



Consolidated Financial Statements (and Supplemental Schedules)

Northeast Georgia Health System, Inc. and Affiliates

Years Ended September 30, 2025 and 2024

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, 2025 and 2024; 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, 2025 and 2024, 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 3% and 2%, respectively, of consolidated total assets at September 30, 2025 and 2024, 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

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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 22, 2026

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Balance Sheets *(Dollars in Thousands)*

	<i>September 30,</i>	
	<i>2025</i>	<i>2024</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 88,008	\$ 43,635
Investments	443,488	605,123
Assets limited as to use, required for current obligations	3,545	10,742
Patient accounts receivable	245,647	203,579
Inventory of supplies	21,519	17,209
Other current assets	47,162	84,845
TOTAL CURRENT ASSETS	849,369	965,133
INVESTMENTS	1,168,928	1,042,328
ASSETS LIMITED AS TO USE		
Under indenture agreements – held by trustees	-	11,065
Under self-insurance agreements	117,460	98,207
By Board for designated capital purposes	118,574	115,231
Other	121,370	110,955
	357,404	335,458
Less amounts required for current obligations	(3,545)	(10,742)
ASSETS LIMITED AS TO USE	353,859	324,716
PROPERTY AND EQUIPMENT, net	1,778,913	1,581,428
OTHER ASSETS		
Goodwill	3,263	3,263
Pension asset	101,921	95,082
Property held for future investment	685	685
Other	12,994	18,156
Right-of-use asset, finance leases	23,529	14,813
Right-of-use asset, operating leases	14,335	10,744
TOTAL OTHER ASSETS	156,727	142,743
TOTAL ASSETS	\$ 4,307,796	\$ 4,056,348

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Balance Sheets – Continued
(Dollars in Thousands)

	<i>September 30,</i>	
	<i>2025</i>	<i>2024</i>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 26,566	\$ 25,616
Accrued interest	10,888	7,402
Accounts payable and other accrued expenses	134,027	165,569
Accrued salaries, benefits, compensated absences, and amounts withheld	135,764	120,557
Current portion of finance lease liability	3,738	2,397
Current portion of operating lease liability	4,476	4,231
Estimated amounts due to third-party payers	28,129	16,444
TOTAL CURRENT LIABILITIES	343,588	342,216
LONG-TERM DEBT, less current portion	1,378,172	1,404,737
ESTIMATED SELF-INSURANCE LIABILITIES	95,942	82,168
OTHER LONG-TERM LIABILITIES		
Deferred compensation	75,639	66,743
Finance lease liability, less current portion	20,790	12,623
Operating lease liability, less current portion	10,040	6,828
TOTAL OTHER LONG-TERM LIABILITIES	106,469	86,194
TOTAL LIABILITIES	1,924,171	1,915,315
COMMITMENTS AND CONTINGENCIES – Notes G, J, and R		
NET ASSETS		
Without donor restrictions		
Attributable to Northeast Georgia Health System, Inc. and Affiliates	2,328,237	2,104,824
Attributable to noncontrolling interest	26,881	6,500
With donor restrictions		
Attributable to Northeast Georgia Health System, Inc. and Affiliates	28,507	29,709
TOTAL NET ASSETS	2,383,625	2,141,033
TOTAL LIABILITIES AND NET ASSETS	\$ 4,307,796	\$ 4,056,348

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Operations *(Dollars in Thousands)*

	<i>Year Ended September 30,</i>	
	<i>2025</i>	<i>2024</i>
REVENUE, GAINS, AND SUPPORT:		
Patient service revenue	\$ 2,528,801	\$ 2,347,883
Other operating revenue	90,153	81,370
Contributions for equipment, education, indigent patients, and community benefits:		
Cash and other financial assets	13	18
TOTAL REVENUE, GAINS, AND SUPPORT	2,618,967	2,429,271
Expenses:		
Salaries and wages	1,159,920	1,087,155
Employee benefits	257,063	213,338
Provider fees	86,738	68,425
Utilities	25,079	20,094
Supplies	442,002	402,602
Legal, consulting, and professional fees	18,769	18,316
Purchased services	90,898	65,494
Insurance	39,166	40,927
Interest	43,468	32,965
Depreciation and amortization	94,163	101,294
Other operating expenses	218,107	190,227
TOTAL OPERATING EXPENSES	2,475,373	2,240,837
OPERATING INCOME BEFORE PROVIDER RELIEF FUND REVENUE	143,594	188,434
Provider relief fund revenue – Note O	-	12,170
INCOME FROM OPERATIONS	143,594	200,604
Nonoperating gains (losses):		
Gain from investments, net	69,022	216,019
Loss on sale of property and equipment, net	(43)	(108)
Gain on insurance recovery from property damage – Note S	4,237	-
Miscellaneous, net	(1,586)	(1,407)
NET NONOPERATING GAIN	71,630	214,504
EXCESS OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES	\$ 215,224	\$ 415,108

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Operations – Continued
(Dollars in Thousands)

	<i>Year Ended September 30,</i>	
	<i>2025</i>	<i>2024</i>
DEFICIT OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(1,206)	-
EXCESS OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	\$ 216,430	\$ 415,108

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

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

	<i>Year Ended September 30,</i>	
	<i>2025</i>	<i>2024</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	\$ 216,430	\$ 415,108
Other changes in net assets without donor restrictions:		
Pension asset adjustments	2,813	7,030
Net assets released for capital expenditures	3,427	2,011
Other changes	743	2,285
TOTAL OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	6,983	11,326
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	223,413	426,434
Deficit of Revenue, Gains, and Support over Expenses and Losses attributable to Noncontrolling Interest	(1,206)	-
Other changes in net assets without donor restrictions:		
Contributions from noncontrolling interest holders	24,806	6,500
Distributions to noncontrolling interest holders	(3,219)	-
TOTAL OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO NONCONTROLLING INTEREST	21,587	6,500
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS ATTRIBUTABLE TO NONCONTROLLING INTEREST	20,381	6,500
TOTAL INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	243,794	432,934
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	2,111,324	1,678,390
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	\$ 2,355,118	\$ 2,111,324

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>2025</i>	<i>2024</i>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions for equipment, education, indigent patients, and community benefits:		
Cash and other financial assets	\$ 5,930	\$ 5,250
In-kind	366	220
Partnership earnings and other changes	130	655
Change in expected losses and discounts on pledges	143	166
Net assets released from restrictions	(7,771)	(5,212)
Other changes, net	-	(2,000)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	(1,202)	(921)
NET ASSETS WITH DONOR RESTRICTIONS, BEGINNING OF YEAR	29,709	30,630
NET ASSETS WITH DONOR RESTRICTIONS, END OF YEAR	28,507	29,709
TOTAL INCREASE IN NET ASSETS	242,592	432,013
TOTAL NET ASSETS, BEGINNING OF YEAR	2,141,033	1,709,020
TOTAL NET ASSETS, END OF YEAR	\$ 2,383,625	\$ 2,141,033

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	<i>Year Ended September 30,</i>	
	<i>2025</i>	<i>2024</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 242,592	\$ 432,013
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	94,163	101,294
Amortization of bond issue premium	(7,589)	(5,109)
Loss on sale of property, plant, and equipment	43	108
Gain on insurance recovery due to property damage	(4,237)	-
Gain on sales of investments and assets limited as to use	(19,056)	(8,097)
Pension plan adjustments	(2,813)	(7,030)
Change in expected losses and discounts on pledges	(143)	(166)
Change in net unrealized gains/losses on investments and assets limited as to use	9,944	(150,308)
Restricted contributions	(5,930)	(5,250)
Contributions from noncontrolling interest	(24,806)	(6,500)
Distributions to noncontrolling interest	3,219	-
Changes in assets and liabilities:		
Patient accounts receivable	(42,068)	(6,681)
Inventory of supplies	(4,310)	751
Other current assets	35,217	(43,829)
Other long-term assets	524	(6,672)
Accrued interest	3,486	1,942
Accounts payable, other accrued expenses, and other long-term liabilities	(4,071)	42,465
Accrued salaries, benefits, compensated absences, and amounts withheld	15,207	13,981
Unearned revenue	-	(14,014)
Estimated third-party payer settlements	11,685	1,357
Estimated self-insurance liabilities	13,774	9,249
Lease liabilities	(4,820)	(4,943)
Total adjustments	67,419	(87,452)
NET CASH PROVIDED BY OPERATING ACTIVITIES	310,011	344,561

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>2025</i>	<i>2024</i>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(301,064)	(425,435)
Proceeds from sales of property, plant, and equipment	93	-
Proceeds from insurance recovery from property damage	6,846	-
Purchases of investments and assets limited as to use	(1,709,458)	(1,187,780)
Proceeds from maturities and sales of investments and assets limited as to use	1,731,659	1,016,799
NET CASH USED IN INVESTING ACTIVITIES	(271,924)	(596,416)
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	(21,231)	(18,988)
Contributions from noncontrolling interest	24,806	6,500
Distributions to noncontrolling interest	(3,219)	-
Restricted contributions received	5,930	5,250
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,286	267,762
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,373	15,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	43,635	27,728
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 88,008	\$ 43,635
SUPPLEMENTAL INFORMATION:		
Cash paid during the year for interest	\$ 44,682	\$ 38,603

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Cash Flows – Continued
(Dollars in Thousands)

	<i>Year Ended September 30,</i>	
	<i>2025</i>	<i>2024</i>
SUPPLEMENTAL SCHEDULE OF		
NON-CASH ACTIVITIES:		
Property, plant, and equipment received and accrued in payables	<u>\$ 17,372</u>	<u>\$ 33,134</u>
Lease liabilities arising from obtaining right-of-use assets	<u>\$ 20,689</u>	<u>\$ 20,389</u>
Operating cash flows from operating leases	<u>\$ 5,421</u>	<u>\$ 5,822</u>
Financing cash flows from finance leases	<u>\$ 3,623</u>	<u>\$ 1,377</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Years Ended September 30, 2025 and 2024

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 629-bed campus in Gainesville, a 236-bed campus in Braselton, and other related facilities, for the benefit of the general public.

Northeast Georgia Medical Center Habersham, LLC (NGMC-Habersham) is a subsidiary of NGHS. NGMC-Habersham is a 53-bed licensed acute care hospital serving residents in Habersham and adjoining counties in Georgia. New Horizons Habersham is a licensed 84-bed skilled nursing facility that provides long-term care, specialty care, and therapy. Northeast Georgia Home Health III, LLC (NGHH) is a subsidiary of NGHS and provides in-home care to patients in Gainesville and the North Georgia region.

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.

The 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 formed as a wholly owned subsidiary to provide clinically integrated care to individuals covered by contracts entered into or administered by NGHP Network.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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 PEO, LLC (PEO) is a subsidiary of NGHS for employing out-of-state workers.

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.

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. Construction on the facility began during fiscal year 2024, and operations began in July 2025. NGRH has 40 private beds and provides inpatient rehabilitation services. NGHS owns 51% of the outstanding membership interests of NGRH, and a noncontrolling interest owns 49%. 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 passes through NGHS, which is tax exempt. A minority interest is recorded in the consolidated financial statements to represent the noncontrolling interest in the operations and net assets of NGRH that are not owned by NGHS. The following is a schedule of changes in net assets attributable to the noncontrolling interest for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Beginning net assets	\$ 6,500	\$ -
Deficit of revenue, gains, and support over expenses and losses	(1,206)	-
Contributions	24,806	6,500
Distributions	(3,219)	-
Ending net assets	<u>\$ 26,881</u>	<u>\$ 6,500</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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 noncontrolling 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, pension asset, 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, 2025 and 2024, 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, 2025 and 2024

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, 2025 and 2024. 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:

	<u>2025</u>	<u>2024</u>
Prepays and deposits	\$ 23,440	\$ 19,020
Other receivables	9,470	15,121
Estimated amounts due from third-party payers	14,252	50,704
Other current assets	<u>\$ 47,162</u>	<u>\$ 84,845</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 2 to 40 years for buildings, building components, and leasehold improvements and from 3 to 20 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, 2025 or 2024.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

During the year ended September 30, 2025, management completed an assessment of the useful lives of buildings and equipment based on the System's experience with the duration over which buildings and equipment are being utilized. The System engaged a third-party to assist in this review, and the review was based on a combination of evaluations conducted by third-party consultants and management estimates. As a result of this assessment, the average useful life of the System's building assets increased from 19.5 years to 28.3 years, and the average useful life of the System's equipment increased from 8.4 years to 12.3 years. The change in accounting estimates became effective October 1, 2024. The change in useful lives resulted in a net reduction of depreciation expense of approximately \$29,500 for the year ended September 30, 2025, as compared to the amount of depreciation expense that would have been recorded by utilizing the prior depreciable lives.

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, 2025 and 2024, 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 years ended September 30, 2025 and 2024, are \$43,468 and \$32,965, respectively. During the years ended September 30, 2025 and 2024, the System capitalized interest in the amounts of \$4,700 and \$7,580, 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 years ended September 30, 2025 and 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.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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 7.00% for the years ended September 30, 2025 and 2024. 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 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, 2025 or 2024.

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.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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 (DCH) Division of Medical Assistance (Georgia Medicaid), the Hospital Authority of Hall County and the City of Gainesville through NGMC pay into an indigent care trust fund and are then eligible to receive indigent care trust fund payments. Charges foregone, based on established rates, related to charity care were \$443,928 and \$397,142 for the years ended September 30, 2025 and 2024, respectively, which are net of indigent care trust fund proceeds of \$1,931 and \$4,974 in 2025 and 2024, respectively.

The estimated cost of providing charity care totaled \$101,491 and \$92,099 for the years ended September 30, 2025 and 2024, 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, 2025 and 2024, include \$140,698 and \$122,999, 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

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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.

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.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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 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:

<i>Non-financial Contribution</i>	<i>Type of Contribution for Beneficiaries</i>	<i>Valuation</i>	<i>Donor Restriction</i>	<i>Year Ended September 30,</i>	
				<i>2025</i>	<i>2024</i>
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	\$ 352	\$ 220
Medical supplies	Personal protection items, patient linens, apparel, and medical equipment	Fair market value of items received	Yes	14	-
TOTAL				\$ 366	\$ 220

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

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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, 2025 and 2024, 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 \$8,291 and \$7,208 for the years ended September 30, 2025 and 2024, respectively, to develop and grow training programs for primary care physicians. In addition, \$2,807 and \$2,888 of funds were accrued for from the GBHCW for the years ended September 30, 2025 and 2024, 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.

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, 2025 and 2024, 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 years ended September 30, 2025 and 2024, was \$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>September 30,</i>	
	<i>2025</i>	<i>2024</i>
Gross software implementation fees	\$ 17,400	\$ 17,400
Less: Accumulated amortization	(7,458)	(4,972)
	<u>\$ 9,942</u>	<u>\$ 12,428</u>

Scheduled amortization expense for each year of the remaining useful life and in the aggregate at September 30, 2025, are as follows:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

<u>Year Ending September 30,</u>		
2026	\$	2,486
2027		2,486
2028		2,486
2029		2,484
	<u>\$</u>	<u>9,942</u>

Reclassifications: Certain reclassifications have been made to the 2024 amounts to conform to the 2025 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 DCH.

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.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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, 2025 and 2024, 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 2023 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, 2025 and 2024. 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, 2025 and 2024.

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. The net reimbursement benefit from GA-STRONG funding recognized is included in patient service revenue as a reduction in related contractual adjustments in the accompanying Consolidated Statements of Operations, and amounts accrued are included in other current assets or estimated amounts due to third-party payers in the accompanying Consolidated Balance Sheets.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

Amounts accrued at September 30, 2025 and 2024 relate to program funding owed to the System for the respective fiscal year or amounts estimated to be recouped that are due from the System to the third party. Amounts recognized and received during the years ended September 30, 2025 and 2024 and accrued as of September 30, 2025 and 2024 for the GA-STRONG program are as follows:

	2025		
	Recognized	Received	Accrued
NGMC	\$ 36,957	\$ 38,958	\$ (2,001)
Total	\$ 36,957	\$ 38,958	\$ (2,001)

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

NGMC also participates in the Georgia DCH Hospital Direct Payment Program (HDPP). The HDPP 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. The net reimbursement benefit from HDPP funding is included in patient service revenue as a reduction in related contractual adjustments in the accompanying Consolidated Statements of Operations, and amounts accrued are included in other current assets or estimated amounts due to third-party payers in the accompanying Consolidated Balance Sheets. Amounts accrued at September 30, 2025 and 2024, relate to program funding owed to the System for the respective fiscal year or amounts estimated to be recouped that are due from the System to the third party. Amounts recognized and received during the years ended September 30, 2025 and 2024, and accrued as of September 30, 2025 and 2024, for the HDPP are as follows:

	2025		
	Recognized	Received	Accrued
NGMC	\$ 12,695	\$ 13,344	\$ (649)
NGMC-Barrow	621	734	(113)
NGMC-Lumpkin	23	85	(62)
NGMC-Habersham	80	102	(22)
Total	\$ 13,419	\$ 14,265	\$ (846)

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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

NGPG and GHI participate in the Georgia DCH Physician Direct Payment Program (PDPP). The PDPP provides state directed payments to eligible physicians and other professional services practitioners who are affiliated with a governmental teaching hospital. The net reimbursement benefit from PDPP funding is included in patient service revenue as a reduction in related contractual adjustments in the accompanying Consolidated Statements of Operations, and amounts accrued are included in other current assets or estimated amounts due to third-party payers in the accompanying Consolidated Balance Sheets. Amounts accrued at September 30, 2025 and 2024 relate to program funding owed to the System for the respective fiscal year or amounts estimated to be recouped that are due from the System to the third party. Amounts recognized and received during the years ended September 30, 2025 and 2024, and accrued as of September 30, 2025 and 2024, for the PDPP are as follows:

	2025		
	Recognized	Received	Accrued
NGPG	\$ 16,860	\$ 17,585	\$ (725)
GHI	229	243	(14)
Total	<u>\$ 17,089</u>	<u>\$ 17,828</u>	<u>\$ (739)</u>

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

NGMC, NGPG, GHI, NGMC-Lumpkin, NGMC-Barrow, and NGMC-Habersham also participate in the Georgia DCH 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. The net reimbursement benefit from UPL funding recognized is included in patient service revenue as a reduction in related contractual adjustments 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 accrued at September 30, 2025 and 2024 relate to program funding owed to the System

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

for the respective fiscal year. Amounts recognized and received during the years ended September 30, 2025 and 2024, and accrued as of September 30, 2025 and 2024, for the UPL program are as follows:

	2025		
	Recognized	Received	Accrued
NGMC	\$ 19,009	\$ 11,475	\$ 7,534
NGMC-Barrow	78	78	-
NGMC-Lumpkin	19	19	-
NGMC-Habersham	995	676	319
NGPG	5,700	-	5,700
GHI	700	-	700
Total	<u>\$ 26,501</u>	<u>\$ 12,248</u>	<u>\$ 14,253</u>
	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
Total	<u>\$ 23,138</u>	<u>\$ 18,071</u>	<u>\$ 5,067</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, \$24,861 and \$24,033 are included in other operating expenses in the accompanying Consolidated Statements of Operations for the years ended September 30, 2025 and 2024, 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:

	2025	2024
Medicare	\$ 1,291,255	\$ 1,184,154
Medicaid	232,199	232,924
Commercial	725,212	679,773

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	2025	2024
Self-Pay	161,700	151,112
Other	118,435	99,920
Patient service revenue	\$ 2,528,801	\$ 2,347,883

NOTE D--INVESTMENTS AND ASSETS LIMITED AS TO USE

The composition of assets limited as to use at September 30, 2025 and 2024, is as follows:

	2025	2024
Indenture agreements – held by trustees:		
Cash and money market funds	\$ -	\$ 10,984
Accrued income	-	81
	-	11,065
Professional liability self-insurance agreement – held by trustee:		
Cash and money market funds	2,380	8,747
U.S. Treasury and agency obligations	6,054	4,292
Corporate bonds	59,585	45,916
Equity securities	34,354	27,038
Accrued income	697	453
	103,070	86,446
Workers' compensation self-insurance agreement – held by trustee:		
Cash and money market funds	400	1,094
U.S. Treasury and agency obligations	848	583
Corporate bonds	8,264	6,324
Equity investments	4,787	3,701
Accrued income	91	59
	14,390	11,761
Board designated for capital improvements:		
Cash and money market funds	3,085	5,963
U.S. Treasury and agency obligations	21,274	18,740
Equity securities	94,215	90,528
	118,574	115,231

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Other		
Cash and money market funds	25,219	23,679
Mutual funds	51,081	44,130
Corporate bonds	4,339	4,448
Equity securities	7,824	6,966
Limited partnership investments	26,258	25,486
Other	6,613	6,210
Accrued income	36	36
	<u>121,370</u>	<u>110,955</u>
	357,404	335,458
Less assets limited as to use that are required for current obligations	<u>(3,545)</u>	<u>(10,742)</u>
	<u>\$ 353,859</u>	<u>\$ 324,716</u>

The composition of investments at September 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Cash and money market funds	\$ 29,084	\$ 60,378
U.S. Treasury and agency obligations	391,947	522,922
Mutual funds	49,802	49,826
Corporate bonds	329,049	238,107
Equity securities	809,043	774,014
Accrued income	3,491	2,204
	<u>1,612,416</u>	<u>1,647,451</u>
Less current investments	<u>(443,488)</u>	<u>(605,123)</u>
	<u>\$ 1,168,928</u>	<u>\$ 1,042,328</u>

Investment income on proceeds of borrowings that are held by trustees was \$102 and \$226, for the years ended September 30, 2025 and 2024, 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, 2025 and 2024, was comprised of the following:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 63,892	\$ 58,594
Limited partnership earnings	682	3,183
Net realized gains	19,056	8,097
Change in net unrealized gains	(9,944)	150,308
Investment expense	(4,664)	(4,163)
Net investment gain	<u>\$ 69,022</u>	<u>\$ 216,019</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, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 81,678	\$ 81,509
Land improvements	14,596	16,671
Building and building equipment	1,835,975	1,167,344
Equipment	795,210	871,161
Vehicles	6,677	6,612
	<u>2,734,136</u>	<u>2,143,297</u>
Less accumulated depreciation and amortization	(1,108,885)	(1,261,346)
	1,625,251	881,951
Construction in progress – Note R	153,662	699,477
	<u>\$ 1,778,913</u>	<u>\$ 1,581,428</u>

Depreciation expense associated with property and equipment, net for the years ended September 30, 2025 and 2024, was \$87,681 and \$97,193, respectively.

NOTE F--LONG-TERM DEBT

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

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue Anticipation Certificates, Series 2024		
5.00% interest rate; interest payments due semi-annually through October 2035	\$ 246,920	\$ 246,920
Plus unamortized premium	26,284	29,260
Revenue Anticipation Certificates, Series 2021A		
Interest rates ranging from 2.50% to 5.00%; interest payments due semi-annually through February 2051	215,875	218,770
Plus unamortized premium	24,944	26,171
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	287,300	298,610
Plus unamortized premium	50,745	53,114
Revenue Anticipation Certificates, Series 2017A		
Interest rates ranging from 4.00% to 5.00%; interest payments due semi-annually through February 2045	165,266	166,510
Plus unamortized premium	12,032	12,488
Revenue Anticipation Certificates, Series 2017B		
Interest rates ranging from 3.75% to 5.50%; interest payments due semi-annually through February 2045	126,451	129,516
Plus unamortized premium	14,840	15,402
	<u>1,412,777</u>	<u>1,438,881</u>
Less current portion	(26,566)	(25,616)
Less issuance cost	(8,039)	(8,528)
	<u>\$ 1,378,172</u>	<u>\$ 1,404,737</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

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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, 2025.

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 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, 2025 and 2024, 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

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 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 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.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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 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.

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

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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.

The advance refunding of the 2014A Certificates was accomplished by placing funds in an escrow account to cover all remaining scheduled principal and interest payments through the February 15, 2025 redemption date. As of September 30, 2024, the balance of deposits in escrow was \$208,266. Following the redemption date of February 15, 2025, the escrow account was fully utilized, and there was no remaining balance at September 30, 2025. Accordingly, the related debt was fully redeemed as of September 30, 2025, and considered defeased at September 30, 2024, and is not recorded in the Consolidated Balance Sheets. All other advance refundings previously disclosed were fully redeemed with their respective escrow deposits 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, 2025, are as follows:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

<u>Year Ending September 30,</u>	
2026	\$ 19,465
2027	20,460
2028	21,510
2029	22,615
2030	23,775
Thereafter	1,176,107
	<u>\$ 1,283,932</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, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Finance lease costs:		
Amortization of right-to-use-asset	\$ 3,509	\$ 1,555
Interest on lease liability	1,193	282
Operating lease cost	5,421	5,822
Short term lease cost	7,285	6,459
	<u>\$ 17,408</u>	<u>\$ 14,118</u>
Other information:		
Right-of-use assets obtained for new finance leases	\$ 15,799	\$ 15,135
Right-of-use assets obtained for new operating leases	\$ 4,890	\$ 5,254
Weighted average remaining lease term - finance leases	5.41	5.28
Weighted average remaining lease term - operating leases	4.71	2.94
Weighted average discount rate - finance leases	6.99%	6.91%
Weighted average discount rate - operating leases	6.43%	5.04%

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

<u>Year Ending September 30,</u>	<u>Finance</u>	<u>Operating</u>
2026	\$ 5,307	\$ 5,236
2027	5,718	3,786
2028	5,767	2,355

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

<i>Year Ending September 30,</i>	<i>Finance</i>	<i>Operating</i>
2029	4,874	1,475
2030	3,689	1,281
Thereafter	4,154	2,861
Total lease payments	29,509	16,994
Less: Interest portion	(4,981)	(2,478)
Present value of lease obligations	24,528	14,516
Less: Current portion	(3,738)	(4,476)
Long-term lease obligations	\$ 20,790	\$ 10,040

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.

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 December 31, 2005, at midnight, the defined benefit pension plan was closed to new employees. Additionally, the Plan no longer provided disability benefits. Effective December 31, 2020, at midnight, 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, 2025 and 2024:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<i>Year Ended</i>	
	<i>September 30,</i>	
	<i>2025</i>	<i>2024</i>
Change in benefit obligations		
Benefit obligations, beginning of year	\$ 231,690	\$ 209,589
Service cost	1,040	990
Interest cost	11,275	11,906
Benefits paid	(13,713)	(13,453)
Actuarial gain (loss)	(10,007)	22,658
Benefit obligations, end of year	<u>\$ 220,285</u>	<u>\$ 231,690</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 326,772	\$ 292,558
Actual return on plan assets	10,404	48,852
Expenses	(1,257)	(1,185)
Benefits paid	(13,713)	(13,453)
Fair value of plan assets, end of year	<u>\$ 322,206</u>	<u>\$ 326,772</u>
Funded status of the plan at end of year	<u>\$ 101,921</u>	<u>\$ 95,082</u>

Benefits paid in the above table include only those amounts paid directly from plan assets in fiscal years 2025 and 2024.

The accumulated benefit obligation (ABO) of the Plan was \$220,285 and \$231,690 at September 30, 2025 and 2024, 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 without donor restrictions. Due to the Plan being frozen effective December 31, 2020, at midnight, 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, 2025 and 2024.

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

	<i>Year Ended</i>	
	<i>September 30,</i>	
	<i>2025</i>	<i>2024</i>
Noncurrent assets	\$ 101,921	\$ 95,082
Net asset recognized	<u>\$ 101,921</u>	<u>\$ 95,082</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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

	<i>Year Ended September 30,</i>	
	<u>2025</u>	<u>2024</u>
Unrecognized net actuarial loss	\$ 27,163	\$ 29,976
	<u>\$ 27,163</u>	<u>\$ 29,976</u>

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

	<i>Year Ended September 30,</i>	
	<u>2025</u>	<u>2024</u>
Net periodic pension cost		
Service cost with interest to year-end	\$ 1,040	\$ 990
Interest cost on the projected benefit obligation	11,275	11,906
Expected return on plan assets	(19,185)	(18,660)
Amortization of net actuarial loss	2,843	681
Net periodic pension cost	<u>\$ (4,027)</u>	<u>\$ (5,083)</u>
Other changes in net assets without donor restrictions		
Net (gain) loss	\$ 30	\$ (6,349)
Amortization of net actuarial loss	(2,843)	(681)
Total recognized in net assets without donor restrictions	<u>\$ (2,813)</u>	<u>\$ (7,030)</u>
Total recognized in net periodic pension cost and net assets without donor restrictions	<u>\$ (6,840)</u>	<u>\$ (12,113)</u>

The actuarial assumptions used for the Plan as of September 30, 2025 and 2024, are as follows:

	<i>September 30,</i>	
	<u>2025</u>	<u>2024</u>
Discount rates	5.40%	5.00%
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%

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<i>September 30,</i>	
	<i>2025</i>	<i>2024</i>
Rates of increase in maximum benefit and compensation limits	N/A	N/A

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, 2025 and 2024, is as follows:

	<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>
<i>September 30, 2025</i>				
Money market funds	\$ 5,203	\$ 5,203	\$ -	\$ -
Corporate bonds	57,685	-	57,685	-
Mutual funds and equity securities	258,797	258,797	-	-
Accrued income	521	521	-	-
	<u>\$ 322,206</u>	<u>\$ 264,521</u>	<u>\$ 57,685</u>	<u>\$ -</u>
<i>September 30, 2024</i>				
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>

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

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

made by the System to the Plan during fiscal year 2025 or 2024. 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><i>Year Ending September 30,</i></u>	
2026	\$ 13,047
2027	13,331
2028	13,679
2029	14,006
2030	14,318
2031-2035	75,208

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%. During the year ended September 30, 2025, the Plan was amended again to increase the System's matching contribution. Effective January 1, 2025, matching contributions by the System are 100% of each employee's elective deferrals up to 3% 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 \$39,415 and \$31,340 for the years ended September 30, 2025 and 2024, 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, 2025, management

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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, 2025, 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, 2025 and 2024, consist of amounts accrued by the System related to these self-insurance programs and have not been discounted. Amounts accrued by NGHS were \$95,942 and \$82,168 at September 30, 2025 and 2024, respectively. Operating expenses in the years ended September 30, 2025 and 2024, include \$28,536 and \$33,641 respectively, for professional liability and workers' compensation.

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, 2025 and 2024, include \$133,086 and \$111,059, respectively, related to these benefits. At September 30, 2025 and 2024, \$14,701 and \$13,683, 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, 2025 and 2024, is as follows:

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Governmental programs:		
Medicare	51%	50%
Medicaid	9%	10%
Commercial insurance	29%	29%
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:

	<u>2025</u>	<u>2024</u>
Medicare	24%	24%
Medicaid	7%	8%
Commercial	35%	37%
Other	11%	11%
Self-Pay	23%	20%
	<u>100%</u>	<u>100%</u>

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, 2025 and 2024, are as follows:

	<i>Healthcare Services</i>	<i>Support Services</i>	<i>Fundraising</i>	<i>Total</i>
<i>September 30, 2025</i>				
Salaries and benefits	\$ 1,287,736	\$ 127,972	\$ 1,275	\$ 1,416,983
Provider fees	83,091	3,647	-	86,738
Utilities	22,349	2,730	-	25,079
Supplies	400,258	41,664	80	442,002
Legal, consulting, and professional fees	16,066	2,597	106	18,769
Purchased services	81,866	8,977	55	90,898
Insurance	33,748	5,418	-	39,166
Interest	39,543	3,925	-	43,468
Depreciation and amortization	84,571	9,582	10	94,163
Other operating expenses	198,502	19,262	343	218,107
	<u>\$ 2,247,730</u>	<u>\$ 225,774</u>	<u>\$ 1,869</u>	<u>\$ 2,475,373</u>

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<i>Healthcare Services</i>	<i>Support Services</i>	<i>Fundraising</i>	<i>Total</i>
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>

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, 2025:

Financial assets	\$ 2,303,476
Less those unavailable for expenditures within one year, due to:	
Amounts restricted by donors	(28,507)
Amounts restricted under insurance agreements, bond agreements, board designation or other	(357,404)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,917,565</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>	
	<u>2025</u>	<u>2024</u>
Heart and Vascular Funds	\$ 775	\$ 1,417
Community Benefits Funds	2,160	2,156
Women and Children Funds	1,150	1,019
Complementary Program Funds	81	80
COVID-19 Relief and Planning Funds	311	311

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<i>Net Assets Restricted by Donors</i>	
	2025	2024
Emergency Response and Critical Care Service Funds	289	39
Foundation Operation Funds	237	163
Neuroscience Funds	597	592
NGMC-Barrow Funds	10	10
NGMC-Braselton Funds	695	879
NGMC-Lumpkin Funds	67	56
NGMC-Habersham Funds	134	133
Strategic Needs Funds	4,135	4,037
Education Funds	1,475	1,812
Equipment Funds	841	1,151
Grants Funds	996	988
Patient Assistance and Access Funds	193	132
Oncology Funds	332	1,287
Hospice Funds	6,130	5,480
Held in perpetuity:		
Wilheit-Keys Peace Garden Endowment	155	155
GME Endowment	469	545
Fraser Resource Salary Endowment	1,200	1,200
Nell's Prayer Garden Endowment	55	55
Braselton Waterfall Garden Endowment	205	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	257	255
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	233	231
GME Chuck & Debbie Jones Cardio Professorship Disease Endowment	102	93
Oncology Nursing Education Endowment	27	27

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

	<i>Net Assets Restricted by Donors</i>	
	<i>2025</i>	<i>2024</i>
Ron Kutay Scholarship Endowment	40	47
Don Freeman Scholarship Endowment	29	28
GME Emergency Medicine Endowment	50	49
	<u>\$ 28,507</u>	<u>\$ 29,709</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, 2025 and 2024, are as follows:

	<i>2025</i>	<i>2024</i>
Restrictions accomplished:		
Community Benefits	\$ 841	\$ 226
Complementary Programs	21	-
COVID-19 Relief and Planning	-	1
Education	378	231
Emergency Response and Critical Care	-	2
Employee Assistance	63	116
Equipment	409	350
Grants	1,551	1,207
Heart and Vascular	1,042	284
Hospice	87	137
Neuroscience	122	114
NGMC-Barrow	3	-
NGMC-Braselton	569	1,057
NGMC-Lumpkin	-	1
Oncology	1,212	67
Patient Assistance and Access	62	506
Strategic Needs	876	596
Women and Children	535	317
Total net assets released from restrictions	<u>\$ 7,771</u>	<u>\$ 5,212</u>

Other operating revenue in the accompanying Consolidated Statements of Operations includes \$4,344 and \$3,201 for the years ended September 30, 2025 and 2024, respectively, representing net assets released for operations. During 2025 and 2024, total assets released for capital purposes were \$3,427 and \$2,011, respectively.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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

In March 2020, the outbreak of COVID-19 was declared a public health emergency (PHE). 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 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, 2025, 2024 and 2023, no additional PRF funding was received. The System deferred recognition of 25% of 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 deferred funding was released, and \$12,170 of the unearned revenue remaining at September 30, 2022, was recognized as revenue. During the year ended September 30, 2024, the remaining half of this deferred funding was released, 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, 2025 or 2024, and no revenue related to PRF funding was recognized during the year ended September 30, 2025.

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, 2025 and 2024, 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.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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.

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, 2025 and 2024

	<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, 2025				
Assets measured at fair value				
on a recurring basis:				
Cash and money market funds	\$ 60,168	\$ 60,168	\$ -	\$ -
Mutual funds	100,883	100,883	-	-
U.S. Treasury and agency obligations	420,123	420,123	-	-
Corporate bonds	401,237	-	401,237	-
Equity securities	950,223	950,223	-	-
Other	6,613	6,613	-	-
Accrued income	4,315	4,315	-	-
Total assets	<u>\$ 1,943,562</u>	<u>\$ 1,542,325</u>	<u>\$ 401,237</u>	<u>\$ -</u>
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	<u>\$ 1,957,423</u>	<u>\$ 1,662,628</u>	<u>\$ 294,795</u>	<u>\$ -</u>

NOTE R--COMMITMENTS AND CONTINGENCIES

Construction in progress at September 30, 2025, 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, 2025, is approximately \$253,417 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, 2025, is approximately \$129,264.

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

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Notes to Consolidated Financial Statements – Continued

Years Ended September 30, 2025 and 2024

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--GAIN ON INSURANCE RECOVERY DUE TO PROPERTY DAMAGE

In June 2024, one of the System's administrative facilities was severely damaged due to a fire. As a result of the destruction, the System incurred losses of approximately \$2,609 related to the write-off of property, plant, and equipment that was deemed unrecoverable and certain expenses related emergency mitigation. The System maintained insurance coverage for property damage and business interruption. During the year ended September 30, 2025, the System received insurance proceeds totaling \$6,846 which is recorded as cash flows from investing activities in the Consolidated Statements of Cash Flows. A net gain of \$4,237 related to this insurance recovery is recognized in nonoperating gain and losses in the Consolidated Statements of Operations. The insurance proceeds were related to the recovery of the value of property, plant, and equipment that was deemed unrecoverable and emergency mitigation expenses incurred during the disruption.

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 (APA) that was agreed upon by NGHS and Longstreet. Due diligence related to the transactions in the APA are in process.

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, 2025, consolidated financial statements.

Supplemental Schedules

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

**Consolidating Balance Sheets
(Dollars in Thousands)**

September 30, 2025

	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	\$ 55,707	\$ -	\$ -	\$ 23	\$ 807	\$ 13,189	\$ 1	\$ 9,270	\$ -	\$ -	\$ -	\$ 410	\$ -	\$ 8,581	\$ -	\$ 88,008
Investments	-	443,488	-	-	-	-	-	-	-	-	-	-	-	-	-	-	443,488
Assets limited as to use, required for current obligations	-	236	-	-	-	-	198	-	3,111	-	-	-	-	-	-	-	3,545
Patient accounts receivable	-	205,134	6,245	5,345	7,068	16,289	-	2,938	-	-	-	-	-	189	2,439	-	245,647
Inventory of supplies	126	18,031	1,163	814	1,321	-	-	-	-	-	-	-	-	-	64	-	21,519
Other current assets	33,338	43,051	-	91	652	5,714	1,156	711	3	-	-	-	-	176	119	(37,849)	47,162
TOTAL CURRENT ASSETS	33,484	765,647	7,408	6,250	9,064	22,810	14,543	3,650	12,384	-	-	-	410	365	11,203	(37,849)	849,369
INVESTMENTS	-	1,168,928	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,168,928
ASSETS LIMITED AS TO USE																	
Under self-insurance agreements-held by trustees	-	-	-	-	-	-	-	-	117,460	-	-	-	-	-	-	-	117,460
By Board for designated capital purposes	118,574	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,574
Other	57,693	25,022	-	-	-	-	38,655	-	-	-	-	-	-	-	-	-	121,370
	176,267	25,022	-	-	-	-	38,655	-	117,460	-	-	-	-	-	-	-	357,404
Less amounts required for current obligations	-	(236)	-	-	-	-	(198)	-	(3,111)	-	-	-	-	-	-	-	(3,545)
ASSETS LIMITED AS TO USE	176,267	24,786	-	-	-	-	38,457	-	114,349	-	-	-	-	-	-	-	353,859
PROPERTY AND EQUIPMENT, net	258,633	1,359,984	13,250	65,180	19,790	15,053	33	3,143	-	-	471	-	-	-	43,376	-	1,778,913
DUE (TO) FROM AFFILIATES	-	(214)	-	-	-	-	214	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS																	
Goodwill	-	-	-	-	-	-	-	3,263	-	-	-	-	-	-	-	-	3,263
Pension asset	101,921	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	101,921
Property held for future investment	685	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	685
Other	56,226	11,474	-	-	147	6	-	1	-	-	-	-	600	-	-	(55,460)	12,994
Right-of-use asset, finance leases	-	23,529	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,529
Right-of-use asset, operating leases	1,282	55,659	241	-	290	153,569	2,233	23,229	-	-	-	-	-	-	-	(222,168)	14,335
TOTAL OTHER ASSETS	160,114	90,662	241	-	437	153,575	2,233	26,493	-	-	-	-	600	-	-	(277,628)	156,727
TOTAL ASSETS	\$ 628,498	\$ 3,409,793	\$ 20,899	\$ 71,430	\$ 29,291	\$ 191,438	\$ 55,480	\$ 33,286	\$ 126,733	\$ -	\$ 471	\$ -	\$ 1,010	\$ 365	\$ 54,579	\$ (315,477)	\$ 4,307,796

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

*Consolidating Balance Sheets – Continued
(Dollars in Thousands)*

September 30, 2025

	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	\$ -	\$ 26,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,566
Accrued interest	-	10,925	-	-	-	-	-	-	-	-	-	-	-	-	-	(37)	10,888
Accounts payable and other accrued expenses	(7,190)	124,236	25	-	733	2,048	7,406	9	30,537	-	(100)	(75)	-	162	6,959	(30,723)	134,027
Accrued salaries, benefits, compensated absences, and amounts withheld	16,073	71,786	1,359	1,093	2,369	35,447	80	6,582	-	561	339	75	-	-	-	-	135,764
Current portion of finance lease liability	-	3,738	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,738
Current portion of operating lease liability	813	3,873	80	-	230	8,738	16	1,758	-	-	-	-	-	-	-	(11,032)	4,476
Estimated amounts due to third-party payers	-	19,917	2,242	1,603	3,629	725	-	13	-	-	-	-	-	-	-	-	28,129
Current portion of affiliate note payable	-	533	-	-	-	-	-	-	-	-	-	-	-	-	-	(533)	-
TOTAL CURRENT LIABILITIES	9,696	261,574	3,706	2,696	6,961	46,958	7,502	8,362	30,537	561	239	-	-	162	6,959	(42,325)	343,588
LONG-TERM DEBT, less current portion	-	1,378,172	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,378,172
ESTIMATED SELF-INSURANCE LIABILITIES	-	-	-	-	-	-	-	-	95,942	-	-	-	-	-	-	-	95,942
OTHER LONG-TERM LIABILITIES																	
Deferred compensation	51,081	24,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,639
Finance lease liability, less current portion	-	20,790	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,790
Operating lease liability, less current portion	506	53,477	161	-	60	148,560	2,275	21,966	-	-	-	-	-	-	-	(216,965)	10,040
Affiliate note payable, less current portion	-	9,293	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,293)	-
TOTAL OTHER LONG-TERM LIABILITIES	51,587	108,118	161	-	60	148,560	2,275	21,966	-	-	-	-	-	-	-	(226,258)	106,469
TOTAL LIABILITIES	61,283	1,747,864	3,867	2,696	7,021	195,518	9,777	30,328	126,479	561	239	-	-	162	6,959	(268,583)	1,924,171
NET ASSETS																	
Without donor restrictions																	
Attributable to Northeast Georgia Health System, Inc. and Affiliates	567,215	1,661,929	17,032	68,734	22,270	(4,080)	17,196	2,958	254	(561)	232	-	1,010	203	20,739	(46,894)	2,328,237
Attributable to Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,881	-	26,881
With donor restrictions																	
Attributable to Northeast Georgia Health System, Inc. and Affiliates	-	-	-	-	-	-	28,507	-	-	-	-	-	-	-	-	-	28,507
TOTAL NET ASSETS	567,215	1,661,929	17,032	68,734	22,270	(4,080)	45,703	2,958	254	(561)	232	-	1,010	203	47,620	(46,894)	2,383,625
TOTAL LIABILITIES AND NET ASSETS	\$ 628,498	\$ 3,409,793	\$ 20,899	\$ 71,430	\$ 29,291	\$ 191,438	\$ 55,480	\$ 33,286	\$ 126,733	\$ -	\$ 471	\$ -	\$ 1,010	\$ 365	\$ 54,579	\$ (315,477)	\$ 4,307,796

See Independent Auditor's Report.

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
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	3	-	2,688	-	-	139	-	(21,952)	84,845
TOTAL CURRENT ASSETS	24,034	882,308	5,686	5,104	8,029	28,576	11,903	2,987	12,993	-	2,688	-	863	324	1,590	(21,952)	965,133
INVESTMENTS	-	1,042,328	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,042,328
ASSETS LIMITED AS TO USE																	
Under indenture agreements – held by trustees	-	11,065	-	-	-	-	11,065	-	-	-	-	-	-	-	-	-	11,065
Under self-insurance agreements By Board for designated capital purposes	-	-	-	-	-	-	-	-	98,207	-	-	-	-	-	-	-	98,207
Other	115,231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115,231
Other	50,340	23,077	-	-	-	-	37,538	-	-	-	-	-	-	-	-	-	110,955
ASSETS LIMITED AS TO USE	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	\$ 101,378	\$ -	\$ 2,995	\$ -	\$ 1,463	\$ 324	\$ 18,787	\$ (170,279)	\$ 4,056,348

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

*Consolidating Balance Sheets – Continued
(Dollars in Thousands)*

September 30, 2024

	<i>NGHS</i>	<i>NGMC</i>	<i>NGMC- Barrow</i>	<i>NGMC- Lumpkin</i>	<i>NGMC- Habersham</i>	<i>NGPG</i>	<i>The Foundation</i>	<i>GHI</i>	<i>LCA</i>	<i>PEO</i>	<i>NGHP</i>	<i>NGHP Network</i>	<i>NGHV</i>	<i>NGHH</i>	<i>NGRH</i>	<i>Eliminations</i>	<i>Consolidated</i>
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	18,956	3	29	-	-	330	5,520	(18,936)	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 payers	-	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	18,956	424	291	279	-	330	5,520	(33,054)	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	101,124	424	291	279	-	330	5,520	(139,768)	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	\$ 101,378	\$ -	\$ 2,995	\$ -	\$ 1,463	\$ 324	\$ 18,787	\$ (170,279)	\$ 4,056,348

See Independent Auditor's Report.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidating Statements of Operations (Dollars in Thousands)

Year Ended September 30, 2025

	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	\$ -	\$ 1,908,264	\$ 71,400	\$ 66,942	\$ 90,498	\$ 341,331	\$ -	\$ 47,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,724	\$ 2,439	\$ (1,727)	\$ 2,528,801
Other operating revenue	217,317	71,344	180	2,838	5,677	55,025	4,344	1,346	24,785	-	8,494	376	-	-	1	(301,574)	90,153
Contributions for equipment, education, indigent patients, and community benefits:																	
Cash and other financial assets	-	-	-	-	-	-	13	-	-	-	-	-	-	-	-	-	13
TOTAL REVENUE, GAINS, AND SUPPORT	217,317	1,979,608	71,580	69,780	96,175	396,356	4,357	49,276	24,785	-	8,494	376	-	1,724	2,440	(303,301)	2,618,967
Expenses:																	
Salaries and wages	95,038	639,851	17,419	13,534	28,179	297,420	1,480	58,355	-	-	4,571	796	-	1,058	2,219	-	1,159,920
Employee benefits	25,798	149,511	4,063	3,276	6,961	56,523	372	8,765	-	-	1,120	235	-	163	276	-	257,063
Provider fees	552	98,449	3,692	3,229	3,376	25,966	-	501	-	-	-	-	-	-	-	(49,027)	86,738
Utilities	3,816	17,566	644	451	1,521	718	-	166	-	-	2	2	-	20	173	-	25,079
Supplies	2,371	376,648	10,679	9,633	13,910	25,173	116	3,062	-	-	21	2	-	40	347	-	442,002
Legal, consulting, and professional fees	11,720	6,640	-	4	13	53	154	13	-	-	75	-	57	-	40	-	18,769
Purchased services	13,328	64,829	2,453	1,986	3,126	9,045	81	3,353	-	-	3,402	78	1,477	405	435	(13,100)	90,898
Insurance	26,670	1,422	32	13	121	6,570	-	21	29,058	-	-	-	-	10	34	(24,785)	39,166
Interest	-	43,926	-	-	-	-	-	-	-	-	-	-	-	-	3	(461)	43,468
Management Fees	-	185,833	6,995	6,540	8,882	-	-	4,471	-	-	-	-	-	-	-	(212,721)	-
Depreciation and amortization	9,190	74,761	1,182	3,235	1,379	2,979	16	446	-	-	38	-	-	-	937	-	94,163
Other operating expenses	28,834	151,671	8,650	5,804	9,813	29,162	497	8,771	-	-	2,561	47	-	134	436	(28,273)	218,107
TOTAL OPERATING EXPENSES	217,317	1,811,107	55,809	47,705	77,281	453,609	2,716	87,924	29,058	-	11,790	1,160	1,534	1,830	4,900	(328,367)	2,475,373
OPERATING INCOME (LOSS)	-	168,501	15,771	22,075	18,894	(57,253)	1,641	(38,648)	(4,273)	-	(3,296)	(784)	(1,534)	(106)	(2,460)	25,066	143,594
Nonoperating gains (losses):																	
Gain from investments, net	2,759	60,991	12	-	-	-	987	-	4,273	-	-	-	-	-	-	-	69,022
(Loss) gain on sale of property and equipment, net	-	102	(2)	(114)	-	(29)	-	-	-	-	-	-	-	-	-	-	(43)
Gain on insurance recovery from property damage – Note 5	4,237	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,237
Miscellaneous, net	25,485	2,165	230	3	149	42	(4,344)	1	-	-	-	-	-	-	-	(25,317)	(1,586)
NET NONOPERATING GAIN (LOSS)	32,481	63,258	240	(111)	149	13	(3,357)	1	4,273	-	-	-	-	-	-	(25,317)	71,630
EXCESS (DEFICIT) OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES	\$ 32,481	\$ 231,759	\$ 16,011	\$ 21,964	\$ 19,043	\$ (57,240)	\$ (1,716)	\$ (38,647)	\$ -	\$ -	\$ (3,296)	\$ (784)	\$ (1,534)	\$ (106)	\$ (2,460)	\$ (251)	\$ 215,224
DEFICIT OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES ATTRIBUTABLE TO NONCONTROLLING INTEREST																	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,206)	-	(1,206)
EXCESS (DEFICIT) OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	\$ 32,481	\$ 231,759	\$ 16,011	\$ 21,964	\$ 19,043	\$ (57,240)	\$ (1,716)	\$ (38,647)	\$ -	\$ -	\$ (3,296)	\$ (784)	\$ (1,534)	\$ (106)	\$ (1,254)	\$ (251)	\$ 216,430

See Independent Auditor's Report.

NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES

Consolidating Statements of Operations – Continued (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)	32,965
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 – Note O	-	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 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 (DEFICIT) 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
EXCESS (DEFICIT) OF REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS (DEFICIT) REVENUE, GAINS, AND SUPPORT OVER EXPENSES AND LOSSES ATTRIBUTABLE TO NORTHEAST GEORGIA HEALTH SYSTEM, INC. AND AFFILIATES	\$ 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