EVANS MEMORIAL HOSPITAL, INC.
CLAXTON, GEORGIA

COMBINED FINANCIAL STATEMENTS

for the years ended September 30, 2025 and 2024

Draffin Tucker

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Evans Memorial Hospital, Inc.
Claxton, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of Evans Memorial Hospital, Inc., which comprise the combined balance sheets as of September 30, 2025 and 2024, and the related combined statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Evans Memorial Hospital, Inc. as of September 30, 2025 and 2024, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Evans Memorial Hospital, 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 financial statements, Evans Memorial Hospital, Inc. has suffered recurring losses from operations, its current liabilities exceed its current assets, and has cash flow management difficulties. Management's evaluation of the events and conditions and management's plans to mitigate those matters are also described in Note 21. Our opinion is not modified with respect to that matter.

Continued

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Draffin & Tucker, LLP | CPAs and Advisors | www.draffin-tucker.com
P.O. Box 71309 | 2617 Gillionville Road | Albany, GA 31708-1309 | (229) 883-7878
5 Concourse Parkway, Suite 1250 | Atlanta, GA 30328 | (404) 220-8494
210 Wingo Way, Suite 202 | Mt. Pleasant, SC 29464 | (843) 722-0785

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

- Identify and assess the risks of material misstatement of the combined 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 combined 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 Evans Memorial Hospital 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 combined financial statements.

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

Continued

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.

Draffin & Tucker, LLP

Albany, Georgia
March 31, 2026

EVANS MEMORIAL HOSPITAL, INC.

COMBINED BALANCE SHEETS
September 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash	$ 301,783	$ 1,589,582
Assets limited as to use for current obligations	422,733	451,433
Patient accounts receivable, net	2,591,253	3,324,936
Supplies	142,143	149,487
Other current assets	307,462	205,402
Total current assets	3,765,374	5,720,840
Assets limited as to use:		
Internally designated for employee benefits	176,597	26,516
Under indenture agreement - held by trustee	762,008	772,278
By donor:		
Dorothy Blocker Scholarship	53,693	53,318
	992,298	852,112
Less amount required to meet current obligations	422,733	451,433
Noncurrent assets limited as to use	569,565	400,679
Property and equipment, net	7,077,652	7,555,976
Finance lease right-of-use assets	671,650	516,403
Other assets	837	837
Total assets	$ 12,085,078	$ 14,194,735

Continued

EVANS MEMORIAL HOSPITAL, INC.

COMBINED BALANCE SHEETS, Continued
September 30, 2025 and 2024

	2025	2024
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	$ 370,000	$ 355,000
Current portion of finance lease liabilities	177,565	165,391
Short-term debt	751,550	1,001,550
Accounts payable	2,807,342	2,275,385
Accrued expenses	1,885,050	1,136,627
Estimated third-party payor settlements	235,642	382,426
Total current liabilities	6,227,149	5,316,379
Long-term debt, net of current portion	2,522,980	2,893,630
Finance lease liabilities, net of current portion	526,121	378,432
Total liabilities	9,276,250	8,588,441
Net assets:		
Without donor restrictions:		
Undesignated	2,755,135	5,552,976
With donor restrictions:		
Purpose restrictions	43,693	43,318
Perpetual in nature	10,000	10,000
Total net assets	2,808,828	5,606,294
Total liabilities and net assets	$ 12,085,078	$ 14,194,735

See accompanying notes to financial statements.

EVANS MEMORIAL HOSPITAL, INC.

COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
for the years ended September 30, 2025 and 2024

	2025	2024
Revenues, gains and other support:		
Net patient service revenue	$ 17,506,717	$ 17,512,036
Other revenue	506,043	431,663
Total revenues, gains and other support	18,012,760	17,943,699
Operating expenses:		
Salaries and wages	10,178,829	9,991,360
Employee health and welfare	2,054,099	2,029,847
Supplies and other	3,685,630	3,850,370
Purchased services	5,775,519	5,035,856
Interest	157,359	90,011
Depreciation and amortization	1,029,734	1,047,682
Total operating expenses	22,881,170	22,045,126
Operating loss	(4,868,410)	(4,101,427)
Other income:		
Interest income	9,842	13,419
Contributions from Evans County for Revenue Certificate interest	123,500	140,000
Rural hospital tax credit contributions	1,301,291	2,606,810
Other contributions	280,936	712,563
Excess expenses	(3,152,841)	(628,635)
Net assets without donor restrictions:		
Capital grants	-	1,000,000
Contribution from Evans County for Revenue Certificate principal	355,000	340,000
Increase (decrease) in net assets without donor restrictions	(2,797,841)	711,365

Continued

EVANS MEMORIAL HOSPITAL, INC.

COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS, Continued
for the years ended September 30, 2025 and 2024

	2025	2024
Net assets with donor restrictions:		
Investment income	$ 375	$ 374
Increase in net assets with donor restrictions	375	374
Increase (decrease) in net assets	(2,797,466)	711,739
Net assets, beginning of year	5,606,294	4,894,555
Net assets, end of year	$ 2,808,828	$ 5,606,294

See accompanying notes to financial statements.

EVANS MEMORIAL HOSPITAL, INC.

COMBINED STATEMENTS OF CASH FLOWS
for the years ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Increase (decrease) in net assets	$ (2,797,466)	$ 711,739
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Contribution from Evans County for Revenue Certificate principal	(355,000)	(340,000)
Proceeds from capital grants	-	(1,000,000)
Depreciation and amortization	1,029,084	1,065,836
Changes in:		
Patient accounts receivable	733,683	(436,889)
Supplies	7,344	(262)
Other current assets	(102,060)	97,794
Accounts payable	531,957	647,720
Accrued expenses	748,423	(110,413)
Estimated third-party payor settlements	(146,784)	55,686
Net cash provided (used) by operating activities	(350,819)	691,211
Cash flows from investing activities:		
Purchase of property and equipment	(381,682)	(1,382,643)
Cash flows from financing activities:		
Contribution from Evans County for Revenue Certificate principal	355,000	340,000
Proceeds from issuance of short-term debt	-	700,000
Proceeds from capital grants	-	1,000,000
Payments on long-term debt	(355,000)	(340,000)
Payments on short-term debt	(250,000)	-
Payments on finance lease liabilities	(165,112)	(98,753)
Net cash provided (used) by financing activities	(415,112)	1,601,247
Net increase (decrease) in cash	(1,147,613)	909,815
Cash, beginning of year	2,441,694	1,531,879
Cash, end of year	$ 1,294,081	$ 2,441,694

Continued

EVANS MEMORIAL HOSPITAL, INC.

COMBINED STATEMENTS OF CASH FLOWS, Continued
for the years ended September 30, 2025 and 2024

	2025	2024
Reconciliation of cash to the combined balance sheets:		
Cash	$ 301,783	$ 1,589,582
Cash in assets limited as to use	992,298	852,112
Total	$ 1,294,081	$ 2,441,694
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 307,551	$ 240,203
Assets acquired through leases	$ 328,717	$ 44,012

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Organization

On October 1, 1996, the Hospital Authority of Evans County (Authority) implemented a reorganization plan whereby all assets, liabilities, and management of the Authority were transferred to Evans Memorial Hospital, Inc. (Hospital) under a 40-year lease.

Evans Memorial Hospital, Inc. manages and operates Evans Memorial Hospital, a 45-bed acute care not-for-profit hospital. Beginning August 1, 2023, Evans Memorial Hospital opened a 4-bed intensive care unit.

Evans Memorial Foundation, Inc. (Foundation) was established to raise funds of any kind or character to be used exclusively for charitable, medical education, and scientific purposes at or in connection with Evans Memorial Hospital, Inc.

Basis of Presentation

The accompanying financial statements have been prepared by combining the financial statements of Evans Memorial Hospital, Inc. and Evans Memorial Foundation, Inc. All material interfacility transactions have been eliminated in the combined financial statements.

Use of Estimates

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

Deferred Financing Cost

Costs related to the issuance of long-term debt were deferred and are being amortized over the life of the related debt. These costs are reported on the combined balance sheets as a direct deduction from the carrying amount of the related debt liability.

Supplies

Supplies are stated at the lower of cost and net realizable value, using the first-in, first-out method.

Continued

1. Summary of Significant Accounting Policies, Continued

Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Hospital 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 Hospital 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.

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

Patient accounts receivable was $2,591,253, $3,324,936 and $2,888,047 as of September 30, 2025, 2024 and 2023, respectively. The Hospital had no significant contract assets or contract liabilities as of September 30, 2025 or 2024.

Allowance for Credit Losses

The Hospital records credit losses for patient accounts receivable based on the current expected credit loss model. Credit losses are recorded after consideration of any implicit or explicit price concessions. In evaluating the collectability of patient accounts receivable, management evaluates historical losses as well as adjustments for current conditions, asset-specific risk characteristics and reasonable and supportable forecasts to determine an allowance for expected credit losses.

The Hospital has elected the practical expedient in FASB ASC 326-20-30-10C, which allows the entity to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. However, the Hospital does continue to adjust historical loss information to reflect current conditions to the extent that historical loss information does not reflect current conditions. The Hospital has determined that the current and reasonable and supportable forecasted economic conditions as of the balance sheet date are consistent with those conditions that existed during the period that the historical data was collected. Accordingly, the Hospital determines that no adjustment to its historical loss information is necessary.

The Hospital also applied the accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses. The Hospital considers collection activity through the date the financial statements were issued. The Hospital develops its

Continued

1. Summary of Significant Accounting Policies, Continued

Allowance for Credit Losses, Continued

estimate of expected credit losses by determining which receivables have been collected and then recognizing an allowance for the amounts that are uncollected based on its historical loss rates. Management believes that an allowance for credit losses is not required at year-end.

Assets Limited as To Use

Assets limited as to use primarily include assets held by trustees under indenture agreements, assets restricted by donor, and assets set aside for employee benefits over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Hospital have been reclassified in the combined balance sheets at September 30, 2025 and 2024.

Property and Equipment

Property and equipment acquisitions over $1,500 are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Buildings and equipment under finance lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the building or equipment. Such amortization is included in depreciation and amortization in the combined financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as increases in net assets without donor restrictions, and are excluded from excess expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as increases in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The Hospital evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset’s fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The Hospital has not recorded any impairment charges in the accompanying combined statement of operations and changes in net assets for the years ended September 30, 2025 and 2024.

Continued

1. Summary of Significant Accounting Policies, Continued

Refundable Advance

A refundable advance arises when assets are recognized before revenue recognition criteria have been satisfied. Funding from grants are reported as a refundable advance until conditions such as qualifying expenditures have been substantially met. See note 19 for additional information.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor imposed restrictions. The Board has discretionary control over these resources. Designated amounts represent those net assets that the Board has set aside for a particular purpose. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restrictions – net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Excess Expenses

The combined statements of operations and changes in net assets includes excess expenses. Changes in net assets without donor restrictions which are excluded from excess expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Continued

1. Summary of Significant Accounting Policies, Continued

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors, and others and include variable consideration for retroactive revenue adjustments under reimbursement arrangements with third-party payors. Retroactive adjustments are included in the determination of the estimated transaction price and adjusted in future periods as final settlements are determined.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Donor Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances. The gifts are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Operating grant funding, whose restrictions were met in the same period as received, are included in other revenue on the combined statements of operations and changes in net assets.

Estimated Malpractice and Other Self-Insurance Costs

The provisions for estimated medical malpractice claims and other claims under self-insurance plans include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income Taxes

The Hospital and Foundation are not-for-profit corporations that have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

Continued

1. Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

The Hospital and Foundation apply accounting policies that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Hospital and Foundation only recognize the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, no liability is recognized in the accompanying combined balance sheets for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of September 30, 2025 and 2024 or for the years then ended. The Hospital's and Foundation's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement and Disclosures* defines fair value as the amount that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

FASB ASC 820 describes the following three levels of inputs that may be used:

- *Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- *Level 2:* Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

- *Level 3:* Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Continued

1. Summary of Significant Accounting Policies, Continued

Recently Adopted Accounting Pronouncement

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets,* which provides entities with a practical expedient and accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under FASB ASC 606 on revenue from contracts with customers. The Hospital prospectively adopted the practical expedient and accounting policy election for fiscal year 2025.

Subsequent Events

In preparing these combined financial statements, the Hospital has evaluated events and transactions for potential recognition through March 31, 2026, the date the combined financial statements were issued.

2. Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital 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 Hospital bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Hospital 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 inpatient acute care and outpatient services. The Hospital measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation and have a duration of less than one year. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the Hospital does not believe it is required to provide additional services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the

Continued

2. Net Patient Service Revenue, Continued

reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period. The Hospital is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The Hospital accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. As a result, the Hospital has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract by contract basis.

The Hospital has arrangements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates, subject to certain discounts and implicit price concessions as determined by the Hospital. The Hospital determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and implicit price concessions provided to uninsured patients. Implicit price concessions represent the difference between amounts billed and the estimated consideration the Hospital expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience.

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

- Medicare

  Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

  The Hospital is reimbursed for certain reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the MAC through September 30, 2023.

Continued

2. Net Patient Service Revenue, Continued

- Medicaid

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at a prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to the Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2022.

The Hospital also contracts with certain managed care organizations to receive reimbursement for providing services to selected enrolled Medicaid beneficiaries. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges, or prospectively determined per diems.

The Hospital participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Hospital receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Hospital's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately $1,147,000 and $262,000 for the years ended September 30, 2025 and 2024, respectively.

The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) provides for payment adjustments to certain facilities based on the Medicaid Upper Payment Limit (UPL). The UPL payment adjustments are based on a measure of the difference between Medicaid payments and the amount that could be paid based on Medicare payment principles. The net amount of UPL payment adjustments recognized in net patient service revenue was approximately $82,000 and $444,000 for the years ended September 30, 2025 and 2024, respectively.

During 2022, Medicaid implemented the Medicaid CMOs Direct Payment Program (DPP). Under the DPP, eligible hospitals will receive increased Medicaid funding via an annual lump sum direct payment. The direct payment will be based on the difference between Medicare reimbursement and Medicaid payments using UPL calculations. The direct payment is made to the CMOs and the CMOs are required to transfer the payment to the hospital. The net amount of DPP payment adjustments recognized in net patient service revenue was approximately $0 and $175,000 for the years ended September 30, 2025 and 2024, respectively.

During 2010, the state of Georgia enacted legislation known as the Provider Payment Agreement Act (Act) whereby hospitals in the state of Georgia are assessed a "provider payment" in the amount of 1.45% of their net patient service revenue. The Act became effective July 1, 2010, the beginning of state fiscal year 2011. The provider payments are

Continued

2. Net Patient Service Revenue, Continued

- Medicaid, Continued

  due on a quarterly basis to the Department of Community Health. The payments are to be used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients. The provider payment will result in an increase in hospital payments on Medicaid services of approximately 11.88%. Approximately $296,000 and $271,000 relating to the Act is included in supplies and other in the accompanying combined statements of operations and changes in net assets for the years ended September 30, 2025 and 2024, respectively.

- Uninsured Patients

  The Hospital has a Financial Assistance Policy (FAP) in accordance with Internal Revenue Code Section 501(r). Based on the FAP, following a determination of financial assistance eligibility, an individual will not be charged more than the Amounts Generally Billed (AGB) for emergency or other medical care provided to individuals with insurance covering that care. AGB is calculated by reviewing the claims that have been paid in full (including deductibles and coinsurance paid by the patient) to the Hospital for medically necessary care by Medicare and private health insurers during a 12-month look-back period.

- Other Agreements

  The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes 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 Hospital'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 Hospital. In addition, the contracts the Hospital has with commercial payors also provide for retroactive audit and review of claims.

Continued

2. Net Patient Service Revenue, Continued

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital'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 (that is, new information becomes available), 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 or 2024.

Generally patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

Adjustments arising from a change in the transaction price were not significant for the years ending September 30, 2025 and 2024. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay based on current or future estimated credit losses (determined on a portfolio basis when applicable) are recorded as credit loss expense. Credit loss expense for the years ended September 30, 2025 and 2024 was not significant.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles).

Patients who meet the Hospital's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

Continued

2. Net Patient Service Revenue, Continued

Net patient service revenue for hospital services transferred over time by major payor source for the years ended September 30, 2025 and 2024 is as follows:

	Net Patient Service Revenue				
	Medicare	Medicaid	Third-Party Payors	Self-Pay	Total All Payors
2025	$ 2,810,452	$ 2,351,465	$ 12,208,629	$ 136,171	$ 17,506,717
2024	$ 2,906,214	$ 2,191,007	$ 12,306,630	$ 108,185	$ 17,512,036

Hospital net patient service revenue includes a variety of services mainly covering inpatient acute care services requiring overnight stays, outpatient procedures that require anesthesia or use of the Hospital's diagnostic and surgical equipment, and emergency care services. Performance obligations for hospital patient services are satisfied over time as the patient simultaneously receives and consumes the benefits the Hospital performs. Requirements to recognize revenue for inpatient services are generally satisfied over periods that average approximately five days and for outpatient services are generally satisfied over a period of less than one day.

The Hospital 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 Hospital's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Hospital does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Hospital 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 Hospital otherwise would have recognized is one year or less in duration.

Continued

3. Uncompensated Services

The Hospital was compensated for services at amounts less than its established rates.

The cost of charity and indigent care services provided during 2025 and 2024 was $705,047 and $167,682, respectively, computed by applying a total cost factor to the charges forgone.

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2025 and 2024:

	2025	2024
Gross patient charges	$ 129,358,114	$ 118,194,721
Uncompensated services:		
Charity and indigent care	3,985,963	899,023
Medicare	18,579,788	18,087,488
Medicaid	15,547,366	13,798,646
Other third-party payors	69,818,702	61,358,203
Price concessions	3,919,578	6,539,325
Total uncompensated care	111,851,397	100,682,685
Net patient service revenue	$ 17,506,717	$ 17,512,036

4. Assets Limited as to Use

The composition of assets limited as to use at September 30, 2025 and 2024 is set forth in the following table. Assets limited as to use consist of cash and are stated at fair value.

The Hospital has designated cash listed below for employee benefits:

	2025	2024
Internally designated for employee benefits:		
Cash	$ 176,597	$ 26,516

Continued

4. Assets Limited as to Use, Continued

In accordance with the Bond Indenture for the 2006 Series, the Hospital has set aside the following fund:

	2025	2024
Under indenture agreement - held by trustee		
Cash	$ 762,008	$ 772,278

In accordance with donor restrictions, the Hospital has set aside the following fund:

	2025	2024
By donor:		
Dorothy Blocker Scholarship - Cash	$ 53,693	$ 53,318

5. Property and Equipment

A summary of property and equipment at September 30, 2025 and 2024 follows:

	2025	2024
Land	$ 190,328	$ 190,328
Land improvements	83,171	83,171
Buildings and improvements	14,827,448	14,796,437
Equipment	13,035,090	12,684,419
	28,136,037	27,754,355
Less accumulated depreciation and amortization	21,058,385	20,198,379
Property and equipment, net	$ 7,077,652	$ 7,555,976

Depreciation expense for the years ended September 30, 2025 and 2024 amounted to approximately $860,006 and $892,643, respectively.

6. Short-Term Debt

The Hospital entered into a revolving line of credit agreement with The Claxton Bank for a maximum amount of $751,550 bearing variable interest at 6.500% with a maturity date of July 14, 2026 and collateralized by accounts receivable. The outstanding balance on the line of credit loan at September 30, 2025 was $751,550.

Continued

6. Short-Term Debt, Continued

The Hospital also entered into a promissory note agreement with Caresource for a loan in the amount of $500,000 bearing interest at 5.490% with a maturity date of July 15, 2024 and collateralized by accounts receivable. The note was paid in full as of September 30, 2024.

The Hospital entered into an additional promissory note agreement with Caresource for a loan in the amount of $500,000 bearing interest at 5.490% with a maturity date of October 15, 2024 and collateralized by accounts receivable. The note was paid in full as of September 30, 2025.

7. Long-Term Debt

A summary of long-term debt at September 30, 2025 and 2024 follows:

	2025	2024
2006 Series Revenue Certificates, payable in varying annual amounts from $370,000 in 2026 to $465,000 in 2032, with an interest rate of 4%.	$ 2,910,000	$ 3,265,000
	2,910,000	3,265,000
Less unamortized debt issue costs	17,020	16,370
Less current portion	370,000	355,000
Total	$ 2,522,980	$ 2,893,630

In December 2006, the Authority issued Refunding and Improvement Revenue Anticipation Certificates, Series 2006. In accordance with the lease and transfer agreement noted in Note 1, Evans Memorial Hospital, Inc. assumed the responsibility of paying this debt. Starting in fiscal year 2015, Evans County has provided financial support to the hospital for the payments on this debt. See Note 20 for additional details. The Certificates were issued to finance various capital improvements of Evans Memorial Hospital and related facilities and to advance refund the Series 1996 Revenue Certificates. The 1996 Certificates were called and paid in full in February 2007.

The terms of the bond agreement require the Hospital to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the combined financial statements. The agreement also places limits on the incurrence of additional borrowings by Evans Memorial Hospital.

The bonds are collateralized by the assets and the revenues of the Hospital.

Continued

7. Long-Term Debt, Continued

Scheduled sinking fund requirements for the next five years are as follows:

	Long-Term Debt
2026	$ 479,000
2027	474,000
2028	478,400
2029	477,100
2030	475,200
Thereafter	951,900
Less amount representing interest on requirements	425,600
Total	$ 2,910,000

8. Leases

The Hospital has operating and finance leases for buildings and equipment. The Hospital determines if an arrangement is a lease at inception of a contract. Leases with an initial term of twelve months or lease are not recorded on the combined balance sheets. The Hospital has lease agreements which require payments for lease and nonlease components and has elected to account for these as a single lease component.

Right-of-use assets represent the Hospital's right to use an underlying asset during the lease term, and lease liabilities represent the Hospital's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The Hospital's lease terms include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. As most of the Hospital's operating leases do not provide an implicit rate, the Hospital uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Hospital considers recent debt issuances, as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Finance lease agreements generally include an interest rate that is used to determine the present value of future lease payments. Operating fixed lease expense and finance lease amortization expense are recognized on a straight-line basis over the lease term. Variable lease costs consist primarily of common area maintenance and are not significant to total lease expense.

Continued

8. Leases, Continued

Finance lease right-of-use assets and lease liabilities as of September 30, 2025 and 2024 were as follows:

Finance leases:	2025	2024
Right-of-use assets:		
Finance lease right-of-use assets	$ 671,650	$ 516,403
Lease liabilities:		
Current portion	$ 177,565	$ 165,391
Long-term	526,121	378,432
Total finance lease liabilities	$ 703,686	$ 543,823

Operating expenses for the lease activity of the Hospital as the lessee for the years ended September 30, 2025 and 2024 are as follows:

Lease Type	2025	2024
Finance lease interest	$ 33,853	$ 33,251
Finance lease amortization	172,893	155,038
Total lease cost	$ 206,746	$ 188,289

Cash paid for amounts included in the measurement of lease liabilities for the years ended September 30, 2025 and 2024 is as follows:

	2025	2024
Operating cash flows from finance leases	$ 32,374	$ 32,061
Financing cash flows from finance leases	165,112	98,753
Total	$ 197,486	$ 130,814

Continued

8. Leases, Continued

The aggregate future payments from finance leases as of September 30, 2025 are as follows:

Year Ending September 30	Finance
2026	$ 221,633
2027	203,686
2028	160,641
2029	146,310
2030	83,822
Thereafter	-
Total undiscounted cash flows	816,092
Less present value discount	(112,406)
Total lease liabilities	$ 703,686

Average lease terms and discount rates at September 30, 2025 and 2024 were as follows:

	2025	2024
Weighted-average remaining lease term (years):		
Finance leases	4.11	4.01
Weighted-average discount rate:		
Finance leases	7.36%	6.68%

9. Defined Contribution Plan

The Hospital has a defined contribution retirement plan for its employees. All employees who are at least 21 years of age, have been employed for at least one year, and have worked 1,000 or more hours during the prior service year are eligible to participate in the plan. Each employee may contribute up to 100% of their total wages each pay period. At its discretion, the Hospital may make additional employer contributions to the plan. The Hospital made no contributions to the retirement plan for 2025 or 2024.

Continued

10. Concentrations of Credit Risk

The Hospital has operations in Claxton, Georgia and other nearby communities and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	2025	2024
Medicare	6%	6%
Medicaid	17%	10%
Blue Cross	10%	10%
Other third-party payors	60%	68%
Patients	7%	6%
Total	100%	100%

There has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare on the national or at the state level. Legislation has been passed that includes cost controls on hospitals, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of certain provisions will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the Hospital.

11. Bank Deposits

At September 30, 2025, the Hospital had deposits at major financial institutions which exceeded Federal Depository Insurance limits. These institutions have strong credit ratings and management believes the credit risks related to these deposits are minimal.

12. Malpractice Insurance and Contingencies

The Hospital is covered by a general and professional liability insurance policy with a specified deductible per incident and excess coverage on a claims-made basis. Liability limits related to this policy in 2025 and 2024 are $1 million per occurrence and $3 million in aggregate. The Hospital uses a third-party administrator to review and analyze incidents that may result in a claim against the Hospital. In conjunction with the third-party administrator, incidents are assigned reserve amounts for the ultimate liability that may result from an asserted claim.

The Hospital is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital’s future financial position or results from operations.

Continued

13. Employee Health Insurance

Effective January 1, 2021, the Hospital transitioned to a purchased policy through a third-party for employee health insurance. Total expenses relative to this plan were approximately $1,030,000 and $1,322,000 for 2025 and 2024, respectively.

14. Fair Values of Financial Instruments

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

- *Cash, assets limited as to use, accounts payable, accrued expenses, estimated third-party payor settlements, and short-term debt*: The carrying amount reported in the combined balance sheets approximates its fair value due to the short-term nature of these instruments.

- *Long-term debt*: The fair value of the Hospital's fixed rate long-term debt is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements. Based on inputs used in determining the estimated fair value, the Hospital's long-term debt would be classified as Level 2 in the fair value hierarchy.

The carrying amounts and fair value of the Hospital's long-term debt at September 30, 2025 and 2024 are as follows:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 2,910,000	$ 2,643,277	$ 3,265,000	$ 2,786,118

Continued

15. Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2025		
	Health Care Services	General and Administrative	Total
Salaries and wages	$ 7,842,031	$ 2,336,798	$ 10,178,829
Employee health and welfare	1,582,530	471,569	2,054,099
Supplies and other	2,834,384	851,246	3,685,630
Purchased services	4,700,649	1,074,870	5,775,519
Interest	146,127	11,232	157,359
Depreciation and amortization	949,562	80,172	1,029,734
	$ 18,055,283	$ 4,825,887	$ 22,881,170

	2024		
	Health Care Services	General and Administrative	Total
Salaries and wages	$ 7,976,829	$ 2,014,531	$ 9,991,360
Employee health and welfare	1,620,574	409,273	2,029,847
Supplies and other	2,973,776	876,594	3,850,370
Purchased services	4,077,198	958,658	5,035,856
Interest	82,975	7,036	90,011
Depreciation and amortization	964,765	82,917	1,047,682
	$ 17,696,117	$ 4,349,009	$ 22,045,126

The combined financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, interest expense, and other occupancy costs are allocated to a function based on a square footage basis. Benefit expense is allocated consistent with salaries.

Continued

16. Compliance Plan

The healthcare industry has recently been subjected to increased scrutiny from governmental agencies at both the national and state level with respect to compliance with regulations. Areas of noncompliance identified at the national level include Medicare and Medicaid, Internal Revenue Service, and other regulations governing the healthcare industry. The Hospital has developed a compliance plan focusing on such issues. There can be no assurance that the Hospital will not be subjected to future investigations with accompanying monetary damages.

17. Rural Hospital Tax Credit Contributions

The State of Georgia (State) passed legislation which allows individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations. The Hospital submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar year 2025 and 2024. Contributions received under the program approximated $1,301,000 and $2,607,000 during the Hospital's fiscal years 2025 and 2024, respectively.

18. Liquidity and Availability

Financial assets available for general expenditure within one year of the balance sheet date, consists of the following at September 30, 2025 and 2024, respectively.

	2025	2024
Cash	$ 301,783	$ 1,589,582
Patient accounts receivable, net	2,591,253	3,324,936
Other receivables	89,621	115,331
Assets limited as to use:		
Internally designated for employee benefits	176,597	26,516
Total financial assets available	$ 3,159,254	$ 5,056,365

None of the financial assets available are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Hospital estimates that approximately 100% of the Board designated funds for employee benefits is available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above. The Hospital has other assets whose use is limited for other purposes. These assets whose use is limited are not available for general expenditure within the next year and are not reflected in the amounts above. The Hospital has the ability to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Continued

19. Grants

In November of 2023, the Hospital received $1,000,000 from HHS through the Congressional Directive program for the replacement of the Hospital's roof. The Hospital expended the grant in full during fiscal year 2024 and funds are recognized in capital grants in the combined statements of operations and changes in net assets.

The Georgia Department of Community Health (DCH) issues grants to provide funding to rural community hospitals for the development of community specific projects based on the identified "Hub and Spoke" model adopted by the Georgia Rural Hospital Stabilization Committee and to provide assistance for financial stabilization and sustainability. The grants are issued in phases and the Hospital must incur the expenses before being reimbursed by DCH. The Hospital was awarded $324,000 and expended the grant in full during fiscal year 2025.

Grant funding may be subject to audits. While the Hospital currently believes its use of the funds is in compliance with applicable terms and conditions, there is a possibility payments could be recouped based on changes in reporting requirements or audit results.

20. Economic Dependency

Evans County contributes significant funds to support operations and for the repayment of the 2006 Series Revenue Certificates to the Hospital. The support from Evans County must continue into the future for the Hospital to remain financially viable for years to come.

21. Management's Plans to Improve Financial Performance

The Hospital has reported operating losses of $4,868,410 and $4,101,427 in 2025 and 2024, respectively. The Hospital's current liabilities exceed its current assets for fiscal year 2025 and the Hospital has experienced difficulties managing cash flow. Management has evaluated whether there are conditions or events that raise substantial doubt about the Hospital's ability to continue as a going concern. Management believes the Hospital will be able to meet its obligations as they become due for a reasonable period of time and concludes substantial doubt is not raised.

Management has developed initiatives to improve the financial stability, operating performance, and long-term sustainability of the Hospital. A major initiative to improve the operating performance of the Hospital is to improve revenue cycle collections. Management is in the process of changing certain processes and estimates improvements ranging from $2,000,000 to $4,000,000 in net collection increases. An external impact to financial results is a new Georgia State Fiscal Year 2026 Directed Payment Program that has been approved by CMS and is being implemented by the Department of Community Health, which is estimated to result in additional $1,000,000 in payments from the State of Georgia.

Management believes these measures will generate additional cash flows and income from operations, thereby increasing working capital and allowing the Hospital to continue as a going concern.