



Consolidated Financial Statements (and Supplemental Schedules)

Northeast Georgia Health System, Inc. and Affiliates

Years Ended September 30, 2024 and 2023

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northeast Georgia Health System, Inc.:

Opinion

We have audited the consolidated financial statements of Northeast Georgia Health System, Inc. and Affiliates (the System), which comprise the consolidated balance sheets as of September 30, 2024 and 2023; the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the System as of September 30, 2024 and 2023, and the results of their 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.

We did not audit the financial statements of Lanier Community Assurance, Ltd. (LCA), a wholly-owned subsidiary, whose statements reflect total assets constituting 2% and 3%, respectively, of consolidated total assets at September 30, 2024 and 2023, and total revenues constituting 1% of consolidated total revenues for the years then ended. Those statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LCA, is based solely on the report of the other auditors.

Basis for Opinion

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

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 System's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 System'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 System's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PYA, P.C.

Atlanta, Georgia
January 8, 2025

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Balance Sheets *(Dollars in Thousands)*

	<i>September 30,</i>	
	<i>2024</i>	<i>2023</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 43,635	\$ 27,728
Investments	605,123	341,095
Assets limited as to use, required for current obligations	10,742	15,049
Patient accounts receivable	203,579	196,898
Inventory of supplies	17,209	17,960
Other current assets	84,845	41,918
TOTAL CURRENT ASSETS	965,133	640,648
INVESTMENTS	1,042,328	1,034,120
ASSETS LIMITED AS TO USE		
Under indenture agreements - held by trustees	11,065	130
Under self-insurance agreements	98,207	87,429
By Board for designated capital purposes	115,231	100,063
Other	110,955	90,686
	335,458	278,308
Less amounts required for current obligations	(10,742)	(15,049)
ASSETS LIMITED AS TO USE	324,716	263,259
PROPERTY AND EQUIPMENT, net	1,581,428	1,250,402
OTHER ASSETS		
Goodwill	3,263	3,263
Pension asset	95,082	82,969
Property held for future investment	685	-
Other	18,156	20,690
Right-of-use asset, finance leases	14,813	130
Right-of-use asset, operating leases	10,744	11,697
TOTAL OTHER ASSETS	142,743	118,749
TOTAL ASSETS	\$ 4,056,348	\$ 3,307,178

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Balance Sheets - Continued *(Dollars in Thousands)*

	<i>September 30,</i>	
	<i>2024</i>	<i>2023</i>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 25,616	\$ 21,903
Accrued interest	7,402	5,460
Accounts payable and other accrued expenses	165,569	142,154
Accrued salaries, benefits, compensated absences, and amounts withheld	120,557	106,576
Current portion of finance lease liability	2,397	26
Current portion of operating lease liability	4,231	5,331
Unearned revenue - Notes B and O	-	14,014
Estimated amounts due to third-party payers	16,444	15,087
TOTAL CURRENT LIABILITIES	342,216	310,551
LONG-TERM DEBT, less current portion	1,404,737	1,155,821
ESTIMATED SELF-INSURANCE LIABILITIES	82,168	72,919
OTHER LONG-TERM LIABILITIES		
Deferred compensation	66,743	52,214
Finance lease liability, less current portion	12,623	-
Operating lease liability, less current portion	6,828	6,653
TOTAL OTHER LONG-TERM LIABILITIES	86,194	58,867
TOTAL LIABILITIES	1,915,315	1,598,158
COMMITMENTS AND CONTINGENCIES -		
Notes G, J, and R		
NET ASSETS		
Without donor restrictions		
Attributable to Northeast Georgia Health System, Inc. and Affiliates	2,104,824	1,678,390
Attributable to noncontrolling interest	6,500	-
With donor restrictions		
Attributable to Northeast Georgia Health System, Inc. and Affiliates	29,709	30,630
TOTAL NET ASSETS	2,141,033	1,709,020
TOTAL LIABILITIES AND NET ASSETS	\$ 4,056,348	\$ 3,307,178

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Operations *(Dollars in Thousands)*

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
REVENUE, GAINS, AND SUPPORT:		
Patient service revenue	\$ 2,347,883	\$ 2,130,861
Other operating revenue	81,370	93,630
Contributions for equipment, education, indigent patients, and community benefits:		
Cash and other financial assets	18	3
TOTAL REVENUE, GAINS, AND SUPPORT	2,429,271	2,224,494
Expenses:		
Salaries and wages	1,087,155	1,010,837
Employee benefits	213,338	187,226
Provider fees	68,425	54,573
Utilities	20,094	18,023
Supplies	402,602	364,585
Legal, consulting, and professional fees	18,316	21,975
Purchased services	65,494	76,038
Insurance	40,927	35,935
Interest	32,965	35,149
Depreciation and amortization	101,294	95,795
Other operating expenses	190,227	150,993
TOTAL OPERATING EXPENSES	2,240,837	2,051,129
OPERATING INCOME BEFORE PROVIDER RELIEF FUND REVENUE	188,434	173,365
Provider relief fund revenue - Note O	12,170	12,170
INCOME FROM OPERATIONS	200,604	185,535
Nonoperating gains (losses):		
Gain from investments, net	216,019	164,227
Loss on sale of property and equipment, net	(108)	(154)
Miscellaneous, net	(1,407)	(955)
NET NONOPERATING GAIN	214,504	163,118
EXCESS OF REVENUE , GAINS, AND SUPPORT OVER EXPENSES AND LOSSES	\$ 415,108	\$ 348,653

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets *(Dollars in Thousands)*

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Excess of Revenue, Gains, and Support over Expenses and Losses attributable to Northeast Georgia Health System, Inc. and Affiliates	\$ 415,108	\$ 348,653
Other changes in net assets without donor restrictions:		
Pension asset adjustments	7,030	22,291
Net assets released for capital expenditures	2,011	1,631
Other changes	2,285	(675)
TOTAL OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	11,326	23,247
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	426,434	371,900
Excess of Revenue, Gains, and Support over Expenses and Losses attributable to Noncontrolling Interest	-	-
Other changes in net assets without donor restrictions:		
Other changes	6,500	-
TOTAL OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO NONCONTROLLING INTEREST	6,500	-
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO NONCONTROLLING INTEREST	6,500	-
TOTAL INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	432,934	371,900
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	1,678,390	1,306,490
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	\$ 2,111,324	\$ 1,678,390

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets - Continued *(Dollars in Thousands)*

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions for equipment, education, indigent patients, and community benefits:		
Cash and other financial assets	\$ 5,250	\$ 5,501
In-kind	220	429
Partnership earnings and other changes	655	376
Change in expected losses and discounts on pledges	166	(156)
Net assets released from restrictions	(5,212)	(5,138)
Other changes, net	(2,000)	111
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	(921)	1,123
NET ASSETS WITH DONOR RESTRICTIONS, BEGINNING OF YEAR	30,630	29,507
NET ASSETS WITH DONOR RESTRICTIONS, END OF YEAR	29,709	30,630
TOTAL INCREASE IN NET ASSETS	432,013	373,023
TOTAL NET ASSETS, BEGINNING OF YEAR	1,709,020	1,335,997
TOTAL NET ASSETS, END OF YEAR	\$ 2,141,033	\$ 1,709,020

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Cash Flows *(Dollars in Thousands)*

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 432,013	\$ 373,023
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	101,294	95,795
Amortization of bond issue premium	(5,109)	(4,613)
Loss on sale of property, plant, and equipment	108	154
Gain on sales of investments and assets limited as to use	(8,097)	(36,579)
Pension plan adjustments	(7,030)	(22,291)
Change in expected losses and discounts on pledges	(166)	156
Change in net unrealized gains/losses on investments and assets limited as to use	(150,308)	(79,472)
Restricted contributions	(5,250)	(5,501)
Changes in assets and liabilities:		
Patient accounts receivable	(6,681)	(29,101)
Inventory of supplies	751	(3,170)
Other current assets	(43,829)	(11,380)
Other long-term assets	(6,672)	(20,987)
Accrued interest	1,942	(83)
Accounts payable, other accrued expenses, and other long-term liabilities	42,465	53,302
Accrued salaries, benefits, compensated absences, and amounts withheld	13,981	4,140
Unearned revenue	(14,014)	(10,325)
Estimated third-party payer settlements	1,357	(1,613)
Estimated self-insurance liabilities	9,249	10,558
Lease liabilities	(4,943)	(9,699)
Total adjustments	(80,952)	(70,709)
NET CASH PROVIDED BY OPERATING ACTIVITIES	351,061	302,314
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(425,435)	(417,936)
Proceeds from sales of property, plant, and equipment	-	4,105
Purchases of investments and assets limited as to use	(1,187,780)	(794,309)

See Accompanying Notes to Consolidated Financial Statements.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Cash Flows - Continued *(Dollars in Thousands)*

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
Proceeds from maturities and sales of investments and assets limited as to use	1,016,799	899,891
NET CASH USED IN INVESTING ACTIVITIES	(596,416)	(308,249)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable and long-term debt, net of issuance costs	275,000	-
Principal payments on long-term debt and finance lease obligations	(18,988)	(15,766)
Restricted contributions received	5,250	5,501
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	261,262	(10,265)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,907	(16,200)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	27,728	43,928
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 43,635	\$ 27,728
SUPPLEMENTAL INFORMATION:		
Cash paid during the year for interest	\$ 38,603	\$ 39,402
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:		
Property, plant, and equipment received and accrued in payables	\$ 33,134	\$ 30,625
Lease liabilities arising from obtaining right-of-use assets	\$ 20,389	\$ 5,956
Operating cash flows from operating leases	\$ 5,822	\$ 5,577
Financing cash flows from finance leases	\$ 1,377	\$ 1,735

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

NOTE A--ORGANIZATION AND OPERATIONS

Northeast Georgia Health System, Inc. and its affiliates (the System) were organized to provide healthcare services to the residents of counties in northeastern Georgia.

Northeast Georgia Health System, Inc. (NGHS) serves as the parent company for its controlled affiliates described below. NGHS provides for the method of electing the Trustees and Directors for these controlled affiliates and engages in corporate planning and management, corporate financial management, corporate marketing, and resource allocation to the controlled affiliates. NGHS also provides health education programs for the general population in Northeast Georgia. All controlled affiliates are located in or near Hall County, Georgia.

Northeast Georgia Medical Center, Inc. (NGMC) was formed to serve and promote the public health of the general population and operates an acute care hospital with a 557-bed campus in Gainesville and a 134-bed campus in Braselton, and their related facilities, for the benefit of the general public.

NGMC Lumpkin, LLC (NGMC-Lumpkin), a Georgia limited liability company, is a 52-bed hospital located in Dahlonega, Georgia. NGHS is the only member of NGMC-Lumpkin.

NGMC Barrow, LLC (NGMC-Barrow), a Georgia limited liability company, is a 56-bed hospital located in Winder, Georgia. NGHS is the only member of NGMC-Barrow.

The Medical Center Foundation (the Foundation) manages fundraising and development activities on behalf of the System.

Northeast Georgia Physicians Group, Inc. (NGPG) was formed to improve access to healthcare services throughout the service region. NGPG employs primary care and specialty physicians.

Northeast Georgia Health Partners, LLC (NGHP) was formed as a subsidiary of NGHS to operate a preferred provider organization. NGHS is the only member of NGHP. Northeast Georgia Health Partners Network, LLC (NGHP Network) is a physician-hospital organization and was formed as a wholly owned subsidiary in 2020 to provide clinically integrated care to individuals covered by contracts entered into or administered by NGHP Network.

The Georgia Heart Institute, LLC (GHI), a Georgia limited liability company, is a cardiology physician practice. NGHS is the only member of GHI.

Lanier Community Assurance, Ltd. (LCA) provides professional liability and workers' compensation coverage for the System. LCA is incorporated in the Cayman Islands and is currently recognized as tax-exempt by the Cayman Islands Government.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

Northeast Georgia PEO, LLC (PEO) is a subsidiary of NGHS for employing out-of-state workers. PEO is not capitalized or staffed and is solely used for tax reporting purposes.

Northeast Georgia Health Ventures, LLC (NGHV) was formed during 2023 to create strategic partnerships between NGHS and early-stage startups to increase the flow of innovation into the System and the market.

During 2023, pursuant to the asset purchase agreement between NGHS and Habersham County Hospital Authority (HCHA) discussed in Note S, NGHS exercised the option to purchase the assets of HCHA, effective July 1, 2023. Habersham Medical Center became Northeast Georgia Medical Center Habersham, LLC (NGMC-Habersham), a subsidiary of NGHS. NGMC-Habersham is a 53-bed licensed acute care hospital serving residents in Habersham and adjoining counties in Georgia. NGHS also assumed ownership of New Horizons Habersham, a licensed 84-bed skilled nursing facility that provides long term care, specialty care, and therapy. As part of this acquisition, Northeast Georgia Home Health III, LLC (NGHH) was formed in 2023 as a subsidiary of NGHS to provide in-home care to patients in Gainesville and the North Georgia region.

NGHS, NGMC, the Foundation, and NGPG are organized as Georgia not-for-profit corporations and are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The income for NGMC-Barrow, NGMC-Lumpkin, NGMC-Habersham, NGHH, PEO, and GHI, passes through to NGHS, which is tax exempt. NGHP, NGHP Network, and NGHV are organized as for-profit corporations.

Effective October 2023, Braselton Ambulatory Surgery Center, LLC (Braselton ASC) began operations. Braselton ASC was formed to provide more access to outpatient surgical services. This entity is consolidated as part of NGMC's operations.

Northeast Georgia Rehabilitation Hospital, LLC (NGRH) was formed in October 2022. The entity had no activity during the year ended September 30, 2023. Construction on the facility began during 2024, and the facility is expected to open to patients in 2025. NGRH will have 40 private beds and will provide inpatient rehabilitation services. NGHS owns 51% of the outstanding membership interests of NGRH. The operating agreement intends for NGRH to provide healthcare services in a manner that will promote health for the communities served and to operate in a manner consistent with Section 501(c)(3) of the Internal Revenue Code. Income for NGRH will pass through to NGHS, which is tax exempt. A minority interest is recorded in the consolidated financial statements to represent the non-controlling interest in the operations and net assets of NGRH that are not owned by NGHS.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of NGHS and its controlled affiliates. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements. A minority interest is recorded to represent the non-controlling interest in the operations and net assets of NGRH that are not owned by NGHS.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include estimated explicit and implicit price concessions, amounts due to or from third-party payers, investment valuations, allocations of functional expenses, depreciable lives and impairment considerations of property, plant and equipment, goodwill, deferred liabilities, and professional and other insurance liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents include cash and short-term term deposits and similar money market instruments, with maturities of less than three months when purchased, excluding amounts included as assets limited as to use or in the long-term investment portfolio.

Investments and Assets Limited as to Use: A portion of investments and assets limited as to use at September 30, 2024 and 2023, includes the System's percentage of ownership in a limited partnership investment fund (the Fund) whose primary objective is to generate a higher than average cash flow yield through investment in publicly traded equity securities. The System accounts for its investment in the Fund under the equity method of accounting with the System's share of the Fund's gains and losses, both realized and unrealized, recognized as nonoperating gains and losses.

All other investments and assets limited as to use which are not invested in the Fund are stated at fair value based on quoted market prices, and investments without quoted market prices are reported at estimated fair market value utilizing observable and unobservable inputs. Substantially all investments which are not invested in the Fund are classified as trading securities. The portion of investments related to financial instruments with remaining maturities of less than one year and the portion of assets limited as to use that is required to satisfy current obligations are classified as current assets.

Assets limited as to use include assets held by trustees under bond indenture agreements, assets held by trustees under professional liability and workers' compensation self-insurance trust arrangements, assets designated by the Board for specific purposes, and assets held by the Foundation which are designated for specific purposes by donors.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

Interest and dividend investment income on proceeds of borrowings that are held by trustees, to the extent not capitalized, is reported as a part of other operating revenue. Investment income and losses on all other investments and assets limited as to use (including gains and losses on sales of proceeds of borrowings that are held by trustees) is reported, net of investment expenses, as nonoperating gains and losses. The cost of securities sold is determined on the specific identification method with net realized gains and losses reported as nonoperating gains and losses.

Unrealized gains and losses on investments and assets limited as to use, which are not invested in the Fund, are recorded as nonoperating gains or losses from investments.

Inventory of Supplies: Inventory consists of medical and other supplies and is stated at the lower of cost or net realizable value with cost determined by the first-in, first-out method.

Other Current Assets: The System pays for various service agreements in advance of the service periods. These prepaid expenses are capitalized and amortized over the service period. The System is also involved in various agreements and contractual arrangements under which they have an unconditional obligation to receive payments at September 30, 2024 and 2023. These non-patient receivables are expected to be settled in less than twelve months from year end and have been included in other current assets in the accompanying Consolidated Balance Sheets. The balance of other current assets in the accompanying Consolidated Balance Sheets is comprised of the following at September 30:

	<i>2024</i>	<i>2023</i>
Prepays	19,020	15,736
Other receivables	15,121	10,044
Estimated amounts due from third-party payors	50,704	16,138
Other current assets	<u>\$ 84,845</u>	<u>\$ 41,918</u>

Property, Equipment and Depreciation: Property and equipment is stated on the basis of cost or, if donated, fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets using the half-year method. The depreciable lives range from 15 to 40 years for buildings and land improvements and from 3 to 15 years for equipment and vehicles. Expenditures for maintenance, repairs, and minor renewals are charged to operations as incurred. Expenditures for betterments and major renewals are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the consolidated financial statements. Any resulting gain or loss is included in nonoperating gains and losses. Asset retirement obligations are recorded as a liability when property and equipment are acquired or when events occur that create a liability that is reasonably estimable. No such liabilities were identified and recorded during the years ended September 30, 2024 or 2023.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support 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 restrictions about the amount of time 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.

The System periodically reviews property and equipment for indicators of potential impairment of long-lived assets and, if such review indicates carrying amounts may not be recoverable, adjusts the carrying value and recognizes a loss. Management does not believe that any unrecognized impairment exists at September 30, 2024 and 2023, respectively.

Capitalized Interest: The System capitalizes interest costs incurred in financing expenditures for property during a required construction or development period in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 835-20-15-5. Capitalized interest consists primarily of interest incurred related to the construction of medical facilities for which deposits or progress payments have been made. Interest costs incurred during the year ended September 30, 2024 and 2023, are \$32,965, and \$35,149, respectively. During the year ended September 30, 2024 and 2023, the System capitalized interest in the amounts of \$7,580 and \$4,170, respectively. Capitalized interest is included in the cost of the respective property for which the interest was incurred and is included in property and equipment in the Consolidated Balance Sheets. The System's capitalization policy is based on the weighted-average interest rate on borrowings specifically related to the construction projects and applied to qualifying expenditures incurred during the construction period. For the year ended September 30, 2024, the capitalization rates used to determine capitalized interest range between 2.50% to 5.00% based on interest rates of the outstanding Revenue Anticipation Certificates Series 2024 and Series 2021A. For the year ended September 30, 2023, the capitalization rates used to determine capitalized interest range between 2.50% to 5.00% based on interest rates of the outstanding Revenue Anticipation Certificates Series 2021A.

Lease Liabilities and Right-of-Use Assets: The System determines if an arrangement is a lease at inception and classifies its leases at commencement. Leases are classified as either a finance lease or an operating lease. The system does not recognize right-of-use assets or lease liabilities for leases with a term of 12 months or less. The present value of the future minimum lease payments over the lease term are recorded as a lease liability at the commencement of a contract that has a term in excess of one year. The present value is determined by discounting the required payments using the stated or implicit interest rate in the lease or, if not stated or implied, the System's incremental borrowing rate, which was 7% for the years ended September 30, 2024 and 2023. The System has lease agreements which contain both lease and non-lease components, which it has elected to combine. As such, future minimum lease payments include fixed payments for non-lease components within a lease agreement but exclude variable lease payments not dependent on

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

an index or rate, such as common area maintenance, operating expenses, utilities, or other costs that are subject to fluctuation. The System's lease terms may include options to extend or terminate the lease. Periods beyond the noncancellable term of the lease are included in the measurement of the lease liability when it is reasonably certain that the System will exercise the associated extension option or waive the termination option. A right-of-use asset is also recorded equal to the lease liability plus any initial direct costs, prepayments, or incentives. The System periodically reviews right-of-use assets for indications of potential impairment. If such review indicates carrying amounts may not be recoverable, the carrying value is adjusted and a loss is recorded. No impairment losses were recognized during the years ended September 30, 2024 or 2023.

Deferred Financing Costs: Deferred financing costs relate to the System's long-term debt and are amortized over the terms of the respective issues in a manner that approximates the effective interest method and are reported as a direct deduction of the related long-term debt.

Estimated Professional Liability Self-Insurance and Other Long-Term Liabilities: Self-insurance liabilities include estimated reserves for reported and unreported professional liability claims and are recorded at the estimated net present value of such claims. Other long-term liabilities include obligations under deferred compensation arrangements, a defined benefit pension plan, and a post-retirement employee benefit plan as well as other liabilities which management estimates are not payable within one year.

Excess of Revenue, Gains, and Support Over Expenses and Losses: The Consolidated Statements of Operations and Statements of Changes in Net Assets include the caption *Excess of Revenue, Gains, and Support Over Expenses and Losses*. Changes in net assets without donor restrictions which are excluded from *Excess of Revenue, Gains, and Support Over Expenses and Losses*, consistent with industry practice, include certain assets limited as to use, transfers of assets to and from affiliates for other than goods or services, pension asset or liability adjustments, and contributions of long-lived assets, including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets.

Transactions deemed by management to be ongoing, major, or central to the provision of healthcare services of the System are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses.

Charity Care: NGMC, NGMC-Barrow, NGMC-Lumpkin, NGMC-Habersham, NGPG, and GHI provide care to patients who meet certain criteria under their charity care policies without charge or at amounts less than its established rates. Generally, care provided for a patient whose household income is at or below 300 percent of the federal poverty guidelines is approved for charity care. Because NGMC, NGMC-Barrow, NGMC-Lumpkin, NGMC-Habersham, NGPG, and GHI do not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue. Additionally, under an agreement with the Georgia Department of Community Health Division of Medical Assistance (Georgia Medicaid), the Hospital Authority of Hall County and

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

the City of Gainesville through NGMC pays into an indigent care trust fund and is then eligible to receive indigent care trust fund payments. Charges foregone, based on established rates, related to charity care were \$397,142 and \$407,104 for the years ended September 30, 2024 and 2023, respectively, which are net of indigent care trust fund proceeds of \$4,974 and \$9,363 in 2024 and 2023, respectively.

The estimated cost of providing charity care totaled \$92,099 and \$98,749 for the years ended September 30, 2024 and 2023, respectively. The estimated costs of providing charity care are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing charity care. The ratio of costs to charges is calculated based on the System's total expenses divided by patient service revenue.

In addition to the patient charity care services, the System provides a number of other services to benefit the indigent for which little or no payment is received. Medicare, Medicaid, and State indigent programs do not cover the full cost of providing care to beneficiaries of those programs. The System also provides services to the community at large for which it receives little or no payment. Explicit price concessions for the years ended September 30, 2024 and 2023, include \$122,999 and \$97,064, respectively, related to discounts provided to self-pay patients in order to facilitate prompt payment.

Patient Service Revenue/Receivables: Patient service revenue is reported on the accrual basis and reflects the amount that the System expects to receive in exchange for services provided during the period including estimated retroactive adjustments under reimbursement agreements with third-party payers. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided and may have a term of several days or longer. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges.

Generally, System performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into one of the System's facilities, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services.

All of the System's performance obligations relate to contracts with a duration of less than one year; therefore, the System has elected to apply the optional exemptions provided in FASB ASC 606-10-50-14(a) and as a result 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.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

The System determines the transaction price for patient service revenue based on standard charges for goods and services provided, reduced by explicit price concessions for contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the System's financial assistance policy, and implicit price concessions provided to uninsured or under-insured patients. The System determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. Implicit price concessions are mainly comprised of amounts due directly from patients and represent the System's primary collection risk. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the age of those accounts. Accounts are written off when all reasonable collection efforts have been made. The System determines its estimate of implicit price concessions based on an analysis of historical loss experience and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage, and other collection indicators.

Retroactive adjustments for third-party payers are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or additional information is obtained.

Patient accounts receivable are reported net of both an estimated allowance for explicit price concessions and an allowance for implicit price concessions. The System receives payments for services rendered from federal and state agencies, managed care health plans, commercial insurance companies, employers, and patients. The System recognizes that revenues and receivables from government agencies are significant to its operations but does not believe there are significant credit risks associated with these government agencies. The System does not believe there are any other significant concentrations of revenues from any particular payer that would subject the System to any significant credit risks in the collection of accounts receivable. The System's policy does not require collateral or other security for patient accounts receivable. The System routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans, or policies.

The System has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to the System's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less. The System does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. However, in these cases, the financing component is not deemed to be significant to the contracts.

Net Assets with Donor Restrictions and Donor Gifts: Unconditional promises to give cash and other assets to the System are reported at estimated net realizable value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at net realizable value at the date the gift is received. Resources restricted by donors for specific operating

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

purposes (or to specific time periods) are held as net assets with donor restrictions until expended for the intended purpose (or the time restriction expires), at which time they are reported as net assets released from restrictions used for operations. Resources restricted by donors for additions to property and equipment (or payments on debt incurred for property additions) are held as net assets with donor restrictions until expended, at which time they are reported as net assets released from restrictions used for the purchase of property and equipment. Revenues from contributions of non-financial assets were as follows:

Non-financial Contribution Category	Type of Contribution for Beneficiaries	Valuation	Donor Restriction	Year Ended September 30,	
				2024	2023
Food and non-food items	Food, hygiene products, door prizes for fund raising events, facility usage, art, and clothing	Fair market value of items received	Yes	\$ 220	\$ 183
Professional services	Project planning and design	Vendor contract pricing	Yes	-	238
Medical supplies	Personal protection items, patient linens, apparel, and medical equipment	Fair market value of items received	Yes	-	8
TOTAL				\$ 220	\$ 429

Gifts, grants, and bequests not restricted by donors are reported as net assets without donor restrictions. Unconditional promises to give that are expected to be received within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the estimated present value of their estimated future cash flows. The discounts on those amounts are computed using estimated rates applicable to the years in which the promises are received. An estimated allowance for uncollectible pledges is recorded based on management's evaluation of promises to give. The System's policies do not require collateral or other security for promises to give.

Income Taxes: NGHS, NGMC, the Foundation, NGPG, and LCA are classified as organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code or provisions of the Companies Law of the Cayman Islands. The income for NGMC-Barrow, NGMC-Lumpkin, NGMC-Habersham, NGHH, NGRH, PEO, and GHI passes through to NGHS, which is tax exempt. As such, no provision for income taxes has been made in the accompanying consolidated financial statements. NGHP, NGHP Network, and NGHV are taxable entities and account for income taxes in accordance with the FASB ASC 740, *Income Taxes* (ASC 740). At September 30, 2024 and 2023, respectively, management does not believe the System holds any uncertain tax positions that would require financial statement recognition or disclosure under ASC 740. It is the System's policy to recognize interest and/or penalties related to income tax matters as an operating expense.

Other Revenue: The System received new capitalization funds from the Georgia Board of Health Care Workforce (GBHCW) in the amount of \$7,208 and \$9,709 for the years ended September 30, 2024 and 2023, respectively, to develop and grow training programs for primary care physicians. In addition, \$2,888 and \$1,200 of funds were accrued for from the GBHCW for the years ended September 30, 2024 and 2023, respectively. These funds are recognized as other operating revenue in the accompanying Consolidated Statements of Operations. Amounts accrued are included in other current assets in the accompanying Consolidated Balance Sheets.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

Additionally, during the year ended September 30, 2023, the System recognized other revenue of \$19,403 for settlements received under the Georgia Quality Jobs Tax Credit (GA QJTC) for claims submitted to the State of Georgia for fiscal years 2019 through 2023. This funding is recognized in other revenue in the accompanying Statement of Operations. Under this program, credits are awarded to taxpayers for creating at least 50 new quality jobs. A new quality job is a job that: (1) is located in the State of Georgia, (2) has a regular work week of 30 hours or more, (3) is not a job that is or was already located in the State of Georgia regardless of which taxpayer the individual performed services for, (4) pays at or above 110% of the average wage of the county in which it is located, and (5) for a taxpayer that initially claimed the credit in a taxable year beginning before January 1, 2012, the job has no predetermined end date. The credit amount varies depending upon the pay of the new quality jobs. A portion of the GA QJTC funds received in fiscal year 2023 was related to prior year filings and a portion was related to fiscal year 2023 filings. The credit received in fiscal year 2023 for fiscal year 2023 amounts to be filed amounted to approximately \$7,377. This portion of the GA QJTC received was an estimate. At September 30, 2023, the System placed a 25% reserve against this estimated portion of the credit as the amount was subject to review by the state of Georgia during fiscal year 2024 and could be adjusted by the state. The reserve is netted against the GA QJTC revenue recognized and is recorded as unearned revenue along with the reserve mentioned in Note O in the accompanying Consolidated Balance Sheet as of September 30, 2023. During fiscal year 2024, the GA QJTC claims for fiscal year 2023 were settled with the state, and the entire \$7,377 of unearned revenue remaining at September 30, 2023, was recognized. This revenue is included in other revenue in the accompanying Statement of Operations for the year ended September 30, 2024. No unearned revenue related to the GA QJTC is remaining at September 30, 2024.

Goodwill: Goodwill represents the excess purchase price over the assigned fair value of identifiable tangible assets and separately identified intangible assets acquired in the acquisition of various entities. Management annually evaluates goodwill for impairment and records any reduction in goodwill in the period such impairment is determined. Management believes no such impairment exists at September 30, 2024 and 2023, respectively.

Other Long-Term Assets: During fiscal year 2023, the System capitalized implementation costs, in accordance with ASC 350-40, related to the development of internal-use software. These costs and the accumulated amortization are included in other long-term assets. The asset is amortized over its estimated useful life of seven years. Amortization expense for the year ended September 30, 2024 and 2023, is \$2,486 and is included in depreciation and amortization expense in the Consolidated Statements of Operations for the years then ended. The capitalized asset is composed of the following for the year ended:

	<i>Year Ended</i> <i>September 30,</i>	
	<i>2024</i>	<i>2023</i>
Gross software implementation fees	\$ 17,400	\$ 17,400
Less: Accumulated amortization	(4,972)	(2,486)
	<u>\$ 12,428</u>	<u>\$ 14,914</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

Recently Adopted Accounting Pronouncements: On October 1, 2023, the System adopted FASB Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL required an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including customer receivables. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. As management has elected to adopt this statement effective October 1, 2023, the provisions of Topic 326 have no changes to the previously reported results. The impact of this adoption is not considered material and primarily resulted in enhanced disclosures. As of September 30, 2024, financial assets held by the System that are subject to the guidance in FASB ASC 326 were patients accounts receivable.

Reclassifications: Certain reclassifications have been made to the 2023 amounts to conform to the 2024 presentation. These reclassifications had no material impact on the consolidated increase in net assets.

NOTE C--PATIENT SERVICE REVENUE/RECEIVABLES

The System has agreements with various third-party payers that provide for payments at amounts different from established rates. A summary of the payment arrangements with significant third-party payers follows:

Medicare: Acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon diagnostic related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The System receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid and other low-income patients. The Medicare program reimburses for outpatient services under a prospective method utilizing an ambulatory payment classification system which classifies outpatient services based upon medical procedures and diagnosis codes. Certain nonacute services and defined capital costs are paid based on a cost reimbursement methodology. NGMC is paid at a tentative rate with final settlement determined after submission of their annual cost reports and audits thereof by the Medicare fiscal intermediary.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid based on prospectively determined rates per discharge using diagnosis related group assignments. Outpatient services are paid under a cost reimbursement methodology at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Georgia Department of Community Health.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

Other: The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations, and employer groups. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Amounts recorded under certain of these contractual arrangements are subject to review and final determination by various program intermediaries. Settlements with third-party payers 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 payer, correspondence from the payer, and historical settlement activity, including an assessment to ensure that a significant reversal of revenue recognized will not occur. Estimated settlements are adjusted in future periods as adjustments become known or as years are settled or are no longer subject to such audits, reviews, and investigations. No significant amount of patient service revenue was recognized for the years ended September 30, 2024 and 2023, as a result of changes in or adjustments to prior years' settlement estimates or final settlements of prior periods. Medicare cost reports prior to 2019 have generally been settled, and Medicaid cost reports prior to 2021 have generally been settled.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured and underinsured patients that do not qualify for financial assistance. Based on historical experience, a significant portion of uninsured and underinsured patients are unable or unwilling to pay for their responsible amounts for services provided, and a significant discount for this implicit price concession is recorded in the period services are provided.

Using a portfolio approach, the System estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience, current market conditions, and anticipated or known changes in economic conditions or events. In addition, for uninsured patients, the System reduces charges from current rates based on average discounts provided to certain third-party payers. 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 recorded as adjustments to patient service revenue in the period of the change. Adjustments for such changes in the estimated transaction price were not significant for the years ended September 30, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the patient's ability or intention to pay are recorded as bad debt expense or a provision for credit losses. No significant amount of bad debt expense or provision of credit losses were reported for the years ended September 30, 2024 and 2023.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

NGMC participates in the Strengthening The Reinvestment Of a Necessary-workforce in Georgia Program (GA-STRONG). The GA-STRONG program is designed to address Georgia's healthcare workforce shortage through increased funding for hospitals on the front lines of workforce development. GA-STRONG funding recognized is included in patient service revenue in the accompanying Consolidated Statements of Operations, and amounts accrued are included in other current assets in the accompanying Consolidated Balance Sheets. Amounts recognized and accrued in 2024 and 2023 for the GA-STRONG program include:

2024			
	Recognized	Received	Accrued
NGMC	\$ 57,010	\$ 24,854	\$ 32,156

2023			
	Recognized	Received	Accrued
NGMC	\$ 52,908	\$ 44,997	\$ 7,911

NGMC also participates in the Georgia DCH Hospital Direct Payment Program (HDPP). The HDPP program provides additional Medicaid funding for eligible participating public hospitals. This program is designed to increase provider funding of critical services for the Medicaid population and strengthen Georgia's healthcare workforce. HDPP funding is included in patient service revenue in the accompanying Consolidated Statements of Operations, and amounts accrued are included in other current assets in the accompanying Consolidated Balance Sheets. Amounts recognized and accrued in 2024 and 2023 for the HDPP program include:

2024			
	Recognized	Received	Accrued
NGMC	\$ 12,477	\$ 9,553	\$ 2,924
NGMC- Barrow	193	193	-
NGMC- Lumpkin	27	27	-
NGMC- Habersham	782	234	548
	<u>\$ 13,479</u>	<u>\$ 10,007</u>	<u>\$ 3,472</u>

2023			
	Recognized	Received	Accrued
NGMC	\$ 13,989	\$ 12,723	\$ 1,266
NGMC- Barrow	417	247	170
NGMC- Lumpkin	136	37	99
	<u>\$ 14,542</u>	<u>\$ 13,007</u>	<u>\$ 1,535</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

NGPG and GHI participate in the Georgia DCH Physician Direct Payment Program (PDPP). The PDPP program provides state directed payments to eligible physicians and other professional services practitioners who are affiliated with a governmental teaching hospital. PDPP funding is included in patient service revenue in the accompanying Consolidated Statements of Operations, and amounts accrued are included in other current assets in the accompanying Consolidated Balance Sheets. Amounts recognized and accrued in 2024 and 2023 for the PDPP program include:

2024			
	Recognized	Received	Accrued
NGPG	\$ 19,204	\$ 9,436	\$ 9,768
GHI	451	210	241
	<u>\$ 19,655</u>	<u>\$ 9,646</u>	<u>\$ 10,009</u>

2023			
	Recognized	Received	Accrued
NGPG	\$ 14,397	\$ 8,638	\$ 5,759
GHI	296	296	-
	<u>\$ 14,693</u>	<u>\$ 8,934</u>	<u>\$ 5,759</u>

NGMC, NGPG, GHI, NGMC-Lumpkin, NGMC-Barrow, and NGMC-Habersham also participate in the Georgia Department of Community Health Upper Payment Limit (UPL) program. The UPL program allows for non-state local government hospitals and nursing homes to be paid 100 percent of the amount Medicare would pay for similar Medicaid services. UPL funding recognized is included in patient service revenue in the accompanying Consolidated Statements of Operations, and amounts accrued for the UPL program are included in other current assets in the accompanying Consolidated Balance Sheets. Amounts recognized and accrued in 2024 and 2023 for the UPL program include:

2024			
	Recognized	Received	Accrued
NGMC	\$ 9,783	\$ 9,783	\$ -
NGMC- Barrow	351	351	-
NGMC- Lumpkin	184	184	-
NGMC- Habersham	1,239	1,239	-
NGPG	10,200	5,803	4,397
GHI	1,381	711	670
	<u>\$ 23,138</u>	<u>\$ 18,071</u>	<u>\$ 5,067</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	2023		
	Recognized	Received	Accrued
NGMC	\$ 18,687	\$ 18,242	\$ 445
NGMC- Barrow	435	-	435
NGMC- Lumpkin	52	-	52
NGPG	22	22	-
	<u>\$ 19,196</u>	<u>\$ 18,264</u>	<u>\$ 932</u>

Effective July 1, 2010, the state of Georgia enacted legislation known as the Provider Payment Agreement Act (the Act) whereby certain hospitals, as defined in the Act, are assessed a “provider payment” in the amount of 1.45% of their patient service revenue, as defined in the Act. The payments are to be used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients and are considered a community benefit by providers. Relating to the Act, \$24,033 and \$18,267 are included in other operating expenses in the accompanying Consolidated Statements of Operations for the years ended September 30, 2024 and 2023, respectively.

Patient service revenue, net of contractual adjustments, discounts, and implicit price concessions, based on the type of service, is composed of the following for the year ended September 30:

	2024	2023
Medicare	\$ 1,184,154	\$ 1,060,108
Medicaid	232,924	227,389
Commercial	679,773	607,335
Self-Pay	151,112	149,779
Other	99,920	86,250
Patient service revenue	<u>\$ 2,347,883</u>	<u>\$ 2,130,861</u>

NOTE D--INVESTMENTS AND ASSETS LIMITED AS TO USE

The composition of assets limited as to use at September 30, 2024 and 2023, is as follows:

	2024	2023
Indenture agreements - held by trustees:		
Cash and money market funds	\$ 10,984	\$ 124
Accrued income	81	6
	<u>11,065</u>	<u>130</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	2024	2023
Professional liability self-insurance agreement - held by trustee:		
Cash and money market funds	8,747	8,791
U.S. Treasury and agency obligations	4,292	3,838
Corporate bonds	45,916	40,097
Equity securities	27,038	23,902
Accrued income	453	372
	86,446	77,000
Workers' compensation self-insurance agreement - held by trustee:		
Cash and money market funds	1,094	1,185
U.S. Treasury and agency obligations	583	522
Corporate bonds	6,324	5,411
Equity investments	3,701	3,263
Accrued income	59	48
	11,761	10,429
Board designated for capital improvements:		
Cash and money market funds	5,963	6,497
U.S. Treasury and agency obligations	18,740	19,630
Equity securities	90,528	73,936
Accrued income	-	-
	115,231	100,063
Other		
Cash and money market funds	23,679	15,403
Mutual funds	44,130	37,812
Corporate bonds	4,448	3,837
Equity securities	6,966	5,989
Limited partnership investments	25,486	21,855
Other	6,210	5,757
Accrued income	36	33
	110,955	90,686
	335,458	278,308
Less assets limited as to use that are required for current obligations	(10,742)	(15,049)
	\$ 324,716	\$ 263,259

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

The composition of investments at September 30, 2024 and 2023, is as follows:

	2024	2023
Cash and money market funds	\$ 60,378	\$ 66,208
U.S. Treasury and agency obligations	522,922	330,220
Mutual funds	49,826	49,058
Corporate bonds	238,107	236,152
Equity securities	774,014	691,250
Accrued income	2,204	2,327
	1,647,451	1,375,215
Less current investments	(605,123)	(341,095)
	<u>\$ 1,042,328</u>	<u>\$ 1,034,120</u>

Investment income on proceeds of borrowings that are held by trustees was \$226 and \$2,197, for the years ended September 30, 2024 and 2023, respectively, and is included as a part of other operating revenue in the accompanying Consolidated Statements of Operations. The net gain from all other investments and assets limited as to use without donor restrictions for the years ended September 30, 2024 and 2023, was comprised of the following:

	2024	2023
Interest and dividend income	\$ 58,594	\$ 51,062
Limited partnership earnings	3,183	1,882
Net realized gains	8,097	36,579
Change in net unrealized gains	150,308	79,472
Investment expense	(4,163)	(4,768)
Net investment gain	<u>\$ 216,019</u>	<u>\$ 164,227</u>

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes to risk factors in the near term could materially affect the amounts reported in the consolidated financial statements.

NOTE E--PROPERTY AND EQUIPMENT, NET

Property and equipment at September 30, 2024 and 2023, are as follows:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	<i>2024</i>	<i>2023</i>
Land	\$ 81,509	\$ 80,960
Land improvements	16,671	16,671
Building and building equipment	1,167,344	1,041,034
Equipment	871,161	813,302
Vehicles	6,612	6,072
	2,143,297	1,958,039
Less accumulated depreciation and amortization	(1,261,346)	(1,169,787)
	881,951	788,252
Construction in progress - Note R	699,477	462,150
	<u>\$ 1,581,428</u>	<u>\$ 1,250,402</u>

Depreciation expense associated with property and equipment, net for the years ended September 30, 2024 and 2023, was \$97,193 and \$91,086, respectively.

NOTE F--LONG-TERM DEBT

A summary of long-term debt at September 30, 2024 and 2023, is as follows:

	<i>2024</i>	<i>2023</i>
Revenue Anticipation Certificates, Series 2024		
5.00% interest rate; interest payments due semi-annually through October 2035	\$ 246,920	\$ -
Plus unamortized premium	29,260	-
Revenue Anticipation Certificates, Series 2021A		
Interest rates ranging from 2.50% to 5.00%; interest payments due semi-annually through February 2051	218,770	221,535
Plus unamortized premium	26,171	27,398
Revenue Anticipation Certificates, Series 2021B		
Interest rates ranging from 2.85% to 3.00%; interest payments due semi-annually through February 2054	242,120	242,120
Revenue Anticipation Certificates, Series 2020A		
Interest rates ranging from 3.00% to 5.00%; interest payments due semi-annually through February 2047	298,610	310,550
Plus unamortized premium	53,114	55,484

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	2024	2023
Revenue Anticipation Certificates, Series 2017A		
Interest rates ranging from 4.00% to 5.00%; interest payments due semi-annually through February 2045	166,510	166,510
Plus unamortized premium	12,488	12,943
Revenue Anticipation Certificates, Series 2017B		
Interest rates ranging from 3.75% to 5.50%; interest payments due semi-annually through February 2045	129,516	132,420
Plus unamortized premium	15,402	15,964
	1,438,881	1,184,924
Less current portion	(25,616)	(21,903)
Less issuance cost	(8,528)	(7,200)
	<u>\$ 1,404,737</u>	<u>\$ 1,155,821</u>

All of the outstanding Revenue Anticipation Certificates utilize the same basic structure. The Hospital Authority of Hall County and the City of Gainesville (the Authority) issues Revenue Anticipation Certificates that are exempt from Federal income tax. The Authority loans the proceeds from the sale of the certificates to NGHS and NGMC. For each issue of certificates, there is a trust indenture that controls the business terms of that debt. NGHS and NGMC (the Obligated Group) are bound by a note payable to the Authority to provide amounts sufficient to pay the maturing installments of principal and interest. The trust indentures require that certain funds be deposited with the trustee. These funds are included in assets limited as to use in the accompanying Consolidated Balance Sheets and are available to pay principal and interest, subject to the provisions of the indentures.

In connection with the formation of NGHS, the Authority entered into a lease agreement dated October 1, 1986, with NGMC whereby the Authority leased all of its assets (including the main hospital campus) to NGMC. In return, NGMC assumed all of the debt and other obligations of the Authority. The lease includes ongoing covenants including a duty to provide indigent care. The lease had an initial term of forty years and has since been extended to September 1, 2054. Management believes that NGMC was in compliance with all of its lease obligations as of September 30, 2024.

All of the outstanding Revenue Anticipation Certificates are secured by a Master Trust Agreement, with parity to all issues, whereby the Obligated Group has pledged all of its gross revenues to secure the prompt payment of the certificates. The Master Trust Agreement limits additional indebtedness and provides that any default on any obligation secured under the Master Trust Agreement is a default under the Master Trust Agreement as well. NGMC has also mortgaged its interest in the main hospital campus (including equipment and related assets) to the Master Trustee under a 2010 Leasehold Deed to Secure Debt and Security Agreement. The Master Trust Agreement dated February 1, 2010, was amended and restated as of March 1, 2020, pursuant to

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

the Series 2020A Certificates issuance. The Master Trust Agreement is supplemented by Supplemental Master Indentures issued with the Series 2021 Certificates, dated as of September 1, 2021, and the Supplemental Master Indentures issued with the Series 2024 certificates, dated as of July 1, 2024.

The terms of the various indentures require the maintenance of certain financial ratios and compliance with other covenants. Management believes the Obligated Group was in compliance with all financial and other covenants as of September 30, 2024 and 2023, respectively.

In July 2024, the Obligated Group issued Revenue Anticipation Certificates Series 2024 in the aggregate principal amount of \$246,920. The proceeds of the sale of the Series 2024 Certificates were used to (i) finance or reimburse NGHS or its affiliates for the cost of the acquisition, construction, installation, and equipping of certain medical facilities and equipment owned or operated by NGHS or its affiliates and (ii) pay related costs of issuing the Series 2024 Certificates. The Series 2024 Certificates bear interest at a rate of 5.00%. Interest on the Series 2024 Certificates shall accrue interest based on the actual number of days elapsed during the interest rate period and a year of 360 days. The 2024 Certificates, maturing on October 15, 2034, are subject to mandatory sinking fund redemption payments on October 15, 2030, and October 15, 2034, in the amounts of \$120,375 and \$126,545, respectively. The sale proceeds of the Series 2024 Certificates were subject to an original issue premium and issuance costs of \$29,756 and \$1,676, respectively, and will be amortized monthly in accordance with the term of the Series 2024 Certificates.

The Series 2024 Certificates are not subject to conversion or optional redemption by the Authority, at the direction of NGHS, prior to maturity. NGHS has the option to purchase the Series 2024 Certificates in lieu of optional redemption, prior to maturity. If a 2024 Certificate has been called for optional redemption, NGHS may exercise its right to purchase by delivery to the Bond Trustee, on or prior to the business day preceding the optional redemption date, of written notice from NGHS specifying that the Series 2024 Certificates shall not be redeemed, but instead shall be purchased. Upon delivery of such notice from NGHS, and delivery by NGHS of funds for the purchase of such Series 2024 Certificates on or prior to the purchase date, the Series 2024 Certificates shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the optional redemption date at a purchase price equal to the redemption price, which is the principal amount thereof plus accrued interest, that would have been payable with respect to such Series 2024 Certificates. Series 2024 Certificates purchased (i) shall not be cancelled or retired but shall continue to be outstanding, (ii) shall be delivered to, or as directed by, NGHS, and (iii) shall continue to bear interest at a rate of 5.00% where interest is accrued based on the actual number of days elapsed during the interest rate period and a year of 360 days. In the event that NGHS fails to purchase such Series 2024 Certificates, in lieu of redemption, the Series 2024 Certificates so called will be redeemed on the date on which they are called for redemption.

In September 2021, the Obligated Group issued Revenue Anticipation Certificates Series 2021A, in the aggregate principal amount of \$221,535, and Taxable Revenue Anticipation Certificates

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

Series 2021B, in the aggregate principal amount of \$242,120, collectively referred to herein as the Series 2021 Certificates. The proceeds of the sale of the Series 2021 Certificates were used to (i) advance refund the outstanding amounts and issuance costs of the Series 2014A Certificates, (ii) pay related costs of issuing the Series 2021 Certificates, and (iii) finance a portion of the cost of the acquisition, construction, renovation, installation, and equipping of additions or improvements to the healthcare facilities operated by NGHS and its affiliated in Hall County, Georgia. The Series 2021A Certificates bear interest ranging from 2.50% to 5.00%. Except during a term or fixed interest rate period, interest on the Series 2021A Certificates shall accrue interest based on the actual number of days elapsed during the interest rate period and a year of 360 days. The Series 2021A Certificates, bearing interest at 4.00% and maturing on February 15, 2046, are subject to mandatory sinking fund redemption payments beginning February 15, 2042, and ending February 15, 2046, which range from \$3,190 to \$3,830. The Series 2021A Certificates, maturing on February 15, 2051, are subject to mandatory sinking fund redemption payments beginning February 15, 2047, and ending February 15, 2051, which range from \$1,565 to \$16,215. The Series 2021A Certificates, bearing interest at 3.00% and maturing on February 15, 2051, are subject to mandatory sinking fund redemption payments beginning February 15, 2047, and ending February 15, 2051, which range from \$1,070 to \$7,505. The Series 2021A Certificates bearing interest at 2.50% and maturing on February 15, 2051, are subject to mandatory sinking fund redemption payments beginning February 15, 2047, and ending February 15, 2051, which range from \$1,335 to \$9,385. The sale proceeds of the Series 2021A Certificates were subject to an original issue premium and issuance costs of \$29,953 and \$1,449, respectively, and will be amortized monthly in accordance with the term of the Series 2021A Certificates.

Series 2021A Certificates are subject to optional redemption by the Authority, at the direction of NGHS, at a redemption price of the entire principal amount thereof plus accrued interest on or after February 15, 2031.

The Series 2021B Certificates bear interest ranging from per 2.85% to 3.00%. Except during a term or fixed interest rate period, interest on the Series 2021B Certificates shall accrue interest based on the actual number of days elapsed during the interest rate period and a year of 360 days. The Series 2021B Certificates, maturing on February 15, 2046, are subject to mandatory sinking fund redemption payments beginning February 15, 2041, and ending February 15, 2046, which range from \$5,475 to \$21,055. The Series 2021B Certificates, maturing on February 15, 2054, are subject to mandatory sinking fund redemption payments beginning February 15, 2047, and ending February 15, 2054, which range from \$21,680 to \$26,745. The sale proceeds of the Series 2021A Certificates were subject to issuance costs of \$1,624 and will be amortized monthly in accordance with the term of the Series 2021B Certificates.

The Series 2021B Certificates, maturing on February 15, 2046, and February 15, 2054, are subject to optional redemption prior to maturity at the option of NGHS on or after November 15, 2045, and November 15, 2053, respectively, at a redemption price of the entire principal amount of such Series 2021B Certificates to be redeemed. If redeemed prior to these dates, a redemption price equal to the Make-Whole Redemption Price, as determined by an independent accounting firm or financial advisor, plus accrued interest, shall be paid.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

In March 2020, the Obligated Group issued Revenue Anticipation Certificates Series 2020A in the aggregate principal amount of \$339,260. The proceeds of the sale of the Series 2020A Certificates, were used to (i) advance refund the outstanding amounts of the Series 2010A, Series 2010B, Series 2011A, Series 2014B, Series 2017C, and the Series 2017D Certificates, which were issued to finance or refinance a portion of the cost of the acquisition, construction, installation, and equipping of hospital and related facilities for NGHS or its affiliates, and (ii) pay related costs of issuing the Series 2020A Certificates. The Series 2020A Certificates bear interest ranging from 3.00% to 5.00%. Except during a term or fixed interest rate period, interest on the Series 2020A Certificates shall accrue interest based on the actual number of days elapsed during the interest rate period and a year of 365 days. The 2020A Certificates, maturing on February 15, 2045, are subject to mandatory sinking fund redemption payments beginning February 15, 2041, and ending February 15, 2045, which range from \$14,440 to \$17,370. The 2020A Certificates, maturing on February 15, 2047, are subject to mandatory sinking fund redemption payments beginning February 15, 2046, and ending February 15, 2047, which range from \$24,300 to \$25,040. The sale proceeds of the Series 2020A Certificates were subject to an original issue premium and issuance costs of \$63,777 and \$2,822, respectively, and will be amortized monthly in accordance with the term of the Series 2020A Certificates.

In February 2017, the Obligated Group issued Revenue Anticipation Certificates Series 2017A, Series 2017B, Series 2017C, and Series 2017D in the aggregate principal amount of \$460,565. The proceeds of the sale of the Series 2017 Certificates were used to (i) advance refund a portion of the outstanding amount of the Series 2010A and Series 2010B Certificates, (ii) finance a portion of the costs of certain additions and improvements to, and equipment for, the healthcare facilities operated by NGHS and its affiliates in Hall County, Georgia, and (iii) pay related costs of issuing the Series 2017 Certificates.

The Series 2017A Certificates consist of \$170,025 term certificates maturing at various dates through February 15, 2045, bearing interest at rates ranging from 4.00% to 5.00% and subject to mandatory sinking fund redemption payments beginning February 15, 2038, and ending February 15, 2042, which range from \$10,775 to \$12,995; and mandatory sinking fund redemption payments beginning February 15, 2043, and ending February 15, 2045, which range from \$11,825 to \$13,065. Certificates maturing on or after February 15, 2028, are subject to optional redemption at par plus accrued interest by the Authority, at the direction of NGHS, on or after February 15, 2027.

The Series 2017B Certificates consist of \$140,540 term certificates maturing at various dates through February 15, 2045, bearing interest at rates ranging from 3.75% to 5.50% and subject to mandatory sinking fund redemption payments beginning February 15, 2038, and ending February 15, 2042, which range from \$6,215 to \$10,460; and mandatory sinking fund redemption payments beginning February 15, 2043, and ending February 15, 2045, which range from \$6,890 to \$7,655. Certificates maturing on or after February 15, 2028, are subject to optional redemption at par plus accrued interest by the Authority, at the direction of NGHS, on or after February 15, 2027.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

The advance refunding of the 2014A Certificates, previously described, was accomplished by placing funds in an escrow account in order to satisfy the remaining scheduled principal and interest payments of the outstanding debt through and including February 15, 2025, the redemption date. As of September 30, 2024 and 2023, the balance of the respective deposits in escrow were \$208,266 and \$207,482, respectively, and as such, there is debt outstanding and not recognized, due to advance refunding, in the Consolidated Balance Sheets at September 30, 2024 and 2023. All other advance refunding previously noted were redeemed with their respective deposits placed in escrow prior to September 30, 2021.

The Series 2017B and Series 2021B Certificates are also secured by an Intergovernmental Contract between the Authority and Hall County, Georgia. If the Obligated Group fails to timely pay these Certificates, Hall County has promised to assess up to seven mills of property tax as an additional source of payment for the Certificate holders.

Scheduled maturities of long-term debt, excluding unamortized original issue discounts and premiums, for each of the next five years and in the aggregate at September 30, 2024, are as follows:

<i>Year Ending September 30,</i>	
2025	\$ 18,515
2026	19,465
2027	20,460
2028	21,510
2029	22,615
Thereafter	1,199,881
	<u>\$ 1,302,446</u>

NOTE G--LEASES

The System has entered into various non-cancelable leases with third parties for medical office space and medical equipment. The components of lease expense, included in other operating expenses on the Consolidated Statements of Operations, at September 30, 2024 and 2023, are as follows:

	<i>2024</i>	<i>2023</i>
Finance lease costs:		
Amortization of right-to-use-asset	\$ 1,555	\$ 1,770
Interest on lease liability	282	-
Operating lease cost	5,822	5,577
Short term lease cost	6,459	4,860
	<u>\$ 14,118</u>	<u>\$ 12,207</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

		<i>2024</i>	<i>2023</i>
Other information:			
Right-of-use assets obtained for new finance leases	\$	15,135	\$ -
Right-of-use assets obtained for new operating leases	\$	5,254	\$ 5,956
Weighted average remaining lease term - finance leases		5.28	0.13
Weighted average remaining lease term - operating leases		2.94	2.97
Weighted average discount rate - finance leases		6.91%	0.00%
Weighted average discount rate - operating leases		5.04%	3.35%

The following is a schedule of future minimum lease payments under operating and finance lease agreements:

<i><u>Year Ending September 30,</u></i>	<i><u>Finance</u></i>	<i><u>Operating</u></i>
2025	\$ 3,343	\$ 4,607
2026	3,419	3,761
2027	3,435	2,254
2028	3,388	733
2029	2,710	310
Thereafter	1,670	216
Total lease payments	17,965	11,881
Less: Interest portion	(2,945)	(822)
Present value of lease obligations	15,020	11,059
Less: Current portion	(2,397)	(4,231)
Long-term lease obligations	\$ 12,623	\$ 6,828

NOTE H--PENSION PLAN

The System sponsors a defined benefit pension plan (the plan). An employee was eligible to participate in the plan following the attainment of age 21 and completion of at least 1,000 hours of service during a calendar year. Generally, the System makes annual contributions to the plan equal to the amount necessary to meet the minimum funding standards of ERISA. Employees are not permitted to contribute to the plan.

Normal retirement benefits are provided at the latter of age 65 or on the participant's fifth anniversary of entering the plan. Early retirement benefits are available at age 55 and completion of ten years of vesting service. Prior to changes to the plan (discussed below), the plan also provided for disability, death, and delayed retirement benefits.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

The plan formula changed effective January 1, 2006, so that the benefit is equal to a past service benefit plus a future service benefit. The past service benefit is equal to the benefit earned as of December 31, 2005, under the existing formula. The future service benefit is equal to 1% of earnings for each calendar year in which the participant works at least 1,000 hours.

Effective January 1, 2006, the defined benefit pension plan was closed to new employees. Additionally, the plan no longer provided disability benefits. Effective December 31, 2020, the Plan was frozen for the accrual of additional benefits. No further benefits are accrued on behalf of a participant for service or earnings after December 31, 2020.

The following table sets forth the plan's changes in projected benefit obligations, changes in the plan's assets and funded status of the plan as determined by management with assistance from the plan's independent consulting actuary at September 30, 2024 and 2023:

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
Change in benefit obligations		
Benefit obligations, beginning of year	\$ 209,589	\$ 229,772
Service cost	990	910
Interest cost	11,906	12,092
Benefits paid	(13,453)	(23,622)
Actuarial gain (loss)	22,658	(9,563)
Benefit obligations, end of year	<u>\$ 231,690</u>	<u>\$ 209,589</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 292,558	\$ 284,446
Actual return on plan assets	48,852	32,999
Expenses	(1,185)	(1,264)
Benefits paid	(13,453)	(23,623)
Fair value of plan assets, end of year	<u>\$ 326,772</u>	<u>\$ 292,558</u>
Funded status of the plan at end of year	<u>\$ 95,082</u>	<u>\$ 82,969</u>

Benefits paid in the above table include only those amounts paid directly from plan assets in fiscal years 2024 and 2023.

The accumulated benefit obligation (ABO) of the plan was \$231,690 and \$209,589 at September 30, 2024 and 2023, respectively. In accordance with generally accepted accounting principles, the System recognizes the funded status of the plan as an asset or liability and the gains or losses, and prior service costs or credits not yet recognized as pension expense as a change in net assets

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

without donor restrictions. Due to the plan being frozen effective December 31, 2020, future pay is no longer considered in determining the accrued benefit for the remaining active participants and as such the ABO is equal to the projected benefit obligation (PBO) at September 30, 2024 and 2023.

Amounts recognized in the Consolidated Balance Sheets consist of the following:

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
Noncurrent assets	\$ 95,082	\$ 82,969
Net asset recognized	\$ 95,082	\$ 82,969

Amounts recognized in net assets without donor restrictions consist of the following:

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
Unrecognized net actuarial loss	\$ 29,976	\$ 37,006
	\$ 29,976	\$ 37,006

Net periodic pension cost and other amounts recognized in net assets without donor restrictions consist of the following:

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
Net periodic pension cost		
Service cost with interest to year-end	\$ 990	\$ 910
Interest cost on the projected benefit obligation	11,906	12,092
Expected return on plan assets	(18,660)	(19,568)
Amortization of net actuarial loss	681	562
Net periodic pension cost	\$ (5,083)	\$ (6,004)

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	<i>Year Ended September 30,</i>	
	<i>2024</i>	<i>2023</i>
Other changes in net assets without donor restrictions		
Net gain	\$ (6,349)	\$ (21,729)
Amortization of net actuarial loss	(681)	(562)
Total recognized in net assets without donor restrictions	<u>\$ (7,030)</u>	<u>\$ (22,291)</u>
 Total recognized in net periodic pension cost and net assets without donor restrictions	 <u>\$ (12,113)</u>	 <u>\$ (28,295)</u>

The actuarial assumptions used for the plan as of September 30, 2024 and 2023, are as follows:

	<i>September 30,</i>	
	<i>2024</i>	<i>2023</i>
Discount rates	5.00%	5.85%
Rates of increase in future compensation levels	varies by age	varies by age
Expected long-term rate of return on plan assets	6.50%	6.50%
Rates of increase in maximum benefit and compensation limits	0.00%	0.00%

The discount rate has a significant effect on the calculation of the pension benefit obligations. Estimates used in the discount rate and other assumptions are subject to change in the future.

The determination of the expected long-term rate of return on plan assets is based on assumptions that are developed by the plan's investment consultant for each investment category as to the rate of return, risk, yield, and correlation with other categories that serve as components of the long-term strategy. Based on these assumptions, eligible components are tested over the desired time frame given the acceptable tolerance of risk determined by the System. The expected long-term rate of return reflects assumptions as to continued execution of the current strategic asset allocation, modern portfolio theory, and the plan's investment policy.

The composition of plan assets at September 30, 2024 and 2023, is as follows:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
September 30, 2024				
Money market funds	\$ 10,758	\$ 10,758	\$ -	\$ -
Corporate bonds	54,194	-	54,194	-
Mutual funds and equity securities	261,232	261,232	-	-
Accrued income	588	588	-	-
	<u>\$ 326,772</u>	<u>\$ 272,578</u>	<u>\$ 54,194</u>	<u>\$ -</u>
September 30, 2023				
Money market funds	\$ 16,227	\$ 16,227	\$ -	\$ -
Corporate bonds	49,444	-	49,444	-
Mutual funds and equity securities	226,273	226,273	-	-
Accrued income	614	614	-	-
	<u>\$ 292,558</u>	<u>\$ 243,114</u>	<u>\$ 49,444</u>	<u>\$ -</u>

The System's investment policy requires the pension fund to reflect the requirements of ERISA and to be managed within the following diversification parameters: large and mid-cap multi-national equities of 25-40%; dividend-oriented equities representing a defensive equity strategy with loss mitigation provided by covered call options of 25-40%; and investment grade fixed income securities with an emphasis on intermediate maturities of 20-25%. No contributions were made by the System to the plan during fiscal year 2024 or 2023. No contributions are expected in future years.

Estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<u>Year Ending September 30,</u>	
2025	\$ 12,518
2026	12,864
2027	13,257
2028	13,630
2029	13,982
2030-2034	74,398

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

NOTE I--OTHER RETIREMENT PLANS

During 2006, the System created the Northeast Georgia Health System, Inc. 401(k) Retirement Savings Plan (the Plan) for substantially all employees. Prior to January 1, 2024, matching contributions by the System were 100% of each employee's elective deferrals up to 1% of compensation and 50% of each employee's elective deferrals that exceed 1% of compensation but that do not exceed 6%. During the year ended September 30, 2024, the Plan was amended to increase the System's matching contributions. Effective January 1, 2024, matching contributions by the System are 100% of each employee's elective deferrals up to 2% of compensation and 50% of each employee's elective deferrals that exceed 2% of compensation but that do not exceed 6%. Expense under the Plan was \$31,340 and \$24,286 for the years ended September 30, 2024 and 2023, respectively.

The System also has other deferred compensation and benefit plans maintained for specific purposes. Assets and liabilities are included in the accompanying consolidated financial statements where appropriate.

NOTE J--ESTIMATED LIABILITIES FOR SELF-INSURANCE

The System has established trust funds for the purpose of funding professional liability and self-insured workers' compensation up to specified retention levels, generally \$7,000 per occurrence and \$38,000 in the aggregate (annually) for professional liability and \$500 per occurrence for workers' compensation with no annual aggregate. Losses exceeding aggregate annual limits up to maximum limits are covered by insurance purchased from commercial carriers, and management intends to maintain such insurance coverage in the future. As of September 30, 2024, management is not aware of any claims that will ultimately settle above the specified retention levels and, accordingly, has not recognized any insurance recovery receivables.

Funding for professional liability is on a claims-made basis while workers' compensation is determined on an occurrence basis. Funding of the trusts is based upon estimates of potential liability provided by annual independent actuarial valuations and includes provisions for claims reported and claims incurred but not reported in excess of insurance limits. The System is involved in litigation relating to medical malpractice and workers' compensation and other claims arising in the ordinary course of business. There are also known incidents occurring through September 30, 2024, that may result in the assertion of additional claims and other unreported claims may be asserted arising from services provided in the past. Estimated self-insurance liabilities in the accompanying Consolidated Balance Sheets at September 30, 2024 and 2023, consist of amounts accrued by the System related to these self-insurance programs and have not been discounted. Amounts accrued by NGHS were \$82,168 and \$72,919 at September 30, 2024 and 2023, respectively. Operating expenses in the years ended September 30, 2024 and 2023, include \$33,641 and \$31,451 respectively, for professional liability and workers' compensation.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

The System maintains a self-insurance program to provide medical and dental coverage for eligible employees and their dependents. Reinsurance above \$225 annually per individual with no aggregate limit is maintained through a commercial excess coverage policy. Operating expenses for the years ended September 30, 2024 and 2023, include \$111,059 and \$99,075, respectively, related to these benefits. At September 30, 2024 and 2023, \$13,683 and \$11,903, respectively, in estimated incurred but unpaid medical and dental claims are included in accounts payable and other accrued expenses in the accompanying Consolidated Balance Sheets.

NOTE K--CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the System to concentrations of credit risk consist primarily of cash and cash equivalents, investments and assets limited as to use (Note D), and patient service revenue and accounts receivable.

The System places cash and cash equivalents with banking institutions that are insured by the Federal Deposit Insurance Corporation. At times, the System has deposits in excess of these insurance limits. The System is exposed to loss of the uninsured amounts in the event of nonperformance by the banking institution; however, the System does not anticipate any such losses.

The System grants credit without collateral to their patients, most of whom are local residents and are insured under third-party payer agreements. The estimated mix of patient service revenue from patients and major third-party payers for the years ended September 30, 2024 and 2023, is as follows:

	<i>2024</i>	<i>2023</i>
Governmental programs:		
Medicare	50%	50%
Medicaid	10%	11%
Commercial insurance	29%	28%
Self-pay and other	11%	11%
	<u>100%</u>	<u>100%</u>

The patient responsibility related to charges for which the third-party has not yet paid is included in other current assets in the accompanying Consolidated Balance Sheets. The mix of receivables from patients and third-party payers based on charges at established rates is as follows as of September 30:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	2024	2023
Medicare	24%	26%
Medicaid	8%	9%
Commercial	37%	36%
Other	11%	9%
Self-Pay	20%	20%
	100%	100%

NOTE L--OPERATING EXPENSE BY FUNCTIONAL CLASSIFICATION

The System provides healthcare services to residents within its geographical location. Expenses are allocated by function based on estimates of employees' time incurred, usage of resources, and other methods. Expenses based on functional classification related to providing these services during the years ended September 30, 2024 and 2023, are as follows:

	Healthcare Services	Support Services	Fundraising	Total
September 30, 2024				
Salaries and benefits	\$ 1,150,054	\$ 149,215	\$ 1,224	\$ 1,300,493
Provider fees	63,819	4,606	-	68,425
Utilities	17,383	2,711	-	20,094
Supplies	353,090	49,419	93	402,602
Legal, consulting, and professional fees	15,439	2,877	-	18,316
Purchased services	56,877	8,503	114	65,494
Insurance	34,291	6,636	-	40,927
Interest	28,936	4,029	-	32,965
Depreciation and amortization	88,113	13,157	24	101,294
Other operating expenses	166,977	22,992	258	190,227
	<u>\$ 1,974,979</u>	<u>\$ 264,145</u>	<u>\$ 1,713</u>	<u>\$ 2,240,837</u>
September 30, 2023				
Salaries and benefits	\$ 1,052,285	\$ 144,654	\$ 1,124	\$ 1,198,063
Provider fees	48,708	5,865	-	54,573
Utilities	15,536	2,487	-	18,023
Supplies	324,617	39,881	87	364,585
Legal, consulting, and professional fees	18,044	3,931	-	21,975
Purchased services	62,756	13,189	93	76,038
Insurance	23,463	12,472	-	35,935
Interest	31,522	3,627	-	35,149
Depreciation and amortization	83,684	12,077	34	95,795
Other operating expenses	131,619	19,102	272	150,993
	<u>\$ 1,792,234</u>	<u>\$ 257,285</u>	<u>\$ 1,610</u>	<u>\$ 2,051,129</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

NOTE M--AVAILABILITY AND LIQUIDITY

The System manages its cash and investments through a formalized investment process, which includes evaluating cash needs for routine and nonroutine activities and adjusting the amount of cash held and the maturity of investments. The System's financial assets reduced by amounts not available for general use are as follow at September 30, 2024:

Financial assets	\$ 2,230,122
Less those unavailable for expenditures within one year, due to:	
Amounts restricted by donors	(29,709)
Amounts restricted under insurance agreements, bond agreements, board designation or other	(335,458)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,864,955</u>

NOTE N--NET ASSETS RESTRICTED BY DONORS

Net assets restricted by donors are available for the purposes as detailed below:

	<i>Net Assets Restricted by Donors</i>	
	<i>2024</i>	<i>2023</i>
Heart and Vascular Funds	\$ 1,417	\$ 1,370
Community Benefits Funds	2,156	1,943
Women and Children Funds	1,019	1,174
Complementary Program Funds	80	19
COVID-19 Relief and Planning Funds	311	312
Emergency Response and Critical Care Service Funds	39	22
Foundation Operation Funds	163	127
Neuroscience Funds	592	687
NGMC-Barrow Funds	10	10
NGMC-Braselton Funds	879	1,669
NGMC-Lumpkin Funds	56	10
NGMC-Habersham Funds	133	15
Strategic Needs Funds	4,037	4,925
Education Funds	1,812	1,552
Equipment Funds	1,151	1,837

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	<i>Net Assets Restricted by Donors</i>	
	<i>2024</i>	<i>2023</i>
Grants Funds	988	930
Patient Assistance and Access Funds	132	236
Oncology Funds	1,287	1,249
Hospice Funds	5,480	4,906
Held in perpetuity:		
Wilheit-Keys Peace Garden Endowment	155	155
GME Endowment	545	544
Fraser Resource Salary Endowment	1,200	1,200
Nell's Prayer Garden Endowment	55	55
Braselton Waterfall Garden Endowment	205	-
David Pet Park Endowment	80	80
Jack and Janice Frost Water Garden Endowment	100	100
Braselton Flag Plaza Endowment	30	30
Hospice Endowment	51	51
Nursing and Allied Health Continuing Education Endowment	589	589
Nursing and Allied Health Scholarships Endowment	255	248
V.C. & Mary Puckett Spiritual Care Endowment	456	456
NGHS Foundation Endowment	2,869	2,869
Woody Stewart & Nancy Colston Endowment	480	480
Pope Family Garden Endowment	100	100
Evelyn Waugh Scholarship Endowment	53	53
Ocie Pope Scholarship Endowment	26	26
Destitute Patient Endowment	186	186
Anne Thomas Scholarship Endowment	57	57
John Ferguson Scholarship Endowment	231	229
GME Chuck & Debbie Jones Cardio Professorship Disease Endowment	93	-
Oncology Nursing Education Endowment	27	-
Ron Kutay Scholarship Endowment	47	44
Don Freeman Scholarship Endowment	28	27
GME Emergency Medicine Endowment	49	58
	<u>\$ 29,709</u>	<u>\$ 30,630</u>

Net assets restricted by donors released from donor restrictions when expenses were incurred to satisfy the restricted purposes, by the passage of time or by occurrence of events as specified by donors, for the years ended September 30, 2024 and 2023, are as follows:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	2024	2023
Restrictions accomplished:		
Community Benefits	\$ 226	\$ 518
Complementary Programs	-	256
COVID-19 Relief and Planning	1	66
Education	231	539
Emergency Response and Critical Care	2	-
Employee Assistance	116	73
Equipment	350	1,345
Foundation Operations	-	2
Grants	1,207	755
Heart and Vascular	284	299
Hospice	137	63
Neuroscience	114	56
NGMC-Braselton	1,057	40
NGMC-Lumpkin	1	-
Oncology	67	24
Patient Assistance and Access	506	163
Strategic Needs	596	677
Women and Children	317	262
Total net assets released from restrictions	\$ 5,212	\$ 5,138

Other operating revenue in the accompanying Consolidated Statements of Operations includes \$3,201 and \$3,507 for the years ended September 30, 2024 and 2023, respectively, representing net assets with donor restrictions. During 2024 and 2023, total assets released for capital purposes were \$2,011 and \$1,631, respectively.

NOTE O--CORONAVIRUS DISEASE 2019 (COVID-19) IMPACT

In March 2020, the outbreak of COVID-19 was declared a public health emergency (PHE). The COVID-19, PHE severely restricted economic activity and resulted in volatility in financial markets. The healthcare industry was impacted due to a general decrease in non-emergent patient volumes, cancellations, and delays of elective medical procedures as well as COVID-19 related expenses.

Government support, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided essential funding to eligible hospitals, physicians, and other healthcare providers. During the year ended September 30, 2020, the System received approximately \$92,500 of CARES Act Provider Relief Funds (PRF). A portion of this amount totaling \$42,491 was recognized as revenue as of September 30, 2020, to offset estimated lost revenue and COVID-19 related expenses

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

incurred based on the initial reporting guidelines published by the Department of Health and Human Services (HHS). The remaining amount was recorded as unearned revenue as of September 30, 2020, to be recognized when expended for the intended purposes or repaid. The System received approximately \$4,800 of PRF during the year ended September 30, 2021. The entire amount of this funding along with the amounts recorded as unearned revenue as of September 30, 2020, were recognized as revenue as of September 30, 2021, based on the revised reporting guidelines published by HHS on June 11, 2021. During the year ended September 30, 2022, the System received approximately \$17,600 from the American Rescue Plan (ARP) for services provided to rural Medicaid and Medicare beneficiaries from January 1, 2019, through September 30, 2020, that was recognized as revenue as of September 30, 2022. During the years ended September 30, 2024 and 2023, no additional PRF funding was received. The System placed a 25% reserve against all PRF funds received through September 30, 2021, as management held the belief that HHS, based on the other significant changes occurring since the outbreak of COVID-19 in rules for recognizing revenue from PRF funds issued by HHS, could again change the current terms and conditions regarding the recognition of PRF funds. During the year ended September 30, 2023, half of this reserve was removed, and \$12,170 of the unearned revenue remaining at September 30, 2022, was recognized as revenue. The remaining reserve amount is recorded in unearned revenue in the accompanying Consolidated Balance Sheet as of September 30, 2023. During the year ended September 30, 2024, the remaining half of this reserve was removed, and \$12,170 of the unearned revenue remaining at September 30, 2023, was recognized as revenue. No unearned revenue related to PRF is remaining at September 30, 2024.

NOTE P--FAIR VALUE OF FINANCIAL INSTRUMENTS

The System has estimated the fair value of financial instruments using available market information as of September 30, 2024 and 2023, and the valuation methodologies considered appropriate. The estimates presented are not necessarily indicative of amounts that the System could realize in a current market exchange.

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

Cash and Cash Equivalents: The carrying amounts reported in the Consolidated Balance Sheets for cash, cash equivalents, and short-term investments approximate fair value.

Investments: Fair value of issues traded on public exchanges are based on the market price in such exchanges at year end. The fair value of other issues is also based on quoted market prices.

Assets Limited as to Use: Fair value of issues traded on public exchanges are based on the market price in such exchanges at year end. The fair value of other issues is also based on quoted market prices and other observable inputs.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

Estimated Self-Insurance and Other Long-Term Liabilities: It is not practical to estimate the fair market value of estimated self-insurance liabilities due to the uncertainty of when these amounts may be paid. Deferred compensation liabilities are based on the related investments which are reported at fair value.

The carrying value of certain other financial instruments approximates fair value due to the nature and short-term maturities of these investments.

NOTE Q--FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1:* Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2:* Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- *Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The System's assessment of the significance of a particular input to the fair value presentation in its entirety requires judgment and considers factors specific to the asset or liability.

The following table presents assets and liabilities reported at fair value and their respective classification under the valuation hierarchy:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
September 30, 2024				
Assets measured at fair value				
on a recurring basis:				
Cash and money market funds	\$ 110,845	\$ 110,845	\$ -	\$ -
Mutual funds	93,956	93,956	-	-
U.S. Treasury and agency obligations	546,537	546,537	-	-
Corporate bonds	294,795	-	294,795	-
Equity securities	902,247	902,247	-	-
Other	6,210	6,210	-	-
Accrued income	2,833	2,833	-	-
Total assets	\$ 1,957,423	\$ 1,662,628	\$ 294,795	\$ -
September 30, 2023				
Assets measured at fair value				
on a recurring basis:				
Cash and money market funds	\$ 98,208	\$ 98,208	\$ -	\$ -
Mutual funds	86,870	86,870	-	-
U.S. Treasury and agency obligations	354,210	354,210	-	-
Corporate bonds	285,497	-	285,497	-
Equity securities	798,340	798,340	-	-
Other	5,757	5,757	-	-
Accrued income	2,786	2,786	-	-
Total assets	\$ 1,631,668	\$ 1,346,171	\$ 285,497	\$ -

NOTE R--COMMITMENTS AND CONTINGENCIES

Construction in progress at September 30, 2024, relates primarily to ongoing projects, routine capital improvements at existing facilities, and scheduled projects related to a System Development Plan to be completed over the next several years. The estimated costs to complete current construction in progress at September 30, 2024, is approximately \$453,272 over that time frame, primarily related to the NGMC-Gainesville clinical expansion and the NGMC-Braselton clinical expansion. Costs to complete construction in progress under signed contracts at September 30, 2024, is approximately \$308,233.

Healthcare Industry: The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse and under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records, privacy, and

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

Years Ended September 30, 2024 and 2023

security. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers.

Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties as well as significant repayments for patient services previously billed.

NOTE S--OPTION TO PURCHASE AND ASSET PURCHASE AGREEMENTS

On November 21, 2019, NGHS disbursed the first installment payment of \$3,000 related to Option to Purchase and Asset Purchase Agreements (the Agreements). The Agreements granted NGHS the option to purchase the assets of the Habersham County Hospital Authority (HCHA) for a sum of \$15,000 in the form of annual installment payments of \$3,000 to be distributed over a five-year period. The Agreements specified a restriction to the use of funds distributed for capital purposes only. As of September 30, 2022, three payments totaling \$9,000 were made related to the Agreements.

On January 10, 2023, the Hospital Authority of Hall County, the City of Gainesville, HCHA, and the Habersham County Commission voted to move forward with the early acquisition of the assets of HCHA by NGHS, effective July 1, 2023. The remaining \$6,000 payments were made in 2023. Additionally, effective January 11, 2023, HCHA and NGHS agreed to enter into a Management Services Agreement until the early acquisition date of July 1, 2023.

NOTE T--SUBSEQUENT EVENTS

In December 2024, NGHS and The Longstreet Clinic, P.C. (Longstreet) signed a letter of intent (LOI) with preliminary terms and conditions regarding: (1) the proposed acquisition of substantially all of the assets of Longstreet by NGHS or an affiliate of NGHS, and (2) the employment of substantially all Longstreet physicians, non-physician providers, and staff by an affiliate of NGHS. The asset acquisition will be pursuant to an asset purchase agreement to be agreed upon by NGHS and Longstreet. Due diligence related to the transactions in the LOI are in process and will continue during fiscal year 2025. It is estimated that definitive agreements between NGHS and Longstreet will be finalized in fiscal year 2025, with an estimated closing date of early fiscal year 2026.

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events, other than those above, that required recognition or disclosure in the September 30, 2024, consolidated financial statements.

Supplemental Schedules

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidating Balance Sheets (Dollars in Thousands)

September 30, 2024

	NGHS	NGMC	NGMC- Barrow	NGMC- Lumpkin	NGMC- Habersham	NGPG	The Foundation	GHI	LCA	PEO	NGHP	NGHP Network	NGHV	NGHH	NGRH	Eliminations	Consolidated
ASSETS																	
CURRENT ASSETS																	
Cash and cash equivalents	\$ 20	\$ 27,774	\$ -	\$ -	\$ 23	\$ 633	\$ 9,563	\$ 1	\$ 3,168	\$ -	\$ -	\$ -	\$ 863	\$ -	\$ 1,590	\$ -	\$ 43,635
Investments	-	605,123	-	-	-	-	-	-	-	-	-	-	-	-	-	-	605,123
Assets limited as to use, required for current obligations	-	318	-	-	-	-	602	-	9,822	-	-	-	-	-	-	-	10,742
Patient accounts receivable	-	172,571	4,793	4,405	5,974	13,576	-	2,075	-	-	-	-	-	185	-	-	203,579
Inventory of supplies	100	14,413	841	603	1,252	-	-	-	-	-	-	-	-	-	-	-	17,209
Other current assets	23,914	62,109	52	96	780	14,367	1,738	911	(11,031)	-	2,688	-	-	139	-	(10,918)	84,845
TOTAL CURRENT ASSETS	24,034	882,308	5,686	5,104	8,029	28,576	11,903	2,987	1,959	-	2,688	-	863	324	1,590	(10,918)	965,133
INVESTMENTS	-	1,042,328	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,042,328
ASSETS LIMITED AS TO USE																	
Under indenture agreements																	
- held by trustees	-	11,065	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,065
Under self-insurance agreements	-	-	-	-	-	-	-	-	98,207	-	-	-	-	-	-	-	98,207
By Board for designated capital purposes	115,231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,231
Other	50,340	23,077	-	-	-	-	37,538	-	-	-	-	-	-	-	-	-	110,955
	165,571	34,142	-	-	-	-	37,538	-	98,207	-	-	-	-	-	-	-	335,458
Less amounts required for current obligations	-	(318)	-	-	-	-	(602)	-	(9,822)	-	-	-	-	-	-	-	(10,742)
ASSETS LIMITED AS TO USE	165,571	33,824	-	-	-	-	36,936	-	88,385	-	-	-	-	-	-	-	324,716
PROPERTY AND EQUIPMENT, net	253,474	1,196,015	11,871	67,900	17,520	15,036	49	2,059	-	-	307	-	-	-	17,197	-	1,581,428
DUE (TO) FROM AFFILIATES	-	(564)	-	-	-	-	564	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS																	
Goodwill	-	-	-	-	-	-	-	3,263	-	-	-	-	-	-	-	-	3,263
Pension asset	95,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95,082
Property held for future investment	685	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	685
Other	43,020	14,043	-	-	147	7	-	1	-	-	-	-	600	-	-	(39,662)	18,156
Right-of-use asset, finance leases	-	14,813	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,813
Right-of-use asset, operating leases	1,739	36,732	-	-	504	71,156	22	9,256	-	-	-	-	-	-	-	(108,665)	10,744
TOTAL OTHER ASSETS	140,526	65,588	-	-	651	71,163	22	12,520	-	-	-	-	600	-	-	(148,327)	142,743
TOTAL ASSETS	\$ 583,605	\$ 3,219,499	\$ 17,557	\$ 73,004	\$ 26,200	\$ 114,775	\$ 49,474	\$ 17,566	\$ 90,344	\$ -	\$ 2,995	\$ -	\$ 1,463	\$ 324	\$ 18,787	\$ (159,245)	\$ 4,056,348

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidating Balance Sheets - Continued (Dollars in Thousands)

September 30, 2024

	NGHS	NGMC	NGMC- Barrow	NGMC- Lumpkin	NGMC- Habersham	NGPG	The Foundation	GHI	LCA	PEO	NGHP	NGHP Network	NGHV	NGHH	NGRH	Eliminations	Consolidated
LIABILITIES AND NET ASSETS																	
CURRENT LIABILITIES																	
Current portion of long-term debt	\$ -	\$ 25,616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,616
Accrued interest	-	7,441	-	-	-	-	-	-	-	-	-	-	-	-	-	(39)	7,402
Accounts payable and other accrued expenses	(10,825)	152,802	10	3	557	11,748	3,277	2,095	7,922	3	29	-	-	330	5,520	(7,902)	165,569
Accrued salaries, benefits, compensated absences, and amounts withheld	12,664	57,292	1,442	962	1,640	37,591	97	7,907	-	421	262	279	-	-	-	-	120,557
Current portion of finance lease liability	-	2,397	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,397
Current portion of operating lease liability	615	3,862	-	-	214	10,757	22	2,331	-	-	-	-	-	-	-	(13,570)	4,231
Estimated amounts due to third-party payors	-	12,004	1,663	294	2,483	-	-	-	-	-	-	-	-	-	-	-	16,444
Current portion of affiliate note payable	-	509	-	-	-	-	-	-	-	-	-	-	-	-	-	(509)	-
TOTAL CURRENT LIABILITIES	2,454	261,923	3,115	1,259	4,894	60,096	3,396	12,333	7,922	424	291	279	-	330	5,520	(22,020)	342,216
LONG-TERM DEBT, less current portion	-	1,404,737	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,404,737
ESTIMATED SELF-INSURANCE LIABILITIES	-	-	-	-	-	-	-	-	82,168	-	-	-	-	-	-	-	82,168
OTHER LONG-TERM LIABILITIES																	
Deferred compensation	44,130	22,613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66,743
Finance lease liability, less current portion	-	12,623	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,623
Operating lease liability, less current portion	1,149	33,714	-	-	290	61,526	-	7,037	-	-	-	-	-	-	-	(96,888)	6,828
Affiliate note payable, less current portion	-	9,826	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,826)	-
TOTAL OTHER LONG-TERM LIABILITIES	45,279	78,776	-	-	290	61,526	-	7,037	-	-	-	-	-	-	-	(106,714)	86,194
TOTAL LIABILITIES	47,733	1,745,436	3,115	1,259	5,184	121,622	3,396	19,370	90,090	424	291	279	-	330	5,520	(128,734)	1,915,315
NET ASSETS																	
Without donor restrictions																	
Attributable to Northeast Georgia Health System, Inc. and Affiliates	535,872	1,474,063	14,442	71,745	21,016	(6,847)	16,369	(1,804)	254	(424)	2,704	(279)	1,463	(6)	6,767	(30,511)	2,104,824
Attributable to Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,500	-	6,500
With donor restrictions																	
Attributable to Northeast Georgia Health System, Inc. and Affiliates	-	-	-	-	-	-	29,709	-	-	-	-	-	-	-	-	-	29,709
TOTAL NET ASSETS	535,872	1,474,063	14,442	71,745	21,016	(6,847)	46,078	(1,804)	254	(424)	2,704	(279)	1,463	(6)	13,267	(30,511)	2,141,033
TOTAL LIABILITIES AND NET ASSETS	\$ 583,605	\$ 3,219,499	\$ 17,557	\$ 73,004	\$ 26,200	\$ 114,775	\$ 49,474	\$ 17,566	\$ 90,344	\$ -	\$ 2,995	\$ -	\$ 1,463	\$ 324	\$ 18,787	\$ (159,245)	\$ 4,056,348

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidating Balance Sheets - Continued (Dollars in Thousands)

September 30, 2023

	NGHS	NGMC	NGMC- Barrow	NGMC- Lumpkin	NGMC- Habersham	NGPG	The Foundation	GHI	LCA	PEO	NGHP	NGHP Network	NGHV	NGHH	Eliminations	Consolidated
ASSETS																
CURRENT ASSETS																
Cash and cash equivalents	\$ 20	\$ 15,290	\$ -	\$ -	\$ 46	\$ 773	\$ 9,528	\$ 1	\$ 2,057	\$ -	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ 27,728
Investments	-	341,095	-	-	-	-	-	-	-	-	-	-	-	-	-	341,095
Assets limited as to use, required for current obligations	-	238	-	-	-	-	538	-	14,273	-	-	-	-	-	-	15,049
Patient accounts receivable	-	169,629	4,847	2,225	3,282	14,552	-	2,253	-	-	-	-	-	110	-	196,898
Inventory of supplies	76	15,923	799	358	804	-	-	-	-	-	-	-	-	-	-	17,960
Other current assets	21,103	32,427	606	151	583	5,759	2,541	-	(5,265)	-	-	-	-	51	(16,038)	41,918
TOTAL CURRENT ASSETS	21,199	574,602	6,252	2,734	4,715	21,084	12,607	2,254	11,065	-	-	-	13	161	(16,038)	640,648
INVESTMENTS	-	1,034,120	-	-	-	-	-	-	-	-	-	-	-	-	-	1,034,120
ASSETS LIMITED AS TO USE																
Under indenture agreements - held by trustees	-	130	-	-	-	-	-	-	-	-	-	-	-	-	-	130
Under self-insurance agreements By Board for designated capital purposes	-	-	-	-	-	-	-	-	87,429	-	-	-	-	-	-	87,429
Other	100,063	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,063
	38,966	19,468	-	-	-	-	32,252	-	-	-	-	-	-	-	-	90,686
	139,029	19,598	-	-	-	-	32,252	-	87,429	-	-	-	-	-	-	278,308
Less amounts required for current obligations	-	(238)	-	-	-	-	(538)	-	(14,273)	-	-	-	-	-	-	(15,049)
ASSETS LIMITED AS TO USE	139,029	19,360	-	-	-	-	31,714	-	73,156	-	-	-	-	-	-	263,259
PROPERTY AND EQUIPMENT, net	241,205	918,753	11,055	46,276	17,538	13,299	70	2,199	-	-	7	-	-	-	-	1,250,402
DUE (TO) FROM AFFILIATES	-	(628)	-	-	-	-	628	-	-	-	-	-	-	-	-	-
OTHER ASSETS																
Goodwill	-	-	-	-	-	-	-	3,263	-	-	-	-	-	-	-	3,263
Pension asset	82,969	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82,969
Other	5,697	16,580	-	-	147	7	-	1	-	-	-	-	600	-	(2,342)	20,690
Right-of-use asset, finance leases	-	118	12	-	-	-	-	-	-	-	-	-	-	-	-	130
Right-of-use asset, operating leases	494	13,634	-	8	704	49,451	152	8,835	-	-	-	-	-	-	(61,581)	11,697
TOTAL OTHER ASSETS	89,160	30,332	12	8	851	49,458	152	12,099	-	-	-	-	600	-	(63,923)	118,749
TOTAL ASSETS	\$ 490,593	\$ 2,576,539	\$ 17,319	\$ 49,018	\$ 23,104	\$ 83,841	\$ 45,171	\$ 16,552	\$ 84,221	\$ -	\$ 7	\$ -	\$ 613	\$ 161	\$ (79,961)	\$ 3,307,178

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidating Balance Sheets - Continued (Dollars in Thousands)

September 30, 2023

	NGHS	NGMC	NGMC- Barrow	NGMC- Lumpkin	NGMC- Habersham	NGPG	The Foundation	GHI	LCA	PEO	NGHP	NGHP Network	NGHV	NGHH	Eliminations	Consolidated
LIABILITIES AND NET ASSETS																
CURRENT LIABILITIES																
Current portion of long-term debt	\$ -	\$ 21,903	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,903
Accrued interest	-	5,460	-	-	-	-	-	-	-	-	-	-	-	-	-	5,460
Accounts payable and other accrued expenses	844	138,639	132	2	604	2,172	4,791	24	11,356	-	-	-	21	454	(16,885)	142,154
Accrued salaries, benefits, compensated absences, and amounts withheld	12,825	50,984	1,572	906	553	32,518	109	6,579	-	263	150	117	-	-	-	106,576
Current portion of finance lease liability	-	14	12	-	-	-	-	-	-	-	-	-	-	-	-	26
Current portion of operating lease liability	230	5,930	-	8	200	10,960	130	1,988	-	-	-	-	-	-	(14,115)	5,331
Unearned revenue	132	9,404	2,333	473	-	1,191	-	481	-	-	-	-	-	-	-	14,014
Estimated amounts due to third- party payors	-	12,731	1,907	449	-	-	-	-	-	-	-	-	-	-	-	15,087
TOTAL CURRENT LIABILITIES	14,031	245,065	5,956	1,838	1,357	46,841	5,030	9,072	11,356	263	150	117	21	454	(31,000)	310,551
LONG-TERM DEBT, less current portion	-	1,155,821	-	-	-	-	-	-	-	-	-	-	-	-	-	1,155,821
ESTIMATED SELF-INSURANCE LIABILITIES	-	-	-	-	-	-	-	-	72,919	-	-	-	-	-	-	72,919
OTHER LONG-TERM LIABILITIES																
Deferred compensation	33,210	19,004	-	-	-	-	-	-	-	-	-	-	-	-	-	52,214
Operating lease liability, less current portion	279	7,839	-	-	504	39,160	22	7,030	-	-	-	-	-	-	(48,181)	6,653
TOTAL OTHER LONG-TERM LIABILITIES	33,489	26,843	-	-	504	39,160	22	7,030	-	-	-	-	-	-	(48,181)	58,867
TOTAL LIABILITIES	47,520	1,427,729	5,956	1,838	1,861	86,001	5,052	16,102	84,275	263	150	117	21	454	(79,181)	1,598,158
NET ASSETS																
Without donor restrictions																
Attributable to Northeast Georgia Health System, Inc. and Affiliates	443,073	1,148,810	11,363	47,180	21,243	(2,160)	9,489	450	(54)	(263)	(143)	(117)	592	(293)	(780)	1,678,390
With donor restrictions																
Attributable to Northeast Georgia Health System, Inc. and Affiliates	-	-	-	-	-	-	30,630	-	-	-	-	-	-	-	-	30,630
TOTAL NET ASSETS	443,073	1,148,810	11,363	47,180	21,243	(2,160)	40,119	450	(54)	(263)	(143)	(117)	592	(293)	(780)	1,709,020
TOTAL LIABILITIES AND NET ASSETS	\$ 490,593	\$ 2,576,539	\$ 17,319	\$ 49,018	\$ 23,104	\$ 83,841	\$ 45,171	\$ 16,552	\$ 84,221	\$ -	\$ 7	\$ -	\$ 613	\$ 161	\$ (79,961)	\$ 3,307,178

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidating Statements of Operations (Dollars in Thousands)

Year Ended September 30, 2024

	NGHS	NGMC	NGMC- Barrow	NGMC- Lumpkin	NGMC- Habersham	NGPG	The Foundation	GHI	LCA	PEO	NGHP	NGHP Network	NGHV	NGHH	NGRH	Eliminations	Consolidated
REVENUE, GAINS, AND SUPPORT:																	
Patient service revenue	\$ -	\$ 1,806,939	\$ 62,578	\$ 37,709	\$ 68,501	\$ 330,509	\$ -	\$ 41,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,459	\$ -	\$ (1,339)	\$ 2,347,883
Other operating revenue	195,779	63,454	215	1,842	3,949	45,691	3,201	2,389	21,597	6,853	8,360	319	-	-	-	(272,279)	81,370
Contributions for equipment, education, indigent patients, and community benefits:																	-
Cash and other financial assets	-	-	-	-	-	-	18	-	-	-	-	-	-	-	-	-	18
TOTAL REVENUE, GAINS, AND SUPPORT	195,779	1,870,393	62,793	39,551	72,450	376,200	3,219	43,916	21,597	6,853	8,360	319	-	1,459	-	(273,618)	2,429,271
Expenses:																	
Salaries and wages	81,040	607,355	17,700	10,760	24,446	280,541	1,403	52,632	-	5,744	3,382	1,106	-	1,046	-	-	1,087,155
Employee benefits	19,017	124,100	3,562	2,293	5,397	49,701	334	7,824	-	1,109	738	214	-	158	-	(1,109)	213,338
Provider fees	894	74,520	3,308	2,160	2,398	25,057	-	573	-	-	-	-	-	-	-	(40,485)	68,425
Utilities	2,947	13,304	640	513	1,301	1,179	-	189	-	-	1	-	-	20	-	-	20,094
Supplies	2,482	346,800	10,852	5,355	10,897	23,779	132	2,191	-	-	70	11	-	33	-	-	402,602
Legal, consulting, and professional fees	10,490	7,691	2	10	-	66	2	19	-	-	8	-	28	-	-	-	18,316
Purchased services	16,136	46,363	1,571	1,343	2,608	5,087	162	2,314	-	-	3,627	44	1,151	350	-	(15,262)	65,494
Insurance	23,259	926	120	2	25	5,956	-	3	32,223	-	-	-	-	10	-	(21,597)	40,927
Interest	183	32,977	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(195)
Management Fees	-	172,422	5,964	3,622	6,666	-	-	3,760	-	-	-	-	-	-	-	-	(192,434)
Depreciation and amortization	11,038	80,849	1,670	2,310	1,383	3,522	34	486	-	-	2	-	-	-	-	-	101,294
Other operating expenses	28,293	125,963	8,389	4,565	10,134	22,053	365	9,153	-	-	1,729	122	-	135	-	(20,674)	190,227
TOTAL OPERATING EXPENSES	195,779	1,633,270	53,778	32,933	65,255	416,941	2,432	79,144	32,223	6,853	9,557	1,497	1,179	1,752	-	(291,756)	2,240,837
OPERATING INCOME (LOSS) BEFORE PROVIDER RELIEF FUND REVENUE	-	237,123	9,015	6,618	7,195	(40,741)	787	(35,228)	(10,626)	-	(1,197)	(1,178)	(1,179)	(293)	-	18,138	188,434
Provider relief fund revenue	-	8,385	2,282	435	-	661	-	407	-	-	-	-	-	-	-	-	12,170
INCOME (LOSS) FROM OPERATIONS	-	245,508	11,297	7,053	7,195	(40,080)	787	(34,821)	(10,626)	-	(1,197)	(1,178)	(1,179)	(293)	-	18,138	200,604
Nonoperating gains (losses):																	
Gain from investments, net	16,918	183,672	7	10	-	-	4,632	-	10,780	-	-	-	-	-	-	-	216,019
(Loss) gain on sale of property and equipment, net	(69)	(3)	-	-	-	(36)	-	-	-	-	-	-	-	-	-	-	(108)
Miscellaneous, net	22,456	207	179	1	76	79	(3,201)	(3)	-	-	-	-	-	-	-	(21,201)	(1,407)
NET NONOPERATING GAIN (LOSS)	39,305	183,876	186	11	76	43	1,431	(3)	10,780	-	-	-	-	-	-	(21,201)	214,504
EXCESS (DEFICIENCY) OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES	\$ 39,305	\$ 429,384	\$ 11,483	\$ 7,064	\$ 7,271	\$ (40,037)	\$ 2,218	\$ (34,824)	\$ 154	\$ -	\$ (1,197)	\$ (1,178)	\$ (1,179)	\$ (293)	\$ -	\$ (3,063)	\$ 415,108

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidating Statements of Operations - Continued (Dollars in Thousands)

Year Ended September 30, 2023

	NGHS	NGMC	NGMC- Barrow	NGMC- Lumpkin	NGMC- Habersham	NGPG	The Foundation	GHI	LCA	PEO	NGHP	NGHP Network	NGHV	NGHH	Eliminations	Consolidated
REVENUE, GAINS, AND SUPPORT:																
Patient service revenue	\$ -	\$ 1,727,624	\$ 52,122	\$ 25,517	\$ 7,777	\$ 282,677	\$ -	\$ 36,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161	\$ (1,077)	\$ 2,130,861
Other operating revenue	178,310	72,326	712	1,800	292	53,982	3,507	2,819	25,206	4,931	4,539	621	-	-	(255,415)	93,630
Contributions for equipment, education, indigent patients, and community benefits:																
Cash and other financial assets	-	-	-	-	-	-	3	-	-	-	-	-	-	-	-	3
TOTAL REVENUE, GAINS, AND SUPPORT	178,310	1,799,950	52,834	27,317	8,069	336,659	3,510	38,879	25,206	4,931	4,539	621	-	161	(256,492)	2,224,494
Expenses:																
Salaries and wages	70,829	603,708	17,943	9,494	5,388	249,564	1,290	44,725	-	4,164	1,976	1,454	-	302	-	1,010,837
Employee benefits	21,022	110,735	3,359	2,049	951	41,680	284	6,246	-	767	438	248	-	51	(604)	187,226
Provider fees	399	68,253	4,349	457	664	20,862	-	417	-	-	-	-	-	-	(40,828)	54,573
Utilities	2,439	12,908	556	376	445	1,127	-	170	-	-	-	-	-	2	-	18,023
Supplies	2,715	323,053	9,724	2,498	2,202	22,799	122	1,357	-	-	75	9	-	31	-	364,585
Legal, consulting, and professional fees	8,772	9,518	204	154	97	2,094	-	319	-	-	580	5	232	-	-	21,975
Purchased services	21,624	51,625	1,910	741	785	4,502	131	2,052	-	-	4,072	52	1,338	40	(12,834)	76,038
Insurance	23,240	2,143	19	3	1	5,667	-	4	30,063	-	-	-	-	3	(25,208)	35,935
Interest	-	35,149	-	-	-	-	-	-	-	-	-	-	-	-	-	35,149
Management Fees	-	163,710	4,930	2,144	694	-	-	3,162	-	-	-	-	-	-	(174,640)	-
Depreciation and amortization	10,078	78,635	1,967	512	645	3,368	47	541	-	-	2	-	-	-	-	95,795
Other operating expenses	17,192	111,467	6,951	2,745	2,092	20,772	381	6,057	-	-	57	86	-	25	(16,832)	150,993
TOTAL OPERATING EXPENSES	178,310	1,570,904	51,912	21,173	13,964	372,435	2,255	65,050	30,063	4,931	7,200	1,854	1,570	454	(270,946)	2,051,129
OPERATING INCOME (LOSS) BEFORE PROVIDER RELIEF FUND REVENUE	-	229,046	922	6,144	(5,895)	(35,776)	1,255	(26,171)	(4,857)	-	(2,661)	(1,233)	(1,570)	(293)	14,454	173,365
Provider relief fund revenue	-	8,385	2,282	435	-	661	-	407	-	-	-	-	-	-	-	12,170
INCOME (LOSS) FROM OPERATIONS	-	237,431	3,204	6,579	(5,895)	(35,115)	1,255	(25,764)	(4,857)	-	(2,661)	(1,233)	(1,570)	(293)	14,454	185,535
Nonoperating gains (losses):																
Donations from affiliates	-	161	-	-	-	-	(161)	-	-	-	-	-	-	-	-	-
Gain from investments, net	11,558	145,153	10	-	-	-	2,802	-	4,704	-	-	-	-	-	-	164,227
(Loss) gain on sale of property and equipment, net	(179)	25	-	-	-	-	-	-	-	-	-	-	-	-	-	(154)
Miscellaneous, net	18,014	(80)	180	-	10	106	(3,346)	(10)	-	-	-	-	-	-	(15,829)	(955)
NET NONOPERATING GAIN (LOSS)	29,393	145,259	190	-	10	106	(705)	(10)	4,704	-	-	-	-	-	(15,829)	163,118
EXCESS (DEFICIENCY) OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES	\$ 29,393	\$ 382,690	\$ 3,394	\$ 6,579	\$ (5,885)	\$ (35,009)	\$ 550	\$ (25,774)	\$ (153)	\$ -	\$ (2,661)	\$ (1,233)	\$ (1,570)	\$ (293)	\$ (1,375)	\$ 348,653