HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINED FINANCIAL STATEMENTS

for the years ended November 30, 2021 and 2020

Draffin Tucker

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(A Component Unit of Irwin County, Georgia)

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CONTENTS

	Pages
Independent Auditor's Report	1-2
Combined Financial Statements:	
Balance Sheets	3-4
Statements of Revenues, Expenses, and Changes in Net Position	5
Statements of Cash Flows	6-7
Notes to Combined Financial Statements	8-32
Combining Information:	
Independent Auditor's Report on Combining Information	33
Combining Balance Sheets by Entity	34-37
Combining Statements of Revenues, Expenses, and Changes in Net Position by Entity	38-39

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hospital Authority of Irwin County
Ocilla, Georgia

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Hospital Authority of Irwin County, Georgia (Authority), which comprise the combined balance sheets as of November 30, 2021 and 2020, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. For the year ended November 30, 2021, we also conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the combined financial statements 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 Authority's internal control.

Continued

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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Hospital Authority of Irwin County, Georgia as of November 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the combined financial statements, the Authority has suffered recurring losses from operations and resulting cash flow difficulties. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 18. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Draffin & Tucker, LLP

Albany, Georgia
August 20, 2025

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINED BALANCE SHEETS, November 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,340,272	$ 9,210,720
Restricted cash	14,149	14,149
Patient accounts receivable, net of estimated uncollectibles of $8,877,200 in 2021 and $8,586,200 in 2020	2,083,473	2,172,834
Estimated third-party payor settlements	329,145	316,489
Supplies	200,089	315,977
Other current assets	644,522	648,604
Total current assets	6,611,650	12,678,773
Noncurrent cash:		
Externally restricted	4,554	4,554
Capital assets:		
Nondepreciable	523,376	182,812
Depreciable, net of accumulated depreciation	5,916,893	4,783,705
Total capital assets, net of accumulated depreciation	6,440,269	4,966,517
Other assets:		
Long-term investments	1,023,101	941,443
Total other assets	1,023,101	941,443
Total assets	$ 14,079,574	$ 18,591,287

Continued

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINED BALANCE SHEETS, Continued November 30, 2021 and 2020

	2021	2020
LIABILITIES AND NET POSITION		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 3,951	$ 6,475
Current maturities of related party debt	-	132,797
Short-term debt	188,394	186,863
Accounts payable	2,276,866	2,787,543
Accrued expenses	901,307	976,895
Estimated third-party payor settlements	32,255	32,401
Current portion of Medicare advance payments	375,829	175,738
CARES Act unearned revenue	303,140	5,045,124
Paycheck Protection Program loan	-	1,401,800
Other liabilities	14,149	14,149
Total current liabilities	4,095,891	10,759,785
Long-term debt and capital lease obligations, excluding current maturities	-	3,951
Medicare advance payments, excluding current portion	-	351,478
Total liabilities	4,095,891	11,115,214
Net position:		
Net investment in capital assets	6,436,318	4,956,092
Restricted:		
Expendable	4,554	4,554
Unrestricted	3,542,811	2,515,427
Net position	9,983,683	7,476,073
Total liabilities and net position	$ 14,079,574	$ 18,591,287

See independent auditor's report and notes to combined financial statements.

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the years ended November 30, 2021 and 2020

	2021	2020
Operating revenues:		
Net patient service revenue (net of provision for bad debts of $4,574,561 in 2021 and $5,648,700 in 2020)	$ 14,252,185	$ 15,667,197
Other revenue	631,221	889,865
Total operating revenues	14,883,406	16,557,062
Operating expenses:		
Salaries and wages	7,331,406	7,327,292
Employee benefits	1,676,144	1,662,296
Purchased services	3,943,902	3,789,523
Supplies and other	6,555,622	4,896,133
Contribution expense	31,265	2,706
Depreciation and amortization	421,659	369,815
Total operating expenses	19,959,998	18,047,765
Operating loss	(5,076,592)	(1,490,703)
Nonoperating revenues (expenses):		
Investment income	130,298	77,274
Interest expense	(45,068)	(34,745)
Rural hospital tax credit contributions	879,112	273,529
CARES Act funding	5,052,765	4,003,421
Forgiveness of PPP loan	1,401,800	-
Noncapital grants and contributions	165,295	27,014
Total nonoperating revenues	7,584,202	4,346,493
Increase in net position	2,507,610	2,855,790
Net position at beginning of year	7,476,073	4,620,283
Net position at end of year	$ 9,983,683	$ 7,476,073

See independent auditor's report and notes to combined financial statements.

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINED STATEMENTS OF CASH FLOWS
for the years ended November 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Receipts from and on behalf of patients	$ 14,959,965	$ 16,056,194
Receipts from (payments to) Medicare advance payments	(151,387)	527,216
Payments to suppliers and contractors	(11,031,587)	(9,419,507)
Payments to employees	(8,941,782)	(8,921,303)
Net cash used by operating activities	(5,164,791)	(1,757,400)
Cash flows from noncapital financing activities:		
Rural hospital tax credit contributions	879,112	273,529
Noncapital grants and contributions	134,030	24,308
Proceeds from issuance of short-term debt	423,435	298,619
Principal paid on short-term debt	(421,904)	(221,990)
Interest paid on short-term debt	(20,428)	(3,185)
CARES Act funding	310,782	9,048,545
Proceeds from Paycheck Protection Program loan	-	1,401,800
Principal paid on related party debt	(132,797)	(251,468)
Interest paid on related party debt	(11,731)	(2,014)
Net cash provided by noncapital financing activities	1,160,499	10,568,144
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,895,411)	(338,697)
Payments on capital lease obligations	(6,475)	(40,303)
Interest on capital lease obligations	(12,910)	(29,546)
Net cash used by capital and related financing activities	(1,914,796)	(408,546)
Cash flows from investing activities:		
Investment income	174,356	15,451
Purchase of investments	(355,783)	(266,762)
Proceeds from sale of investments	230,067	258,244
Net cash provided by investing activities	48,640	6,933
Net increase (decrease) in cash and cash equivalents	(5,870,448)	8,409,131
Cash and cash equivalents, beginning of year	9,229,423	820,292
Cash and cash equivalents, end of year	$ 3,358,975	$ 9,229,423

Continued

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINED STATEMENTS OF CASH FLOWS, Continued
for the years ended November 30, 2021 and 2020

	2021	2020
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents	$ 3,340,272	$ 9,210,720
Restricted cash	14,149	14,149
Noncurrent cash	4,554	4,554
Total cash and cash equivalents	$ 3,358,975	$ 9,229,423
Reconciliation of operating loss to net cash flows used by operating activities:		
Operating loss	$(5,076,592)	$(1,490,703)
Adjustments to reconcile operating loss to net cash flows used by operating activities:		
Depreciation and amortization	421,659	369,815
Provision for bad debts	4,574,561	5,684,688
Contributions	31,265	2,706
Changes in:		
Patient accounts receivable	(4,485,200)	(5,835,738)
Supplies	115,888	(25,971)
Other current assets	4,082	(175,185)
Estimated third-party payor settlements	(12,802)	(349,818)
Accounts payable	(510,677)	(422,327)
Accrued expenses	(75,588)	(42,082)
Medicare advance payments	(151,387)	527,215
Net cash used by operating activities	$(5,164,791)	$(1,757,400)
Supplemental disclosure of noncash financing and investing activities:		
Unrealized gain on investments	$ 44,058	$ 61,823
Paycheck protection loan forgiveness (Note 19)	1,401,800	-
Total	$ 1,445,858	$ 61,823

See independent auditor's report and notes to combined financial statements.

1. Summary of Significant Accounting Policies

Reporting Entity

The Hospital Authority of Irwin County (the Authority) is a non-profit organization which owns and operates an acute care hospital (the Hospital) and a hospital-based nursing home (the Nursing Home). The Authority was created on March 20, 1950 under the Hospital Authorities Law by the Board of County Commissioners of Irwin County, Georgia. The Authority was created to operate, control and manage all matters concerning the county's health care functions. The Authority has a nine-member board consisting of all five members of the Board of County Commissioners and four other members appointed by the Board of County Commissioners. In addition, the Irwin County Commissioners have guaranteed debt of the Authority. For these reasons, the Authority is considered to be a component unit of Irwin County, Georgia.

The combined financial statements include Irwin County Healthcare Foundation (Foundation), as of its fiscal year end of December 31. The Foundation is a not-for-profit organization created in 2017 exclusively for supporting, aiding, and advancing the charitable, educational and scientific projects, purposes, and goals of the Hospital in advancing, advocating, and providing for the healthcare needs of Irwin County. All significant intercompany transactions have been eliminated. The Foundation is included in the combined financial statements as a blended component unit. The Board of the Authority and the Board of the Foundation elect members of the Foundation's governing board on a rotating basis. The Foundation does not issue separate financial statements.

Use of Estimates

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

Enterprise Fund Accounting

The Authority uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

The Authority prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Continued

1. Summary of Significant Accounting Policies, Continued

Restricted Cash

Current restricted cash includes demand deposits held in trust for residents of the Nursing Home. A corresponding current liability has also been included on the accompanying combined balance sheets.

Allowance for Doubtful Accounts

The Authority provides an allowance for doubtful accounts based on the evaluation of the overall collectability of the accounts receivable. As accounts are known to be uncollectible, the account is charged against the allowance.

Supplies

Supplies are stated at the lower of cost or market value using the first-in, first-out method.

Noncurrent Cash

Noncurrent cash includes assets not expected to be used within the next year due to donor-imposed constraints.

Investments in Debt and Equity Securities

Investments in debt and equity securities are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned.

Capital Assets

The Authority's capital assets are reported at historical cost. Contributed capital assets are reported at their acquisition value at the time of their donation. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line half-year convention method. Equipment under capital lease obligations is amortized on the straight-line half-year method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the combined financial statements. Estimated useful lives are as follows:

Land improvements	5 to 20 Years
Buildings and improvements	5 to 50 Years
Equipment	3 to 20 Years

Continued

1. Summary of Significant Accounting Policies, Continued

Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Financing Cost

Costs incurred in connection with the issuance of bonds and notes are expensed in the period in which they are incurred.

Compensated Absences

The Authority's employees earn paid annual leave (PAL) at varying rates depending on years of service. Employees are required to take a minimum of 40 hours of PAL per year. PAL time can accumulate to a maximum of 240 hours. Employees will be paid PAL at the time of termination if the reason for termination meets the Authority's policy. Sick leave accrues at a standard rate regardless of years of service and accumulates to a maximum of 240 hours. Employees are not paid for unused sick leave at termination.

Net Position

Net position of the Authority is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital assets reduced by liabilities related to those assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Authority. *Unrestricted net position* is the remaining net amount of assets and liabilities that do not meet the definition of *net investment in capital assets* or the *restricted net position.*

Net Patient Service Revenue

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

Continued

1. Summary of Significant Accounting Policies, Continued

Charity Care

The Authority 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 Authority does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues.

Operating Revenues and Expenses

The Authority's combined statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Authority's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Contributions

From time to time, the Authority receives contributions from Irwin County, as well as contributions from individuals and private organizations. Revenues from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Restricted Resources

When the Authority has both restricted and unrestricted resources available to finance a particular program, it is the Authority's policy to use restricted resources before unrestricted resources.

Income Taxes

The Authority is a governmental entity and is exempt from income taxes. Accordingly, no provision for income taxes has been considered in the accompanying combined financial statements.

The Foundation is a not-for-profit corporation that has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation had its tax-exempt status revoked effective August 8, 2022 for failure to timely file Form 990 with the Internal Revenue Service (IRS). No provision for income taxes has been included in the accompanying combined financial statements.

Continued

1. Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

The Foundation applies accounting policies that prescribe when to recognize and how to measure the combined 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 Foundation only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, no liability is recognized in the accompanying combined balance sheets for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of November 30, 2021 and 2020, or for the years then ended. The 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 deadline of those returns.

Risk Management

The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The Authority is self-insured for employee health insurance as discussed in Note 11. See Note 14 for additional information related to the Authority's general and professional coverage.

Estimated Malpractice and Other Self-Insurance Cost

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

Continued

1. Summary of Significant Accounting Policies, Continued

Impairment of Long-Lived Assets

The Authority 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. 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 Authority has not recorded any impairment charges in the accompanying combined statements of revenues, expenses and changes in net position for the years ended November 30, 2021 and 2020.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the assets or is obligated for the liability. GASB 72 also establishes a hierarchy of inputs to valuation techniques used to measure fair value. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. GASB 72 describes the following three levels of inputs that may be used:

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

- *Level 2:* Observable inputs such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

- *Level 3:* Unobservable inputs for an asset or liability. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. *Coronavirus Aid Relief and Economic Security Act* (CARES Act) advance payments are reported as unearned revenue until all applicable eligibility requirements are met. See Note 19 for additional information.

Continued

1. Summary of Significant Accounting Policies, Continued

Accounting Pronouncement Not Yet Adopted

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 establishes standards of accounting and financial reporting by lessees and lessors and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 will require a lessee to recognize a lease liability and an intangible right-to-use lease asset at the commencement of the lease term, with certain exceptions, and will require a lessor to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. GASB 87 is effective for fiscal years beginning after June 15, 2021, with GASB 95 deferral. The Authority is currently evaluating the impact GASB 87 will have on its combined financial statements

2. Net Patient Service Revenue

The Authority has arrangements with third-party payors that provide for payments to the Authority at amounts different from its established rates. The Authority does not believe that there are any significant credit risks associated with receivables due from third-party payors.

Revenue from the Medicare and Medicaid programs accounted for approximately 5% and 7%, respectively, of the Authority's net patient revenue for the year ended 2021, and 9% and 18%, respectively, of the Authority's net patient revenue for the year ended 2020. Laws and regulations governing the Medicare and Medicaid programs 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 Authority 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 and federal levels including the initiation of the Recovery Audit Contractor (RAC) program and Medicaid Integrity Contractor (MIC) program. These programs were created to review Medicare and Medicaid 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. While no such regulatory inquiries have been made to date, 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 and Medicaid programs.

Continued

2. Net Patient Service Revenue, Continued

A summary of the payment arrangements with major third-party payors follows:

- Medicare

  Inpatient acute care 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.

  Nursing Home services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system called Resource Utilization Groups (RUGs). Effective October 1, 2019, the services rendered to Medicare program beneficiaries will be paid based on a patient-driven payment methodology.

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

- Medicaid

  Inpatient acute care services rendered to Medicaid program beneficiaries are paid at a prospectively determined rate per admission. 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 Authority is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicaid fiscal intermediary. The Authority's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through November 30, 2021.

  The Authority 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.

Continued

2. Net Patient Service Revenue, Continued

- Medicaid, Continued

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

  The Authority participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Authority receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Authority's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately $438,000 and $580,000 for the years ended November 30, 2021 and 2020, respectively.

  The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) provides for payment adjustments to certain facilities based on the Medicaid Upper Payment Limit (UPL). The UPL payment adjustments are based on a measure of the difference between Medicaid payments and the amount that could be paid based on Medicare payment principles. The net amount of UPL payment adjustments recognized in net patient service revenue was approximately $622,000 and $284,000 for the years ended November 30, 2021 and 2020, respectively.

  During 2010, the state of Georgia enacted legislation known as the Provider Payment Agreement Act (the Act) whereby hospitals in the state of Georgia are assessed a "provider payment" in the amount of 1.45% of their net patient revenue. The Act became effective July 1, 2010, the beginning of state fiscal year 2011. The provider payments are due on a quarterly basis to the Department of Community Health. The payments are to be used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients. The provider payment will result in an increase in hospital payments on Medicaid services of approximately 11.88%. Approximately $655,000 and $332,000 relating to the Act is included in supplies and other in the accompanying combined statements of revenues, expenses, and changes in net position for the years ended November 30, 2021 and 2020, respectively.

- Other Arrangements

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

Continued

3. Uncompensated Services

The Authority was compensated for services at amounts less than its established rates. Charges for uncompensated services for 2021 and 2020 were approximately $32,956,000 and $33,057,000, respectively.

Uncompensated care includes charity and indigent care services of approximately $1,277,000 and $1,165,000 in 2021 and 2020, respectively. The cost of charity and indigent care services provided during 2021 and 2020 were approximately $540,000 and $431,000, respectively computed by applying a total cost factor to the charges forgone.

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2021 and 2020.

	2021	2020
Gross patient charges	$ 47,208,247	$ 48,723,856
Uncompensated services:		
Charity and indigent care	1,276,707	1,165,386
Medicare	2,089,418	2,317,532
Medicaid	2,446,139	2,726,786
Other allowances	22,569,237	21,162,267
Bad debts	4,574,561	5,684,688
Total uncompensated care	32,956,062	33,056,659
Net patient service revenue	$ 14,252,185	$ 15,667,197

4. Deposits and Investments

As discussed in Note 1 the Authority's investments are generally carried at fair value. Deposits and investments as of November 30, 2021 and 2020, are classified in the accompanying combined financial statements as follows:

	2021	2020
Balance sheets:		
Cash and cash equivalents	$ 3,340,272	$ 9,210,720
Restricted cash	14,149	14,149
Noncurrent cash	4,554	4,554
Investments	1,023,101	941,443
Total	$ 4,382,076	$ 10,170,866

Continued

4. Deposits and Investments, Continued

Deposits and investments consist of the following:

	2021	2020
Deposits with financial institutions	$ 3,358,975	$ 9,229,423
Investments:		
Government securities	130,381	98,558
Corporate bonds	58,078	67,157
Mutual funds - fixed income	192,652	170,860
Mutual fund - equity	56,120	59,708
Equity securities	585,870	545,160
Total investments	1,023,101	941,443
Total deposits and investments	$ 4,382,076	$ 10,170,866

Disclosure Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's bylaws require that all bank balances be insured or collateralized by U.S. government securities held by the Authority's third-party agent or the pledging financial institution's trust department in the name of the Authority. The Authority's bank deposits at November 30, 2021 and 2020, are entirely insured or collateralized with securities held by the pledging financial institutions designated trustee in the Authority's name.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority does not have an investment policy for custodial credit risk. At November 30, 2021 and 2020, the Authority owned approximately $1,023,000 and $941,000, respectively, in securities that were uninsured, unregistered, and held by the Authority's brokerage firm in the brokerage firm's name. Securities held in the Authority's brokerage account are protected by insurance coverage in the amount of $500,000 through the Securities Investor Protection Corporation (SIPC). In addition, the Authority's brokerage firms provide, through a licensed insurer rate A+ by Standard and Poors, unlimited insurance protection for amounts in excess of the SIPC limit.

Continued

4. Deposits and Investments, Continued

Disclosure Relating to Interest Rate Risk

The Authority manages its exposure to declines in fair values from rising interest rates by investing in debt securities with short to intermediate maturities. As of November 30, 2021 and 2020, the Authority had the following investments in debt securities and weighted-average maturities:

	2021		2020	
	Amount	Weighted Average Maturity (In Years)	Amount	Weighted Average Maturity (In Years)
Debt securities:				
U.S. Treasury notes	$ 106,269	6.9	$ 61,189	1.5
U.S. Agency securities	24,112	2.7	37,369	3.0
Corporate bonds	58,078	2.4	67,157	4.8
Total	$ 188,459	12.0	$ 165,715	9.3

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Authority has no formal policy on investment concentrations.

As of November 30, 2021 and 2020, the Authority's investments in debt securities had the following ratings:

		Rating as of November 30, 2021			
	Amount	Aaa	Aa	A	Baa
Debt securities:					
U.S. Treasury notes	$ 106,269	$ 106,269	$ -	$ -	$ -
U.S. Agency securities	24,112	24,112	-	-	-
Corporate bonds	58,078	13,326	20,864	8,615	15,273
Total	$ 188,459	$ 143,707	$ 20,864	$ 8,615	$ 15,273

Continued

4. Deposits and Investments, Continued

Disclosure Relating to Credit Risk, Continued

		Rating as of November 30, 2020			
	Amount	Aaa	Aa	A	Baa
Debt securities:					
U.S. Treasury notes	$ 61,189	$ 61,189	$ -	$ -	$ -
U.S. Agency securities	37,369	37,369	-	-	-
Corporate bonds	67,157	25,288	18,479	18,675	4,715
Total	$ 165,715	$ 123,846	$ 18,479	$ 18,675	$ 4,715

5. Accounts Receivable and Payable

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Authority at November 30, 2021 and 2020, consisted of these amounts:

	2021	2020
Patient accounts receivable:		
Receivable from patients and their insurance carriers	$ 10,180,498	$ 9,799,937
Receivable from Medicare	482,182	608,611
Receivable from Medicaid	298,020	350,453
Total patient accounts receivable	10,960,700	10,759,001
Less: allowance for uncollectible amounts and contractual adjustments	8,877,227	8,586,167
Patient accounts receivable, net	$ 2,083,473	$ 2,172,834
Accounts payable and accrued expenses:		
Payable to suppliers	$ 1,346,963	$ 1,628,415
Payable to employees (including payroll taxes)	754,841	705,740
Other	1,090,518	1,444,432
Total accounts payable and accrued expenses	$ 3,192,322	$ 3,778,587

Continued

6. Note Receivable

In October 2003, the Authority signed a promissory note with Charlton Memorial Hospital (the Hospital). Terms of the note required Charlton Memorial Hospital to pay the Authority approximately $541,000 at an interest rate of 4% with principal and interest due and payable in full on January 26, 2004. The note was not paid on the due date and terms were extended; however, no new promissory note was signed. Charlton Memorial Hospital closed in 2013 and is currently in bankruptcy proceedings. Although it is the Authority's intention to pursue collection of the note, it is not expected to be received. The note receivable was fully reserved at November 30, 2021 and 2020.

7. Capital Assets

Capital asset changes for the years ended November 30, 2021 and 2020, were as follows:

	2020 Balance	Increase	Decrease	2021 Balance
Land	$ 182,812	$ -	$ -	$ 182,812
Construction in progress	-	340,564	-	340,564
Capital assets not being depreciated	182,812	340,564	-	523,376
Land improvements	201,748	-	-	201,748
Buildings and improvements	10,277,146	-	-	10,277,146
Equipment	5,874,326	1,728,049	(262,810)	7,339,565
Equipment under capital lease	203,150	-	(173,200)	29,950
Capital assets being depreciated	16,556,370	1,728,049	(436,010)	17,848,409
Less: accumulated depreciation and amortization for:				
Land improvements	(183,650)	(2,686)	-	(186,336)
Buildings and improvements	(6,393,453)	(250,578)	-	(6,644,031)
Equipment	(5,148,039)	(162,405)	236,000	(5,074,444)
Equipment under capital lease	(47,523)	(5,990)	26,808	(26,705)
Total accumulated depreciation and amortization	(11,772,665)	(421,659)	262,808	(11,931,516)
Capital assets being depreciated, net	4,783,705	1,306,390	(173,202)	5,916,893
Total capital assets, net	$ 4,966,517	$ 1,646,954	$(173,202)	$ 6,440,269

Continued

7. Capital Assets, Continued

	2019 Balance	Increase	Decrease	2020 Balance
Land	$ 182,812	$ -	$ -	$ 182,812
Capital assets not being depreciated	182,812	-	-	182,812
Land improvements	201,748	-	-	201,748
Buildings and improvements	10,277,146	-	-	10,277,146
Equipment	5,535,629	340,292	(1,595)	5,874,326
Equipment under capital lease	203,150	-	-	203,150
Capital assets being depreciated	16,217,673	340,292	(1,595)	16,556,370
Less: accumulated depreciation and amortization for:				
Land improvements	(180,964)	(2,686)	-	(183,650)
Buildings and improvements	(6,123,689)	(269,764)	-	(6,393,453)
Equipment	(5,062,437)	(85,602)	-	(5,148,039)
Equipment under capital lease	(35,760)	(11,763)	-	(47,523)
Total accumulated depreciation and amortization	(11,402,850)	(369,815)	-	(11,772,665)
Capital assets being depreciated, net	4,814,823	(29,523)	(1,595)	4,783,705
Total capital assets, net	$ 4,997,635	$(29,523)	$(1,595)	$ 4,966,517

8. Short-Term Debt

In May 2019, the Authority financed $270,839 related to insurance premiums. Under the financing agreement, which bears interest at 6.205%, principal and interest payments are due in 11 consecutive monthly installments of $25,392 beginning in June 2019. At November 30, 2019, the balance outstanding on this agreement totaled approximately $110,000. The remaining balance was paid in full during the fiscal year ended November 30, 2020.

Continued

8. Short-Term Debt, Continued

In May 2020, the Authority financed $298,619 related to insurance premiums. Under the financing agreement, which bears interest at 6.205%, principal and interest payments are due in 11 consecutive monthly installments of $27,997 beginning in June 2020. At November 30, 2020, the balance outstanding on this agreement totaled approximately $187,000. The remaining balance was paid in full during the fiscal year ended November 30, 2021.

In May 2021, the Authority financed $423,435 related to insurance premiums. Under the financing agreement, which bears interest at 3.530%, principal and interest payments are due in 11 consecutive monthly installments of $39,177 beginning June 2021. At November 30, 2021, the balance outstanding on this agreement totaled approximately $188,000.

A summary of changes in the Authority's short-term debt for 2021 and 2020 follows:

	2020 Balance	Additions	Reductions	2021 Balance
Direct borrowings:				
Notes payable	$ 186,863	$ 423,435	$(421,904)	$ 188,394
Total short-term debt	$ 186,863	$ 423,435	$(421,904)	$ 188,394

	2019 Balance	Additions	Reductions	2020 Balance
Direct borrowings:				
Notes payable	$ 110,234	$ 298,619	$(221,990)	$ 186,863
Total short-term debt	$ 110,234	$ 298,619	$(221,990)	$ 186,863

Continued

9. Long-Term Debt

Summary of long-term debt at November 30, 2021 and 2020, follows:

	2021	2020
Capital lease payable: Capital lease obligation with an interest rate of 5.74% and monthly payments of $575, maturing June 2022; collateralized by the leased equipment.	$ 3,951	$ 10,426
Total long-term debt	3,951	10,426
Less: current installments of long-term debt	(3,951)	(6,475)
Long-term debt excluding current installments	$ -	$ 3,951

	Balance November 30, 2020	Additions	Reductions	Balance November 30, 2021	Amounts Due Within One Year
Capital leases payable	$ 10,426	$ -	$(6,475)	$ 3,951	$ 3,951
Total long-term debt	$ 10,426	$ -	$(6,475)	$ 3,951	$ 3,951

	Balance November 30, 2019	Additions	Reductions	Balance November 30, 2020	Amounts Due Within One Year
Capital leases payable	$ 50,729	$ -	$(40,303)	$ 10,426	$ 6,475
Total long-term debt	$ 50,729	$ -	$(40,303)	$ 10,426	$ 6,475

Continued

9. Long-Term Debt, Continued

Scheduled principal and interest repayments on long-term debt and payments on capital lease obligations are as follows:

	Capital Leases	
Year Ending November 30	Principal	Interest
2022	$ 3,951	$ 76
Total	$ 3,951	$ 76

10. Defined Contribution Plan

The Authority sponsors the Irwin County Hospital Section 457(b) Deferred Compensation Plan, covering employees after 90 days of service with a minimum of 1,000 hours of service annually. The Plan is administered by VALIC Retirement Services Company. The Plan allows participants to contribute up to $15,000 per year. The employer is required to contribute a matching payment equal to 50% of the participant's elective deferred contribution subject to a maximum fixed match of 2% of the participant's annual compensation. Employer contributions are vested on a graduated scale and are fully vested after six years of service. Distribution of benefits occurs upon the participant's attainment of age 70½ years or upon severance from employment. The amount of pension cost accrued or expensed was approximately $89,000 and $85,000 in 2021 and 2020, respectively.

11. Employee Health Insurance

The Authority has a self-insurance program which a third-party administrator processes and pays claims. The Authority reimburses the third-party administrator for claims incurred and paid and has purchased stop-loss insurance coverage for claims in excess of $50,000 for each individual employee. Total expenses relative to this plan were approximately $1,510,000 and $1,471,000 in 2021 and 2020, respectively.

Continued

12. Commitments and Contingencies

Litigation

The Authority 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 Authority's future financial position or results from operations. See malpractice insurance disclosure in Note 14.

Compliance Plan

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

Health Care Reform

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

13. Related Party Transactions

During the year ended November 30, 2010, the Authority signed a promissory note payable to the Authority's then management company, MGA Health Management, Inc. (MGA), which is owned by one of the physicians on staff at the hospital. According to the terms of the note and the amended and restated management agreement that was entered into with MGA, the outstanding principal balance of $2,303,848 was to be paid, along with interest at 7.00%, over 156 months beginning September 1, 2011 and ending August 1, 2024. Along with the scheduled monthly payments, the Authority has made various prepayments on the note, resulting in an outstanding balance of $-0- and $132,797 at November 30, 2021 and 2020, respectively.

Continued

13. Related Party Transactions, Continued

A summary of changes in related party debt for the years ended November 30, 2021 and 2020, follows:

	Balance November 30, 2020	Additions	Reductions	Balance November 30, 2021	Current Portion
Related party debt	$ 132,797	$ -	$(132,797)	$ -	$ -

	Balance November 30, 2019	Additions	Reductions	Balance November 30, 2020	Current Portion
Related party debt	$ 384,265	$ -	$(251,468)	$ 132,797	$ 132,797

During the years ended November 30, 2021 and 2020, the Authority rented multiple office spaces from companies owned by one of the physicians on staff at the hospital under lease agreements. For the years ended November 30, 2021 and 2020, expense of approximately $49,000 and $50,000, respectively, related to these leases is reflected in the supplies and other category of operating expenses in the accompanying combined statements of revenues, expenses, and changes in net position.

14. Malpractice Insurance

The Authority is covered by a claims-made general and professional liability insurance policy with a specified deductible of $50,000 per incident and excess coverage on a claims-made basis. Liability limits related to this policy in 2021 and 2020 are $1 million per occurrence and $3 million in aggregate. The Authority uses a third-party administrator to review and analyze incidents that may result in a claim against the Authority.

Various claims and assertions have been made against the Authority 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

15. Concentration of Credit Risk

The Authority grants credit without collateral to patients, most of whom are local residents and insured under third-party payor agreements. The mix of receivables from patients and third-party payors at November 30, 2021 and 2020, was as follows:

	2021	2020
Medicare	4%	6%
Medicaid	3%	3%
Blue Cross	8%	5%
Other third-party payors	60%	59%
Patients	25%	27%
Total	100%	100%

16. Rural Hospital Tax Credit Considerations

The State of Georgia (State) passed legislation which will allow individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations during calendar years 2019 through 2029. The Authority submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar years 2021 and 2020. Contributions received under the program approximated $879,000 and $274,000 during fiscal years 2021 and 2020, respectively. The Authority will have to be approved by the State to participate in the program in each subsequent year.

17. Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

Continued

17. Fair Value Measurements, Continued

The Authority has the following recurring fair value measurements as of November 30, 2021 and 2020:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	(Level 1)	(Level 2)	(Level 3)
November 30, 2021				
U.S. Treasury notes	$ 106,269	$ 106,269	$ -	$ -
U.S. Agency securities	24,112	24,112	-	-
Corporate bonds	58,078	58,078	-	-
Mutual funds - fixed income	192,652	192,652	-	-
Mutual fund - equity	56,120	56,120	-	-
Equity securities	585,870	585,870	-	-
Total	$ 1,023,101	$ 1,023,101	$ -	$ -
November 30, 2020				
U.S. Treasury notes	$ 61,189	$ 61,189	$ -	$ -
U.S. Agency securities	37,369	37,369	-	-
Corporate bonds	67,157	67,157	-	-
Mutual funds - fixed income	170,860	170,860	-	-
Mutual fund - equity	59,708	59,708	-	-
Equity securities	545,160	545,160	-	-
Total	$ 941,443	$ 941,443	$ -	$ -

18. Management's Plan

As shown in the accompanying combined financial statements, the Authority incurred net operating losses totaling approximately $5,077,000 and $1,491,000 for the years ended November 30, 2021 and 2020, respectively.

To improve the financial position, Management of the Authority has developed a plan to reduce expenditures and increase cash from operations through improved collections on patient charges and is actively working with its vendors and creditors to make payment arrangements or finance outstanding amounts due. These plans were implemented in 2016 and showed results, yet challenges still remain. In addition, the Authority believes it has the ability to reduce costs and obtain funding from additional sources, including established lines of credit, should this be necessary.

Continued

18. Management's Plan, Continued

The ultimate outcome of these plans is uncertain; however, Management believes with continued efforts toward their goals, they will be able to continue to provide services to Irwin County and surrounding areas.

19. Coronavirus (COVID-19)

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

On March 27, 2020, the President signed the CARES Act. Certain provisions of the CARES Act provide relief funds to hospitals and other healthcare providers. The funding will be used to support healthcare-related expenses or lost revenue attributable to COVID-19. The U.S. Department of Health and Human Services began distributing funds on April 10, 2020 to eligible providers in an effort to provide relief to both providers in areas heavily impacted by COVID-19 and those providers who are struggling to keep their doors open due to healthy patients delaying care and canceling elective services. On April 24, 2020, the *Paycheck Protection Program and Health Care Enhancement Act* was passed. This Act provides additional funding to replenish and supplement key programs under the CARES Act, including funds to health care providers for COVID-19 testing. On March 11, 2021, the American Rescue Plan Act (ARP) was passed. This Act provides additional funding to replenish and supplement key programs, including funds to hospitals and other providers that serve patients living in rural areas.

Grant and contribution advance payments are reported as unearned revenue until all eligibility requirements are met. Recognized revenue is reported as nonoperating revenues in the statements of revenues, expenses and changes in net position. The Authority received approximately $8.9 million in CARES Act provider relief funds and $132,000 in other grant stimulus funding in fiscal year 2020. In fiscal year 2021, the Authority received approximately $44,000 in CARES Act Provider relief funds and $267,000 in other grant stimulus funding. The Authority recognized approximately $5.1 million and $4.0 million as revenue in fiscal years 2021 and 2020, respectively.

Continued

19. Coronavirus (COVID-19), Continued

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

On April 24, 2020, the Authority received loan proceeds in the amount of approximately $1.4 million under the Paycheck Protection Program (PPP). The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the covered period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1 percent, with a deferral of payments for the first ten months after the covered period. On July 20, 2021, the Authority received forgiveness of the PPP loan in full and recognized approximately $1,402,000 as revenue during fiscal year 2021.

On April 10, 2020, the Authority received payments in the amount of approximately $527,000 under the Accelerated and Advance Payment Program expansion as part of the CARES Act. The program provides emergency funding and addresses cash flow difficulties when there are disruptions in claims submission and/or claims processing. Centers for Medicare and Medicaid Services (CMS) expanded the program for all Medicare providers throughout the country. In October 2020, a Continuing Resolution was passed which allows providers to defer repayment of these funds for up to 29 months before interest starts accruing. The Authority intends to repay the entire amount over the interest-free period with final payment occurring in September 2022. The Authority made repayments of approximately $151,000 during fiscal year 2021.

20. Physician Recruitment

In the normal course of business and in an effort to recruit and retain the most talented physicians, the Authority enters into future services agreements with certain medical students under which the Authority may agree to pay or repay the medical students' outstanding student loans, and/or provide other incentives or working capital. These agreements require the medical students, upon completion of their schooling, to establish and maintain their practices in the Irwin County area for specific periods of time. Advances under these agreements are structured and secured with promissory notes as loans payable to the Authority from the medical students. Advances are forgiven upon fulfillment of the professional's contractual service commitment, but are due in full, plus interest or other penalty amounts, as specified, if such commitment is not fulfilled. Advances under those arrangements are amortized to expense using the straight-line method over the related commitment period. At November 30, 2021 and 2020, there were no existing loans receivable from physicians.

Continued

21. Operating Leases

The Hospital leases various equipment and facilities under noncancelable lease agreements expiring at various dates through 2022. Rental expense for the years ended November 30, 2021 and 2020 was approximately $489,000 and $803,000, respectively, including approximately $49,000 and $50,000, respectively, of related party expense, discussed further in Note 13. Management expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases. Further minimum rental payments under all noncancelable operating leases are as follows:

Year Ending November 30,	Amount
2022	$ 77,881
2023	77,881
2024	77,881
Total	$ 233,643

Draffin Tucker

INDEPENDENT AUDITOR'S REPORT ON COMBINING INFORMATION

Board of Directors
Hospital Authority of Irwin County
Ocilla, Georgia

We have audited the combined financial statements of the Hospital Authority of Irwin County, Georgia as of and for the years ended November 30, 2021 and 2020, and our report thereon dated August 20, 2025, which expressed an unmodified opinion on those combined financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information included in this report on pages 34 through 39, inclusive, is presented for purposes of additional analysis of the combined financial statements rather than to present the balance sheet and statement of revenues, expenses, and changes in net position of the individual entities, and is not a required part of the combined financial statements. Accordingly, we do not express an opinion on the financial position and results of operations of the individual entities.

The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Draffin & Tucker, LLP

Albany, Georgia
August 20, 2025

Let's Think Together.®

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HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINING BALANCE SHEET
November 30, 2021

Assets	Irwin County Hospital	Irwin County Healthcare Foundation	Palemon Gaskins Nursing Home	Total
Current assets:				
Cash and cash equivalents	$ 3,175,697	$ 77,292	$ 87,283	$ 3,340,272
Restricted cash	-	-	14,149	14,149
Patient accounts receivable, net of estimated uncollectibles	1,733,243	-	350,230	2,083,473
Estimated third-party payor settlements	319,931	-	9,214	329,145
Supplies	200,089	-	-	200,089
Other current assets	507,317	1,035	136,170	644,522
Due to (from) related parties	(4,540,562)	-	4,540,562	-
Total current assets	1,395,715	78,327	5,137,608	6,611,650
Noncurrent cash	4,554	-	-	4,554
Capital assets, net	6,038,115	-	402,154	6,440,269
Other assets:				
Long-term investments	-	1,023,101	-	1,023,101
Total other assets	-	1,023,101	-	1,023,101
Total assets	$ 7,438,384	$ 1,101,428	$ 5,539,762	$ 14,079,574

Continued

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINING BALANCE SHEET, Continued
November 30, 2021

Liabilities and Net Position	Irwin County Hospital	Irwin County Healthcare Foundation	Palemon Gaskins Nursing Home	Total
Current liabilities:				
Current maturities of long-term debt and capital lease obligations	$ 3,951	$ -	$ -	$ 3,951
Current maturities of related party debt	-	-	-	-
Short-term debt	188,394	-	-	188,394
Accounts payable	1,594,323	-	682,543	2,276,866
Accrued expenses	782,095	-	119,212	901,307
Estimated third-party payor settlements	-	-	32,255	32,255
Current portion Medicare advance payments	375,829	-	-	375,829
Paycheck Protection Program loan	-	-	-	-
CARES Act unearned revenue	303,140	-	-	303,140
Other liabilities	-	-	14,149	14,149
Total current liabilities	3,247,732	-	848,159	4,095,891
Long-term debt and capital lease obligations, excluding current maturities	-	-	-	-
Medicare advance payments	-	-	-	-
Total liabilities	3,247,732	-	848,159	4,095,891
Net position:				
Net investment in capital assets	6,034,164	-	402,154	6,436,318
Restricted:				
Expendable	4,554	-	-	4,554
Unrestricted	(1,848,066)	1,101,428	4,289,449	3,542,811
Net position	4,190,652	1,101,428	4,691,603	9,983,683
Total liabilities and net position	$ 7,438,384	$ 1,101,428	$ 5,539,762	$ 14,079,574

See accompanying auditor's report on combining information.

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINING BALANCE SHEET
November 30, 2020

Assets	Irwin County Hospital	Irwin County Healthcare Foundation	Palemon Gaskins Nursing Home	Total
Current assets:				
Cash and cash equivalents	$ 8,908,676	$ 66,374	$ 235,670	$ 9,210,720
Restricted cash	-	-	14,149	14,149
Patient accounts receivable, net of estimated uncollectibles	1,835,451	-	337,383	2,172,834
Estimated third-party payor settlements	306,799	-	9,690	316,489
Supplies	315,977	-	-	315,977
Other current assets	569,425	1,016	78,163	648,604
Due to (from) related parties	(4,502,135)	-	4,502,135	-
Total current assets	7,434,193	67,390	5,177,190	12,678,773
Noncurrent cash	4,554	-	-	4,554
Capital assets, net	4,789,460	-	177,057	4,966,517
Other assets:				
Long-term investments	-	941,443	-	941,443
Total other assets	-	941,443	-	941,443
Total assets	$ 12,228,207	$ 1,008,833	$ 5,354,247	$ 18,591,287

Continued

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINING BALANCE SHEET, Continued
November 30, 2020

Liabilities and Net Position	Irwin County Hospital	Irwin County Healthcare Foundation	Palemon Gaskins Nursing Home	Total
Current liabilities:				
Current maturities of long-term debt and capital lease obligations	$ 6,475	$ -	$ -	$ 6,475
Current maturities of related party debt	132,797	-	-	132,797
Short-term debt	186,863	-	-	186,863
Accounts payable	2,119,192	-	668,351	2,787,543
Accrued expenses	867,647	-	109,248	976,895
Estimated third-party payor settlements	-	-	32,401	32,401
Current portion Medicare advance payments	175,738	-	-	175,738
Paycheck Protection Program loan	1,279,570	-	122,230	1,401,800
CARES Act unearned revenue	5,045,124	-	-	5,045,124
Other liabilities	-	-	14,149	14,149
Total current liabilities	9,813,406	-	946,379	10,759,785
Long-term debt and capital lease obligations, excluding current maturities	3,951	-	-	3,951
Medicare advance payments	351,478	-	-	351,478
Total liabilities	10,168,835	-	946,379	11,115,214
Net position:				
Net investment in capital assets	4,779,034	-	177,058	4,956,092
Restricted:				
Expendable	4,554	-	-	4,554
Unrestricted	(2,724,216)	1,008,833	4,230,810	2,515,427
Net position	2,059,372	1,008,833	4,407,868	7,476,073
Total liabilities and net position	$ 12,228,207	$ 1,008,833	$ 5,354,247	$ 18,591,287

See accompanying auditor's report on combining information.

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
November 30, 2021

	Irwin County Hospital	Irwin County Healthcare Foundation	Palemon Gaskins Nursing Home	Eliminating Entries	Total
Operating revenues:					
Net patient service revenue (net of provision for bad debts)	$ 12,960,248	$ -	$ 1,291,937	$ -	$ 14,252,185
Other revenue	375,901	-	483,320	(228,000)	631,221
Total operating revenues	13,336,149	-	1,775,257	(228,000)	14,883,406
Operating expenses:					
Salaries and wages	6,426,792	-	904,614	-	7,331,406
Employee benefits	1,575,080	-	101,064	-	1,676,144
Purchased services	3,914,485	-	29,417	-	3,943,902
Supplies and other	6,231,548	-	552,074	(228,000)	6,555,622
Contribution expense	-	31,265	-	-	31,265
Depreciation and amortization	407,972	-	13,687	-	421,659
Total operating expenses	18,555,877	31,265	1,600,856	(228,000)	19,959,998
Operating income (loss)	(5,219,728)	(31,265)	174,401	-	(5,076,592)
Nonoperating revenues (expenses):					
Investment income	18,581	111,703	14	-	130,298
Interest expense	(32,158)	-	(12,910)	-	(45,068)
Rural hospital tax credit contributions	879,112	-	-	-	879,112
CARES Act funding	5,052,765	-	-	-	5,052,765
Forgiveness of PPP loan	1,279,570	-	122,230	-	1,401,800
Noncapital grants and contributions	153,138	12,157	-	-	165,295
Total nonoperating revenues	7,351,008	123,860	109,334	-	7,584,202
Increase in net position	2,131,280	92,595	283,735	-	2,507,610
Net position at beginning of year	2,059,372	1,008,833	4,407,868	-	7,476,073
Net position at end of year	$ 4,190,652	$ 1,101,428	$ 4,691,603	$ -	$ 9,983,683

See accompanying auditor's report on combining information.

HOSPITAL AUTHORITY OF IRWIN COUNTY
(A Component Unit of Irwin County, Georgia)

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
November 30, 2020

	Irwin County Hospital	Irwin County Healthcare Foundation	Palemon Gaskins Nursing Home	Eliminating Entries	Total
Operating revenues:					
Net patient service revenue (net of provision for bad debts)	$ 13,615,127	$ -	$ 2,052,070	$ -	$ 15,667,197
Other revenue	833,781	-	284,084	(228,000)	889,865
Total operating revenues	14,448,908	-	2,336,154	(228,000)	16,557,062
Operating expenses:					
Salaries and wages	6,344,706	-	982,586	-	7,327,292
Employee benefits	1,560,291	-	102,005	-	1,662,296
Purchased services	3,753,263	-	36,260	-	3,789,523
Supplies and other	4,476,187	-	647,946	(228,000)	4,896,133
Contribution expense	-	2,706	-	-	2,706
Depreciation and amortization	357,815	-	12,000	-	369,815
Total operating expenses	16,492,262	2,706	1,780,797	(228,000)	18,047,765
Operating income (loss)	(2,043,354)	(2,706)	555,357	-	(1,490,703)
Nonoperating revenues (expenses):					
Investment income	14,194	61,257	1,823	-	77,274
Interest expense	(34,242)	-	(503)	-	(34,745)
Rural hospital tax credit contributions	273,529	-	-	-	273,529
CARES Act funding	4,003,421	-	-	-	4,003,421
Noncapital grants and contributions	1,997	25,017	-	-	27,014
Total nonoperating revenues	4,258,899	86,274	1,320	-	4,346,493
Increase in net position	2,215,545	83,568	556,677	-	2,855,790
Net position at beginning of year	(156,173)	925,265	3,851,191	-	4,620,283
Net position at end of year	$ 2,059,372	$ 1,008,833	$ 4,407,868	$ -	$ 7,476,073

See accompanying auditor's report on combining information.