2026 and 2025

	2026	2025 (Restated - Note 21)
ASSETS		
Current Assets		
Cash	$ 7,702,491	$ 3,564,407
Patient accounts receivable	4,733,539	5,114,175
Grants and other receivables	2,224,505	533,671
Estimated amounts due from third-party payors	1,297,713	1,808,364
Supplies	178,907	201,035
Prepaid expenses and other	417,039	381,140
Total Current Assets	16,554,194	11,602,792
Assets Limited as to Use		
Deferred compensation plan assets	1,444,461	1,321,169
Externally restricted	510,442	-
Internally designated	100,003	50,851
	2,054,906	1,372,020
Investment in Equity Investee	914,546	1,105,563
Interest in Assets Held by Arizona Community Foundation	61,673	-
Property and Equipment, at Cost		
Land	397,447	397,447
Buildings and leasehold improvements	26,787,550	23,640,610
Equipment	10,027,333	9,959,980
Construction in progress	755,598	1,047,181
	37,967,928	35,045,218
Less accumulated depreciation	16,460,083	15,305,861
	21,507,845	19,739,357
Other Assets		
Right-of-use assets – operating leases	20,262,276	21,156,953
Right-of-use assets – finance leases	120,347	66,025
	20,382,623	21,222,978
Total Assets	$ 61,475,787	$ 55,042,710

Chiricahua Community Health Centers, Inc.
Consolidated Balance Sheets
April 30, 2026 and 2025 **(Continued)**

	2026	2025 (Restated - Note 21)
LIABILITIES AND NET ASSETS		
Current Liabilities		
Line of credit	$ -	$ 1,806,276
Current maturities of long-term debt	817,443	4,336,505
Current portion of operating lease liabilities	485,916	560,197
Current portion of finance lease liabilities	71,902	36,543
Accounts payable	1,812,855	1,806,806
Accrued expenses	2,776,857	5,046,836
Deferred grant revenue	176,169	35,846
Estimated amounts due to third-party payors	1,152,317	1,000,000
Total Current Liabilities	7,293,459	14,629,009
Other Liabilities		
Long-term debt, net	4,930,569	250,000
Operating lease liabilities	22,694,347	23,180,264
Finance lease liabilities	46,092	24,641
Deferred compensation	1,444,461	1,321,169
	29,115,469	24,776,074
Total Liabilities	36,408,928	39,405,083
Net Assets		
Without donor restrictions	24,188,075	15,318,031
With donor restrictions	878,784	319,596
Total Net Assets	25,066,859	15,637,627
Total Liabilities and Net Assets	$ 61,475,787	$ 55,042,710

Chiricahua Community Health Centers, Inc.
Consolidated Statements of Operations
Years Ended April 30, 2026 and 2025

	2026	2025 (Restated - Note 21)
Revenues, Gains, and Other Support Without Donor Restrictions		
Patient service revenue	$ 63,089,709	$ 58,191,309
Grant revenue	8,935,449	9,051,489
Contributions of cash and other financial assets	114,423	99,637
Contributions of nonfinancial assets	1,537,041	2,016,548
Other revenue	2,049,657	1,106,832
Net assets released from restrictions used for operations	187,447	173,626
Gain on disposal of property and equipment	131,179	-
Total Revenues, Gains, and Other Support Without Donor Restrictions	76,044,905	70,639,441
Expenses and Losses		
Salaries and wages	31,662,407	35,525,677
Employee benefits and payroll taxes	6,787,996	7,963,153
Purchased services and professional fees	5,831,336	5,048,790
Supplies and other	19,374,843	18,703,658
Rent	2,406,561	2,658,334
Depreciation and amortization	1,434,243	1,328,498
Interest expense	116,216	854,623
Total Expenses and Losses	67,613,602	72,082,733
Operating Income (Loss)	8,431,303	(1,443,292)
Other Income		
Gain (loss) on investment in equity investee	(191,017)	464,150
Investment return, net	1,758	34,796
Total Other Income	(189,259)	498,946
Excess (Deficiency) of Revenues Over Expenses and Losses	8,242,044	(944,346)
Contributions for acquisition of property and equipment	544,000	830,275
Net assets released from restriction for property and equipment	84,000	124,811
Increase in Net Assets Without Donor Restrictions	$ 8,870,044	$ 10,740

Chiricahua Community Health Centers, Inc.
Consolidated Statements of Changes in Net Assets
Years Ended April 30, 2026 and 2025

	2026	2025 (Restated - Note 21)
Net Assets Without Donor Restrictions		
Excess (deficiency) of revenues over expenses and losses	$ 8,242,044	$ (944,346)
Contributions for acquisition of property and equipment	544,000	830,275
Net assets released from restriction for property and equipment	84,000	124,811
Increase in Net Assets Without Donor Restrictions	8,870,044	10,740
Net Assets With Donor Restrictions		
Contributions of cash and other financial assets	830,635	306,165
Net assets released from restriction	(271,447)	(298,437)
Increase in Net Assets With Donor Restrictions	559,188	7,728
Change in Net Assets	9,429,232	18,468
Net Assets, Beginning of Year, As Previously Reported		16,619,159
Adjustments Applicable to Prior Years		(1,000,000)
Net Assets, Beginning of Year, As Restated	15,637,627	15,619,159
Net Assets, End of Year	$ 25,066,859	$ 15,637,627

Chiricahua Community Health Centers, Inc.
Consolidated Statements of Cash Flows
Years Ended April 30, 2026 and 2025

	2026	2025 (Restated - Note 21)
Operating Activities		
Change in net assets	$ 9,429,232	$ 18,468
Items not requiring (providing) operating cash		
Gain on disposal of property and equipment	(131,179)	-
Depreciation and amortization	1,434,243	1,328,498
(Gain) loss on investment in equity investee	191,017	(464,150)
Contributions for acquisition of property and equipment	(1,187,164)	(924,575)
Noncash operating lease expense	894,677	881,020
Changes in		
Patient accounts receivable	380,636	1,587,323
Grants receivable	(1,690,834)	561,079
Estimated amounts due from and to third-party payors	662,968	554,619
Inventories	22,128	157,497
Other current assets	(35,899)	(49,334)
Operating lease liability	(560,198)	(510,059)
Accounts payable and accrued expenses	(1,956,991)	(2,068,244)
Net Cash Provided by Operating Activities	7,452,636	1,072,142
Investing Activities		
Investment in assets of Arizona Community Foundation	(61,673)	-
Purchase of property and equipment	(3,257,070)	(1,403,447)
Proceeds from disposition of property and equipment	193,016	-
Net Cash Used in Investing Activities	(3,125,727)	(1,403,447)
Financing Activities		
Proceeds from contributions for acquisition of property and equipment	1,187,164	924,575
Payments on line of credit	(1,806,276)	(553,217)
Borrowings on line of credit	-	500,000
Principal payments on long-term debt	(675,493)	(1,321,056)
Principal payments on finance lease liabilities	(171,626)	(36,046)
Proceeds from issuance of long-term debt	1,837,000	250,000
Net Cash Provided by (Used in) Financing Activities	370,769	(235,744)
Increase (Decrease) in Cash	4,697,678	(567,049)
Cash, Beginning of Year	3,615,258	4,182,307
Cash, End of Year	$ 8,312,936	$ 3,615,258

	2026	2025 (Restated - Note 21)
Reconciliation of Cash and Restricted Cash to Consolidated Balance Sheets		
Cash	$ 7,702,491	$ 3,564,407
Restricted cash in assets limited as to use	610,445	50,851
	$ 8,312,936	$ 3,615,258
Supplemental Cash Flows Information		
Interest paid (net of capitalized interest)	$ 116,216	$ 854,623
ROU assets obtained in exchange for new finance lease liabilities	$ 228,436	$ 97,230
Property and equipment acquisitions in accounts payable	$ -	$ 166,616

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Chiricahua Community Health Centers, Inc. (the "Organization") is a Federally Qualified Health Center (FQHC) that primarily earns revenues by providing medical, dental, and related health care services through clinics located in Cochise County, Arizona.

The Chiricahua Health Foundation was formed in September 2022, and operates exclusively for the benefit of Chiricahua Community Health Centers, Inc.

Principles of Consolidation

The consolidated financial statements include the accounts of Chiricahua Community Health Centers, Inc. and the Chiricahua Health Foundation (collectively, the "Organization"). All material accounts and transactions have been eliminated in consolidation.

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 amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts and assets limited as to use, other than deferred compensation plan assets, are considered to be cash and cash equivalents. At April 30, 2026 and 2025, the Organization had no cash equivalents.

At April 30, 2026, the Organization's cash accounts exceeded federally insured limits by approximately $7,833,000.

Investment and Investment Return

The Organization measures equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in deficiency of revenues over expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return is comprised of interest income, less external and internal investment expense, and is reflected in the consolidated statements of operations as a component of net assets without donor restrictions.

Assets Limited as to Use

Assets limited as to use include (1) assets set aside by the Board of Directors for loan repayment over which the Board retains control and may at its discretion subsequently use for other purposes, (2) assets restricted by lender, and (3) deferred compensation plan assets. Amounts required to meet current liabilities of the Organization are included in current assets.

Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Organization 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. As a service to the patient, the Organization bills third-party payors directly and bills the patient when the patient's responsibility for copays, coinsurance, and deductibles is determined. Patient accounts receivable are due in full when billed.

No material credit loss expense has been recognized for the years ended April 30, 2026 and 2025.

Supplies

Supply inventories are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment acquisitions over $5,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under finance lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives. Right-of-use finance leases assets are included within building and leasehold improvements and equipment.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and leasehold improvements	5 to 40 years
Equipment	3 to 39 years

Certain property and equipment have been purchased with grant funds. Such items may have a reversionary interest by the grantor if not used to further the grants objectives or held for a specific length of time.

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in net assets without donor restrictions when the donated asset is placed in service.

The Organization capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Total interest incurred each year was:

	2026	2025
Interest costs capitalized	$ 153,990	$ -
Interest costs charged to expense	116,216	854,623
Total interest incurred	$ 270,206	$ 854,623

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended April 30, 2026 and 2025.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its leased locations.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. Incremental borrowing rates used to determine the present value of lease payments were derived by reference to the Organization's secured debt yields corresponding to the lease commencement date.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the consolidated balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Patient Service Revenue

Patient service revenue is recognized as the Organization satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization 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 Organization's policies, and implicit price concessions provided to uninsured patients.

The Organization determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies, and historical experience by payor groups. The Organization determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations by third-party payors.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.,* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, inventory, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, inventory, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

340B Drug Pricing Program

The Organization participates in the 340B Drug Pricing Program which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Drug Pricing Program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. The Organization receives benefits under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. The Organization has a network of participating pharmacies that dispense the pharmaceuticals to its patients under contract arrangement with the Organization. Reported 340B revenue consists of the pharmacy reimbursements, net of the initial purchase price of the drugs.

The 340B gross receipts are included in patient service revenue on the consolidated statements of operations and are recognized as revenue as the Organization satisfies performance under its contracts with patients. The drug replenishment costs are included on the pharmacy cost of goods sold line, and the contracted pharmacy costs are included on the purchased services and professional fees line on the consolidated statements of operations. The internal pharmacy other operating expenses are included with the associated operating expense line items such as salaries and wages, employee benefits and supplies and other on the consolidated statements of operations. The net 340B revenue from this program is used in furtherance of the Organization's mission.

Government Grants

Support funded by grants is generally considered a conditional contribution and recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant agreements which are reimbursement for services provided are considered exchange transactions and recognized as patient service revenue which is recognized as the service is performed. Grant activities and outlays are subject to audit and acceptance by the granting agency that, as a result of such audit, adjustments could be required.

Income Taxes

The Organization has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

Self-Insurance

The Organization has elected to self-insure certain costs related to employee dental insurance and medical health insurance.

Excess (Deficiency) of Revenues Over Expenses

The consolidated statements of operations includes excess (deficiency) of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, the change in fair value of an interest rate swap agreement, permanent transfers to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Note 2. Grant Revenue

The Organization is the recipient of a Health Center Program (HCP) grant from the U.S. Department of Health and Human Services. The general purpose of the grant is to support the delivery and expansion of accessible, comprehensive health care services to underserved populations. Terms of the grant generally provide for funding of the Organization's operations based on an approved budget. Grant revenue is recognized as the Organization meets the conditions prescribed by the grant agreement, which requires incurring qualifying expenditures over the grant period. During the years ended April 30, 2026 and 2025, the Organization recognized $6,659,504 and $6,240,849, respectively, in HCP grant funds. Funding for the grant year ending on April 30, 2027, has been authorized at $6,196,803. The HCP grant is considered a conditional award. As such, the approved funding in which the Organization has not incurred allowable expenditures has not been recognized in the consolidated financial statements at year-end.

Note 3. Patient Service Revenue

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

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in the Organization's clinics. The Organization measures the performance obligation from commencement of a service to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to its patients and customers in a retail setting (for example, pharmaceuticals) and the Organization does not believe it is required to provide additional goods related to the patient. The Organization had no performance obligations considered unsatisfied or partially unsatisfied as of April 30, 2026 and 2025.

Transaction Price

The Organization 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 Organization's sliding fee discount policy, and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its sliding fee discount program policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Third-Party Payors

The Organization is approved as a Federally Qualified Health Center (FQHC) for both Medicare and Medicaid reimbursement purposes. The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare. Covered FQHC services rendered to Medicare program beneficiaries are paid in accordance with provisions of Medicare's Prospective Payment System (PPS) for FQHCs. Medicare payments, including patient coinsurance, are paid based on the lesser of the Organization's actual charge or the applicable PPS rate. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medicaid. Covered FQHC services rendered to Medicaid program beneficiaries are paid based on either a prospective payment system (PPS) or the alternative payment methodology (APM). Services not covered under the FQHC benefit are paid based on established fee schedules.

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

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 Organization'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 Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

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 Organization'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 adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2025 and approximately $245,000 in 2026.

Refund Liabilities

From time to time the Organization will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of April 30, 2026 and 2025, the Organization had no refund liabilities.

Patient and Uninsured Payors

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. As required by Section 330 of the *Public Health Service Act* (42 U.S.C. §254b), the Organization also has established a sliding fee discount program and offers low-income patients a sliding fee discount from standard charges. The Organization 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, sliding fee discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended April 30, 2026 and 2025, additional revenue of approximately $52,000 and $0, respectively, was recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as credit loss expense.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances, such as copays and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

Revenue Composition

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care, or other insurance patient) have different reimbursement and payment methodologies and service lines
- Organization's line of business that provided the service (for example, medical, dental, behavioral health, pharmacy, etc.)

For the years ended April 30, 2026 and 2025, the Organization recorded patient service revenue of $39,908,985 and $37,337,330, respectively, from health care services transferred to the customer over time and $23,180,724 and $20,853,979, respectively, from pharmacy sales at a point in time.

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 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 Organization's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for the service will be one year or less.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Contract Balances

The following table provides information about the Organization's receivables, contract assets, and contract liabilities from contracts with customers:

	2026	2025
Accounts receivable, beginning of year	$ 5,114,175	$ 6,701,498
Accounts receivable, end of year	$ 4,733,539	$ 5,114,175

The Organization has no significant contract assets or contract liabilities at April 30, 2026 and 2025.

Note 4. Concentration of Credit Risk

The Organization grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors at April 30, 2026 and 2025, is:

	2026	2025
Medicare	28%	34%
Medicaid	59%	47%
Self-pay	1%	1%
Other third-party payors	12%	18%
	100%	100%

Note 5. Conditional Grants and Contributions

The Organization has received the following conditional promises to give at April 30, 2026 and 2025, that are not recognized in the consolidated financial statements:

	2026	2025
Given upon incurring allowable expenditures under the agreement	$ 1,656,108	$ 1,264,054
Given for capital project	329,801	1,611,265
	$ 1,985,909	$ 2,875,319

Note 6. Investments

Assets Limited as to Use

Assets limited as to use, at April 30, 2026 and 2025, include:

	2026	2025
Deferred compensation plan assets		
Cash	$ 457,668	$ 91,582
Mutual funds		
Target date	321,741	679,040
Other	665,052	550,547
Externally designated - cash	510,442	-
Internally designated - cash	100,003	50,851
	$ 2,054,906	$ 1,372,020

Investment Return

Investment return is comprised of interest income of $1,758 and $34,796 for the years ended April 30, 2026 and 2025, respectively. Investment return is reflected in the consolidated statements of operations as a component of net assets within net assets without donor restriction.

Note 7. Investment in Equity Investee

The Organization has an approximately 19.85% and 19.11% ownership in VBCare Network, LLC, at April 30, 2026 and 2025, respectively.

The LLC's unaudited financial position and results of operations during the years ended April 30, 2026 and 2025, are summarized below.

	2026	2025
Current assets	$ 9,275,094	$ 5,075,665
Total assets	9,300,070	5,075,665
Current liabilities	127,225	89,741
Total liabilities	127,225	89,741
Equity	$ 9,172,845	$ 4,985,924
Revenues	$ 12,835,498	$ 11,499,036
Net income	$ 3,508,239	$ 2,428,957

The Organization's proportionate share of net income (loss) in the LLC amounted to approximately $(191,000) and $464,000 for the years ended April 30, 2026 and 2025, respectively. The LLC has announced expected incentive payments to be made to VBCare Network participants related to 2026 which will increase the LLC expenses and reduce net income. These adjustments are not yet reflected in the unaudited financial statement amounts noted above but were taken into account in calculating the Organization's proportionate share of net income (loss). The Organization's investment in the LLC is included in investment in equity investee on the consolidated balance sheets.

Note 8. Medical Malpractice

The U.S. Department of Health and Human Services has deemed the Organization and its practicing physicians covered under the *Federal Tort Claims Act* (FTCA) for damage and personal injury, including death resulting from the performance of medical, surgical, dental, and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap.

Claim liabilities are to be determined without consideration of insurance recoveries. Expected recoveries are presented separately. Based upon the Organization's claims experience, no accrual has been made for medical malpractice costs for the years ended April 30, 2026 and 2025. However, because of the risk of providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

Note 9. Line of Credit

The Organization has a $3,000,000 revolving line of credit which expires December 31, 2026. At April 30, 2026 and 2025, there was an outstanding balance on the line of credit of $0 and $1,806,276, respectively. The interest rate was 6.75% and 7.5% at April 30, 2026 and 2025, respectively. The line is collateralized by the Organization's accounts receivable balances.

Note 10. Long-Term Debt

Long-term debt at April 30, 2026 and 2025, consisted of the following:

	2026	2025 (Restated - Note 21)
Notes payable (A)	$ 280,575	$ 301,036
Notes payable (B)	390,268	467,647
Notes payable (C)	3,244,731	3,567,822
Notes payable (D)	1,832,438	-
Notes payable (E)	-	250,000
	5,748,012	4,586,505
Less current maturities	817,443	4,336,505
	$ 4,930,569	$ 250,000

(A) Note is due on demand from the lender. If no demand is made, note is payable in 60 initial monthly payments of $3,199, including interest at 5.000%. Beginning April 2025, monthly payments of $3,215 will be made for 60 months including interest at 8.000%. Beginning April 2030, monthly payments of $3,323 will be paid for 60 months with a final payment of outstanding principal and interest due upon the maturity of the note in March 2035. The interest rate will be adjusted every 60 months and will be equal to the *Wall Street Journal* Prime Rate plus 0.5 percentage points. The note is secured by certain real property.

(B) Note is due on demand from the lender. If no demand is made, note is payable in 60 initial monthly payments of $4,672, including interest at 4.08%. Beginning August 2025, monthly payments of $4,674 will be made for 120 months including interest at the Treasury nominal constant maturities rate plus 3.75%, with a final payment of outstanding principal and interest due upon the maturity of the note in July 2035. The note is secured by certain real property.

(C) Note payable with monthly payments of $50,631 with a fixed interest rate of 3.740%. The loan was refinanced during 2026 for a new monthly payment of $19,588 beginning December 2025 with no change to the fixed interest rate of 3.740%. The loan matures in December 2031 with the remaining balance due at maturity. The note is secured by certain real property.

In connection with this note, the Organization is required to comply with certain covenants including maintaining a debt-service coverage ratio in excess of 1.25 to 1. Upon restatement of the 2025 financial statements, the Organization did not meet the debt-service coverage ratio at April 30, 2025. As such, the 2025 balance is presented in current maturities of long-term debt.

(D) Note payable with monthly payments of $12,081 with a fixed interest rate of 6.1%. The loan matures in February 2031 with the 6remaining balance due at maturity. The note is secured by certain real property.

(E) Note payable with quarterly payments of interest only at a rate of 3.00%. The loan matures in May 2029 with the balance due at maturity. The loan is secured by certain real property The loan was paid in full during 2026.

Aggregate annual maturities of long-term debt at April 30, 2026, are:

2027	$ 817,443
2028	152,368
2029	159,724
2030	166,809
2031	1,822,284
Thereafter	2,629,384
	$ 5,748,012

Note 11. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at April 30, 2026 and 2025, are restricted for the following purposes:

	2026	2025
Subject to expenditure for specified purpose		
Capital project	$ 653,464	$ 94,300
Health care services	36,334	119,011
Employee assistance fund	1,515	1,515
Chiricahua Cares fund	187,471	104,770
	$ 878,784	$ 319,596

Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors were:

	2026	2025
Purpose restrictions accomplished		
Capital project	$ 84,000	$ 124,811
Health care services	82,677	83,084
Chiricahua Cares fund	104,770	90,542
	$ 271,447	$ 298,437

Note 12. Liquidity and Availability

The Organization's financial assets available for general expenditures within one year of April 30, 2026 and 2025 are:

	2026	2025 (Restated - Note 21)
Financial assets at year-end		
Cash	$ 7,702,491	$ 3,564,407
Patient accounts receivable	4,733,539	5,114,175
Grants and other receivables	2,224,505	533,671
Estimated amounts due from third-party payors	1,297,713	1,808,364
Assets limited as to use	2,054,906	1,372,020
Total financial assets	18,013,154	12,392,637
Less amounts not available to be used within one year		
Assets limited as to use	2,054,906	1,372,020
Financial assets available to meet general expenditures within one year	$ 15,958,248	$ 11,020,617

As part of the Organization'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. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of $3,000,000 (see Note 9), which it could draw upon.

Note 13. Functional Expenses

The Organization provides health care services to residents within its service area. Certain costs attributable to more than one function have been allocated among the medical and other, dental, pharmacy, and general and administrative functional expense classifications based on direct assignment, salary allocation, and other methods. The following schedules present the natural classification of expenses by function as follows:

	2026		
	Health Care Program Services	Support Services	
	Medical and Other	General and Administrative	Total
Salaries and wages	$ 25,922,879	$ 5,739,528	$ 31,662,407
Employee benefits and payroll taxes	5,558,359	1,229,637	6,787,996
Purchased services and professional fees	1,848,147	3,983,189	5,831,336
Supplies and other	16,318,002	3,056,841	19,374,843
Rent	1,930,159	476,402	2,406,561
Depreciation	1,070,736	363,507	1,434,243
Interest	40,601	75,615	116,216
Total expenses	$ 52,688,883	$ 14,924,719	$ 67,613,602

	2025		
	Health Care Program Services	Support Services	
	Medical and Other	General and Administrative	Total
Salaries and wages	$ 29,420,923	$ 6,104,754	$ 35,525,677
Employee benefits and payroll taxes	5,647,589	2,315,564	7,963,153
Purchased services and professional fees	1,888,924	3,159,866	5,048,790
Supplies and other	16,052,907	2,650,751	18,703,658
Rent	1,898,654	759,680	2,658,334
Depreciation	1,027,016	301,482	1,328,498
Interest	106,968	747,655	854,623
Total expenses	$ 56,042,981	$ 16,039,752	$ 72,082,733

Note 14. Leases

Nature of Leases

The Organization has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of equipment. Termination of the leases generally is prohibited unless there is a violation under the lease agreement.

Operating Leases

The Organization leases primary care outpatient offices that expire in various years through 2042. These leases generally contain renewal options for periods ranging from one to five years and require the Organization to pay all executory costs (property taxes, maintenance, and insurance). Some lease payments have an escalating fee schedule of 3% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Organization has no material related party leases.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended April 30, 2026 and 2025, are:

	2026	2025
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	$ 174,114	$ 31,205
Interest on lease liabilities	17,966	2,080
Operating lease cost	1,991,690	2,015,439
Short-term lease cost	32,410	642,895
Variable lease cost	382,461	-
Total lease cost	$ 2,598,641	$ 2,691,619

	2026	2025
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ 192,080	$ 33,285
Financing cash flows from finance leases	$ 171,626	$ 36,046
Operating cash flows from operating leases	$ 560,198	$ 510,059
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 228,436	$ 97,230
Weighted-average remaining lease term		
Finance leases	2.40 years	1.67 years
Operating leases	18 years	19 years
Weighted-average discount rate		
Finance leases	3.33%	1.37%
Operating leases	4.75%	4.75%

Future minimum lease payments and reconciliation to the consolidated balance sheet at April 30, 2026, are as follows:

	Finance Leases	Operating Leases
2027	$ 74,695	$ 1,570,471
2028	21,893	1,613,356
2029	9,934	1,656,879
2030	9,934	1,703,023
2031	7,044	1,749,885
Thereafter	-	27,350,792
Total future undiscounted lease payments	123,500	35,644,406
Less imputed interest	5,506	12,464,143
Lease liabilities	$ 117,994	$ 23,180,263

Note 15. Retirement Plan

The Organization has a 403(b) defined contribution retirement plan covering substantially all employees. The Organization matches 100% of the eligible employees' contributions up to 3% of the employees' compensation. Employer contributions vest over a four-year period at a rate of 25% per year. Pension expense was $474,692 and $529,094 for the years ended April 30, 2026 and 2025, respectively, and is included in employee benefits on the consolidated statements of operations.

The Organization also has a 457(b) retirement plan that covers select highly compensated employees. Employee contributions are made through salary deductions. There were no employer contributions under this plan for the years ended April 30, 2026 and 2025.

The Organization also has a 457(f) supplemental executive plan, for the benefit of a selected group of management and clinical staff to provide a deferred compensation plan. These benefits became 100% vested in January 2026. No employer contributions were made under this plan for the years ended April 30, 2026 and 2025.

Note 16. Contributed Nonfinancial Assets

For the years ended April 30, 2026 and 2025, contributed nonfinancial assets recognized within the consolidated statements of operations included:

	2026	2025
Pharmaceuticals	$ 1,537,041	$ 2,016,548

The nonfinancial assets listed above were considered unconditional gifts with donor restriction. Conditional contributions having donor restrictions which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Pharmaceuticals

Contributed pharmacy inventory was utilized in the Vaccine for Children programs. The Organization used the Federal Upper Limit based on the weighted average of the most recently reported monthly Average Manufacturer Prices (AMP) that approximate wholesale prices in the United States (that is, the principal market).

Note 17. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2026 and 2025:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
April 30, 2026				
ASSETS				
Deferred compensation plan assets – mutual funds	$ 986,793	$ 812,330	$ 174,463	$ -
Interest in assets held by Arizona Community Foundation	61,673	-	61,673	-
Total assets	$ 1,048,466	$ 812,330	$ 236,136	$ -
April 30, 2025				
ASSETS				
Deferred compensation plan assets – mutual funds	$ 1,229,587	$ 1,067,271	$ 162,316	$ -

Following is a description of the valuation methodologies and inputs used for liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended April 30, 2026.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. No Level 3 securities were noted.

Interest in Assets Held by Arizona Community Foundation

Fair value is estimated based on the Organization's share in certain endowments held by Arizona Community Foundation. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Note 18. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Variable Consideration

Estimates of variable consideration in determining the transaction price for patient service revenue are described in Notes 1 and 3.

Grant Revenue

A concentration of revenues related to grant awards and other support is described in Note 2. The current environment regarding federal financial assistance is uncertain and could materially impact grant revenues in the future. There is the potential for reductions in federal funding as part of the annual federal budget process, or through a reduction in special program appropriations that require periodic renewal and funding. In addition, current or future federal financial assistance could be impacted by executive orders.

Medical Malpractice Claims

Estimates related to the accrual for professional liability claims are described in Note 8.

Self-Insurance

The Organization is self-insured for employee group dental care and medical health insurance. Liabilities include an accrual for claims that have been incurred and an estimate of claims incurred but not reported. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

340B Drug Discount Program

The Organization participates in the 340B Drug Pricing Program (340B Program) as a covered entity which enables the Organization to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. This program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA has implemented a program integrity initiative to maximize oversight and manage compliance risks for 340B Program covered entities. The initiative's guiding principles include audits of covered entities and manufacturers to enforce requirements for these stakeholders. Annual recertification is required to allow covered entities an opportunity to assess their 340B program and reattest to meeting program requirements.

Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to financial statement amounts related to the 340b Program could occur in the near term.

Litigation

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

One Big Beautiful Bill Act

On July 4, 2025, the *One Big Beautiful Bill Act* (OBBBA) was enacted, a comprehensive budget reconciliation law that introduces significant changes to federal healthcare programs, tax policy, and energy-related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries. The Organization is currently assessing the potential financial and operational impacts of the OBBBA. These changes may materially affect the Organization's Medicaid reimbursement levels, patient coverage mix, and compliance obligations. Management is monitoring regulatory guidance and implementation timelines to evaluate the implications for revenue recognition, operating margins, and long-term strategic planning.

Note 19. Construction in Progress

The Organization had multiple construction projects in progress as of April 30, 2026. They are:

- Sierra Vista Clinic project estimated to be completed in September 2026 with remaining costs of approximately $3,000. The project is funded through operating cash flow.

- Pediatrics Centers of Excellence Clinic project estimated to be completed in June 2026 with remaining costs of approximately $243,000. The project is funded through operating cash flow.

Note 20. Interest in Assets Held by Arizona Community Foundation

The Organization has transferred assets to the Arizona Community Foundation and retained a beneficial interest in those assets. The fair value of the retained beneficial interest included in the balance sheets was $61,673 and $0 at April 30, 2026 and 2025, respectively.

Note 21. Restatement of Prior Years' Financial Statements

In 2025, the Organization's estimated amounts due from third-party payors was overstated, estimated amounts due to third-party payors was understated and patient service revenue was overstated for errors in accounting for settlements related to certain Medicaid reconciliation reports. Also, accounts payable was understated and other revenue was overstated for an error in accounting for an advanced payment received in 2025. During 2026, the Organization corrected these errors to conform to the requirements of accounting principles generally accepted in the United States of America. An adjustment of $1,000,000 has been included in the restated beginning net assets balance. The adjustments decreased the previously reported 2025 change in net assets by $831,340. The following financial statement line items for fiscal year 2025 were affected by the corrections:

	As Restated	As Previously Reported	Effect of Change
Balance Sheet			
Estimated amounts due from third-party payors	$ 1,808,364	$ 2,139,704	$ (331,340)
Total current assets	11,602,792	11,934,132	(331,340)
Total assets	55,042,710	55,374,050	(331,340)
Accounts payable	1,806,806	1,306,806	500,000
Current maturities of long-term debt	4,336,505	1,251,114	3,085,391
Estimated amounts due to third-party payors	1,000,000	-	1,000,000
Total current liabilities	14,629,009	10,043,618	4,585,391
Long-term debt, net	250,000	3,335,391	(3,085,391)
Total liabilities	39,405,083	37,905,083	1,500,000
Net assets without donor restrictions	15,318,031	17,149,371	(1,831,340)
Total net assets	15,637,627	17,468,967	(1,831,340)
Total liabilities and net assets	55,042,710	55,374,050	(331,340)
Statement of Operations			
Patient service revenue	58,191,309	58,522,649	(331,340)
Other revenue	1,106,832	1,606,832	(500,000)
Total revenues, gains, and other support without donor restrictions	70,639,441	71,470,781	(831,340)
Operating loss	(1,443,292)	(611,952)	(831,340)
Deficiency of revenues over expenses	(944,346)	(113,006)	(831,340)
Increase (decrease) in net assets without donor restrictions	10,740	842,080	(831,340)
Statement of Changes in Net Assets			
Deficiency of revenues over expenses	(944,346)	(113,006)	(831,340)
Increase (decrease) in net assets without donor restrictions	10,740	842,080	(831,340)
Change in net assets	18,468	849,808	(831,340)
Net assets, beginning of year	15,619,159	16,619,159	(1,000,000)
Net assets, end of year	15,637,627	17,468,967	(1,831,340)
Statement of Cash Flows			
Change in net assets	18,468	849,808	(831,340)
Estimated amounts due from and to third-party payors	554,619	(776,721)	1,331,340
Accounts payable and accrued expenses	(2,068,244)	(1,568,244)	(500,000)
Net cash provided by operating activities	1,072,142	1,072,142	-

Note 22. Subsequent Events

Subsequent events have been evaluated through November 10, 2026, which is the date the financial statements were available to be issued.

Supplementary Information

Chiricahua Community Health Centers, Inc.
Schedule of Expenditures of Federal Awards
Year Ended April 30, 2026

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services/ Health Center Program/Health Center Program Cluster	93.224	N/A	$ -	$ 6,659,504
Total Health Center Program Cluster			-	6,659,504
U.S. Department of Health and Human Services/Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	N/A	-	1,130,055
U.S. Department of Health and Human Services/Arizona Family Health Partnership d/b/a Affirm Sexual and Reproductive Health/Family Planning Services	93.217	None	-	397,015
U.S. Department of Health and Human Services/Arizona Department of Health Services Well Woman Health Program/Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	CTR059653/ CTR070058	-	256,832
U.S. Department of Justice/Arizona Alliance for Community Health Centers/Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2018-WR-AX-0034	-	30,365
U.S. Department of Health and Human Services/Arizona Alliance for Community Health Centers/ Children's Health Insurance Program	93.767	None	-	22,140
Total forward			-	8,495,911

Chiricahua Community Health Centers, Inc.
Schedule of Expenditures of Federal Awards
Year Ended April 30, 2026

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Total forward			$ -	$ 8,495,911
U.S. Department of Health and Human Services/ Congressional Directives	93.493	N/A	-	1,197,164
U.S. Department of Health and Human Services/ Healthy Tomorrows/Special Projects of Regional and National Signifiance	93.110	None	-	50,000
U.S. Department of Health and Human Services/ Arizona Department of Health Services/Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman)	93.436	CTR070058	-	58,767
U.S. Department of Health and Human Services/ Arizona Board of Regents, University of Arizona/ Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	794538	-	56,096
U.S. Department of Health and Human Services/ AACHC/Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges	93.332	NAVCA210401	-	66,651
			$ -	$ 9,924,589

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Chiricahua Community Health Centers, Inc. under programs of the federal government for the year ended April 30, 2026. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Chiricahua Community Health Centers, Inc., it is not intended to and does not present the financial position, results of operations, changes in net assets, or cash flows of Chiricahua Community Health Centers, Inc.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

Chiricahua Community Health Centers, Inc. has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

Chiricahua Community Health Centers, Inc. did not have any federal loan programs during the year ended April 30, 2026.

Forvis Mazars, LLP
910 E. St. Louis Street
Springfield, MO 65806
P 417.865.8701 | F 417.865.0682
forvismazars.us

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Chiricahua Community Health Centers, Inc.
Douglas, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Chiricahua Community Health Centers, Inc. (the "Organization"), which comprise the Organization's consolidated balance sheet as of April 30, 2026, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 10, 2026, which contained an "Emphasis of Matter" paragraph regarding restatement of previously issued financial statements.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2026-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Chiricahua Community Health Centers, Inc.'s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

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

Forvis Mazars, LLP

Springfield, Missouri
November 10, 2026

Forvis Mazars, LLP
910 E. St. Louis Street
Springfield, MO 65806
P 417.865.8701 | F 417.865.0682
forvismazars.us

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Chiricahua Community Health Centers, Inc.
Douglas, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chiricahua Community Health Centers, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chiricahua Community Health Centers, Inc.'s major federal programs for the year ended April 30, 2026. Chiricahua Community Health Centers, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Chiricahua Community Health Centers, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2026.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Chiricahua Community Health Centers, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Chiricahua Community Health Centers, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Chiricahua Community Health Centers, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Chiricahua Community Health Centers, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Chiricahua Community Health Centers, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matter

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2026-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2026-002, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it

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

Forvis Mazars, LLP

Springfield, Missouri
November 10, 2026

Chiricahua Community Health Centers, Inc.
Schedule of Findings and Questioned Costs
Year Ended April 30, 2026

Section I – Summary of Auditor's Results

Financial Statements

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

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Material weakness(es) identified?	☒ Yes	☐ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified?	☒ Yes	☐ None reported
Material weakness(es) identified?	☐ Yes	☒ No

5. Type of auditor's report issued on compliance for each major federal award programs:
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☒ Yes ☐ No

7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
93.224	Health Center Program Cluster
93.493	Congressional Directives

8. Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000.

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
2026-001	Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting. Condition – The Organization's financial statements required certain adjustments to be in conformity with accounting principles generally accepted in the United States of America (GAAP), including restatements to the previously issued 2025 financial statements. Cause – The Organization's policies and procedures in effect did not identify certain necessary adjustments required to present the financial statements in accordance with GAAP or identify the needed adjustment on a timely basis. Effect or potential effect – Adjustments were required and restatements were made to the previously issued financial statements. Recommendation – Management should continue to monitor month-end closing procedures to ensure controls in place are sufficient to assure financial statements are prepared in accordance with GAAP. View of Management Officials and Planned Corrective Actions – Management has hired a new CFO that started in August 2026 that will oversee the following actions to be taken. Management will continue to strengthen month- and year-end closing procedures to ensure sufficient controls are in place and to assure financial statements are prepared in accordance with GAAP prior to the close of the fiscal year. Management will place additional emphasis on the timely reconciliation and review of significant account balances and complex or non-routine transactions. Contact person: Dylan Lyon, CFO Completion date: October 31, 2026

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2026-002	Health Center Program Cluster – ALN. 93.224 U.S. Department of Health and Human Services Award No. 2 H80CS00696-24-06 Program Year 24 Criteria or Specific Requirement – Reporting – 2 CFR 200.328-200.329 Condition – The Organization is required to prepare and submit an annual Uniform Data System (UDS) for each calendar year and an annual Federal Financial Report (FFR) for each grant year for the Health Center Program Cluster. These reports are to be prepared using accurate financial information. Cause – The Organization was unable to provide supporting documentation that agreed to certain line items tested on the UDS report. Effect or potential effect– Potential errors were made on the annual UDS report. Questioned cost – None Context – The annual UDS and FFR report for the Health Center Program Cluster were selected for testing. The sampling methodology used is not and is not intended to be statistically valid. Of the twenty inputs tested, three exceptions were noted related to the annual UDS report. Identification as a Repeat Finding – No. Recommendation – The Organization should revise policies and procedures over federal reporting to ensure reports are prepared using accurate information and supporting documentation for federal grant reports should be maintained. Views of Responsible Officials and Planned Corrective Actions – Management will strengthen controls over federal reporting by implementing procedures to ensure that supporting schedules, reconciliations, source reports, and preparation workpapers are retained and maintained for all UDS reporting line items. We will centralize documentation, establish formal review procedures, and conduct periodic oversight meetings to ensure reported amounts can be independently verified and reproduced. These changes will improve the consistency and supportability of UDS submissions and other federal reports. Contact person: Dylan Lyon, Chief Financial Officer Completion date: February 15, 2027

CHIRICAHUA
COMMUNITY HEALTH CENTERS, INC.
HEALTH FOR ALL

Chiricahua Community Health Centers, Inc.
Summary Schedule of Prior Audit Findings
Year Ended April 30, 2026

Reference Number	Summary of Finding	Status
2025-001	Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting. Condition – The Organization's financial statements required certain adjustments to be in conformity with accounting principles generally accepted in the United States of America (GAAP), including revisions to the previously reported investment in equity investee asset balance and net assets with donor restrictions. Cause – The Organization's policies and procedures in effect did not identify certain necessary adjustments required to present the financial statements in accordance with GAAP or identify the needed adjustment on a timely basis. Effect or potential effect – Adjustments were required and revisions were made to the previously issued financial statements. Reason for recurrence and status of corrective action planned – The current-year finding resulted from a separate and dissimilar complex accounting issue from those identified in findings 2025-001 and 2024-001. Although management implemented corrective actions in response to the prior findings, those procedures did not fully address the unique accounting considerations associated with the current -year matter. Management has hired a new CFO that started in August 2026 that will oversee the following actions to be taken. Management will continue to strengthen month- and year-end closing procedures to ensure sufficient controls are in place and to assure financial statements are prepared in accordance with GAAP prior to the close of the fiscal year. Management will place additional emphasis on the timely reconciliation and review of significant account balances and complex or non-routine transactions.	Unresolved – see Finding 2026-001

CHIRICAHUA
COMMUNITY HEALTH CENTERS, INC.
HEALTH FOR ALL

Chiricahua Community Health Centers, Inc.
Summary Schedule of Prior Audit Findings
Year Ended April 30, 2026 **(Continued)**

Reference Number	Summary of Finding	Status
2024-001	Criteria – Management is responsible for establishing and maintaining effective internal control over financial reporting. Condition – The Organization's financial statements required adjustments to be in conformity with accounting principles generally accepted in the United States of America (GAAP), including adjustments to patient accounts receivable and the related patient service revenues. Cause – The Organization's policies and procedures in effect did not identify certain necessary adjustments required to present the financial statements in accordance with GAAP or identify the needed adjustments on a timely basis. Effect or potential effect – Adjusting journal entries were proposed during the financial statement audit. Reason for recurrence and status of corrective action planned – The current-year finding resulted from a separate and dissimilar complex accounting issue from those identified in findings 2025-001 and 2024-001. Although management implemented corrective actions in response to the prior findings, those procedures did not fully address the unique accounting considerations associated with the current -year matter. Management has hired a new CFO that started in August 2026 that will oversee the following actions to be taken. Management will continue to strengthen month- and year-end closing procedures to ensure sufficient controls are in place and to assure financial statements are prepared in accordance with GAAP prior to the close of the fiscal year. Management will place additional emphasis on the timely reconciliation and review of significant account balances and complex or non-routine transactions.	Unresolved – See Finding 2026-001