

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

---

CONSOLIDATED FINANCIAL STATEMENTS  
for the years ended December 31, 2024 and 2023



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

---

CONSOLIDATED FINANCIAL STATEMENTS  
for the years ended December 31, 2024 and 2023

## CONTENTS

---

	<u>Pages</u>
Independent Auditor's Report	1-3
Consolidated Financial Statements:	
Balance Sheets	4
Statements of Excess of Revenues Over Expenses and Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-32
Supplementary Consolidating Information:	
Consolidating Balance Sheets	33-36
Consolidating Statements of Excess (Deficit) of Revenues Over (Under) Expenses and Changes in Net Assets	37-40



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Upson County Hospital, Inc. and Affiliates  
D/B/A Upson Regional Medical Center  
Thomaston, Georgia

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Upson County Hospital, Inc. and Affiliates (D/B/A Upson Regional Medical Center) (collectively, the Hospital), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of excess of revenues over expenses and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, 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 Hospital as of December 31, 2024 and 2023, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Upson Regional Portfolio Insurance Company, a segregated portfolio insurance company in which the Hospital has a controlling financial interest, which statements reflect total assets of approximately \$5,073,000 and \$4,577,000 as of December 31, 2024 and 2023, respectively, and total revenues of \$743,000 and \$784,000, respectively, for the years then ended. Those statements were audited by other auditors in accordance with International Standards on Auditing, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Upson Regional Portfolio Insurance Company, is based solely on the report of the other auditors. We have applied additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America.

Continued

Let's Think Together.®



### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Hospital's internal control. Accordingly, no such opinion is expressed.

Continued



- 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 Hospital'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.

#### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information is presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the consolidated financial statements. 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 consolidating information, which insofar as it relates to Upson Regional Portfolio Insurance Company is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Draffin & Tucker, LLP*

Albany, Georgia  
April 16, 2025

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATED BALANCE SHEETS  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,704,740	\$ 7,502,608
Patient accounts receivable, net	22,287,313	21,484,170
Other receivables	3,399,719	5,416,724
Supplies	3,185,202	3,506,375
Estimated third-party payor settlements	1,297,170	127,727
Prepaid expenses	<u>2,753,624</u>	<u>2,760,029</u>
Total current assets	<u>42,627,768</u>	<u>40,797,633</u>
Assets limited as to use internally designated for:		
Capital acquisition	121,926,181	103,571,707
Hospital insurance	<u>5,073,300</u>	<u>4,576,908</u>
Total assets limited as to use	<u>126,999,481</u>	<u>108,148,615</u>
Other assets:		
Investments	47,996,092	43,068,985
Property and equipment, net	47,271,163	46,354,560
Other assets	<u>2,288,101</u>	<u>2,187,497</u>
Total other assets	<u>97,555,356</u>	<u>91,611,042</u>
Total assets	<u>\$ 267,182,605</u>	<u>\$ 240,557,290</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current portion of long-term debt	\$ -	\$ 1,140,000
Accounts payable	5,478,794	3,759,617
Accrued payroll	2,590,610	1,489,410
Accrued payroll taxes	168,651	536,835
Accrued benefits	1,532,367	1,811,479
Other accrued liabilities	<u>995,513</u>	<u>552,994</u>
Total current liabilities	10,765,935	9,290,335
Accrued insurance reserves	<u>2,465,278</u>	<u>897,024</u>
Total liabilities	13,231,213	10,187,359
Net assets:		
Net assets without donor restrictions	<u>253,951,392</u>	<u>230,369,931</u>
Total liabilities and net assets	<u>\$ 267,182,605</u>	<u>\$ 240,557,290</u>

See accompanying notes to financial statements.



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATED STATEMENTS OF EXCESS OF  
REVENUES OVER EXPENSES AND CHANGES IN NET ASSETS  
for the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Net patient service revenue	\$ 122,461,142	\$ 118,704,174
Provider relief funds	226,001	337,123
Other revenue	<u>1,512,483</u>	<u>2,407,922</u>
Total operating revenues	<u>124,199,626</u>	<u>121,449,219</u>
Operating expenses:		
Salaries and wages	53,182,087	51,673,111
Employee benefits	13,226,270	11,183,913
Contract labor	4,645,618	4,353,888
Physicians fees	6,182,070	6,606,393
Purchased services	10,269,326	9,337,653
Legal fees	235,530	127,950
Supply expense	16,765,914	17,326,345
Utilities	2,198,191	1,990,527
Repairs and maintenance	2,974,464	2,956,968
Insurance expense	3,499,552	1,767,662
Leases and rentals	575,097	630,141
Depreciation	8,076,194	8,055,162
Interest	18,022	91,356
Other	<u>3,697,330</u>	<u>3,132,075</u>
Total operating expenses	<u>125,545,665</u>	<u>119,233,144</u>
Operating income (loss)	( <u>1,346,039</u> )	<u>2,216,075</u>
Other income:		
Investment income	7,464,988	3,797,002
Net unrealized gains on investments	16,363,373	20,789,738
Contributions	<u>1,099,139</u>	<u>1,454,478</u>
Total other income	<u>24,927,500</u>	<u>26,041,218</u>
Excess of revenues over expenses	23,581,461	28,257,293
Net assets, beginning of year	<u>230,369,931</u>	<u>202,112,638</u>
Net assets, end of year	\$ <u>253,951,392</u>	\$ <u>230,369,931</u>

See accompanying notes to financial statements.

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATED STATEMENTS OF CASH FLOWS  
for the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 23,581,461	\$ 28,257,293
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,076,194	8,055,162
Net realized and unrealized gains on investments and assets limited as to use	(18,209,432)	(20,933,638)
Changes in:		
Patient accounts receivable	( 803,143)	( 3,101,636)
Supplies	321,173	( 288,926)
Other assets	1,922,806	( 1,841,531)
Accounts payable and accrued expenses	2,615,600	110,912
Accrued insurance reserves	1,568,254	( 381,729)
Estimated third-party payor settlements	( 1,169,443)	<u>1,326,603</u>
Net cash provided by operating activities	<u>17,903,470</u>	<u>11,202,510</u>
Cash flows from investing activities:		
Purchase of property and equipment	( 9,037,639)	( 5,021,709)
Purchase of investments and assets limited as to use	( 691,598)	<u>(11,998,121)</u>
Net cash used in investing activities	<u>( 9,729,237)</u>	<u>(17,019,830)</u>
Cash flows from financing activities:		
Payments on long-term debt	( 1,140,000)	<u>( 1,095,000)</u>
Net cash used in financing activities	<u>( 1,140,000)</u>	<u>( 1,095,000)</u>
Increase (decrease) in cash and cash equivalents	7,034,233	( 6,912,320)
Cash and cash equivalents at beginning of year	<u>12,873,782</u>	<u>19,786,102</u>
Cash and cash equivalents at end of year	\$ <u>19,908,015</u>	\$ <u>12,873,782</u>
Supplementary disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>18,022</u>	\$ <u>91,356</u>
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 9,704,740	\$ 7,502,608
Restricted cash and cash equivalents, included in assets limited as to use	<u>10,203,275</u>	<u>5,371,174</u>
Total cash, cash equivalents, and restricted cash	\$ <u>19,908,015</u>	\$ <u>12,873,782</u>

See accompanying notes to financial statements.



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2024 and 2023

---

1. Summary of Significant Accounting Policies

Organization

The accompanying financial statements reflect the consolidated financial statements of Upson County Hospital, Inc.; Upson Medical Associates, LLC; Upson County Hospital Wellness Center; Upson Regional Medical Center Health Foundation, Inc.; Orthopedics Sports Medicine and Surgery, LLC; Upson Women's Services, LLC; Upson Family Physicians, LLC; Upson Regional Portfolio Insurance Company; Upson Regional Medical Office Building; Upson Family Medical Center and Upson Surgical Associates, LLC, (collectively referred to as the Hospital). All significant intercompany accounts and transactions have been eliminated in consolidation.

On December 31, 1987, the Hospital Authority of Upson County (Authority) implemented a reorganization plan whereby all assets, liabilities, and management of the Hospital were transferred to Upson County Hospital, Inc. (D/B/A Upson Regional Medical Center) under a forty year lease. The lease was extended for another 40 years effective February 15, 2012 and will now expire on February 14, 2052.

The Hospital, located in Thomaston, Georgia, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, and emergency care services for residents in Upson County and contiguous areas.

On March 1, 2010, the Hospital established Upson Regional Segregated Portfolio (URSP), a segregated portfolio plan, in the Georgia Health Care Insurance Company, SPC (GHCIC), which is incorporated under the provisions of the laws of the Cayman Islands (SPC Law). Effective November 7, 2023, the Segregated Portfolio underwent a conversion which incorporated Upson Regional Portfolio Insurance Company (Segregated Portfolio). The Segregated Portfolio provides professional and general liability self-insurance to the Hospital. The Segregated Portfolio is managed by Strategic Risk Solutions, Inc. (SRS Cayman) in Grand Cayman, Cayman Islands. Pursuant to the SPC Law, the assets, liabilities, and equity of the Segregated Portfolio are kept separate and segregated from the general assets of GHCIC and other cells.

Net Assets

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

1. Summary of Significant Accounting Policies, Continued

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. Certain short-term, highly liquid investments temporarily held as part of the Hospital's long-term investments portfolio are excluded from cash and cash equivalents.

Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. As a service to the patient, the Hospital bills third-party payors directly and bills the patient when the patient's responsibility for copays, coinsurance, and deductibles is determined. Patient accounts receivable are due in full when billed.

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

Patient accounts receivable was \$22,287,313, \$21,484,170 and \$18,382,534 as of December 31, 2024, 2023 and 2022, respectively. The Hospital had no significant contract assets or contract liabilities as of December 31, 2024 or 2023.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

1. Summary of Significant Accounting Policies, Continued

Allowance for Credit Losses

In evaluating the collectability of patient accounts receivable, management evaluates historical losses as well as adjustments for current conditions, asset-specific risk characteristics and reasonable and supportable forecasts to determine an allowance for expected credit losses. Management believes that an allowance for credit losses is not required at year-end.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) and unrealized gains and losses on investments are included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements and self-insurance, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Hospital have been reclassified in the consolidated balance sheets at December 31, 2024 and 2023.

Other Assets

Other assets includes goodwill of approximately \$1,639,000 related to the purchase of Upson Family Medicine (UFM) during 2018. Goodwill is evaluated for impairment on an annual basis or whenever certain triggering events or circumstances are identified that would more likely than not reduce the fair value of UFM below its carrying value. After completing the annual impairment review as of December 31, 2024, the Hospital concluded that goodwill was not impaired.

Property and Equipment

Property and equipment acquisitions over \$1,800 are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Property and Equipment, Continued

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The Hospital evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The Hospital has not recorded any impairment charges in the accompanying consolidated statements of excess of revenues over expenses and changes in net assets for the years ended December 31, 2024 and 2023.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue reflects the estimated net realizable amounts from patients, third-party payors, and others as services are rendered, including implicit price concessions and estimated retroactive adjustments under reimbursement agreements. Such amounts are recognized on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

1. Summary of Significant Accounting Policies, Continued

Charity Care

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

Estimated Malpractice and Other Self-Insurance Costs

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

Debt Issuance Costs

Costs related to the issuance of long-term debt were deferred and are being amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

Income Taxes

The Hospital and Foundation are not-for-profit corporations and are tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Segregated Portfolio intends to conduct its affairs in a manner in which it will not be subject to U.S. federal income tax or Georgia income tax. The remaining wholly owned subsidiaries are considered disregarded entities and are included in the Hospital's tax filings. Therefore, no provision for federal income taxes has been made in the accompanying consolidated financial statements.

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

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

1. Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

Based on the results of management's evaluation, no liability is recognized in the accompanying balance sheets for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2024 and 2023 or for the years then ended. The Hospital and Foundation's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Excess of Revenues over Expenses

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

Fair Value Measurements

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

- *Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- *Level 2:* Observable prices that are based on inputs not quoted on active markets but corroborated by market data.
- *Level 3:* Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

1. Summary of Significant Accounting Policies, Continued

Subsequent Events

In preparing these consolidated financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through April 16, 2025, the date the consolidated financial statements were available to be issued. All significant events have been included in the consolidated financial statements and disclosures.

2. Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Hospital bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Hospital receiving inpatient acute care services. The Hospital measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation and have a duration of less than one year. Revenue for performance obligations satisfied at a point in time generally relate to patients receiving outpatient services or patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) where the Hospital does not provide additional goods beyond the point of service. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the Hospital does not believe it is required to provide additional services to the patient.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

2. Net Patient Service Revenue, Continued

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

The Hospital is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The Hospital accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. As a result, the Hospital has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract by contract basis.

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

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

- Medicare

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

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

2. Net Patient Service Revenue, Continued

- Medicare, Continued

The Hospital is reimbursed for certain reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been audited by the MAC through December 31, 2020.

Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. However, there has been an increase in regulatory initiatives at the federal level including the initiation of the Recovery Audit Contractor (RAC) program. The RAC program was created to review Medicare claims for medical necessity and coding appropriateness. The RACs have authority to pursue improper payments with a three year look-back from the date the claim was paid. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare program.

- Medicaid

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology.

The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 2021.

The Hospital participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Hospital receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Hospital's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately \$5,012,000 and \$1,927,000 for the years ended December 31, 2024 and 2023, respectively.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

2. Net Patient Service Revenue, Continued

- Medicaid, Continued

The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) provides for payment adjustments to certain facilities based on the Medicaid Upper Payment Limit (UPL). The UPL payment adjustments are based on a measure of the difference between Medicaid payments and the amount that could be paid based on Medicare payment principles. The net amount of UPL payment adjustments recognized in net patient service revenue was approximately \$706,000 and \$617,000 for the years ended December 31, 2024 and 2023, respectively.

During 2022, Medicaid implemented the Medicaid CMOs Direct Payment Program (DPP). Under the DPP, eligible hospitals will receive increased Medicaid funding via an annual lump sum direct payment. The direct payment will be based on the difference between Medicare reimbursement and Medicaid payments using UPL calculations. The direct payment is made to the CMOs and the CMOs are required to transfer the payment to the hospital. The net amount of DPP payment adjustments recognized in net patient service revenue was approximately \$2,225,000 and \$2,103,000 during 2024 and 2023, respectively.

Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. However, there has been an increase in regulatory initiatives at the state level including the initiation of the Medicaid Integrity Contractor (MIC) program. This program was created to review Medicaid claims for medical necessity and coding appropriateness. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicaid program.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

2. Net Patient Service Revenue, Continued

- Medicaid, Continued

The State of Georgia enacted legislation known as the Provider Payment Agreement Act (Act) whereby hospitals in the State of Georgia are assessed a "provider payment" in the amount of 1.45% of their net patient service revenue. The Act became effective July 1, 2010, the beginning of state fiscal year 2011. The provider payments are due on a quarterly basis to the Department of Community Health. The payments are to be used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients. The provider payment results in an increase in payments for Medicaid services to hospitals of approximately 11.88%. Approximately \$1,471,000 and \$1,268,000 of provider payments relating to the Act are included in other operating expenses in the accompanying consolidated statements of excess of revenues over expenses and changes in net assets for the years ended December 31, 2024 and 2023, respectively.

- Other Agreements

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements include prospectively determined rates per discharge, prospectively determined daily rates, fixed rate fee schedules, and discounts from established charges.

- Uninsured Patients

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

2. Net Patient Service Revenue, Continued

occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price, were not significant in 2024 or 2023.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant for the years ending December 31, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay based on current or future estimated credit losses (determined on a portfolio basis when applicable) are recorded as credit loss expense. Credit loss expense for the years ended December 31, 2024 and 2023 was not significant.

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

Net patient service revenue by major payor source, facility, and timing of revenue recognition for the years ended December 31, 2024 and 2023 is as follows:

	<u>Net Patient Service Revenue</u>	
	<u>2024</u>	<u>2023</u>
Medicare	\$ 14,491,603	\$ 16,736,850
Medicare Advantage	27,042,119	27,765,784
Medicaid	5,469,172	3,933,256
Medicaid Managed Care	5,933,011	7,393,863
Self-pay	2,247,052	2,503,846
Blue Cross Blue Shield	31,050,146	28,589,275
Other	<u>36,228,039</u>	<u>31,781,300</u>
Total	<u>\$ 122,461,142</u>	<u>\$ 118,704,174</u>

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

2. Net Patient Service Revenue, Continued

	<u>Net Patient Service Revenue</u>	
	<u>2024</u>	<u>2023</u>
Upton County Hospital	\$ 110,150,148	\$ 105,325,235
Upton Medical Associates	227,031	246,812
Orthopedic Sports Medicine and Surgery	1,511,504	1,541,914
Upton Women's Services	1,796,714	2,064,987
Upton Family Physicians	3,445,082	3,499,860
Upton Surgical Associates	3,990,297	4,626,310
Upton Family Medical Center	<u>1,340,366</u>	<u>1,399,056</u>
Total	\$ <u>122,461,142</u>	\$ <u>118,704,174</u>
Timing of revenue and recognition:		
Satisfied over time	\$ 44,681,609	\$ 39,110,240
Satisfied at a point time	<u>77,779,533</u>	<u>79,593,934</u>
Total	\$ <u>122,461,142</u>	\$ <u>118,704,174</u>

Hospital net patient service revenue includes a variety of services mainly covering inpatient acute care services requiring overnight stays, outpatient procedures that require anesthesia or use of the Hospital's diagnostic and surgical equipment, and emergency care services. Performance obligations for the hospital inpatient and other inpatient ancillary patient services are satisfied over time as the patient simultaneously receives and consumes the benefits the Hospital performs. Requirements to recognize revenue for inpatient services are generally satisfied over periods that average approximately four days and for outpatient services are generally satisfied over a period of less than one day. Retail pharmacy, patient outpatient services, reference lab, and other point-of-sale performance obligations are satisfied at a point in time when the goods and services are provided. These revenues are recorded in other revenue on the consolidated statements of excess of revenues over expenses and changes in net assets.

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

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

2. Net Patient Service Revenue, Continued

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

3. Liquidity and Availability of Resources

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheet date are reflected in the balance sheets as current assets and include the following balances at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 9,704,740	\$ 7,502,608
Patient accounts receivable, net	22,287,313	21,484,170
Other receivables	3,258,897	5,056,705
Estimated third-party payor settlements	<u>1,297,170</u>	<u>127,727</u>
Total	<u>\$ 36,548,120</u>	<u>\$ 34,171,210</u>

The Hospital funds its operations primarily through service charges to patients.

Although the Hospital does not intend to spend from investments or assets limited as to use internally designated for capital acquisition as of December 31, 2024, these amounts could be made available if necessary and approved by the Board of Directors. At the discretion of Hospital management, excess cash not needed for operating expenditures is invested in various investment funds.

4. Uncompensated Services

The Hospital was compensated for services at amounts less than its established rates. Charges for uncompensated services for 2024 and 2023 were approximately \$367,787,000 and \$363,027,000, respectively.

Uncompensated care includes charity and indigent care services of approximately \$15,865,000 and \$14,142,000 in 2024 and 2023, respectively. The cost of charity and indigent care services provided during 2024 and 2023 was approximately \$4,009,000 and \$3,500,000, respectively, computed by applying a total cost factor to the charges foregone.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

4. Uncompensated Services, Continued

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Gross patient charges	\$ <u>490,247,959</u>	\$ <u>481,730,786</u>
Uncompensated services:		
Medicare	180,437,691	175,160,172
Medicaid	54,775,155	73,875,161
Other allowances	78,802,577	68,575,421
Charity and indigent care	15,865,087	14,142,256
Implicit price concessions	<u>37,906,307</u>	<u>31,273,602</u>
Total uncompensated care	<u>367,786,817</u>	<u>363,026,612</u>
Net patient service revenue	\$ <u>122,461,142</u>	\$ <u>118,704,174</u>

The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a patient's ability to pay, the Hospital utilizes the generally recognized *Federal Poverty Guidelines*, but also includes certain cases where incurred charges are significant when compared to the patient's income. These charges are not included in net patient service revenues. The costs and expenses incurred in providing these services are included in the Hospital's excess of revenues over expenses in the consolidated statements of excess of revenues over expenses and changes in net assets.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

5. Assets Limited as to Use

The composition of assets limited as to use for capital acquisitions at December 31, 2024 and 2023, is set forth in the following table. Assets limited as to use for capital acquisitions are classified as trading and are stated at fair value.

	<u>2024</u>	<u>2023</u>
Internally designated for capital acquisitions:		
Cash and cash equivalents	\$ 10,094,933	\$ 4,953,273
U.S. Corporate bonds and notes	3,945,226	4,339,099
Municipal securities	144,147	142,323
Mutual funds - fixed	9,779,193	9,860,695
Mutual funds - equities	89,873,119	77,027,805
Government securities	7,792,487	7,170,427
Closed end funds	211,260	-
Interest receivable	<u>85,816</u>	<u>78,085</u>
Total	<u>121,926,181</u>	<u>103,571,707</u>

The composition of assets limited as to use held by Segregated Portfolio at December 31, 2024 and 2023, is set forth in the following table. Investments are classified as available-for-sale and trading and are stated at fair value.

	<u>2024</u>	<u>2023</u>
Internally designated for Hospital insurance:		
Cash and cash equivalents	\$ 108,342	\$ 417,901
U.S. Corporate bonds and notes	1,975,102	1,676,332
Mutual funds - fixed	604,569	537,761
Mutual funds - equities	2,376,721	1,939,741
Interest receivable	<u>8,566</u>	<u>5,173</u>
Total	<u>5,073,300</u>	<u>4,576,908</u>
Total assets limited as to use	<u>\$ 126,999,481</u>	<u>\$ 108,148,615</u>

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

6. Investments

The composition of investments at December 31, 2024 and 2023, is set forth in the following table. Investments are classified as trading and are stated at fair value.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,396,002	\$ 1,211,418
U.S. Corporate bonds and notes	5,051,678	5,835,019
Municipal securities	129,987	129,053
Mutual funds - fixed	7,235,179	7,144,383
Mutual funds - equities	19,799,212	17,205,480
Government securities	7,027,058	6,354,790
Closed end funds	186,110	182,392
Interest receivable	74,043	66,085
Equity securities	<u>6,096,823</u>	<u>4,940,365</u>
Total	\$ <u>47,996,092</u>	\$ <u>43,068,985</u>

Investment income and gains and losses for assets limited as to use, cash and cash equivalents, and other investments are comprised of the following for the years ending December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Income:		
Interest and dividend income	\$ 5,618,929	\$ 3,653,102
Realized gains on sale of investments	<u>1,846,059</u>	<u>143,900</u>
Total	\$ <u>7,464,988</u>	\$ <u>3,797,002</u>
Net unrealized gains on investments	\$ <u>16,393,373</u>	\$ <u>20,789,738</u>

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

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

7. Property and Equipment

A summary of property and equipment at December 31, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 1,856,656	\$ 1,856,658
Land improvements	1,637,965	1,602,603
Buildings and improvements	75,659,591	74,871,708
Equipment	<u>82,700,093</u>	<u>78,368,655</u>
	161,854,305	156,699,624
Less: accumulated depreciation	<u>119,983,627</u>	<u>112,234,782</u>
	41,870,678	44,464,842
Construction-in-progress	<u>5,400,485</u>	<u>1,889,718</u>
Total	\$ <u>47,271,163</u>	\$ <u>46,354,560</u>

Depreciation expense for the years ended December 31, 2024 and 2023, amounted to approximately \$8,076,000 and \$8,055,000, respectively. The Hospital is obligated under contracts with certain outside organizations.

The Hospital has construction and equipment contracts of approximately \$31,999,000 for the construction of facilities and purchase of equipment related to the Labor and Delivery and ICU expansion project. See Note 20 for additional information. At December 31, 2024, the remaining commitment on these contracts approximated \$30,318,000.

8. Accrued Insurance Reserves

Activity in accrued insurance reserves for Upson Regional Portfolio Insurance Company is summarized as follows:

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 897,024	\$ 1,278,753
Incurred related to current year	640,819	155,247
Incurred related to prior years	( 306,936)	( 76,866)
Paid related to current year	( 94,838)	( 86,238)
Paid related to prior years	<u>( 270,791)</u>	<u>( 373,872)</u>
Balance, December 31	\$ <u>865,278</u>	\$ <u>897,024</u>

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

8. Accrued Insurance Reserves, Continued

The provision for outstanding claims is recorded based upon estimates of Upson Regional Portfolio Insurance Company's ultimate liability made by Upson Regional Portfolio Insurance Company's independent consulting actuaries, FTI Consulting, Inc. and Casualty Actuarial Consultants, Inc., in their reports dated January 6, 2025 and January 30, 2025, respectively. In the opinion of management, the provision for outstanding claims at the balance sheet date is adequate to cover the expected ultimate liability under the insurance assumed. The provision for outstanding claims is subject to changes in loss severity, frequency and other factors. Accordingly, the recorded provision is an estimate, and actual loss payments may be less than, or in excess of, the amount provided, and such differences may be significant.

Subsequent to the recognition of the provision for outstanding claims reported in the table above, management became aware of changes in several claims that caused the need for additional reserves related to the current year. As a result, management has recorded an additional liability of \$1,600,000 in Upson Regional Medical Center's accrued insurance reserves.

9. Long-Term Debt

A summary of long-term debt at December 31, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Revenue Certificates Series 2004, principal maturing in installments ranging from \$460,000 to \$710,000 due each January 1, until 2025. The certificates bear interest of 4.08% payable semi-annually on January 1 and July 1.	\$ -	\$ 710,000
Revenue Certificates Series 2005, principal maturing in installments ranging from \$275,000 to \$430,000 due each January 1 until 2025. The certificates bear interest of 4.10% payable semi-annually on January 1 and July 1.	-	430,000
	-	1,140,000
Less: current portion	-	1,140,000
Total	\$ -	\$ -

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

9. Long-Term Debt, Continued

In December 2004, the Authority issued the Series 2004 Revenue Certificates totaling \$10,000,000. The Series 2004 Certificates were issued by the Authority for the purpose of financing renovation and expansion of Upson Regional Medical Center. The Series 2004 Revenue Certificates are limited obligations of the Authority payable from and secured by a pledge of and lien on the gross revenues of the Hospital. The 2004 Revenue Certificates' note indenture places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance as long as the notes are outstanding. In May 2024, Series 2024 Revenue Certificates were paid in full.

In January 2005, the Authority issued the Series 2005 Revenue Certificates totaling \$6,000,000. The Series 2005 Certificates were issued on a parity with the 2004 Certificates. The Series 2005 Certificates were issued by the Authority for the purpose of financing a remaining portion of its renovation and expansion of Upson Regional Medical Center. In May 2024, Series 2025 Revenue Certificates were paid in full.

10. Employee Health Insurance

The Hospital has a self-insurance program under which a third-party administrator processes and pays claims. The Hospital reimburses the third-party administrator monthly for claims incurred and paid. The Hospital has purchased stop-loss insurance coverage for claims in excess of \$175,000 for each individual employee. Under this self-insurance program, the Hospital paid or accrued and expensed approximately \$7,278,000 and \$5,563,000 during the years ended December 31, 2024 and 2023, respectively.

11. Malpractice Insurance

On January 1, 2010, the Hospital became self-insured for medical professional liability and commercial general liability coverage through the Segregated Portfolio. The Segregated Portfolio has agreed to provide coverage of \$1,000,000 per claim with a \$3,000,000 aggregate. The Segregated Portfolio has accrued a reserve for estimated claims incurred but not reported (IBNR) at December 31, 2024 and 2023. In the event that a claim exceeds the \$3,000,000 limit, the Hospital has purchased an umbrella insurance policy with a \$50,000 deductible and a \$10,000,000 aggregate limit. The accrued reserve affiliated with this insurance is reported as other liabilities on the balance sheet and is discounted at 2%.

Various claims and assertions are made against the Hospital in its normal course of providing services. In addition, other claims may be asserted arising from services provided to patients in the past. In the opinion of management, adequate provision has been made for losses which may occur from such asserted and unasserted claims that are not covered by liability insurance.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

12. Pension Plans

The Hospital has a defined contribution plan, Upson Regional Medical 401(k) Retirement Plan (Plan) covering all eligible employees. Each year, participants may contribute up to 100% of pre-tax annual compensation as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan offers various mutual funds and a guaranteed investment account as investment options for participants. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation and their contributions invested in a designated balanced fund until changed by the participant.

The Sponsor will match 100% of the first 1%, 50% of the second 1%, and 25% of each of the third and fourth 1% of base compensation that a participant contributes to the Plan. The Sponsor may also make an incremental discretionary contribution to the Plan based on each participant's annual compensation. In order to qualify for the discretionary contribution, the participant must have completed 1,000 hours of service during the Plan year and be employed by the Sponsor on the last day of the Plan year. No discretionary contribution was made for 2024 or 2023. Contributions are subject to certain IRS limitations.

The cost of the Plan to the Hospital was approximately \$785,000 and \$755,000 for the years ended December 31, 2024 and 2023, respectively.

13. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net accounts receivable from patients and third-party payors for the Hospital at December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Medicare	32%	35%
Medicaid	9%	11%
Other third-party payors	31%	29%
Patients	<u>28%</u>	<u>25%</u>
Total	<u>100%</u>	<u>100%</u>

At December 31, 2024, the Hospital had deposits at major financial institutions which exceeded the \$250,000 Federal Depository Insurance limits. Management believes the credit risks related to these deposits is minimal.

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

14. Commitments and Contingencies

Compliance Plan

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

Health Care Reform

In recent years, there has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare on the national or at the state level. In 2010, legislation was enacted which included cost controls on hospitals, insurance market reforms, delivery system reforms, and various individual and business mandates among other provisions. The costs of certain provisions will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the Hospital.

Litigation

The Hospital is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations. See malpractice insurance disclosures in Note 11.

15. Related Parties

The Hospital has a management contract with HealthTech Management, LLC. The Hospital paid management fees and contract labor costs of approximately \$1,158,000 and \$1,118,000 in 2024 and 2023, respectively.

16. Fair Value of Financial Instruments

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

- *Cash and cash equivalents, accounts payable, accrued expenses, and estimated third-party payor settlements:* The carrying amount reported in the balance sheet approximates its fair value due to the short-term nature of these instruments.
- *Assets limited as to use and investments:* Amounts reported in the balance sheet are at fair value.

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

16. Fair Value of Financial Instruments, Continued

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

Fair values of investments and assets limited as to use are as follows at December 31, 2024 and 2023.

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2024</u>				
Money market funds	\$ 12,599,278	\$ 12,599,278	\$ -	\$ -
U.S. Corporate bonds and notes	10,972,006	-	10,972,006	-
Municipal securities	274,134	274,134	-	-
Mutual funds - fixed	17,618,941	17,014,372	604,569	-
Mutual funds - equities	112,049,053	111,506,475	542,578	-
Government securities	14,819,546	-	14,819,546	-
Closed end funds	397,370	397,370	-	-
Equity securities	6,096,823	6,096,823	-	-
Interest receivable	<u>168,422</u>	<u>-</u>	<u>168,422</u>	<u>-</u>
Total	<u>\$ 174,995,573</u>	<u>\$ 147,888,452</u>	<u>\$ 27,107,121</u>	<u>\$ -</u>
<u>December 31, 2023</u>				
Money market funds	\$ 6,582,592	\$ 6,582,592	\$ -	\$ -
U.S. Corporate bonds and notes	11,850,450	-	11,850,450	-
Municipal securities	271,376	271,376	-	-
Mutual funds - fixed	17,542,839	17,542,839	-	-
Mutual funds - equities	96,173,026	96,173,026	-	-
Government securities	13,525,217	-	13,525,217	-
Closed end funds	182,392	182,392	-	-
Equity securities	4,940,365	4,940,365	-	-
Interest receivable	<u>149,343</u>	<u>-</u>	<u>149,343</u>	<u>-</u>
Total	<u>\$ 151,217,600</u>	<u>\$ 125,692,590</u>	<u>\$ 25,525,010</u>	<u>\$ -</u>

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

17. Functional Expense

The Hospital provides healthcare services to residents within its geographic area. Expenses related to providing these services for the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024		
	<u>Health Care Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 39,478,446	\$ 13,703,641	\$ 53,182,087
Employee benefits	9,818,204	3,408,066	13,226,270
Contract labor	2,582,988	2,062,630	4,645,618
Physicians fees	6,182,070	-	6,182,070
Purchased services	2,148,165	8,121,161	10,269,326
Legal fees	62,752	172,778	235,530
Supply expense	15,507,799	1,258,115	16,765,914
Utilities	474,170	1,724,021	2,198,191
Repairs and maintenance	1,847,475	1,126,989	2,974,464
Insurance expense	3,499,552	-	3,499,552
Leases and rentals	442,453	132,644	575,097
Depreciation	8,076,194	-	8,076,194
Interest	-	18,022	18,022
Other	<u>494,863</u>	<u>3,202,467</u>	<u>3,697,330</u>
Total	\$ <u>90,615,131</u>	\$ <u>34,930,534</u>	\$ <u>125,545,665</u>

	December 31, 2023		
	<u>Health Care Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 38,266,619	\$ 13,406,492	\$ 51,673,111
Employee benefits	8,282,268	2,901,645	11,183,913
Contract labor	2,757,090	1,596,798	4,353,888
Physicians fees	6,606,393	-	6,606,393
Purchased services	2,089,295	7,248,358	9,337,653
Legal fees	47,167	80,783	127,950
Supply expense	16,109,750	1,216,595	17,326,345
Utilities	418,885	1,571,642	1,990,527
Repairs and maintenance	1,663,927	1,293,041	2,956,968
Insurance expense	1,767,662	-	1,767,662
Leases and rentals	530,404	99,737	630,141
Depreciation	8,055,162	-	8,055,162
Interest	-	91,356	91,356
Other	<u>424,033</u>	<u>2,708,042</u>	<u>3,132,075</u>
Total	\$ <u>87,018,655</u>	\$ <u>32,214,489</u>	\$ <u>119,233,144</u>

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

18. COVID-19 Pandemic and Provider Relief Funds

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of coronavirus, a pandemic, and on March 13, 2020, a national emergency was declared in the United States. In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the CARES Act was the establishment of the Provider Relief Funds (PRF), administered by the U.S. Department of Health and Human Services (HHS).

The PRF are being distributed to healthcare providers throughout the country to support the battle against the COVID-19 outbreak. These relief funds are considered non-exchange transactions subject to terms and conditions specified by the resource provider distributions by the Health Resources Service Administration section of HHS. These conditions create a restriction that such funds must be used to prevent, prepare or respond to COVID-19, creating purpose restrictions in addition to conditions.

This conditional grant revenue is recognized as other operating revenue to the extent conditions/restrictions for entitlement are met for coronavirus related expenses or lost revenues. The Hospital reports conditional contributions for which the conditions and related restrictions are met in the same reporting period as net assets without donor restrictions. Such funds are subject to recoupment to the extent the conditions for entitlement are not met.

During the year ended December 31, 2022, the Hospital received approximately \$3,544,000, in distributions from this fund. The Hospital also received \$189,000 in provider relief funds from other sources that originated through HHS for the year ended December 31, 2022. As a result, these net payments resulted in approximately \$226,000 and \$337,000 of other operating activity in the consolidated statements of excess of revenues over expenses for the years ended December 31, 2024 and 2023, respectively.

Revenues recognized from the CARES Act were limited to lost revenues and incurred expenses attributable to COVID-19. Lost revenues recognized were calculated as a negative change in calendar year-over-year actual revenue from patient care and related sources as compared to budgeted revenue from patient care and related sources. COVID-19 related expenses recognized consisted of actual personnel, supplies, and other healthcare related expenses incurred to prevent, prepare and respond to COVID-19. If the total distributions received by the Hospital exceed the cumulative amount of qualifying expenses and lost revenue attributable to COVID-19 through December 31, 2023, any excess funding may be subject to recoupment. Further, the CARES Act provides for an employee retention credit (ERC) against applicable employment taxes for eligible employers, including tax-exempt organizations, that pay qualified wages, including certain health plan expenses, to some or all employees after March 12, 2020 and before January 1, 2021. This provision of the CARES

Continued



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2024 and 2023

---

18. COVID-19 Pandemic and Provider Relief Funds, Continued

Act was further amended by the Continuing Appropriations Act to extend the application of the ERC to qualified wages paid after December 31, 2020 and before July 1, 2021 which also included certain modifications of the calculation of the credit amount during that time. During the year December 31, 2023, the Hospital recorded credits of approximately \$73,000, which are recorded within other operating revenues in the accompanying consolidated statements of excess of revenues over expenses. Management believes conditions for recognition have been substantially met.

19. Rural Hospital Tax Credit Contributions

The State of Georgia (State) passed legislation which allows individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations. The Hospital submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program effective for calendar years 2024 and 2023. Contributions received under the program approximated \$1,065,000 and \$1,394,000 during the Hospital's fiscal year 2024 and 2023, respectively.

20. Subsequent Event

On February 1, 2025, the Hospital entered into an agreement with the Authority and Regions Bank to issue the Series 2025 Revenue Anticipation Certificates. The Series 2025 Revenue Certificates were issued for the purpose of financing the cost of construction and purchase of equipment for the new Labor, Delivery and Recovery and ICU building. The Series 2025 Revenue Certificates were issued with a principal of \$32,000,000 and bear an interest rate of 4.936%. Payments of principal are due in annual installments ranging from \$760,000 to \$2,460,000 due on each December 1st until 2044. Payments of interest are due semi-annually on June 1st and December 1st.

## SUPPLEMENTARY CONSOLIDATING INFORMATION

---



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATING BALANCE SHEETS  
December 31, 2024

	<u>Upton Regional Medical Center</u>	<u>Upton Medical Associates</u>	<u>Wellness Center</u>	<u>Hospital Foundation</u>	<u>Orthopedic Sports Medicine and Surgery</u>
<b><u>ASSETS</u></b>					
Current assets:					
Cash and cash equivalents	\$ 8,401,916	\$ 125,527	\$ 45,390	\$ 19,397	\$ 160,358
Patient accounts receivable, net	19,728,085	91,358	-	-	277,975
Other receivables	3,405,803	( 35,253)	17,425	-	4,478
Supplies	3,162,519	-	-	( 1)	-
Estimated third-party payor settlements	1,297,170	-	-	-	-
Prepaid expenses	<u>2,309,999</u>	<u>-</u>	<u>8,772</u>	<u>-</u>	<u>79,668</u>
Total current assets	<u>38,305,492</u>	<u>181,632</u>	<u>71,587</u>	<u>19,396</u>	<u>522,479</u>
Assets limited as to use internally designated for:					
Capital acquisition	121,926,181	-	-	-	-
Hospital insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets limited as to use	<u>121,926,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets:					
Intercompany receivables	105,257,393	-	-	1,626	-
Investments	44,137,366	-	-	7,981,877	-
Property and equipment, net	42,324,155	-	52,677	-	321,327
Other assets	<u>648,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other assets	<u>192,367,812</u>	<u>-</u>	<u>52,677</u>	<u>7,983,503</u>	<u>321,327</u>
Total assets	<u>\$ 352,599,485</u>	<u>\$ 181,632</u>	<u>\$ 124,264</u>	<u>\$ 8,002,899</u>	<u>\$ 843,806</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
Current liabilities:					
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	4,812,209	15,065	6,541	-	5,176
Accrued payroll	1,960,352	5,714	13,031	-	94,571
Accrued payroll taxes	156,868	( 78)	-	-	4,587
Accrued benefits	1,282,137	1,592	-	-	40,228
Other accrued liabilities	<u>511,356</u>	<u>21,847</u>	<u>23,000</u>	<u>-</u>	<u>10,178</u>
Total current liabilities	8,722,922	44,140	42,572	-	154,740
Intercompany payables	-	20,882,221	2,808,547	-	12,465,322
Accrued insurance reserves	<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	10,322,922	20,926,361	2,851,119	-	12,620,062
Net assets:					
Net assets without donor restrictions	<u>342,276,563</u>	<u>(20,744,729)</u>	<u>(2,726,855)</u>	<u>8,002,899</u>	<u>(11,776,256)</u>
Total liabilities and net assets	<u>\$ 352,599,485</u>	<u>\$ 181,632</u>	<u>\$ 124,264</u>	<u>\$ 8,002,899</u>	<u>\$ 843,806</u>

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATING BALANCE SHEETS, Continued  
December 31, 2024

Upson Women's Services	Upson Family Physicians	Upson Regional Portfolio Insurance Company	Upson Surgical Associates	MOB	Upson Family Medical Center	Eliminations	Total
\$ 203,255	\$ 283,431	\$ -	\$ 313,215	\$ -	\$ 152,251	\$ -	\$ 9,704,740
396,142	488,542	-	1,060,870	-	244,341	-	22,287,313
( 12,062)	( 4,773)	-	20,270	-	3,831	-	3,399,719
-	13,920	-	8,764	-	-	-	3,185,202
-	-	-	-	-	-	-	1,297,170
<u>196,404</u>	<u>21,800</u>	<u>-</u>	<u>129,655</u>	<u>-</u>	<u>7,326</u>	<u>-</u>	<u>2,753,624</u>
<u>783,739</u>	<u>802,920</u>	<u>-</u>	<u>1,532,774</u>	<u>-</u>	<u>407,749</u>	<u>-</u>	<u>42,627,768</u>
-	-	-	-	-	-	-	121,926,181
<u>-</u>	<u>-</u>	<u>5,073,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,073,300</u>
<u>-</u>	<u>-</u>	<u>5,073,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,999,481</u>
-	-	-	-	-	-	(105,259,019)	-
158,169	82,753	-	283,812	4,004,008	44,262	( 4,123,151)	47,996,092
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,639,203</u>	<u>-</u>	<u>47,271,163</u>
<u>158,169</u>	<u>82,753</u>	<u>-</u>	<u>283,812</u>	<u>4,004,008</u>	<u>1,683,465</u>	<u>(109,382,170)</u>	<u>97,555,356</u>
<u>\$ 941,908</u>	<u>\$ 885,673</u>	<u>\$ 5,073,300</u>	<u>\$ 1,816,586</u>	<u>\$ 4,004,008</u>	<u>\$ 2,091,214</u>	<u>\$ (109,382,170)</u>	<u>\$ 267,182,605</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
87,164	29,703	36,242	476,462	750	9,482	-	5,478,794
97,746	143,256	-	228,479	-	47,461	-	2,590,610
1,443	2,873	-	750	-	2,208	-	168,651
91,911	42,482	-	62,535	-	11,482	-	1,532,367
( 3,752)	103,507	48,629	169,334	- 1	111,413	-	995,513
<u>274,512</u>	<u>321,821</u>	<u>84,871</u>	<u>937,560</u>	<u>751</u>	<u>182,046</u>	<u>-</u>	<u>10,765,935</u>
16,353,103	11,225,185	-	31,120,298	5,943,549	4,460,794	(105,259,019)	-
<u>-</u>	<u>-</u>	<u>865,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,465,278</u>
16,627,615	11,547,006	950,149	32,057,858	5,944,300	4,642,840	(105,259,019)	13,231,213
<u>(15,685,707)</u>	<u>(10,661,333)</u>	<u>4,123,151</u>	<u>(30,241,272)</u>	<u>(1,940,292)</u>	<u>(2,551,626)</u>	<u>( 4,123,151)</u>	<u>253,951,392</u>
<u>\$ 941,908</u>	<u>\$ 885,673</u>	<u>\$ 5,073,300</u>	<u>\$ 1,816,586</u>	<u>\$ 4,004,008</u>	<u>\$ 2,091,214</u>	<u>\$ (109,382,170)</u>	<u>\$ 267,182,605</u>

See independent auditor's report.



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATING BALANCE SHEETS  
December 31, 2023

	<u>Upon Regional Medical Center</u>	<u>Upon Medical Associates</u>	<u>Wellness Center</u>	<u>Hospital Foundation</u>	<u>Orthopedic Sports Medicine and Surgery</u>
<b><u>ASSETS</u></b>					
Current assets:					
Cash and cash equivalents	\$ 5,571,351	\$ 203,160	\$ 96,923	\$ 15,357	\$ 258,316
Patient accounts receivable, net	18,902,040	107,239	-	-	259,948
Other receivables	5,379,336	18,709	6,933	-	4,479
Supplies	3,483,691	-	-	-	-
Estimated third-party payor settlements	127,727	-	-	-	-
Prepaid expenses	<u>2,184,151</u>	<u>16,620</u>	<u>8,673</u>	<u>-</u>	<u>74,707</u>
Total current assets	<u>35,648,296</u>	<u>345,728</u>	<u>112,529</u>	<u>15,357</u>	<u>597,450</u>
Assets limited as to use internally designated for:					
Capital acquisition	103,571,707	-	-	-	-
Hospital insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets limited as to use	<u>103,571,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets:					
Intercompany receivables	95,727,072	-	-	1,626	-
Investments	39,507,264	-	-	7,144,388	-
Property and equipment, net	41,667,654	71,259	48,862	-	56,513
Other assets	<u>548,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other assets	<u>177,450,284</u>	<u>71,259</u>	<u>48,862</u>	<u>7,146,014</u>	<u>56,513</u>
Total assets	<u>\$ 316,670,287</u>	<u>\$ 416,987</u>	<u>\$ 161,391</u>	<u>\$ 7,161,371</u>	<u>\$ 653,963</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
Current liabilities:					
Current portion of long-term debt	\$ 1,140,000	\$ -	\$ -	\$ -	\$ -
Accounts payable	3,185,273	14,050	7,278	-	7,978
Accrued payroll	1,121,410	3,199	8,906	-	55,727
Accrued payroll taxes	413,701	693	-	-	32,556
Accrued benefits	1,501,494	2,050	-	-	39,852
Other accrued liabilities	<u>224,636</u>	<u>20,807</u>	<u>23,060</u>	<u>-</u>	<u>( 20,707)</u>
Total current liabilities	7,586,514	40,799	39,244	-	115,406
Intercompany payables	-	20,987,230	2,665,578	-	10,845,926
Accrued insurance reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	7,586,514	21,028,029	2,704,822	-	10,961,332
Net assets:					
Net assets without donor restrictions	<u>309,083,773</u>	<u>(20,611,042)</u>	<u>(2,543,431)</u>	<u>7,161,371</u>	<u>(10,307,369)</u>
Total liabilities and net assets	<u>\$ 316,670,287</u>	<u>\$ 416,987</u>	<u>\$ 161,391</u>	<u>\$ 7,161,371</u>	<u>\$ 653,963</u>

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATING BALANCE SHEETS, Continued  
December 31, 2023

<u>Upton Women's Services</u>	<u>Upton Family Physicians</u>	<u>Upton Regional Portfolio Insurance Company</u>	<u>Upton Surgical Associates</u>	<u>MOB</u>	<u>Upton Family Medical Center</u>	<u>Eliminations</u>	<u>Total</u>
\$ 252,412	\$ 377,928	\$ -	\$ 426,669	\$ -	\$ 300,492	\$ -	\$ 7,502,608
536,489	490,875	-	946,910	-	240,669	-	21,484,170
( 12,062)	( 4,773)	-	20,271	-	3,831	-	5,416,724
-	13,920	-	8,764	-	-	-	3,506,375
-	-	-	-	-	-	-	127,727
<u>289,619</u>	<u>45,345</u>	<u>-</u>	<u>135,699</u>	<u>-</u>	<u>5,215</u>	<u>-</u>	<u>2,760,029</u>
<u>1,066,458</u>	<u>923,295</u>	<u>-</u>	<u>1,538,313</u>	<u>-</u>	<u>550,207</u>	<u>-</u>	<u>40,797,633</u>
-	-	-	-	-	-	-	103,571,707
<u>-</u>	<u>-</u>	<u>4,576,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,576,908</u>
<u>-</u>	<u>-</u>	<u>4,576,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,148,615</u>
-	-	-	-	-	-	(95,728,698)	-
-	-	-	-	-	-	( 3,582,667)	43,068,985
120,088	50,093	-	111,424	4,204,244	24,423	-	46,354,560
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,639,203</u>	<u>-</u>	<u>2,187,497</u>
<u>120,088</u>	<u>50,093</u>	<u>-</u>	<u>111,424</u>	<u>4,204,244</u>	<u>1,663,626</u>	<u>(99,311,365)</u>	<u>91,611,042</u>
<u>\$ 1,186,546</u>	<u>\$ 973,388</u>	<u>\$ 4,576,908</u>	<u>\$ 1,649,737</u>	<u>\$ 4,204,244</u>	<u>\$ 2,213,833</u>	<u>\$(99,311,365)</u>	<u>\$ 240,557,290</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,140,000
42,119	36,737	58,839	397,537	401	9,405	-	3,759,617
64,560	81,677	-	124,507	-	29,424	-	1,489,410
26,676	24,319	-	27,132	-	11,758	-	536,835
85,848	47,812	-	76,089	-	58,334	-	1,811,479
( 17,994)	84,976	38,378	105,469	-	94,369	-	552,994
<u>201,209</u>	<u>275,521</u>	<u>97,217</u>	<u>730,734</u>	<u>401</u>	<u>203,290</u>	<u>-</u>	<u>9,290,335</u>
15,024,542	9,906,190	-	26,293,714	5,901,673	4,103,845	(95,728,698)	-
<u>-</u>	<u>-</u>	<u>897,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>897,024</u>
15,225,751	10,181,711	994,241	27,024,448	5,902,074	4,307,135	(95,728,698)	10,187,359
(14,039,205)	( 9,208,323)	3,582,667	(25,374,711)	(1,697,830)	(2,093,302)	( 3,582,667)	230,369,931
<u>\$ 1,186,546</u>	<u>\$ 973,388</u>	<u>\$ 4,576,908</u>	<u>\$ 1,649,737</u>	<u>\$ 4,204,244</u>	<u>\$ 2,213,833</u>	<u>\$(99,311,365)</u>	<u>\$ 240,557,290</u>

See independent auditor's report.



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATED STATEMENTS OF EXCESS (DEFICIT) OF  
REVENUES OVER (UNDER) EXPENSES AND CHANGES IN NET ASSETS  
for the year ended December 31, 2024

	Upton Regional Medical Center	Upton Medical Associates	Wellness Center	Hospital Foundation	Orthopedic Sports Medicine and Surgery
Operating revenues:					
Net patient service revenue	\$ 110,150,148	\$ 227,031	\$ -	\$ -	\$ 1,511,504
Provider relief funds	226,001	-	-	-	-
Other revenue	<u>773,054</u>	<u>478,893</u>	<u>536,384</u>	<u>-</u>	<u>3,407</u>
Total operating revenues	<u>111,149,203</u>	<u>705,924</u>	<u>536,384</u>	<u>-</u>	<u>1,514,911</u>
Operating expenses:					
Salaries and wages	39,741,351	120,188	-	-	2,297,563
Employee benefits	11,251,910	25,651	-	-	267,383
Contract labor	4,262,245	-	365,024	-	-
Physicians fees	3,313,515	-	-	-	-
Purchased services	9,361,112	33,144	69,978	-	107,250
Legal fees	172,778	-	-	-	-
Supply expense	15,593,499	4,173	25,212	-	67,267
Utilities	1,746,392	197,451	-	-	26,990
Repairs and maintenance	2,864,544	24,667	6,344	-	10,882
Insurance expense	3,009,908	-	-	-	84,109
Leases and rentals	351,563	-	189,992	-	74,781
Depreciation	7,281,372	407,818	14,746	-	31,962
Interest	18,022	-	-	-	-
Other	<u>3,284,560</u>	<u>26,544</u>	<u>48,512</u>	<u>-</u>	<u>16,120</u>
Total operating expenses	<u>102,252,771</u>	<u>839,636</u>	<u>719,808</u>	<u>-</u>	<u>2,984,307</u>
Operating income (loss)	<u>8,896,432</u>	<u>( 133,712)</u>	<u>( 183,424)</u>	<u>-</u>	<u>( 1,469,396)</u>
Other income:					
Investment income	7,181,821	25	-	473,836	509
Net unrealized gains on investments	16,049,315	-	-	333,775	-
Contributions	<u>1,065,222</u>	<u>-</u>	<u>-</u>	<u>33,917</u>	<u>-</u>
Total other income	<u>24,296,358</u>	<u>25</u>	<u>-</u>	<u>841,528</u>	<u>509</u>
Excess (deficit) of revenues over (under) expenses	33,192,790	( 133,687)	( 183,424)	841,528	( 1,468,887)
Net assets, beginning of year	<u>309,083,773</u>	<u>(20,611,042)</u>	<u>(2,543,431)</u>	<u>7,161,371</u>	<u>(10,307,369)</u>
Net assets, end of year	<u>\$ 342,276,563</u>	<u>\$ (20,744,729)</u>	<u>\$ (2,726,855)</u>	<u>\$ 8,002,899</u>	<u>\$ (11,776,256)</u>

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATED STATEMENTS OF EXCESS (DEFICIT) OF  
REVENUES OVER (UNDER) EXPENSES AND CHANGES IN NET ASSETS, Continued  
for the year ended December 31, 2024

<u>Upton Women's Services</u>	<u>Upton Family Physicians</u>	<u>Upton Regional Portfolio Insurance Company</u>	<u>Upton Surgical Associates</u>	<u>MOB</u>	<u>Upton Family Medical Center</u>	<u>Eliminations</u>	<u>Total</u>
\$ 1,796,714	\$ 3,445,082	\$ -	\$ 3,990,297	\$ -	\$ 1,340,366	\$ -	\$ 122,461,142
-	-	-	-	-	-	-	226,001
<u>12,208</u>	<u>46,554</u>	<u>742,596</u>	<u>9,217</u>	<u>-</u>	<u>25,099</u>	<u>(1,114,929)</u>	<u>1,512,483</u>
<u>1,808,922</u>	<u>3,491,636</u>	<u>742,596</u>	<u>3,999,514</u>	<u>-</u>	<u>1,365,465</u>	<u>(1,114,929)</u>	<u>124,199,626</u>
2,144,900	3,498,851	-	4,376,479	828	1,001,927	-	53,182,087
311,122	556,413	-	569,994	265	243,532	-	13,226,270
1,002	( 2,000)	-	19,347	-	-	-	4,645,618
51,460	-	-	2,817,095	-	-	-	6,182,070
180,676	277,953	333,883	321,364	-	118,318	( 534,352)	10,269,326
-	-	-	62,752	-	-	-	235,530
273,637	322,496	-	290,193	-	189,437	-	16,765,914
30,986	80,485	-	55,344	13,580	46,963	-	2,198,191
7,562	12,821	-	24,512	98	23,034	-	2,974,464
300,423	-	-	105,112	-	-	-	3,499,552
88,770	151,362	-	146,281	-	152,925	( 580,577)	575,097
45,353	18,889	-	37,843	227,691	10,520	-	8,076,194
-	-	-	-	-	-	-	18,022
<u>20,267</u>	<u>28,516</u>	<u>194,711</u>	<u>40,830</u>	<u>-</u>	<u>37,270</u>	<u>-</u>	<u>3,697,330</u>
<u>3,456,158</u>	<u>4,945,786</u>	<u>528,594</u>	<u>8,867,146</u>	<u>242,462</u>	<u>1,823,926</u>	<u>(1,114,929)</u>	<u>125,545,665</u>
<u>(1,647,236)</u>	<u>( 1,454,150)</u>	<u>214,002</u>	<u>( 4,867,632)</u>	<u>( 242,462)</u>	<u>( 458,461)</u>	<u>-</u>	<u>( 1,346,039)</u>
734	1,140	346,199	1,071	-	137	( 540,484)	7,464,988
-	-	( 19,717)	-	-	-	-	16,363,373
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,099,139</u>
<u>734</u>	<u>1,140</u>	<u>326,482</u>	<u>1,071</u>	<u>-</u>	<u>137</u>	<u>( 540,484)</u>	<u>24,927,500</u>
( 1,646,502)	( 1,453,010)	540,484	( 4,866,561)	( 242,462)	( 458,324)	( 540,484)	23,581,461
<u>(14,039,205)</u>	<u>( 9,208,323)</u>	<u>3,582,667</u>	<u>(25,374,711)</u>	<u>(1,697,830)</u>	<u>(2,093,302)</u>	<u>(3,582,667)</u>	<u>230,369,931</u>
<u>\$ (15,685,707)</u>	<u>\$ (10,661,333)</u>	<u>\$ 4,123,151</u>	<u>\$ (30,241,272)</u>	<u>\$ (1,940,292)</u>	<u>\$ (2,551,626)</u>	<u>\$ (4,123,151)</u>	<u>\$ 253,951,392</u>

See independent auditor's report.



UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATED STATEMENTS OF EXCESS (DEFICIT) OF  
REVENUES OVER (UNDER) EXPENSES AND CHANGES IN NET ASSETS  
for the year ended December 31, 2023

	Upton Regional Medical Center	Upton Medical Associates	Wellness Center	Hospital Foundation	Orthopedic Sports Medicine and Surgery
Operating revenues:					
Net patient service revenue	\$ 105,325,235	\$ 246,812	\$ -	\$ -	\$ 1,541,914
Provider relief funds	337,123	-	-	-	-
Other revenue	<u>1,611,697</u>	<u>478,884</u>	<u>495,853</u>	<u>-</u>	<u>3,073</u>
Total operating revenues	<u>107,274,055</u>	<u>725,696</u>	<u>495,853</u>	<u>-</u>	<u>1,544,987</u>
Operating expenses:					
Salaries and wages	38,988,991	109,362	-	-	2,224,272
Employee benefits	9,098,924	22,834	-	-	277,918
Contract labor	3,944,199	-	328,379	-	-
Physicians fees	3,186,639	-	-	-	-
Purchased services	8,703,440	60,648	61,421	-	106,993
Legal fees	80,783	-	-	-	-
Supply expense	16,013,858	659	22,574	-	84,857
Utilities	1,600,829	167,331	1,621	-	28,038
Repairs and maintenance	2,862,575	23,586	12,485	-	11,142
Insurance expense	1,315,301	-	-	-	77,020
Leases and rentals	399,421	-	189,992	-	77,793
Depreciation	7,230,500	426,635	15,798	-	36,140
Interest	91,356	-	-	-	-
Other	<u>2,727,575</u>	<u>15,367</u>	<u>45,928</u>	<u>15</u>	<u>10,298</u>
Total operating expenses	<u>96,244,391</u>	<u>826,422</u>	<u>678,198</u>	<u>15</u>	<u>2,934,471</u>
Operating income (loss)	<u>11,029,664</u>	<u>( 100,726)</u>	<u>( 182,345)</u>	<u>( 15)</u>	<u>( 1,389,484)</u>
Other income:					
Investment income	3,967,266	11	100	361,084	171
Net unrealized gains on investments	20,051,104	-	-	705,550	-
Contributions	<u>1,393,721</u>	<u>-</u>	<u>-</u>	<u>60,757</u>	<u>-</u>
Total other income	<u>25,412,091</u>	<u>11</u>	<u>100</u>	<u>1,127,391</u>	<u>171</u>
Excess (deficit) of revenues over (under) expenses	36,441,755	( 100,715)	( 182,245)	1,127,376	( 1,389,313)
Net assets, beginning of year	<u>272,642,018</u>	<u>(20,510,327)</u>	<u>(2,361,186)</u>	<u>6,033,995</u>	<u>( 8,918,056)</u>
Net assets, end of year	<u>\$ 309,083,773</u>	<u>\$ (20,611,042)</u>	<u>\$ (2,543,431)</u>	<u>\$ 7,161,371</u>	<u>\$ (10,307,369)</u>

Continued

UPSON COUNTY HOSPITAL, INC. AND AFFILIATES  
(D/B/A UPSON REGIONAL MEDICAL CENTER)

CONSOLIDATED STATEMENTS OF EXCESS (DEFICIT) OF  
REVENUES OVER (UNDER) EXPENSES AND CHANGES IN NET ASSETS, Continued  
for the year ended December 31, 2023

<u>Upton Women's Services</u>	<u>Upton Family Physicians</u>	<u>Upton Regional Portfolio Insurance Company</u>	<u>Upton Surgical Associates</u>	<u>MOB</u>	<u>Upton Family Medical Center</u>	<u>Eliminations</u>	<u>Total</u>
\$ 2,064,987	\$ 3,499,860	\$ -	\$ 4,626,310	\$ -	\$ 1,399,056	\$ -	\$ 118,704,174
-	-	-	-	-	-	-	337,123
<u>20,449</u>	<u>133,295</u>	<u>783,912</u>	<u>9,365</u>	<u>-</u>	<u>18,419</u>	<u>(1,147,025)</u>	<u>2,407,922</u>
<u>2,085,436</u>	<u>3,633,155</u>	<u>783,912</u>	<u>4,635,675</u>	<u>-</u>	<u>1,417,475</u>	<u>(1,147,025)</u>	<u>121,449,219</u>
2,016,179	3,177,135	-	4,092,969	-	1,064,203	-	51,673,111
334,532	593,660	-	602,806	1,093	252,146	-	11,183,913
2,734	59,992	-	18,584	-	-	-	4,353,888
326,807	-	-	3,092,947	-	-	-	6,606,393
153,169	254,388	78,381	366,978	786	117,897	( 566,448)	9,337,653
-	-	-	47,167	-	-	-	127,950
253,297	332,782	-	357,782	-	260,536	-	17,326,345
27,972	77,668	-	51,396	5,212	30,460	-	1,990,527
7,499	2,110	-	15,571	1,037	20,963	-	2,956,968
261,675	-	-	113,666	-	-	-	1,767,662
90,167	156,695	-	150,590	-	146,060	( 580,577)	630,141
51,288	15,269	-	39,754	222,304	17,474	-	8,055,162
-	-	-	-	-	-	-	91,356
<u>25,821</u>	<u>32,043</u>	<u>206,291</u>	<u>30,651</u>	<u>-</u>	<u>38,086</u>	<u>-</u>	<u>3,132,075</u>
<u>3,551,140</u>	<u>4,701,742</u>	<u>284,672</u>	<u>8,980,861</u>	<u>230,432</u>	<u>1,947,825</u>	<u>(1,147,025)</u>	<u>119,233,144</u>
<u>(1,465,704)</u>	<u>(1,068,587)</u>	<u>499,240</u>	<u>( 4,345,186)</u>	<u>( 230,432)</u>	<u>( 530,350)</u>	<u>-</u>	<u>2,216,075</u>
186	78	315,484	393	-	37	( 847,808)	3,797,002
-	-	33,084	-	-	-	-	20,789,738
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,454,478</u>
<u>186</u>	<u>78</u>	<u>348,568</u>	<u>393</u>	<u>-</u>	<u>37</u>	<u>( 847,808)</u>	<u>26,041,218</u>
( 1,465,518)	(1,068,509)	847,808	( 4,344,793)	( 230,432)	( 530,313)	( 847,808)	28,257,293
<u>(12,573,687)</u>	<u>(8,139,814)</u>	<u>2,734,859</u>	<u>(21,029,918)</u>	<u>(1,467,398)</u>	<u>(1,562,989)</u>	<u>(2,734,859)</u>	<u>202,112,638</u>
<u>\$ (14,039,205)</u>	<u>\$ (9,208,323)</u>	<u>\$ 3,582,667</u>	<u>\$ (25,374,711)</u>	<u>\$ (1,697,830)</u>	<u>\$ (2,093,302)</u>	<u>\$ (3,582,667)</u>	<u>\$ 230,369,931</u>

See independent auditor's report.