UNION GENERAL HOSPITAL, INC.
AND RELATED ENTITIES

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended April 30, 2025 and 2024

Draffin Tucker

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Union General Hospital, Inc. and Related Entities
Blairsville, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Union General Hospital, Inc. and Related Entities (Corporation), which comprise the consolidated balance sheets as of April 30, 2025 and 2024, and the related consolidated statements of operations and 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of April 30, 2025 and 2024, and the results of 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Continued

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 the Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free 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 consolidated 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 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 the Corporation'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 the Corporation'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.



Albany, Georgia
September 19, 2025

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATED BALANCE SHEETS
as of April 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 598,821	$ 1,776,634
Patient accounts receivable, net	18,532,493	25,864,574
Supplies	3,893,077	3,553,032
Prepaid expenses and other current assets	3,798,424	5,250,368
Total current assets	26,822,815	36,444,608
Assets limited as to use:		
By Board	75,446,080	86,036,391
By third-party for pension plan trust agreement	161,652	107,709
Held by trustee for insurance	23,559,313	6,844,937
By donors	25,318	23,229
Total assets limited as to use	99,192,363	93,012,266
Property and equipment, net	97,194,277	78,886,039
Finance lease right-of-use assets	618,204	464,710
Operating lease right-of-use assets	30,111	-
Physician notes and agreements	328,881	351,538
Other assets	245,669	188,500
Total assets	$ 224,432,320	$ 209,347,661

Continued

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATED BALANCE SHEETS, Continued
as of April 30, 2025 and 2024

	2025	2024
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	$ 205,128	$ 318,897
Current portion of finance leases	230,878	175,320
Current portion of operating leases	30,063	-
Accounts payable	3,259,469	3,546,017
Amounts due to patients	1,605,046	2,310,833
Accrued salaries and wages	2,088,649	1,852,467
Accrued vacation payable	3,117,133	3,122,178
Medicare advance payments	-	1,206,227
Medicaid advance payments	1,025,579	-
Estimated third-party payor settlements	1,134,421	1,200,412
Other current liabilities	7,312,646	7,431,783
Total current liabilities	20,009,012	21,164,134
Long-term liabilities:		
Long-term debt, net of current portion	888,889	1,094,017
Finance leases, net of current portion	416,425	304,411
Deferred compensation liability	161,652	107,709
Total long-term liabilities	1,466,966	1,506,137
Total liabilities	21,475,978	22,670,271
Net assets:		
Net assets without donor restrictions	202,931,024	186,654,161
Net assets with donor restrictions	25,318	23,229
Total net assets	202,956,342	186,677,390
Total liabilities and net assets	$ 224,432,320	$ 209,347,661

See accompanying notes to financial statements.

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

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

	2025	2024
Revenues, gains, and other support:		
Net patient service revenue	$ 158,585,265	$ 159,137,471
Other revenue	7,065,202	6,594,908
Total revenues, gains, and other support	165,650,467	165,732,379
Expenses:		
Salaries and wages	73,859,737	72,490,730
Employee benefits	15,908,179	14,146,105
Professional fees	13,875,900	13,638,184
Supplies and other expenses	33,178,110	32,160,949
Utilities	3,220,342	3,022,286
Repairs and maintenance	4,477,290	4,579,818
Depreciation and amortization	8,160,490	7,860,060
Insurance	3,132,009	1,910,945
Medicaid provider fee	2,384,373	2,153,152
Interest expense	49,453	19,464
Total operating expenses	158,245,883	151,981,693
Operating gain	7,404,584	13,750,686
Nonoperating gains:		
Contributions	736,620	517,474
Investment income	5,241,829	4,940,662
Gain (loss) on sale of property and equipment	(14,410)	40,397
Rural hospital tax credit contributions	2,908,240	2,413,136
Total nonoperating gains	8,872,279	7,911,669
Excess revenues	16,276,863	21,662,355
Capital contributions	-	1,900,000
Contributions of net assets with donor restrictions	2,089	1,516
Increase in net assets	16,278,952	23,563,871
Net assets at beginning of year	186,677,390	163,113,519
Net assets at end of year	$ 202,956,342	$ 186,677,390

See accompanying notes to financial statements.

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended April 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Increase in net assets	$ 16,278,952	$ 23,563,871
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Capital contributions	-	(1,900,000)
Depreciation and amortization	8,160,490	7,860,060
Operating lease right-of-use assets amortization	15,850	19,556
Realized (gain) loss and change in unrealized (gain) loss on investments	(2,800,305)	(2,797,406)
(Gain) loss on sale of fixed assets	14,410	(40,397)
Net change in assets and liabilities:		
Patient accounts receivable	7,332,081	(11,281,341)
Supplies	(340,045)	(187,138)
Prepaid expenses and other assets	1,394,775	(2,491,641)
Accounts payable and amounts due to patients	(992,335)	1,672,928
Accrued salaries and wages and accrued vacation	231,137	512,168
Medicare advance payments	(1,206,227)	1,206,227
Medicaid advance payments	1,025,579	-
Estimated third-party payor settlements	(65,991)	(163,695)
Deferred compensation liability	53,943	(6,326)
Operating lease liabilities	(15,898)	(19,556)
Other current liabilities	(1,239,565)	900,107
Net cash provided by operating activities	27,846,851	16,847,417
Cash flows from investing activities:		
Sales of assets limited as to use	46,876,795	20,373,073
Purchases of assets limited as to use	(61,994,326)	(21,770,400)
Purchase of property and equipment	(25,133,065)	(14,221,308)
Advances to physicians	(99,797)	(65,300)
Proceeds from physician receivables	79,871	79,871
Proceeds from sale of fixed assets	46,523	69,049
Net cash used by investing activities	(40,223,999)	(15,535,015)
Cash flows from financing activities:		
Payments on long-term debt	(318,897)	(375,783)
Payments on finance lease liabilities	(219,507)	(174,896)
Proceeds from capital contributions	-	1,900,000
Net cash provided (used) by financing activities	(538,404)	1,349,321
Increase (decrease) in cash and cash equivalents	(12,915,552)	2,661,723
Cash and cash equivalents at beginning of year	21,922,167	19,260,444
Cash and cash equivalents at end of year	$ 9,006,615	$ 21,922,167

Continued

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
for the years ended April 30, 2025 and 2024

	2025	2024
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents in current assets	$ 598,821	$ 1,776,634
Cash and cash equivalents in assets limited as to use	8,407,794	20,145,533
Total	$ 9,006,615	$ 21,922,167

Supplemental disclosures of cash flows information:

- Property and equipment in other current liabilities as of April 30, 2025 and 2024 was $1,120,428 and $1,533,935, respectively.

- The Corporation entered into finance and operating lease obligations in the amount of $433,040 in 2025.

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Organization

Union General Hospital, Inc. (Union) located in Blairsville, Georgia, is a not-for-profit acute care hospital. As part of reorganization in 1997, the Hospital Authority of Union County approved the restructuring of Union, whereby the Corporation leased all of its real property to Union, and transferred the Hospital operations, operating assets, and all associated liabilities to Union. This lease has a term of 40 years.

The consolidated financial statements of Union General Hospital, Inc. and its Related Entities (Corporation), include Union General Hospital, Inc., Chatuge Regional Hospital, Inc. (Chatuge), Union County Dialysis Clinic, LLC (Dialysis Clinic), Union General Ambulance Services, Inc. (Ambulance Service), Union General Health System Segregated Portfolio, Union General Affiliated Services, LLC and North Carolina Affiliated Services, LLC.

Union is a 45-licensed bed general acute care hospital. Additionally, Union provides skilled and intermediate nursing care for 150 licensed residential units (Union County Nursing Home). Union's revenues are generated predominantly from the provision of inpatient and outpatient services for residents of northern Georgia and southwestern North Carolina.

On November 1, 1999, Union acquired the property, equipment, and inventories of a facility in Hiawassee, Georgia, and became the sole corporate member of Chatuge. Chatuge is a 25-licensed bed critical access hospital. Additionally, Chatuge provides skilled and intermediate nursing care for 112 licensed residential units (Chatuge Regional Nursing Home). Chatuge's revenues are generated predominantly from the provision of inpatient and outpatient services for residents of northern Georgia and southwestern North Carolina.

The Dialysis Clinic is a 17-chair facility offering hemodialysis and peritoneal dialysis. The Dialysis Clinic's revenues are generated predominantly from the provision of outpatient services for residents of Blairsville, Georgia and the surrounding communities.

The Ambulance Service is located in Blairsville, Georgia. The Ambulance Service's revenues are generated predominantly from providing emergency ambulance services for residents of Blairsville, Georgia and the surrounding communities.

During fiscal year 2019, Union General Affiliated Services, LLC and North Carolina Affiliated Services, LLC were formed. Both entities are comprised of multiple private physician offices that service Blairsville, Georgia and the surrounding communities.

Union General Health System Segregated Portfolio was established on May 1, 2020 as an exempted company under the Companies Law of the Cayman Islands. This entity was organized to house the captive insurance for self-insurance liabilities.

The consolidated financial statements include the accounts of Union General Hospital, Inc. and related entities. All significant intercompany accounts and transactions have been eliminated in consolidation.

Continued

1. Summary of Significant Accounting Policies, Continued

Change Healthcare

On February 21, 2024, Change Healthcare, a subsidiary of UnitedHealth Group, reported a cyber security breach. The Corporation utilizes Change Healthcare in its revenue cycle process for Clearinghouse Services, including patient billing and collections related to certain payors. As a result of payment delays associated with the cyber security breach, the Corporation experienced significant increases in outstanding patient accounts receivable near the end of fiscal year 2024. Due to the delays in cash collections, the Corporation applied for and received approximately $2,018,000 in advance payments from Medicare. At April 30, 2025 and 2024, approximately $0 and $1,206,000, respectively of these advanced payments remained outstanding and are shown as Medicare advance payments on the consolidated balance sheets. During fiscal year 2025, the Corporation applied for and received approximately $1,026,000 in advance payments from Medicaid. At April 30, 2025, the full Medicaid advance payment amounts remain outstanding and are shown as Medicaid advance payments on the consolidated balance sheets.

Use of Estimates

The preparation of the 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include highly liquid investments consisting primarily of money market accounts or other short-term investments with original maturities at the date of purchase of less than three months. Cash equivalents are stated at cost which represents the deposit amount plus interest credited to the account. Cash deposits and certificates of deposit with banks are generally federally insured in limited amounts.

Patient Accounts Receivable

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

Continued

1. Summary of Significant Accounting Policies, Continued

Patient Accounts Receivable, Continued

Patient accounts receivable can be impacted by the effectiveness of the Corporation'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 Corporation 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 approximately $18,532,000, $25,865,000 and $14,583,000 as of April 30, 2025, 2024 and 2023, respectively. The Corporation had no significant contract assets or contract liabilities as of April 30, 2025 or 2024.

Allowance for Credit Losses

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. Management believes that an allowance for credit losses is not required at year-end.

Supplies

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

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities, which are classified as trading, are measured at fair value in the balance sheets. For investments in equity securities without a readily determinable fair value that do not qualify for the net asset value (NAV) as a practical expedient, the Corporation is permitted to elect a practicability exception to fair value measurement under which the investment will be measured at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. Investment income or loss (including interest, dividends, and gains and losses, both realized and unrealized) is included in excess revenues (expenses) unless the income is restricted by donor or law.

Union has a 1% investment in a cancer treatment center carried at the cost measurement alternative of approximately $188,000, which is included in other assets on the balance sheets at April 30, 2025 and 2024.

Continued

1. Summary of Significant Accounting Policies, Continued

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes. Assets limited as to use also include assets held by a trustee under a pension plan trust agreement, assets held by a trustee for insurance, and assets held with donor-imposed restrictions. CDs and money market accounts are stated at cost plus accrued interest, which approximates fair value.

Property and Equipment

Property and equipment are recorded on the basis of cost if purchased, and on the basis of fair market value, if donated. Expenditures that materially increase values or extend useful lives are capitalized as a cost of the applicable property and equipment. Routine maintenance and repairs are expensed in the period incurred. The Corporation's policy is to capitalize all property and equipment with a useful life of at least two years and a cost of $5,000 or more. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a cost of acquiring those assets.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method and summarized as follows:

Land improvements	15 to 20 Years
Buildings and improvements	20 to 40 Years
Major moveable equipment	3 to 15 Years

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restriction, and are excluded from excess revenues (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 restricted support. 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.

Continued

1. Summary of Significant Accounting Policies, Continued

Impairment of Long-Lived Assets

The Corporation 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 Corporation has not recorded any impairment charges in the accompanying consolidated statements of operations and changes in net assets for the years ended April 30, 2025 and 2024.

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 of Trustees 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.

Continued

1. Summary of Significant Accounting Policies, Continued

Excess Revenues (Expenses)

The statement of operations and changes in net assets includes excess revenues (expenses). Changes in net assets without donor restriction which are excluded from excess revenues (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).

Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation 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 Corporation 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 settlements are determined.

Charity Care

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

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional gifts, 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.

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.

Continued

1. Summary of Significant Accounting Policies, Continued

Income Taxes

Union, Chatuge, the Ambulance Service, the Dialysis Clinic, the Union General Affiliated Services, and the North Carolina Affiliated Services are tax exempt under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Union General Health System Segregated Portfolio is exempted from all local income, profit, or capital gains taxes until May 1, 2040 under the Cayman Islands Tax Concessions Law.

The Corporation applies 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 Corporation only recognizes 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 balance sheet for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of April 30, 2025 and 2024 or for the years then ended. The Corporation'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* 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.

Continued

1. Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued

- *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.

Subsequent Events

In preparing these consolidated financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through September 19, 2025, the date the consolidated financial statements were available to be issued.

Prior Year Reclassifications

Certain reclassifications have been made to the fiscal year 2024 consolidated financial statements to conform to the fiscal year 2025 presentation. These reclassifications had no impact on the change in net assets in the accompanying consolidated financial statements.

2. Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Corporation 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 include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation 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 Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation 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 patient services.

The Corporation 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 Corporation does not believe it is required to provide additional services to the patient.

Continued

2. Net Patient Service Revenue, Continued

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation 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 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 Corporation is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The Corporation 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 Corporation 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 Corporation has arrangements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. For uninsured patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates, subject to certain discounts and implicit price concessions as determined by the Corporation. The Corporation 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 Corporation's policy, and implicit price concessions provided to uninsured patients. Implicit price concessions represent difference between amounts billed and the estimated consideration the Corporation expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors. The Corporation 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 (Union)

  Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Certain services are paid based on cost reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

Continued

2. Net Patient Service Revenue, Continued

- Medicare (Union), Continued

  Nursing Home services rendered to Medicare program beneficiaries are paid on a patient-driven payment methodology.

  Union is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by Union and audits thereof by the Medicare Administrative Contractor (MAC). Union'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 Union. Union's Medicare cost reports have been audited by the MAC through April 30, 2022.

- Medicare (Chatuge)

  Chatuge has been granted Critical Access Hospital (CAH) designation by the Medicare Program. The CAH designation places certain restrictions on daily acute care inpatient census and an annual, average length of stay of acute care inpatients. Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology.

  Nursing Home services rendered to Medicare program beneficiaries are paid on a patient-driven payment methodology.

  Chatuge is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by Chatuge and audits thereof by the Medicare Administrative Contractor (MAC). Chatuge'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 Chatuge. Chatuge's Medicare cost reports have been audited by the MAC through April 30, 2021.

- Medicaid

  Inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Outpatient services are paid based upon cost reimbursement methodologies. The Corporation is paid for certain cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicaid fiscal intermediary. Union's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through April 30, 2022. Chatuge's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through April 30, 2022.

Continued

2. Net Patient Service Revenue, Continued

- Medicaid, Continued

  The Corporation has also entered into 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.

  Long-term care services are reimbursed by the Medicaid program based on a prospectively determined per diem. The per diem is determined by the facility's historical allowable operating costs adjusted for certain incentives and inflation factors.

  The Corporation participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Corporation receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Corporation's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately $2,115,000 and $2,225,000 for the years ended April 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 $2,585,000 and $2,466,000 for the years ended April 30, 2025 and 2024, respectively. The amounts not received as of April 30, 2025 and 2024 are included with prepaid expenses and other current assets on the consolidated balance sheets.

- Medicaid (Union Only)

  Union participates in the Medicaid Managed Care Directed Payment Program, which is a supplemental payment program for hospitals through the Georgia Department of Community Health. As a result of this participation, Union recognized revenue of approximately $514,000 and $467,000 for the years ended April 30, 2025 and 2024, respectively.

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

Continued

2. Net Patient Service Revenue, Continued

- Medicaid (Union Only), Continued

  payments to providers on behalf of Medicaid recipients. The provider payment will result in an increase in hospital payments on Medicaid services of 11.88%. Approximately $2,384,000 and $2,153,000 relating to the Act is included in the accompanying statement of operations and changes in net assets for the year ended April 30, 2025 and 2024, respectively.

- Other Arrangements

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

- Uninsured Patients

  The Corporation 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 claims that have been paid in full (including deductibles and coinsurance paid by the patient) to the Corporation for medically necessary care by Medicare and private health insurers during a 12-month look-back period.

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 Corporation'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 Corporation. In addition, the contracts the Corporation 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 Corporation's historical settlement activity, including an assessment to ensure that it is

Continued

2. Net Patient Service Revenue, Continued

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 Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation 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 April 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. Related credit loss expense for the years ended April 30, 2025 and 2024 was not significant.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. Therefore, the Corporation 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 Corporation'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.

Net patient service revenue by major payor source for the years ended April 30, 2025 and 2024 is as follows:

	2025	2024
Medicare	$ 64,906,790	$ 72,509,748
Medicaid	33,082,722	28,268,511
Other	55,178,865	52,682,585
Self Pay	5,416,888	5,676,627
Total	$ 158,585,265	$ 159,137,471

Continued

2. Net Patient Service Revenue, Continued

Net patient service revenue by facility, line of business, and timing of revenue recognition for the years ended April 30, 2025 and 2024 are as follows:

April 30, 2025

	Union	Chatuge	Dialysis	Ambulance	Total
Service lines:					
Hospital	$ 96,106,290	$ 23,060,082	$ -	$ -	$ 119,166,372
Nursing Home	13,271,041	10,602,019	-	-	23,873,060
Other clinics	10,881,867	-	1,711,989	2,951,977	15,545,833
Total services transferred over time	$ 120,259,198	$ 33,662,101	$ 1,711,989	$ 2,951,977	$ 158,585,265

April 30, 2024

	Union	Chatuge	Dialysis	Ambulance	Total
Service lines:					
Hospital	$ 95,940,378	$ 23,378,283	$ -	$ -	$ 119,318,661
Nursing Home	12,602,211	11,175,985	-	-	23,778,196
Other clinics	11,595,538	-	1,543,705	2,901,371	16,040,614
Total services transferred over time	$ 120,138,127	$ 34,554,268	$ 1,543,705	$ 2,901,371	$ 159,137,471

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 Corporation's diagnostic and surgical equipment, and emergency care services. Performance obligations for the hospitals, nursing homes, and clinics are satisfied over time as the patient simultaneously receives and consumes the benefits the Corporation performs. Requirements to recognize revenue for inpatient services are generally satisfied over periods that average approximately three days and for outpatient services are generally satisfied over a period of less than one day. Retail pharmacy, cafeteria, and childcare revenue, recorded in other revenue on the consolidated statements of operations and changes in net assets, performance obligations are satisfied at a point in time when the goods are provided.

3. Uncompensated Charges

The Corporation was compensated for services at amounts less than its established rates. Net patient service revenue includes amounts, representing the transaction price, based on standard charges reduced by variable considerations such as contractual adjustments, discounts, and implicit price concessions. Charges foregone for 2025 and 2024 were approximately $261,691,000 and $264,488,000, respectively.

Continued

3. Uncompensated Charges, Continued

Uncompensated charges include charity and indigent care services of approximately $1,137,000 and $2,047,000 in 2025 and 2024, respectively. The cost of charity and indigent care services provided during 2025 and 2024 was approximately $428,000 and $735,000, respectively, computed by applying a total cost factor to the charges forgone.

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

	2025	2024
Gross patient charges	$ 420,275,990	$ 423,625,134
Uncompensated charges:		
Charity and indigent care	1,137,175	2,047,451
Medicare	187,729,115	178,852,692
Medicaid	15,029,770	18,552,174
Other allowances	53,072,359	58,280,809
Price concessions	4,722,306	6,754,537
Total uncompensated charges	261,690,725	264,487,663
Net patient service revenue	$ 158,585,265	$ 159,137,471

4. Concentrations of Credit Risk

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. The mix of receivables from patients and third-party payors at April 30, 2025 and 2024, was as follows:

	2025	2024
Medicare	24%	32%
Medicaid	14%	19%
Third-party payors	58%	42%
Patients	4%	7%
Total	100%	100%

At April 30, 2025, the Corporation had deposits at major financial institutions, which exceeded Federal Depository Insurance limits. Management believes the credit risks related to these deposits is minimal.

Continued

5. Assets Limited as to Use

The composition of assets limited as to use at April 30, 2025 and 2024 is set forth in the following table.

	2025	2024
By Board for capital improvements:		
Cash	$ 7,775,062	$ 20,005,871
Certificates of deposit	1,431,245	1,811,341
Fixed income funds	66,239,773	64,219,179
	$ 75,446,080	$ 86,036,391
By third party for pension plan trust agreement:		
Cash	$ 12,319	$ 7,480
Mutual funds and common stocks	73,539	-
Fixed income funds	75,794	100,229
	$ 161,652	$ 107,709
Held by trustee for insurance:		
Cash	$ 595,095	$ 108,953
Mutual funds and common stocks	2,743,759	1,933,141
Fixed income funds	20,220,459	4,802,843
	$ 23,559,313	$ 6,844,937
By donors:		
Cash	$ 25,318	$ 23,229

During 2025, the Corporation was required to maintain certain investments as security for the purpose of covering potential malpractice obligations. These restricted investments of approximately $14,172,000 as of April 30, 2025, are included with fixed income funds held by trustee for insurance and consist primarily of U.S. Treasury Note securities. These investments serve as collateral and are not available for general operating purposes. See Note 12 for additional information regarding the Corporation's malpractice insurance.

Investment income on assets limited as to use was approximately $5,242,000 and $4,941,000 in 2025 and 2024, respectively, and is included in nonoperating gains.

The Corporation's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated financial statements.

Continued

6. Property and Equipment

Property and equipment are summarized as follows:

	2025	2024
Land	$ 7,248,653	$ 7,248,653
Land improvements	6,424,956	6,065,348
Buildings and improvements	80,410,772	76,933,524
Major moveable equipment	87,699,290	83,404,949
Construction-in-progress	33,339,101	15,904,385
	215,122,772	189,556,859
Less accumulated depreciation	117,928,495	110,670,820
Total	$ 97,194,277	$ 78,886,039

Depreciation expense for the years ended April 30, 2025 and 2024 amounted to approximately $7,884,000 and $7,590,000, respectively. Construction contracts exist for various projects with a total commitment of approximately $41,721,000. At April 30, 2025, the remaining commitment on these contracts was approximately $9,179,000.

7. Physician Notes, Agreements and Guarantees

The Corporation provides income guarantees to certain physicians who agree to relocate to the Corporation's community to fill a need in the area and commit to remain in practice. Under such agreements, the Corporation is required to make payments to the physicians in excess of the amounts they earn in their practice up to the amount of the income guarantee. The Corporation had no recorded liability for income guarantees for either fiscal year 2025 or 2024.

Once income guarantees and certain other amounts such as travel bonuses and educational stipends have been paid out, those amounts are treated as loans receivable from the physicians. In general, these loans are being forgiven over a period of time in which the physician practices medicine locally. If the physician discontinues medical practice locally, the outstanding principal becomes due immediately. The amounts forgiven and charged to expense during 2025 and 2024 were approximately $43,000 and $91,000, respectively.

A summary of physician note agreements is as follows:

	2025	2024
Assets:		
Physician note agreements	$ 455,990	$ 535,080
Accumulated amortization	(127,109)	(183,542)
Total physician notes and agreements, net	$ 328,881	$ 351,538

Continued

8. Short-Term Debt

The Corporation entered into line-of-credit agreements with United Community Bank (UCB) as collateral on the promissory notes with Blue Ridge Mountain Electric Membership Corporation (see Note 9). The line-of-credit agreements bear varying interest rates and maturity dates as follows:

Interest Rate	Loan Date	Maturity Date	Maximum Amount
5.00%	September 3, 2024	November 3, 2025	1,230,770
4.25%	January 17, 2025	April 7, 2026	140,000
5.00%	March 27, 2025	June 27, 2026	26,700

There was no activity for any lines-of-credit for the years ended April 30, 2025 and 2024.

9. Long-Term Debt

	2025	2024
2015 Rural economic development loan with Blue Ridge Mountain Electric Membership Corporation, payable in 120 monthly installments to December 2024 with an interest rate of 0.00%.	$ -	$ 113,769
2020 Rural economic development loan with Blue Ridge Mountain Electric Membership Corporation, payable in 117 monthly installments to August 2030 with an interest rate of 0.00%.	1,094,017	1,299,145
	1,094,017	1,412,914
Less current portion	205,128	318,897
Total	$ 888,889	$ 1,094,017

In January 2015, Chatuge entered into a promissory note with Blue Ridge Mountain Electric Membership Corporation to finance the renovations of the Hospital. The note carries an interest rate of 0.00% with payments made in 120 equal monthly installments until the principal is paid. The Hospital must maintain a detailed schedule of expenditures and provide to Blue Ridge Mountain Electric Membership Corporation upon request.

Continued

9. Long-Term Debt, Continued

In September 2020, Chatuge entered into a promissory note with Blue Ridge Mountain Electric Membership Corporation to finance the renovations of the Hospital. The note carries an interest rate of 0.00% with payments made in 117 equal monthly installments until the principal is paid. The Hospital must maintain a detailed schedule of expenditures and provide to Blue Ridge Mountain Electric Membership Corporation upon request.

These notes are secured by the line-of-credit agreements described in Note 8.

Maturities of long-term debt for the next five years are as follows:

Year	Principal
2026	$ 205,128
2027	205,128
2028	205,128
2029	205,128
2030	205,128
Thereafter	68,377
Total	$ 1,094,017

10. Leases

The Corporation has finance leases for equipment and operating leases for buildings. The Corporation determines if an arrangement is a lease at inception of a contract. Leases with an initial term of twelve months or less are not recorded on the consolidated balance sheets.

The Corporation 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 Corporation's right to use an underlying asset during the lease term, and lease liabilities represent the Corporation’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 Corporation's lease terms include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. The Corporation's operating leases do not provide an implicit rate, therefore the Corporation uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Corporation considers recent debt issuances, as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rate. 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.

Continued

10. Leases, Continued

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

	2025	2024
Finance leases:		
Right-of-use assets:		
Finance lease right-of-use assets	$ 618,204	$ 464,710
Lease liabilities:		
Current portion	$ 230,878	$ 175,320
Long-term	416,425	304,411
Total finance lease liabilities	$ 647,303	$ 479,731
Operating leases:		
Right-of-use assets:		
Operating lease right-of-use assets	$ 30,111	$ -
Lease liabilities:		
Current portion	$ 30,063	$ -
Long-term	-	-
Total operating lease liabilities	$ 30,063	$ -

Operating expenses for the leasing activity of the Corporation as the lessee for the years ended April 30, 2025 and 2024 are as follows:

Lease Type	2025	2024
Operating lease cost	$ 19,032	$ 19,680
Finance lease interest	43,431	18,099
Finance lease amortization	233,586	178,931
Total lease cost	$ 296,049	$ 216,710

Continued

10. Leases, Continued

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

	2025	2024
Operating cash flows from operating leases	$ 17,730	$ 19,680
Operating cash flows from finance leases	41,411	18,590
Financing cash flows from finance leases	219,507	174,896
Total	$ 278,648	$ 213,166

The aggregate future payments on finance and operating leases as of April 30, 2025 are as follows:

Year Ending April 30	Finance	Operating
2026	$ 264,304	$ 19,080
2027	202,012	8,280
2028	77,540	2,880
2029	71,847	2,640
2030	47,959	-
Thereafter	83,928	-
Total undiscounted cash flows	747,590	32,880
Less present value discount	(100,287)	(2,817)
Total lease liabilities	$ 647,303	$ 30,063

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

	2025	2024
Weighted-average remaining lease term (years):		
Operating leases	2.18	-
Finance leases	3.91	2.62
Weighted-average discount rate:		
Operating leases	8.50%	-
Finance leases	6.03%	3.25%

Continued

11. Employee Benefits

The Corporation has a defined contribution retirement plan for all eligible employees. Eligible employees include all salaried employees upon start date and non-salaried employees after one year of service. In addition, the Corporation will match the employee's contribution dollar for dollar up to 3% of the employee's annual salary for employees with 180 days to five years of service. The Corporation will match up to 4% for all employees with over five years of service. Employees must work 1,000 hours in the year to be eligible for the match. However, Union has the discretion of altering the total contribution and method of allocation, including the right to make zero contributions. The total contribution expense for the retirement plan amounted to approximately $1,064,000 and $1,102,000 in 2025 and 2024, respectively.

In 1988, the Corporation established a deferred compensation plan as a grantor trust for seven initial key management employees. All of these employees, except one, have since retired or are no longer an employee of the Corporation. No additional employees were added as participants to the plan. Annual contributions were paid to and are still held by a trustee under an Executive Compensation Trust Agreement. Under the agreement, the Corporation reserved the right to make annual contributions. No contributions have been submitted since 2009. Vested benefits and plan assets at April 30, 2025 and 2024 were approximately $162,000 and $108,000, respectively.

During fiscal year 2017, the Corporation began a self-insurance program under which a third-party administrator processes and pays claims. The Corporation reimburses the third-party administrator for claims incurred and paid. Total expenses related to both the previous health insurance plan and the new self-insurance program were approximately $7,426,000 and $5,683,000 for 2025 and 2024, respectively.

12. Malpractice Insurance

Union General Health System Segregated Portfolio, located in the Cayman Islands, was established on May 1, 2020 as an exempted company under the Companies Law of the Cayman Islands.

Union General Health System Segregated Portfolio issues a claims-made policy with a per incident limit of $1,000,000 and an annual aggregate of $3,000,000 covering professional and general liabilities and employee benefits liability on a claim made basis with a retroactive date of August 1, 1985.

Various claims and assertions have been made against the Corporation in its normal course of providing services. In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, after consultation with legal counsel, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered or expected to be covered by the liability insurance carrier. Due to the complexities in legal claims, actual loss amounts are unknown until legal proceedings are finalized, and as such, actual losses for asserted and unasserted claims may differ from estimated amounts.

Continued

13. Functional Expenses

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

	2025		
	Patient Care Services	General and Administrative	Total
Salaries and wages	$ 61,918,266	$ 11,941,471	$ 73,859,737
Employee benefits	13,489,004	2,419,175	15,908,179
Professional fees	9,861,520	4,014,380	13,875,900
Supplies and other expenses	27,139,558	6,038,552	33,178,110
Utilities	1,744,129	1,476,213	3,220,342
Repairs and maintenance	2,133,725	2,343,565	4,477,290
Depreciation and amortization	4,378,181	3,782,309	8,160,490
Insurance	2,468,000	664,009	3,132,009
Medicaid provider fee	2,384,373	-	2,384,373
Interest expense	23,802	25,651	49,453
Total	$ 125,540,558	$ 32,705,325	$ 158,245,883

	2024		
	Patient Care Services	General and Administrative	Total
Salaries and wages	$ 60,828,963	$ 11,661,767	$ 72,490,730
Employee benefits	11,863,013	2,283,092	14,146,105
Professional fees	9,404,304	4,233,880	13,638,184
Supplies and other expenses	27,203,619	4,957,330	32,160,949
Utilities	1,633,755	1,388,531	3,022,286
Repairs and maintenance	2,106,423	2,473,395	4,579,818
Depreciation and amortization	4,163,283	3,696,777	7,860,060
Insurance	1,228,059	682,886	1,910,945
Medicaid provider fee	2,153,152	-	2,153,152
Interest expense	9,235	10,229	19,464
Total	$ 120,593,806	$ 31,387,887	$ 151,981,693

Continued

13. Functional Expenses, Continued

The consolidated 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, and other occupancy costs, are allocated to a function based on a square footage basis. Benefit expense is allocated consistent with salaries.

14. Contingencies

Compliance Plan

The healthcare industry has been subjected to increased scrutiny from governmental agencies at both the federal 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. In addition, the Reform Legislation includes provisions aimed at reducing fraud, waste, and abuse in the healthcare industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Corporation has implemented a compliance plan focusing on such issues. There can be no assurance that the Corporation will not be subjected to future investigations with accompanying monetary damages.

Health Care Reform

There has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare at the national and the state levels. Legislation has been passed that includes cost controls on healthcare providers, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of these provisions are and 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 Corporation.

Litigation

The Corporation 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 Corporation’s future financial position or results from operations. See malpractice insurance disclosures in Note 12.

Continued

15. Fair Values of Financial Instruments

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

- *Cash and cash equivalents, accounts payable, accrued expenses, Medicare and Medicaid advance payments, other current liabilities, and estimated third-party payor settlements:* The carrying amount reported in the balance sheet approximates its fair value due to the short-term nature of these instruments.

- *Assets limited as to use:* Amounts reported in the balance sheet are at fair value. See Note 16 for fair value measurement disclosures.

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

The carrying amounts and fair values of the Corporation's long-term debt at April 30, 2025 and 2024 are as follows:

	April 30, 2025		April 30, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 1,094,017	$ 874,230	$ 1,412,914	$ 1,077,552

Continued

16. Fair Value Measurement

Fair values of assets measured on a recurring basis at April 30, 2025 and 2024 are as follows:

		Fair Value Measurement at Reporting Date 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, 2025				
Assets:				
Fixed income funds	$ 86,536,026	$ 86,536,026	$ -	$ -
Mutual funds and common stocks	2,817,298	2,817,298	-	-
Total assets	$ 89,353,324	$ 89,353,324	$ -	$ -
April 30, 2024				
Assets:				
Fixed income funds	$ 69,122,251	$ 69,122,251	$ -	$ -
Mutual funds and common stocks	1,933,141	1,933,141	-	-
Total assets	$ 71,055,392	$ 71,055,392	$ -	$ -

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

17. Rural Hospital Tax Credit Contributions

The State of Georgia (State) passed legislation which will allow individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations during calendar years 2017 through 2029. The Corporation submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar year 2024. The Corporation did not meet the requirements to participate in the rural hospital tax credit program for calendar year 2025. Contributions received under the program approximated $2,908,000 and $2,413,000 during fiscal years 2025 and 2024, respectively. The Corporation will have to be approved by the State to participate in the program in each subsequent year.

Continued

18. Liquidity and Availability

As of April 30, 2025 and 2024, the Corporation has average days (based on normal expenditures) cash on hand of 185 and 223 days, respectively.

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

	2025	2024
Cash and cash equivalents	$ 598,821	$ 1,776,634
Patient accounts receivable, net	18,532,493	25,864,574
Other current assets	1,655,895	2,969,110
Assets limited as to use:		
By Board	75,446,080	86,036,391
Total financial assets available	$ 96,233,289	$ 116,646,709

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 Corporation estimates that approximately 100% of the Board designated funds are 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 Corporation has other assets whose use is limited for patient trust agreements, insurance, and for donor restricted 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.

19. Coronavirus (COVID-19)

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. The outbreak has put an unprecedented strain on the U.S. healthcare system, disrupted or delayed production and delivery of materials and products in the supply chain, and caused staffing shortages. The extent of the impact of COVID-19 on the Corporation's operational and financial performance depends on certain developments, including the duration and spread of the outbreak, remedial actions and stimulus measures adopted by local and federal governments, and impact on the Corporation's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Corporation's financial position or results of operations is uncertain. The federal Public Health Emergency for COVID-19 expired on May 11, 2023

Continued

19. Coronavirus (COVID-19), Continued

On March 27, 2020, the President signed the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act). Certain provisions of the CARES Act provide relief funds to hospitals and other healthcare providers. The funding will be used to support healthcare-related expenses or lost revenue attributable to COVID-19. The U.S. Department of Health and Human Services began distributing funds on April 10, 2020 to eligible providers in an effort to provide relief to both providers in areas heavily impacted by COVID-19 and those providers who are struggling to keep their doors open due to healthy patients delaying care and canceling elective services. On April 24, 2020, the *Paycheck Protection Program and Health Care Enhancement Act* was passed. This Act provides additional funding to replenish and supplement key programs under the CARES Act, including funds to health care providers for COVID-19 testing. On December 27, 2020, the *Consolidated Appropriations Act* (CRRSA) was passed and provides additional funding to key programs under the CARES Act, including funding for the provider relief fund. On March 11, 2021, the *American Rescue Plan Act* (ARP) was passed and provides additional funding for rural health care providers to help cover lost revenue and costs associated with COVID-19 and funding to support infection control and vaccination costs at skilled nursing facilities. These government stimulus funding programs are conditional contributions and accounted for as a refundable advance until conditions have been substantially met or explicitly waived by the grantor. Because the use of the funds is limited to the purposes stated in the terms and conditions, the contributions are grantor restricted. The Corporation reports restricted contributions, whose restrictions are met in the same period in which they are recognized (simultaneous release), as net assets without donor restrictions. Recognized revenue is reported as operating revenues in the statements of operations and changes in net assets. The Corporation received and recognized approximately $25,523,000 in grant stimulus funding in fiscal years 2020 through 2023. During 2024, the Corporation received and recognized $1,900,000 as capital contributions related to grant funding received under the ARP. No funding was received or recognized in fiscal year 2025.

Government stimulus funding may be subject to audits. While the Corporation 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.

Draffin Tucker

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING INFORMATION

Board of Trustees
Union General Hospital, Inc. and Related Entities
Blairsville, Georgia

We have audited the consolidated financial statements of Union General Hospital, Inc. and Related Entities as of and for the years ended April 30, 2025 and 2024, and our report thereon dated September 19, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in this report on pages 37 to 42, inclusive, is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position or results of operations of the individual companies.

The consolidating 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. Such information has been subjected to the auditing procedures applied in the audit of the consolidated 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 auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Albany, Georgia
September 19, 2025

Let's Think Together.®

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UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATING BALANCE SHEET
April 30, 2025

	Union General Hospital, Inc.	Chatuge Regional Hospital, Inc.	Union County Dialysis Clinic, LLC	Union General Ambulance Services, Inc.	Union General Health System Segregated Portfolio	Union General Affiliated Services, LLC	North Carolina Affiliated Services, LLC	Total	Eliminations	Consolidated
ASSETS										
Current assets:										
Cash and cash equivalents	$ 394,206	$ 207,743	$ 3,547	$ (105)	$ -	$ (8,415)	$ 1,845	$ 598,821	$ -	$ 598,821
Patient accounts receivable, net	13,516,007	3,505,862	237,971	205,625	-	1,067,028	-	18,532,493	-	18,532,493
Supplies	3,358,125	534,952	-	-	-	-	-	3,893,077	-	3,893,077
Intercompany receivable	25,871,819	(6,004,448)	(29,089)	(106,264)	832,774	26,529	-	20,591,321	(20,591,321)	-
Prepaid expenses and other current assets	4,558,572	870,172	1,640	-	15,710	189,952	-	5,636,046	(1,837,622)	3,798,424
Total current assets	47,698,729	(885,719)	214,069	99,256	848,484	1,275,094	1,845	49,251,758	(22,428,943)	26,822,815
Assets limited as to use:										
By Board for capital improvements	75,446,080	-	-	-	-	-	-	75,446,080	-	75,446,080
By third-party for pension plan trust agreement	161,652	-	-	-	-	-	-	161,652	-	161,652
Held by trustee for insurance	14,172,034	-	-	-	9,387,279	-	-	23,559,313	-	23,559,313
By donors	25,318	-	-	-	-	-	-	25,318	-	25,318
Total assets limited as to use	89,805,084	-	-	-	9,387,279	-	-	99,192,363	-	99,192,363
Property and equipment, net	89,691,528	7,231,566	271,183	-	-	-	-	97,194,277	-	97,194,277
Finance lease right-of-use assets	537,011	81,193	-	-	-	-	-	618,204	-	618,204
Operating lease right-of-use assets	30,111	-	-	-	-	-	-	30,111	-	30,111
Investment in Chatuge Regional Hospital	14,296,540	-	-	-	-	-	-	14,296,540	(14,296,540)	-
Investment in Dialysis Clinic, LLC	(159,602)	-	-	-	-	-	-	(159,602)	159,602	-
Physician notes and agreements	328,881	-	-	-	-	-	-	328,881	-	328,881
Other assets	245,669	-	-	-	-	-	-	245,669	-	245,669
Total assets	$ 242,473,951	$ 6,427,040	$ 485,252	$ 99,256	$ 10,235,763	$ 1,275,094	$ 1,845	$ 260,998,201	$ (36,565,881)	$ 224,432,320

Continued

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATING BALANCE SHEET, Continued
April 30, 2025

	Union General Hospital, Inc.	Chatuge Regional Hospital, Inc.	Union County Dialysis Clinic, LLC	Union General Ambulance Services, Inc.	Union General Health System Segregated Portfolio	Union General Affiliated Services, LLC	North Carolina Affiliated Services, LLC	Total	Eliminations	Consolidated
LIABILTIES AND NET ASSETS										
Current liabilities:										
Current portion of long-term debt	$ -	$ 205,128	$ -	$ -	$ -	$ -	$ -	$ 205,128	$ -	$ 205,128
Current portion of finance leases	209,100	21,778	-	-	-	-	-	230,878	-	230,878
Current portion of operating leases	30,063	-	-	-	-	-	-	30,063	-	30,063
Intercompany payable	-	(11,704,210)	644,870	5,137,026	3,454,479	22,101,611	23,545	19,657,321	(19,657,321)	-
Accounts payable	3,702,085	492,531	(17)	65	-	(1,195)	-	4,193,469	(934,000)	3,259,469
Amounts due to patients	1,111,707	493,339	-	-	-	-	-	1,605,046	-	1,605,046
Accrued salaries and wages	1,675,093	413,556	-	-	-	-	-	2,088,649	-	2,088,649
Accrued vacation payable	2,481,765	635,368	-	-	-	-	-	3,117,133	-	3,117,133
Medicare advance payments	-	-	-	-	-	-	-	-	-	-
Medicaid advance payments	567,791	457,788	-	-	-	-	-	1,025,579	-	1,025,579
Estimated third-party payor settlements	999,849	134,572	-	-	-	-	-	1,134,421	-	1,134,421
Other current liabilities	4,003,037	29,087	-	-	4,529,642	588,501	-	9,150,267	(1,837,621)	7,312,646
Total current liabilities	14,780,490	(8,821,063)	644,853	5,137,091	7,984,121	22,688,917	23,545	42,437,954	(22,428,942)	20,009,012
Long-term liabilities:										
Long-term debt, net of current portion	-	888,889	-	-	-	-	-	888,889	-	888,889
Finance leases, net of current portion	353,751	62,674	-	-	-	-	-	416,425	-	416,425
Deferred compensation liability	161,652	-	-	-	-	-	-	161,652	-	161,652
Total long-term liabilities	515,403	951,563	-	-	-	-	-	1,466,966	-	1,466,966
Total liabilities	15,295,893	(7,869,500)	644,853	5,137,091	7,984,121	22,688,917	23,545	43,904,920	(22,428,942)	21,475,978
Net assets:										
Net assets without donor restrictions	227,152,740	14,296,540	(159,601)	(5,037,835)	2,251,642	(21,413,823)	(21,700)	217,067,963	(14,136,939)	202,931,024
Net assets with donor restrictions	25,318	-	-	-	-	-	-	25,318	-	25,318
Total net assets	227,178,058	14,296,540	(159,601)	(5,037,835)	2,251,642	(21,413,823)	(21,700)	217,093,281	(14,136,939)	202,956,342
Total liabilities and net assets	$ 242,473,951	$ 6,427,040	$ 485,252	$ 99,256	$ 10,235,763	$ 1,275,094	$ 1,845	$ 260,998,201	$ (36,565,881)	$ 224,432,320

See accompanying auditor's report on consolidating information.

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATING STATEMENT OF EXCESS REVENUES (EXPENSES)
for the year ended April 30, 2025

	Union General Hospital, Inc.	Chatuge Regional Hospital, Inc.	Union County Dialysis Clinic, LLC	Union General Ambulance Services, Inc.	Union General Health System Segregated Portfolio	Union General Affiliated Services, LLC	North Carolina Affiliated Services, LLC	Total	Eliminations	Consolidated
Revenues, gains, and other support:										
Net patient service revenue	$ 109,377,331	$ 33,662,101	$ 1,711,989	$ 2,951,977	$ -	$ 10,881,867	$ -	$ 158,585,265	$ -	$ 158,585,265
Other revenue	7,641,046	322,330	4,540	(20)	2,126,134	42,662	-	10,136,692	(3,071,490)	7,065,202
Total revenues, gains, and other support	117,018,377	33,984,431	1,716,529	2,951,957	2,126,134	10,924,529	-	168,721,957	(3,071,490)	165,650,467
Expenses:										
Salaries and wages	43,325,054	16,405,492	524,660	2,106,575	-	11,497,956	-	73,859,737	-	73,859,737
Employee benefits	10,461,747	4,082,268	46,573	532,809	-	784,782	-	15,908,179	-	15,908,179
Professional fees	8,399,171	4,059,848	185,023	278,892	73,000	1,033,836	-	14,029,770	(153,870)	13,875,900
Supplies and other expenses	25,003,578	5,359,248	624,267	309,742	640,263	2,032,498	-	33,969,596	(791,486)	33,178,110
Utilities	2,334,999	621,201	78,310	18,690	-	167,142	-	3,220,342	-	3,220,342
Repairs and maintenance	2,864,959	1,348,024	22,337	128,015	-	113,955	-	4,477,290	-	4,477,290
Depreciation and amortization	6,870,963	1,125,914	104,453	421	-	58,739	-	8,160,490	-	8,160,490
Insurance	2,927,334	1,319,406	39,724	155,987	709,058	106,634	-	5,258,143	(2,126,134)	3,132,009
Medicaid provider fee	1,807,664	576,709	-	-	-	-	-	2,384,373	-	2,384,373
Interest expense	32,445	13,671	364	72	-	2,901	-	49,453	-	49,453
Total operating expenses	104,027,914	34,911,781	1,625,711	3,531,203	1,422,321	15,798,443	-	161,317,373	(3,071,490)	158,245,883
Operating gains (losses)	12,990,463	(927,350)	90,818	(579,246)	703,813	(4,873,914)	-	7,404,584	-	7,404,584
Nonoperating gains (losses):										
Contributions	265,125	51,495	-	420,000	-	-	-	736,620	-	736,620
Investment income	4,596,363	32,086	-	-	609,521	3,859	-	5,241,829	-	5,241,829
Gain (loss) on sale of property and equipment	(14,410)	-	-	-	-	-	-	(14,410)	-	(14,410)
Gain (loss) on investments in affiliates	567,649	-	-	-	-	-	-	567,649	(567,649)	-
Rural hospital tax credit contributions	1,578,549	1,329,691	-	-	-	-	-	2,908,240	-	2,908,240
Total nonoperating gains (losses)	6,993,276	1,413,272	-	420,000	609,521	3,859	-	9,439,928	(567,649)	8,872,279
Excess revenues (expenses)	$ 19,983,739	$ 485,922	$ 90,818	$ (159,246)	$ 1,313,334	$ (4,870,055)	$ -	$ 16,844,512	$ (567,649)	$ 16,276,863

See accompanying auditor's report on consolidating information.

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATING BALANCE SHEET
April 30, 2024

	Union General Hospital, Inc.	Chatuge Regional Hospital, Inc.	Union County Dialysis Clinic, LLC	Union General Ambulance Services, Inc.	Union General Health System Segregated Portfolio	Union General Affiliated Services, LLC	North Carolina Affiliated Services, LLC	Total	Eliminations	Consolidated
ASSETS										
Current assets:										
Cash and cash equivalents	$ 1,465,246	$ 277,815	$ 17,887	$ 2,323	$ -	$ 11,518	$ 1,845	$ 1,776,634	$ -	$ 1,776,634
Patient accounts receivable, net	18,346,941	5,194,438	316,220	133,823	-	1,873,152	-	25,864,574	-	25,864,574
Supplies	2,887,923	665,109	-	-	-	-	-	3,553,032	-	3,553,032
Intercompany receivable	25,319,041	(4,558,242)	(7,901)	(99,077)	832,774	26,529	-	21,513,124	(21,513,124)	-
Prepaid expenses and other current assets	3,894,707	1,134,946	-	-	285,845	286,168	(18,594)	5,583,072	(332,704)	5,250,368
Total current assets	51,913,858	2,714,066	326,206	37,069	1,118,619	2,197,367	(16,749)	58,290,436	(21,845,828)	36,444,608
Assets limited as to use:										
By Board for capital improvements	86,036,391	-	-	-	-	-	-	86,036,391	-	86,036,391
By third-party for pension plan trust agreement	107,709	-	-	-	-	-	-	107,709	-	107,709
Held by trustee for insurance	-	-	-	-	6,844,937	-	-	6,844,937	-	6,844,937
By donors	23,229	-	-	-	-	-	-	23,229	-	23,229
Total assets limited as to use	86,167,329	-	-	-	6,844,937	-	-	93,012,266	-	93,012,266
Property and equipment, net	70,413,240	8,099,292	373,507	-	-	-	-	78,886,039	-	78,886,039
Finance lease right-to-use assets	454,480	10,230	-	-	-	-	-	464,710	-	464,710
Operating lease right-to-use assets	-	-	-	-	-	-	-	-	-	-
Investment in Chatuge Regional Hospital	13,834,529	-	-	-	-	-	-	13,834,529	(13,834,529)	-
Investment in Dialysis Clinic, LLC	(239,949)	-	-	-	-	-	-	(239,949)	239,949	-
Physician notes and agreements	351,538	-	-	-	-	-	-	351,538	-	351,538
Other assets	188,500	-	-	-	-	-	-	188,500	-	188,500
Total assets	$ 223,083,525	$ 10,823,588	$ 699,713	$ 37,069	$ 7,963,556	$ 2,197,367	$ (16,749)	$ 244,788,069	$ (35,440,408)	$ 209,347,661

Continued

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATING BALANCE SHEET, Continued
April 30, 2024

	Union General Hospital, Inc.	Chatuge Regional Hospital, Inc.	Union County Dialysis Clinic, LLC	Union General Ambulance Services, Inc.	Union General Health System Segregated Portfolio	Union General Affiliated Services, LLC	North Carolina Affiliated Services, LLC	Total	Eliminations	Consolidated
LIABILITIES AND NET ASSETS										
Current liabilities:										
Current portion of long-term debt	$ -	$ 318,897	$ -	$ -	$ -	$ -	$ -	$ 318,897	$ -	$ 318,897
Current portion of finance leases	171,198	4,122	-	-	-	-	-	175,320	-	175,320
Current portion of operating leases	-	-	-	-	-	-	-	-	-	-
Intercompany payable	-	(6,778,679)	950,149	4,915,593	4,388,479	18,032,583	4,951	21,513,076	(21,513,076)	-
Accounts payable	3,219,708	336,250	(17)	65	-	5,033	-	3,561,039	(15,022)	3,546,017
Amounts due to patients	1,566,928	743,905	-	-	-	-	-	2,310,833	-	2,310,833
Accrued salaries and wages	1,459,389	393,078	-	-	-	-	-	1,852,467	-	1,852,467
Accrued vacation payable	2,495,538	626,640	-	-	-	-	-	3,122,178	-	3,122,178
Medicare advance payments	1,026,836	179,391	-	-	-	-	-	1,206,227	-	1,206,227
Medicaid advance payments	-	-	-	-	-	-	-	-	-	-
Estimated third-party payor settlements	1,143,309	57,103	-	-	-	-	-	1,200,412	-	1,200,412
Other current liabilities	4,341,845	22,716	-	-	2,636,769	703,519	-	7,704,849	(273,066)	7,431,783
Total current liabilities	15,424,751	(4,096,577)	950,132	4,915,658	7,025,248	18,741,135	4,951	42,965,298	(21,801,164)	21,164,134
Long-term liabilities:										
Long-term debt, net of current portion	-	1,094,017	-	-	-	-	-	1,094,017	-	1,094,017
Finance leases, net of current portion	297,972	6,439	-	-	-	-	-	304,411	-	304,411
Deferred compensation liability	107,709	-	-	-	-	-	-	107,709	-	107,709
Total long-term liabilities	405,681	1,100,456	-	-	-	-	-	1,506,137	-	1,506,137
Total liabilities	15,830,432	(2,996,121)	950,132	4,915,658	7,025,248	18,741,135	4,951	44,471,435	(21,801,164)	22,670,271
Net assets:										
Net assets without donor restrictions	207,229,864	13,819,709	(250,419)	(4,878,589)	938,308	(16,543,768)	(21,700)	200,293,405	(13,639,244)	186,654,161
Net assets with donor restrictions	23,229	-	-	-	-	-	-	23,229	-	23,229
Total net assets	207,253,093	13,819,709	(250,419)	(4,878,589)	938,308	(16,543,768)	(21,700)	200,316,634	(13,639,244)	186,677,390
Total liabilities and net assets	$ 223,083,525	$ 10,823,588	$ 699,713	$ 37,069	$ 7,963,556	$ 2,197,367	$ (16,749)	$ 244,788,069	$ (35,440,408)	$ 209,347,661

See accompanying auditor's report on consolidating information.

UNION GENERAL HOSPITAL, INC. AND RELATED ENTITIES

CONSOLIDATING STATEMENT OF EXCESS REVENUES (EXPENSES)
for the year ended April 30, 2024

	Union General Hospital, Inc.	Chatuge Regional Hospital, Inc.	Union County Dialysis Clinic, LLC	Union General Ambulance Services, Inc.	Union General Health System Segregated Portfolio	Union General Affiliated Services, LLC	North Carolina Affiliated Services, LLC	Total	Eliminations	Consolidated
Revenues, gains, and other support:										
Net patient service revenue	$ 108,542,589	$ 34,554,267	$ 1,543,705	$ 2,901,371	$ -	$ 11,595,539	$ -	$ 159,137,471	$ -	$ 159,137,471
Other revenue	7,190,960	277,063	2,930	11,874	1,506,463	23,567	-	9,012,857	(2,417,949)	6,594,908
Total revenues, gains, and other support	115,733,549	34,831,330	1,546,635	2,913,245	1,506,463	11,619,106	-	168,150,328	(2,417,949)	165,732,379
Expenses:										
Salaries and wages	41,127,360	16,645,718	505,393	2,144,097	-	12,068,162	-	72,490,730	-	72,490,730
Employee benefits	8,581,026	4,176,062	46,577	539,291	-	803,149	-	14,146,105	-	14,146,105
Professional fees	8,058,307	4,086,483	171,132	289,517	73,000	1,079,745	-	13,758,184	(120,000)	13,638,184
Supplies and other expenses	24,653,748	5,218,925	577,051	354,711	104,892	2,043,108	-	32,952,435	(791,486)	32,160,949
Utilities	2,151,641	624,262	71,096	18,499	-	156,788	-	3,022,286	-	3,022,286
Repairs and maintenance	3,033,419	1,352,112	18,536	107,228	-	68,523	-	4,579,818	-	4,579,818
Depreciation and amortization	6,576,386	1,127,726	110,125	443	-	45,380	-	7,860,060	-	7,860,060
Insurance	2,145,671	1,000,001	38,766	81,935	-	106,373	-	3,372,746	(1,461,801)	1,910,945
Medicaid provider fee	1,629,920	523,232	-	-	-	-	-	2,153,152	-	2,153,152
Interest expense	12,400	4,133	230	46	-	2,655	-	19,464	-	19,464
Total operating expenses	97,969,878	34,758,654	1,538,906	3,535,767	177,892	16,373,883	-	154,354,980	(2,373,287)	151,981,693
Operating gains (losses)	17,763,671	72,676	7,729	(622,522)	1,328,571	(4,754,777)	-	13,795,348	(44,662)	13,750,686
Nonoperating gains (losses):										
Contributions	166,355	51,119	-	300,000	-	-	-	517,474	-	517,474
Investment income	4,560,002	12,778	-	-	367,245	637	-	4,940,662	-	4,940,662
Gain (loss) on sale of property and equipment	23,094	17,303	-	-	-	-	-	40,397	-	40,397
Gain (loss) on investments in affiliates	1,994,534	-	-	-	-	-	-	1,994,534	(1,994,534)	-
Rural hospital tax credit contributions	1,530,207	882,929	-	-	-	-	-	2,413,136	-	2,413,136
Total nonoperating gains (losses)	8,274,192	964,129	-	300,000	367,245	637	-	9,906,203	(1,994,534)	7,911,669
Excess revenues (expenses)	$ 26,037,863	$ 1,036,805	$ 7,729	$ (322,522)	$ 1,695,816	$ (4,754,140)	$ -	$ 23,701,551	$ (2,039,196)	$ 21,662,355

See accompanying auditor's report on consolidating information.