




CRH Health Care, Inc.

Independent Auditor's Report, Consolidated Financial Statements, and Consolidating Supplementary Information

December 31, 2025 and 2024



CRH Health Care, Inc.
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December 31, 2025 and 2024

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Independent Auditor's Report

Board of Directors
CRH Health Care, Inc.
Douglas, Georgia

Opinion

We have audited the consolidated financial statements of CRH Health Care, Inc. (the "System"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on the audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the System as of December 31, 2025 and 2024, and the results of their operations, changes in their net assets, and their 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 Coffee Regional Medical Center Portfolio Insurance Company, a wholly owned subsidiary, which statements reflect total assets constituting 10% percent and 10% percent, respectively, of consolidated total assets at December 31, 2025 and 2024, and total revenues constituting 1% and 2%, respectively, of consolidated total revenues 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 Coffee Regional Medical Center Portfolio Insurance Company, is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other auditors.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Consolidating Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, referred to in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to Coffee Regional Medical Center Portfolio Insurance Company, is based on the report of the other auditor, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Forvis Mazars, LLP

**Atlanta, Georgia
April 29, 2026**

CRH Health Care, Inc.
Consolidated Balance Sheets
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10,896,146	\$ 13,684,117
Assets limited as to use	7,336,680	7,527,467
Patient accounts receivable, net	18,085,599	16,972,820
Inventory	3,308,590	3,348,061
Other current assets	5,276,788	2,598,778
Total Current Assets	<u>44,903,803</u>	<u>44,131,243</u>
Assets Limited as to Use		
Internally designated	11,484,953	9,749,217
By debt obligations	3,338,794	3,407,547
Total Assets Limited as to Use	<u>14,823,747</u>	<u>13,156,764</u>
Less amounts required to meet current obligations	<u>7,336,680</u>	<u>7,527,467</u>
Total Noncurrent Assets Limited as to Use	<u>7,487,067</u>	<u>5,629,297</u>
Property and Equipment, Net	<u>28,777,392</u>	<u>27,600,517</u>
Other Assets		
Investments	24,378,188	22,064,972
Right-of-use asset, operating leases	2,011,637	2,153,345
Right-of-use asset, finance leases	1,894,323	2,240,509
Total Other Assets	<u>28,284,148</u>	<u>26,458,826</u>
Total Assets	<u>\$ 109,452,410</u>	<u>\$ 103,819,883</u>

CRH Health Care, Inc.
Consolidated Balance Sheets
December 31, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of long-term debt	\$ 4,089,827	\$ 3,683,004
Accounts payable	11,674,856	12,073,497
Accrued expenses	10,423,536	10,056,604
Accrued malpractice claims	3,321,853	3,944,463
Estimated third-party payor settlements	2,731,650	2,153,890
Deferred revenue	-	126,463
Current portion of operating lease liability	564,870	604,176
Current portion of finance lease liability	460,569	684,281
Total Current Liabilities	<u>33,267,161</u>	<u>33,326,378</u>
Operating lease liability, less current portion	1,470,007	1,580,288
Finance lease liability, less current portion	1,152,826	1,329,431
Long-term debt, less current portion	8,204,727	11,686,676
Total Liabilities	<u>44,094,721</u>	<u>47,922,773</u>
Net Assets		
Net assets without donor restrictions	65,298,718	55,795,641
Net assets with donor restrictions	58,971	101,469
Total Net Assets	<u>65,357,689</u>	<u>55,897,110</u>
Total Liabilities and Net Assets	<u>\$ 109,452,410</u>	<u>\$ 103,819,883</u>

CRH Health Care, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Change in Net Assets without Donor Restrictions		
Unrestricted revenue, gains, and other support		
Net patient service revenue	\$ 161,953,906	\$ 156,077,139
Other operating revenue	19,321,441	15,089,728
Total Unrestricted Revenue, Gains, and Other Support	<u>181,275,347</u>	<u>171,166,867</u>
Operating Expenses		
Salaries and wages	75,071,898	71,641,441
Employee health and welfare	22,864,760	20,293,205
Medical supplies and drugs	31,672,661	30,187,158
Professional fees	4,753,223	4,185,470
Purchased services	16,663,258	16,605,976
Other expenses	19,196,395	18,557,252
Depreciation and amortization	4,571,260	4,423,714
Interest	559,625	829,112
Total Operating Expenses	<u>175,353,080</u>	<u>166,723,328</u>
Operating Income	<u>5,922,267</u>	<u>4,443,539</u>
Non-Operating Income (Loss)		
Investment income	3,133,040	2,241,169
Other income (loss)	(168,678)	14,857
Total Non-Operating Income	<u>2,964,362</u>	<u>2,256,026</u>
Excess of Unrestricted Revenues, Gains, and Other Support Over Expenses	8,886,629	6,699,565
Contributions restricted for property and equipment	616,448	222,880
Increase in Net Assets without Donor Restrictions	9,503,077	6,922,445
Net Assets without Donor Restrictions, Beginning of Year	<u>55,795,641</u>	<u>48,873,196</u>
Net Assets without Donor Restrictions, End of Year	<u>\$ 65,298,718</u>	<u>\$ 55,795,641</u>

CRH Health Care, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Change in Net Assets with Donor Restrictions		
Net assets released from restrictions	\$ (42,498)	\$ (53,957)
Decrease in net assets with donor restrictions	(42,498)	(53,957)
Net Assets with Donor Restrictions, Beginning of Year	<u>101,469</u>	<u>155,426</u>
Net Assets with Donor Restrictions, End of Year	<u>\$ 58,971</u>	<u>\$ 101,469</u>
Total Change in Net Assets		
Increase in net assets without donor restrictions	\$ 9,503,077	\$ 6,922,445
Decrease in net assets with donor restrictions	<u>(42,498)</u>	<u>(53,957)</u>
Total Change in Net Assets	9,460,579	6,868,488
Net Assets, Beginning of Year	<u>55,897,110</u>	<u>49,028,622</u>
Net Assets, End of Year	<u>\$ 65,357,689</u>	<u>\$ 55,897,110</u>

CRH Health Care, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ 9,460,579	\$ 6,868,488
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gains on securities	(472,100)	(419,855)
Loss (gain) on disposal of assets	168,890	(14,857)
Depreciation and amortization	4,571,260	4,423,714
Accretion of bond premium	493,817	246,908
Contributions restricted for property and equipment	(616,448)	(222,880)
Changes in		
Patient accounts receivable	(1,112,779)	(779,016)
Inventory and other current assets	(2,638,539)	503,187
Estimated third-party payor settlements	577,760	546,469
Accounts payable	(398,641)	(908,669)
Accrued expenses	366,932	(2,188,570)
Accrued malpractice claims	(622,610)	(3,452,224)
Deferred revenue	(126,463)	126,463
Net Cash Provided by Operating Activities	<u>9,651,658</u>	<u>4,729,158</u>
Investing Activities		
Purchase of property and equipment	(5,063,368)	(4,282,682)
Proceeds from disposal of equipment	45,000	51,000
Change in investments and assets limited as to use, net	(3,412,246)	985,336
Net Cash Used in Investing Activities	<u>(8,430,614)</u>	<u>(3,246,346)</u>
Financing Activities		
Payments on long-term debt and finance lease obligations	(3,913,162)	(4,525,606)
Proceeds from issuance of long-term debt, net of issuance costs	-	692,698
Net Cash Used in Financing Activities	<u>(3,913,162)</u>	<u>(3,832,908)</u>
Decrease in cash and cash equivalents	(2,692,118)	(2,350,096)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>14,479,439</u>	<u>16,829,535</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 11,787,321</u>	<u>\$ 14,479,439</u>

CRH Health Care, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 559,625	\$ 1,013,880
Lease liabilities arising from obtaining right-of-use assets	\$ (89,587)	\$ (315,608)
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 10,896,146	\$ 13,684,117
Restricted cash and cash equivalents, included in assets limited as to use	<u>891,175</u>	<u>795,322</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 11,787,321</u>	<u>\$ 14,479,439</u>

Note 1. Organization and Operations

CRH Health Care, Inc. is the parent company of Coffee Regional Medical Center, Inc., CRH Health Services, Inc., CRH Physician Practices, LLC, Orthopedic Surgeons of Georgia, LLC, Emergency Physicians of Coffee County, LLC, Coffee County Open Arms Clinic, LLC, CRH Ventures, Inc., Southeastern Managed Care, Inc., Coffee County Area Providers, LLC and Coffee Regional Medical Center Portfolio Insurance Company (collectively, the "System").

A summary of the System and each entity's role is as follows:

- Coffee Regional Medical Center, Inc. operates the acute care hospital and leases all the assets, liabilities, and management of the acute care hospital from Coffee County Hospital Authority. The lease is pursuant to a lease and transfer agreement dated as of January 1, 1995. The lease term is forty years at a nominal amount.
- CRH Health Services, Inc. was organized to support primary care and other services to rural underserved areas.
- CRH Physician Practices, LLC, and Orthopedic Surgeons of Georgia, LLC, operate physician practices that are organized to provide healthcare services to residents of the surrounding area.
- Emergency Physicians of Coffee County, LLC was organized to provide emergency services to residents of the surrounding area.
- Coffee County Open Arms Clinic, LLC was organized in 2019 to provide preventative, non-emergent care to uninsured or underinsured patients.
- CRH Ventures, Inc. is a for profit System organized to conduct certain taxable activities.
- Southeastern Managed Care, Inc., is a for-profit corporation organized to act as a physician hospital organization. This entity had no assets, liabilities, or equity as of December 31, 2025.
- Coffee County Area Providers, LLC, organized in 2017, established to provide and coordinate the delivery of healthcare services that improve quality outcomes and reduce overall costs of care.
- Coffee Regional Medical Center Portfolio Insurance Company is incorporated in the Cayman Islands and is currently recognized as tax exempt by the Cayman Islands Government. The primary purpose of this entity is to provide professional liability coverage for the System.

Note 2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of CRH Health Care, Inc., and subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

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 as of the date of the consolidated 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. At December 31, 2025 and 2024, the Hospital had cash and cash equivalents in financial institutions in amounts that exceed federal depository insurance limits. Management believes the credit risk related to these deposits is minimal.

Investments

All investments are measured at fair value in the consolidated balance sheets. As such, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of unrestricted revenues, gains and other support over expenses unless the income or loss is restricted by donor or law.

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture and other agreements and designated assets set aside by the Board of Directors, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the System have been reclassified to current assets in the consolidated balance sheets at December 31, 2025 and 2024.

Inventory

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

Property, Plant, and Equipment

Property, plant, and equipment acquisitions 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 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.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support, and are excluded from excess of unrestricted revenues, gains and other support 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 System 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 System has not recorded any impairment charges in the accompanying consolidated statement of operations and changes in net assets for the years ended December 31, 2025 and 2024.

Accrued Malpractice Claims

The provision for accrued malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported based on actuarial analysis. Effective March 31, 2003, Coffee Regional Medical Center Segregated Portfolio ("CRMC SP") was established as a Segregated Portfolio within Georgia Health Care Insurance Company SPC Ltd. Effective December 7, 2023, Coffee Regional Medical Center Portfolio Insurance Company (the "Company") was incorporated as a segregated portfolio of Georgia Health Care Insurance Company SPC and is owned by CRMC SP. The Company provides Coffee Regional Medical Center with a malpractice insurance program within its organization. Premiums for this plan are accrued based on the plan's experience to date. The loss liabilities are evaluated by an independent actuary and recorded at the expected confidence level, discounted at a rate of 3.54% for 2025 and 4.26% for 2024. Management believes this percentage accurately reflects the expected level of loss liability. The plan's investments and liabilities are presented within the System's consolidated financial statements.

Leases and Right-of-Use Assets

The present value of lease payments is recorded as a lease liability at the commencement of a contract that has a term in excess of one year. The present value is determined by discounting the required payments using the stated interest rate in the lease or, if not stated, the System's incremental borrowing rate. Payments include options to extend, or terminate, if the System determines that it is reasonably certain that such options will be exercised. A right-of-use asset is also recorded equal to the lease liability plus any initial direct cost, prepayments, or incentives. The System does not apply the recognition requirements of Accounting Standards Update 2016-02, *Leases*, to short-term leases. The lease payments for leases with terms of twelve months or less are recognized in the period in which they are incurred. When the lease standard was adopted in 2019, the System elected the practical expedients offered under the standard and did not reassess whether any current or expired contracts were, or did contain, leases and did not reassess the classification for any of the current leases at the time of adoption.

Deferred Financing Cost

Costs related to the issuance of long-term debt are deferred and are being amortized using the straight-line method, which approximates the effective interest method, over the life of the related debt. These costs are reported as a component of long-term debt.

Deferred Revenue

Amounts received for goods or services relating to future periods are recorded as deferred revenue.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence of 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.

Net Assets with Donor Restrictions

Net assets whose use has been limited by donors to a specific period of time or purpose.

Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System 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 a provision for bad debts (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.

Charity Care

The System 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 System 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.

Excess of Unrestricted Revenues, Gains, and Other Support Over Expenses

The statements of operations and changes in net assets includes the excess of unrestricted revenues, gains, and other support over expenses as a performance indicator. Changes in net assets which are excluded from the performance indicator, 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).

Income Taxes

CRH Health Care, Inc., Coffee Regional Medical Center, Inc. and CRH Health Services, Inc. are exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes on qualifying activities has been made for these entities in the accompanying consolidated financial statements. However, certain entities and operations are subject to income taxes.

Orthopedic Surgeons of Georgia, LLC, Emergency Physicians of Coffee County, LLC, Coffee County Area Providers, LLC, CRH Physician Practices, LLC, and Coffee County Open Arms Clinic, LLC, are limited liability companies and treated as pass through entities for tax purposes. CRH Ventures, Inc. and Southeastern Managed Care, Inc. are taxable entities and are subject to federal and state income taxes. CRH Ventures, Inc. and Southeastern Managed Care, Inc. file separate federal and state income tax returns, and the taxable amounts are not significant to the consolidated financial statements.

Coffee Regional Medical Center Portfolio Insurance Company is an exempted company that was incorporated under the provisions of the Companies Law of the Cayman Islands and is registered under Section 28B of the Insurance Act, 2010.

The System applies accounting policies that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the System 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.

CRH Health Care, Inc.
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Based on the results of management's evaluation, no liability is recognized in the accompanying consolidated balance sheet for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2025 and 2024 or for the years then ended. The System'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.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred. In 2025 and 2024, marketing and advertising expense totaled approximately \$168,000 and \$203,000.

Subsequent Events

In preparing these consolidated financial statements, the System has evaluated events and transactions for potential recognition or disclosure through April 29, 2026, the date the consolidated financial statements were issued. All significant events have been included in the consolidated financial statements and disclosures.

Note 3. Net Patient Service Revenue

Net patient service revenue is generated by providing patient care and recognized as performance obligations are satisfied. Amounts are reported at the estimated net realizable amount that reflects the consideration to which the System expects to be paid from patients, third-party payors (including health insurer and government programs) and others.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. Generally, performance obligations satisfied over time relate to patients in the System receiving inpatient acute care services. The System measures the performance obligation from admission to the point when it is no longer required to provide services to that patient, which is generally the time of discharge. 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 System does not provide additional goods beyond the point of service.

The System has elected the practical expedients available under the revenue recognition accounting guidance related to accounting for significant financing components and incremental contract acquisition costs, and such amounts are insignificant. In addition, because all of its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption from disclosure of amounts associated with unsatisfied performance obligations at the end of the reporting period. Such unsatisfied or partially unsatisfied performance obligations primarily relate to inpatient acute care services at the end of the reporting period for in-house patients, who are generally discharged within days or weeks after the end of the reporting period. The System has an unconditional right to receive payment subject only to the passage of time for services provided to these in-house patients through the end of the reporting period. Such amounts are reported within patient accounts receivable in the consolidated balance sheets.

The transaction price is based on standard charges for goods and services provided, reduced by explicit price concessions (contractual adjustments) provided to third-party payors, explicit price concessions (discounts provided to patients qualifying under the charity policy), and implicit price concessions provided to self-pay patients.

CRH Health Care, Inc.
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Implicit price concessions for uninsured and underinsured patients that do not qualify for financial assistance are estimated based on historical collection experience with this class of patients using a portfolio approach as a practical expedient. For uninsured and underinsured patients that do not qualify for financial assistance, the System recognizes revenue on the basis of established rates, discounted according to policy for services rendered. Historical experience has shown a significant proportion of the System's uninsured patients, in addition to a growing proportion of the System's insured patients, will be unable or unwilling to pay for their responsible amounts for the services provided. In order to estimate the net realizable value of the revenues and accounts receivable associated with third-party payors and uninsured patients, management regularly assesses their valuation based upon business and economic considerations, trends in healthcare coverage, historical write-off experience and other collection trends.

The System has agreements with third-party payors that provide for payments at amounts different from established rates. These contractual adjustments are explicit price concessions and represent the difference between established charges and the estimated reimbursable amounts from third-party payors. Explicit price concessions are estimated based on contractual agreements, discount policies, and historical experience.

The System disaggregates its net patient service revenue by payor source. The disaggregation by payor source is as follows:

	2025		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Medicare	\$ 20,801,316	\$ 32,112,787	\$ 52,914,103
Medicaid	9,534,357	13,527,497	23,061,854
Other third-party payers	15,374,956	69,287,625	84,662,581
Self-pay	<u>66,384</u>	<u>1,248,984</u>	<u>1,315,368</u>
	<u>\$ 45,777,013</u>	<u>\$ 116,176,893</u>	<u>\$ 161,953,906</u>
	2024		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Medicare	\$ 16,977,964	\$ 34,057,927	\$ 51,035,891
Medicaid	7,817,003	14,554,940	22,371,943
Other third-party payers	14,404,005	66,989,508	81,393,513
Self-pay	<u>54,717</u>	<u>1,221,075</u>	<u>1,275,792</u>
	<u>\$ 39,253,689</u>	<u>\$ 116,823,450</u>	<u>\$ 156,077,139</u>

Estimated Third-Party Payor Settlements

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

Medicare

Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or services provided. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The System is reimbursed for certain reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare Administrative Contractor ("MAC"). The System'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 System. The System's Medicare cost reports have been audited by the MAC through 2023.

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Medicaid

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at a prospectively determined rate 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 System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid fiscal intermediary. The System's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through 2022.

The System 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, which are discounted from established charges.

Other Agreements

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

Revenue from other federal and state programs are as follows:

Indigent Care Trust Fund ("ICTF")

The System qualified as a Medicaid disproportionate share hospital for the years ended December 31, 2025 and 2024. By qualifying, the System received payment adjustments of approximately \$3,333,000 and \$4,413,000 in 2025 and 2024, respectively. These payments are reflected in net patient service revenue. The System must meet certain Department of Medical Assistance requirements in order to retain payment adjustments. It is management's opinion that the System is in compliance with these requirements. The federal government does not ensure ICTF funding.

Medicaid Upper Payment Limit

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 patient service revenue was approximately \$2,791,000 and \$2,287,000 for the years ended December 31, 2025 and 2024, respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. The System 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 the Medicaid Integrity Contractor ("MIC") program. These programs were created to review Medicare and Medicaid claims for medical necessity and coding appropriateness. The Contractors 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 and Medicaid programs.

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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 patient service revenue. The Act became effective July 1, 2010, the beginning of the 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 resulted in an increase in System payments on Medicaid services. Approximately \$1,714,000 and \$1,719,000 relating to the Act is included in other expenses in the accompanying consolidated statements of operations and changes in net assets for the years ended December 31, 2025 and 2024, respectively.

Patient Accounts Receivable

Patient accounts receivable represent expected amounts to be collected from the Medicare and Medicaid programs, private insurance carriers, and private-pay residents, as well as residents with co-insurance provisions. The System grants credit without collateral to its patients, most of whom are local residents. The net amount expected to be collected is determined based on an established collection history and review of individual balances. Third-party reimbursement is a complex process which involves submission of claims to multiple payors, each having its own claims requirements. In some cases, the ultimate collection of patient accounts receivable subsequent to service dates may not be known for several months.

The mix of receivables from patients and third-party payors was as follows at December 31:

	<u>2025</u>	<u>2024</u>
Medicare	40%	41%
Medicaid	8%	8%
Other third-party payors	39%	36%
Patients	<u>13%</u>	<u>15%</u>
Total	<u>100%</u>	<u>100%</u>

Note 4. Uncompensated Services

The System was compensated for services at amounts less than its established rates.

The following is a summary of uncompensated services as of December 31:

	<u>2025</u>	<u>2024</u>
Uncompensated services		
Charity and indigent care	\$ 27,090,742	\$ 24,264,407
Medicare	255,572,898	236,531,668
Medicaid	53,827,005	50,595,276
Other allowances	132,919,216	116,638,808
Bad debts and implicit price concessions	<u>26,463,745</u>	<u>27,120,994</u>
Total uncompensated care	<u>\$ 495,873,606</u>	<u>\$ 455,151,153</u>

The cost of charity and indigent care services provided during the years ended December 31, 2025 and 2024 was approximately \$6,955,000 and \$6,416,000 respectively, computed by applying a total cost factor to the charges foregone.

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Note 5. Investments and Assets Limited as to Use

The composition of assets limited as to use at December 31, 2025 and 2024, is set forth in the following table. Investments are stated at fair value.

	<u>2025</u>	<u>2024</u>
Internally designated for self-insurance:		
Cash and cash equivalents	\$ 1,529,762	\$ 795,322
Corporate bonds	2,607,424	2,439,742
Mutual funds	1,331,215	1,246,112
U.S. Treasury securities	823,933	797,349
U.S. corporate securities	2,845,091	2,486,410
Interest receivable	<u>27,326</u>	<u>22,737</u>
	9,164,751	7,787,672
Internally designated for employee benefits		
Mutual funds	2,320,202	1,961,545
By debt obligations		
Money market mutual funds	<u>3,338,794</u>	<u>3,407,547</u>
Total assets limited as to use	<u>\$ 14,823,747</u>	<u>\$ 13,156,764</u>

Other investments stated at fair value include the following at December 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,205,195	\$ 1,156,579
Mutual funds		
Fixed income	15,769,792	14,039,710
U.S. corporate securities	2,107,699	2,033,267
International securities	4,592,782	4,133,026
Other	<u>702,720</u>	<u>702,390</u>
Total mutual funds	<u>\$ 24,378,188</u>	<u>\$ 22,064,972</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 ended December 31:

	<u>2025</u>	<u>2024</u>
Income		
Interest and dividends	\$ 2,810,970	\$ 1,975,925
Realized gains on sale of investment securities	205,728	459,973
Unrealized gains (losses) on investment securities	266,372	(40,118)
Investment fees	<u>(150,030)</u>	<u>(154,611)</u>
Total	<u>\$ 3,133,040</u>	<u>\$ 2,241,169</u>

The System'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 changes could materially affect the amounts reported in the accompanying consolidated financial statements.

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Note 6. Property and Equipment

A summary of property and equipment is as follows at December 31:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 3,623,877	\$ 3,145,819
Buildings and improvements	95,352,649	92,901,111
Equipment	38,059,331	36,600,704
Construction in progress	<u>31,323</u>	<u>37,803</u>
	137,067,180	132,685,437
Accumulated depreciation	<u>(108,289,788)</u>	<u>(105,084,920)</u>
	<u>\$ 28,777,392</u>	<u>\$ 27,600,517</u>

Depreciation expense for the years ended December 31, 2025 and 2024 amounted to approximately \$4,571,000 and \$4,362,000, respectively.

Note 7. Accrued Malpractice Claims

Activity in accrued malpractice claims is summarized as follows:

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ 3,944,463	\$ 7,396,687
Incurred related to current year	1,912,037	1,600,000
Incurred related to prior years	(618,576)	(1,162,113)
Paid related to current year	(60,353)	41,458
Paid related to prior years	<u>(1,855,718)</u>	<u>(3,931,569)</u>
Balance, December 31	<u>\$ 3,321,853</u>	<u>\$ 3,944,463</u>

The provision for outstanding claims is recorded based upon estimates of Coffee Regional Medical Center Portfolio Insurance Company's ultimate liability made by Coffee Regional Medical Center Portfolio Insurance Company's independent consulting actuary, FTI Consulting, Inc., in their report dated January 26, 2026. 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 necessarily an estimate, and actual loss payments may be less than, or in excess of, the amount provided, and such differences may be significant.

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Note 8. Line of Credit

The System has a revolving line of credit agreement (the “Agreement”), with a bank, which allows for a maximum borrowing of \$4,000,000 for the purposes of use in operations. Interest is payable monthly at Wall Street Journal Prime rate minus .25% (6.50% at December 31, 2025). The System delivered a Security Agreement in favor of the bank where the System granted a security interest in Commercial Payor Accounts Receivable to secure the line of credit. As of December 31, 2025 and 2024, the System did not have any outstanding borrowings.

In 2025, the System entered into another revolving line of credit agreement (the “2nd Agreement”), with a bank, which allows for a maximum borrowing of \$1,261,165 for the purposes of use in operations. Interest is payable monthly at Wall Street Journal Prime rate (6.75% at December 31, 2025). The interest rate will never be greater than 9.5% or less than 5.5%. The System delivered a Security Agreement in favor of the bank where the System granted a security interest in the furniture, fixtures, and equipment located at 304 Westside Drive and 2010 Ocilla Road to secure the line of credit. As of December 31, 2025, the System did not have any outstanding borrowings.

Note 9. Long Term Debt Obligations

A summary of long-term debt is as follows at December 31:

	<u>2025</u>	<u>2024</u>
Junior Lien Revenue Anticipation Certificate Series 2018. Interest rate of 3.875% until May 13, 2026 and variable thereafter; payments due monthly through December 2033.	\$ 7,273,611	\$ 7,987,585
Revenue Anticipation Certificates Series 2016A. Interest rates ranging from 2.00% to 5.00%; sinking fund payments due annually through December 1, 2026.	2,815,000	5,495,000
Douglas National Bank, note payable in the amount of \$692,698. Monthly payments of \$5,691 with fixed interest rate of 7.65%.	669,342	685,052
United States Department of Agriculture, note payable in the amount of \$2,000,000. Interest free loan matures in 2029. Monthly payments of \$16,667 with remaining balance due at maturity.	633,333	833,333
Purchase money promissory note in amount of \$325,000. Quarterly payments of \$25,000 with fixed interest rate of 7.25%.	75,000	175,000
Various GE notes payable	<u>776,830</u>	<u>-</u>
	12,243,116	15,175,970
Current installments of long-term debt	<u>(4,089,827)</u>	<u>(3,683,004)</u>
	8,153,289	11,492,966
Unamortized bond premium	246,908	493,817
Unamortized debt issuance costs	(136,499)	(198,638)
Unamortized note payable discount	<u>(58,971)</u>	<u>(101,469)</u>
Long-term debt obligations excluding current obligations	<u>\$ 8,204,727</u>	<u>\$ 11,686,676</u>

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In 2016, the Coffee County Hospital Authority (the “Authority”) issued its Revenue Anticipation Certificates (“Series 2016A Certificates”) and Taxable Revenue Anticipation Certificates (“Series 2016B Certificates”) (collectively, the “Series 2016 Certificates”). The proceeds of the Series 2016 Certificates were loaned by the Authority to the System, pursuant to a Loan Agreement dated December 1, 2016, and were used for the purpose of refunding the 2004 Bonds, funding a debt service reserve fund, and paying the costs of issuing the Series 2016 Certificates. All outstanding debt related to the 2004 Bonds was repaid in January 2017.

The Loan Agreement requires the System to provide funding sufficient to pay the maturing installments of principal and interest required by the Series 2016 Certificates. The Authority, the System and Coffee County, Georgia (the “County”) entered into an Intergovernmental Contract dated December 1, 2016 which states that the County will agree to pay the debt service on the Series 2016 Certificates in the event that the System is unable to by levying a tax, within the seven-mill limitation prescribed by law, on all property in the County subject to such tax in order to make such payments.

The Intergovernmental Contract requires the establishment of a debt service reserve fund. The System had established appropriate levels of funding as of December 31, 2025 and such deposits are included with assets limited as to use as of December 31, 2025. Additionally, the Intergovernmental Contract requires the maintenance of certain financial ratios and compliance with other covenants. Management believes the System was in compliance with all financial and other covenants as of December 31, 2025.

In 2018, the Authority issued its Junior Lien Revenue Anticipation Certificate (“Series 2018 Certificate”) to an investor (the “Investor”). The proceeds from the Series 2018 Certificate were loaned by the Authority to the System pursuant to a promissory note (the “Note”) dated December 14, 2018. These proceeds are to be used to pay issuance costs for the Series 2018 Certificate and the costs of acquiring, constructing, equipping, improving, and renovating facilities for the System. The System assigned certain deeds (the “Security Deeds”) to the Authority to secure the Note. The Authority assigned the Note and the Security Deeds to the Investor as security for payment of the Series 2018 Certificate.

As additional security for payment of the Series 2018 Certificate, the Authority, the System and the County entered into an intergovernmental contract (“Contract”) dated December 14, 2018. In the event the Authority is unable to pay the debt service on the Series 2018 Certificate, the Investor can exercise its rights under the Security Deeds or the County can agree to pay the Authority an amount equal to the unpaid principal and interest by levying a tax, within the seven-mill limitation prescribed by law. The obligation of the County to make such payments is subordinate to the obligation of the County to make similar payments for the Series 2016 Certificates.

In 2019, the City of Douglas, Georgia (the “City”), as intermediary, executed a \$2,000,000 note through the United States Department of Agriculture’s Rural Economic Development Loan Program (“REDLG Note”) to the Authority. The proceeds from the note were loaned by the Authority to the System pursuant to a promissory note dated February 5, 2019. The REDLG Note is due in ten years, maturing in 2029. While this note does not bear interest, interest was imputed at the System’s incremental borrowing rate to determine the discount associated with this note. This imputed interest was recognized as a discount against the note and as restricted contribution revenue within the consolidated financial statements. This restriction is reported as net assets released from restrictions as payments were made, and as such the discount is adjusted.

In 2023, the System entered into a purchase money promissory note for \$325,000 to secure the purchase of real property located in Douglas, Georgia.

In 2024, the System used proceeds from a note payable of \$692,698 with Douglas National Bank to purchase two properties adjacent to the main hospital campus. These properties are intended for future expansion of the hospital’s operations.

In 2025, the System entered into various notes payable with GE Healthcare in order to finance purchases of certain medical equipment. All terms expire in 2028.

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Scheduled principal repayments on long-term debt obligations are as follows for the years ending December 31:

2026	\$ 4,089,827
2027	1,868,803
2028	1,247,352
2029	871,625
2030	871,359
Thereafter	<u>3,294,150</u>
	<u>\$ 12,243,116</u>

Note 10. Leases

The System has entered into various non-cancelable leases with third parties for medical office space and medical equipment. The components of lease costs are as follows:

	<u>2025</u>	<u>2024</u>
Finance lease costs		
Amortization of right-to-use-asset	\$ 624,040	\$ 575,476
Interest on lease liability	159,025	188,412
Operating lease cost	1,248,081	1,151,284
Short term lease cost	<u>748,848</u>	<u>835,611</u>
Total lease costs	<u>\$ 2,779,994</u>	<u>\$ 2,750,783</u>
Other information		
Right-of-use assets obtained for new finance leases	\$ 250,392	\$ 60,000
Right-of-use assets obtained for new operating leases	\$ 482,333	\$ 181,131
Weighted average remaining lease term - finance leases	3.77 years	3.8 years
Weighted average remaining lease term - operating leases	4.31 years	5.5 years
Weighted average discount rate - finance leases	8.83%	8.64%
Weighted average discount rate - operating leases	8.03%	7.91%

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The following is a schedule of future minimum lease payments under operating and finance lease agreements for year ending December 31:

	<u>Finance</u>	<u>Operating</u>
2026	\$ 531,541	\$ 682,842
2027	493,149	589,166
2028	459,080	517,023
2029	258,269	136,318
2030	94,274	63,651
Thereafter	<u>12,587</u>	<u>451,191</u>
Total lease payments	1,848,900	2,440,191
Interest portion/present value discount	<u>(235,505)</u>	<u>(405,314)</u>
Present value of lease obligations	1,613,395	2,034,877
Current portion	<u>(460,569)</u>	<u>(564,870)</u>
Long-term lease obligations	<u>\$ 1,152,826</u>	<u>\$ 1,470,007</u>

Note 11. Defined Contribution Plan

The System has a defined contribution plan, Coffee Regional Medical Center, Inc. Employee Savings and Retirement Plan ("Plan") covering all eligible employees. Under this Plan, employees contribute pre-tax dollars into the plan with the System making a discretionary match of 100% of the employee contribution up to 5% of the employee's annual salary. The employer match was 2% at the beginning of 2022; however, the System stopped the employer match in July 2022, and has not reinstated the match to date. The System did not make any contributions during 2025 or 2024.

Note 12. Self-Insurance for Employee Systemization

The System operates a self-insurance program for the purpose of providing group health insurance for System employees and their covered dependents. This program was created to minimize the total cost of annual medical insurance to the System. Medical costs exceeding \$250,000, per covered individual, are covered through a private insurance carrier. Under this self-insurance program, the System paid or accrued approximately \$14,070,475 and \$9,288,000 in 2025 and 2024, respectively. These amounts, as well as commercial insurance premiums are included in the statement of operations and changes in net assets as employee health and welfare expense.

Note 13. Operating Expense by Functional Classification

The System provides healthcare services to residents within its geographical location. Expenses are allocated by function based on estimates of employees' time incurred, usage of resources, and other methods. Expenses based on functional classification related to providing these services during the years ended December 31, 2025 and 2024 are as follows:

	2025			
	Healthcare Services	Support Services	Other	Total
Salaries and benefits	\$ 78,378,409	\$ 19,434,332	\$ 123,917	\$ 97,936,658
Supplies and other	64,132,491	6,088,991	2,064,055	72,285,537
Depreciation and amortization	4,326,624	-	244,636	4,571,260
Interest expense	551,570	-	8,055	559,625
	<u>\$147,389,094</u>	<u>\$ 25,523,323</u>	<u>\$ 2,440,663</u>	<u>\$175,353,080</u>
	2024			
	Healthcare Services	Support Services	Other	Total
Salaries and benefits	\$ 61,732,499	\$ 30,152,825	\$ 49,322	\$ 91,934,646
Supplies and other	44,390,513	24,264,968	880,375	69,535,856
Depreciation and amortization	4,193,366	-	230,348	4,423,714
Interest expense	813,897	-	15,215	829,112
	<u>\$111,130,275</u>	<u>\$ 54,417,793</u>	<u>\$ 1,175,260</u>	<u>\$166,723,328</u>

Note 14. Availability and Liquidity

The System manages its cash and investments through a formalized investment process which includes evaluating cash needs for routine and nonroutine activities and adjusting the amount of cash held and the maturity of investments. The System's financial assets reduced by amounts not available for general use are as follows at December 31:

	2025	2024
Cash and cash equivalents	\$ 10,896,146	\$ 13,684,117
Patient accounts receivable	<u>18,085,599</u>	<u>16,972,820</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 28,981,745</u>	<u>\$ 30,656,937</u>

The cash and cash equivalents total noted above is subject to certain restrictions related to bond covenants on the Series 2016 Certificates, which may affect the availability of funds. Although the System does not intend to spend from investments or assets limited as to use internally designated as of December 31, 2025, these amounts could be made available if necessary and approved by the Board of Directors.

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Note 15. Fair Value Measurement

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

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

The following table presents assets reported at fair value measured on a recurring basis as of December 31, 2025 and 2024, and their respective classification under the valuation hierarchy:

	December 31, 2025			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and cash equivalents	\$ 1,205,195	\$ 1,205,195	\$ -	\$ -
Mutual funds – fixed income	15,769,792	15,769,792	-	-
Mutual funds – U.S. corporate securities	2,107,699	2,107,699	-	-
Mutual funds – international securities	4,592,782	4,592,782	-	-
Mutual funds – other	<u>702,720</u>	<u>702,720</u>	<u>-</u>	<u>-</u>
Total investments	<u>24,378,188</u>	<u>24,378,188</u>	<u>-</u>	<u>-</u>
Assets limited as to use				
Money market funds	1,529,762	1,529,762	-	-
Money market mutual funds	3,338,794	-	3,338,794	-
Mutual funds	3,651,417	3,651,417	-	-
Corporate bonds	2,634,750	-	2,634,750	-
U.S. Treasury securities	823,933	-	823,933	-
U.S. corporate bonds	<u>2,845,091</u>	<u>2,845,091</u>	<u>-</u>	<u>-</u>
Total assets limited to use	<u>14,823,747</u>	<u>8,026,270</u>	<u>6,797,477</u>	<u>-</u>
Total assets in the fair value hierarchy	<u>\$ 39,201,935</u>	<u>\$ 32,404,458</u>	<u>\$ 6,797,477</u>	<u>\$ -</u>

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	December 31, 2024			
	Fair Value Measurements Using			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments				
Cash and cash equivalents	\$ 1,156,579	\$ 1,156,579	\$ -	\$ -
Mutual funds – fixed income	14,039,710	14,039,710	-	-
Mutual funds – U.S. corporate securities	2,033,267	2,033,267	-	-
Mutual funds – international securities	4,133,026	4,133,026	-	-
Mutual funds – other	702,390	702,390	-	-
Total investments	22,064,972	22,064,972	-	-
Assets limited as to use				
Money market funds	795,322	795,322	-	-
Money market mutual funds	3,407,547	-	3,407,547	-
Mutual funds	3,207,948	3,207,948	-	-
Corporate bonds	2,462,479	-	2,462,479	-
U.S. Treasury securities	797,058	-	797,058	-
U.S. corporate bonds	2,486,410	2,486,410	-	-
Total assets limited to use	13,156,764	6,489,680	6,667,084	-
Total assets in the fair value hierarchy	\$ 35,221,736	\$ 28,554,652	\$ 6,667,084	\$ -

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Investments valued using Level 2 inputs are based primarily on quoted prices for similar investments in active or inactive markets. Valuation techniques utilized to determine fair value are consistently applied.

- *Corporate Bonds and U.S. Treasury Securities:* Level 2 assets are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing values on yields currently available on comparable securities of issuers with similar credit ratings. The corporate bonds contain credit ratings of A to AAA.
- *U.S. Corporate Securities:* Valued at the closing price reported on the active market on which the individual securities are traded.
- *Money Market Mutual Funds:* Level 2 assets are valued using amortized cost which approximates the fair value.
- *Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the System are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the System are deemed to be actively traded.

Note 16. Commitments and Contingencies

Compliance Plan

The healthcare industry has recently been subjected to increased scrutiny from governmental agencies at both the national and state level with respect to compliance with regulations. Areas of noncompliance identified at the national level include Medicare and Medicaid, Internal Revenue Service, and other regulations governing the healthcare industry. The System has implemented a compliance plan focusing on such issues. No assurance can be made that the System 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 System.

Litigation

The System 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 System's future financial position or results from operations.

Note 17. Other Revenue

In 2016, the State of Georgia enacted legislation that awards state income tax credits for contributions made to qualified rural Systems located in Georgia; the program is administered by the Georgia HEART System Program (the "HEART Program"). In 2018, the System became eligible to participate in the HEART Program. The System recognized approximately \$3,266,000 and \$3,223,000 in other revenue for the years ended December 31, 2025 and 2024, respectively, related to the HEART Program.

Consolidating Supplementary Information

CRH Health Care, Inc.
Consolidating Balance Sheet
December 31, 2025

	<u>Coffee Medical Inc.</u>	<u>Coffee Medical Segregated Portfolio</u>	<u>CRH Physician Practices, Inc.</u>	<u>Orthopedic Surgeons of Georgia, LLC</u>	<u>Coffee County Open Arms Clinic, LLC</u>	<u>Emergency Physicians of Coffee LLC</u>	<u>CRH Health Services, Inc.</u>	<u>Coffee County Hospital Authority</u>	<u>CRH Ventures, Inc.</u>	<u>Coffee County Area Providers, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS												
Current Assets												
Cash and cash equivalents	\$ 9,924,978	\$ -	\$ 330,364	\$ 90,362	\$ -	\$ 64,778	\$ 167,570	\$ 199,399	\$ 118,605	\$ 90	\$ -	\$ 10,896,146
Assets limited as to use	4,014,827	3,321,853	-	-	-	-	-	-	-	-	-	7,336,680
Patient accounts receivable	17,040,782	-	905,795	139,022	-	-	-	-	-	-	-	18,085,599
Inventory	3,308,590	-	-	-	-	-	-	-	-	-	-	3,308,590
Other current assets	4,756,148	1,786,326	185,020	63,982	-	230,160	-	200,010	31,463	10,005	(1,986,326)	5,276,788
Total Current Assets	39,045,325	5,108,179	1,421,179	293,366	-	294,938	167,570	399,409	150,068	10,095	(1,986,326)	44,903,803
Assets Limited as to Use												
Internally designated	1,698,381	8,664,194	714,781	-	-	407,597	-	-	-	-	-	11,484,953
By debt obligations	3,338,794	-	-	-	-	-	-	-	-	-	-	3,338,794
Total Assets Limited as to Use	5,037,175	8,664,194	714,781	-	-	407,597	-	-	-	-	-	14,823,747
Less amounts required to meet current obligations	4,014,827	3,321,853	-	-	-	-	-	-	-	-	-	7,336,680
Noncurrent assets limited as to use	1,022,348	5,342,341	714,781	-	-	407,597	-	-	-	-	-	7,487,067
Property and Equipment, Net	25,585,605	-	310,931	101,212	-	-	-	-	2,779,644	-	-	28,777,392
Other Assets												
Due from related parties	1,455,481	-	-	-	27,883	-	-	(17,750)	-	-	(1,465,614)	-
Investments	21,247,808	-	-	-	-	-	1,925,185	1,205,195	-	-	-	24,378,188
Right-of-use-asset, operating leases	1,519,836	-	491,801	-	-	-	-	-	-	-	-	2,011,637
Right-of-use-asset, finance leases	1,894,323	-	-	-	-	-	-	-	-	-	-	1,894,323
Other noncurrent assets	-	-	-	-	-	-	-	433,333	-	-	(433,333)	-
Total Other Assets	26,117,448	-	491,801	-	27,883	-	1,925,185	1,620,778	-	-	(1,898,947)	28,284,148
Total Assets	\$ 91,770,726	\$ 10,450,520	\$ 2,938,692	\$ 394,578	\$ 27,883	\$ 702,535	\$ 2,092,755	\$ 2,020,187	\$ 2,929,712	\$ 10,095	\$ (3,885,273)	\$ 109,452,410

CRH Health Care, Inc.
Consolidating Balance Sheet
December 31, 2025

(Continued)

	Coffee Medical Inc.	Coffee Medical Segregated Portfolio	CRH Physician Practices, Inc.	Orthopedic Surgeons of Georgia, LLC	Coffee County Open Arms Clinic, LLC	Emergency Physicians of Coffee LLC	CRH Health Services, Inc.	Coffee County Hospital Authority	CRH Ventures, Inc.	Coffee County Area Providers, LLC	Eliminations	Consolidated
LIABILITIES AND NET ASSETS												
Current Liabilities												
Current installments of long-term debt	\$ 4,014,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 75,000	\$ -	\$ (200,000)	\$ 4,089,827
Accounts payable	10,626,923	203,413	745,688	96,416	-	-	2,416	-	-	-	-	11,674,856
Accrued expenses	10,492,001	-	1,085,160	43,133	-	589,568	-	-	-	-	(1,786,326)	10,423,536
Accrued malpractice claims	-	3,321,853	-	-	-	-	-	-	-	-	-	3,321,853
Estimated third-party payor settlements	2,731,650	-	-	-	-	-	-	-	-	-	-	2,731,650
Current portion of operating lease liability	366,661	-	198,209	-	-	-	-	-	-	-	-	564,870
Current portion of finance lease liability	460,569	-	-	-	-	-	-	-	-	-	-	460,569
Total Current Liabilities	28,692,631	3,525,266	2,029,057	139,549	-	589,568	2,416	200,000	75,000	-	(1,986,326)	33,267,161
Due to related parties	27,883	-	-	-	-	-	228,357	18,900	1,190,474	-	(1,465,614)	-
Operating lease liability, less current portion	1,176,872	-	293,135	-	-	-	-	-	-	-	-	1,470,007
Finance lease liability, less current portion	1,152,826	-	-	-	-	-	-	-	-	-	-	1,152,826
Long-term debt, less current portion	8,204,727	-	-	-	-	-	-	433,333	-	-	(433,333)	8,204,727
Total Liabilities	39,254,939	3,525,266	2,322,192	139,549	-	589,568	230,773	652,233	1,265,474	-	(3,885,273)	44,094,721
Net Assets												
Without donor restrictions	52,456,816	6,925,254	616,500	255,029	27,883	112,967	1,861,982	1,367,954	1,664,238	10,095	-	65,298,718
With donor restrictions	58,971	-	-	-	-	-	-	-	-	-	-	58,971
Total Net Assets	52,515,787	6,925,254	616,500	255,029	27,883	112,967	1,861,982	1,367,954	1,664,238	10,095	-	65,357,689
Total Liabilities and Net Assets	\$ 91,770,726	\$ 10,450,520	\$ 2,938,692	\$ 394,578	\$ 27,883	\$ 702,535	\$ 2,092,755	\$ 2,020,187	\$ 2,929,712	\$ 10,095	\$ (3,885,273)	\$ 109,452,410

CRH Health Care, Inc.
Consolidating Statement of Operations
Year Ended December 31, 2025

	Regional Medical Center, Inc.	Regional Medical Center, Segregated Portfolio	CRH Physician Practices, Inc.	Orthopedic Surgeons of Georgia, LLC	Coffee County Open Arms Clinic, LLC	Emergency Physicians of Coffee County, LLC	CRH Health Services, Inc.	Coffee County Hospital Authority	CRH Ventures, Inc.	Coffee County Area Providers, LLC	Eliminations	Consolidated
Unrestricted Revenue, Gains, and Other Support												
Net patient service revenue	\$ 145,860,610	\$ -	\$ 14,059,244	\$ 2,034,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,953,906
Other operating revenue	13,695,655	1,786,326	608,460	25,574	57,217	2,682,230	132,146	22,000	502,765	-	(190,932)	19,321,441
Total Revenue, Gains, and Support	159,556,265	1,786,326	14,667,704	2,059,626	57,217	2,682,230	132,146	22,000	502,765	-	(190,932)	181,275,347
Operating Expenses												
Salaries and wages	53,919,652	-	14,968,575	2,718,632	-	3,341,122	123,917	-	-	-	-	75,071,898
Employee health and welfare	17,047,491	-	4,465,757	639,602	-	711,910	-	-	-	-	-	22,864,760
Medical supplies and drugs	30,720,951	-	846,586	105,124	-	-	-	-	-	-	-	31,672,661
Professional fees	2,291,962	41,001	2,014,943	23,389	-	381,928	-	-	-	-	-	4,753,223
Purchased services	16,026,226	117,591	360,036	93,773	-	39,382	-	18,900	7,350	-	-	16,663,258
Other expenses	14,201,576	1,332,642	2,867,426	683,179	-	569	119,365	-	182,460	110	(190,932)	19,196,395
Depreciation and amortization	4,223,905	-	86,391	16,328	-	-	-	-	244,636	-	-	4,571,260
Interest	551,570	-	-	-	-	-	-	-	8,055	-	-	559,625
Total Operating Expenses	138,983,333	1,491,234	25,609,714	4,280,027	-	4,474,911	243,282	18,900	442,501	110	(190,932)	175,353,080
Income (Loss) from Operations	20,572,932	295,092	(10,942,010)	(2,220,401)	57,217	(1,792,681)	(111,136)	3,100	60,264	(110)	-	5,922,267
Non-Operating Income												
Investment income	2,193,589	697,539	-	-	-	-	192,867	49,045	-	-	-	3,133,040
Other income	(168,678)	-	-	-	-	-	-	-	-	-	-	(168,678)
Total Non-Operating Income	2,024,911	697,539	-	-	-	-	192,867	49,045	-	-	-	2,964,362
Excess (Deficit) of Revenue, Gains, and Support Over Expenses and Losses	22,597,843	992,631	(10,942,010)	(2,220,401)	57,217	(1,792,681)	81,731	52,145	60,264	(110)	-	8,886,629
Contributions restricted for property and equipment	616,448	-	-	-	-	-	-	-	-	-	-	616,448
Capital contributions (to)/from affiliates	(73,871,301)	-	61,306,849	9,872,170	-	4,517,133	-	-	(1,835,056)	10,205	-	-
Net assets released from restriction	(42,498)	-	-	-	-	-	-	-	-	-	-	(42,498)
Change in Net Assets	(50,699,508)	992,631	50,364,839	7,651,769	57,217	2,724,452	81,731	52,145	(1,774,792)	10,095	-	9,460,579
Net Assets, Beginning of Year	103,215,295	5,932,623	(49,748,339)	(7,396,740)	(29,334)	(2,611,485)	1,780,251	1,315,809	3,439,030	-	-	55,897,110
Net Assets, End of Year	\$ 52,515,787	\$ 6,925,254	\$ 616,500	\$ 255,029	\$ 27,883	\$ 112,967	\$ 1,861,982	\$ 1,367,954	\$ 1,664,238	\$ 10,095	\$ -	\$ 65,357,689