

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



COMBINED FINANCIAL STATEMENTS
for the years ended November 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hospital Authority of Irwin County
Ocilla, Georgia

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, 2020 and 2019, 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 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. 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. 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.

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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, 2020 and 2019, 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.

Substantial Doubt about the Authority's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Authority will continue as a going concern. As discussed in Note 18 to the combined financial statements, the Authority has suffered recurring losses from operations and resulting cash flow difficulties. These issues indicate that substantial doubt exists about the Authority's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 18. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that 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.

DRAFFIN + TUCKER, LLP

Albany, Georgia
January 24, 2022

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

COMBINED BALANCE SHEETS, November 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,210,720	\$ 801,589
Restricted cash	14,149	14,149
Patient accounts receivable, net of estimated uncollectibles of \$8,745,700 in 2020 and \$6,862,000 in 2019	2,172,834	2,021,784
Estimated third-party payor settlements	316,489	209,341
Supplies	315,977	290,006
Other current assets	<u>648,604</u>	<u>473,419</u>
Total current assets	<u>12,678,773</u>	<u>3,810,288</u>
Noncurrent cash:		
Externally restricted	<u>4,554</u>	<u>4,554</u>
Capital assets:		
Nondepreciable	182,812	182,812
Depreciable, net of accumulated depreciation	<u>4,783,705</u>	<u>4,814,823</u>
Total capital assets, net of accumulated depreciation	<u>4,966,517</u>	<u>4,997,635</u>
Other assets:		
Long-term investments	<u>941,443</u>	<u>871,102</u>
Total other assets	<u>941,443</u>	<u>871,102</u>
 Total assets	 \$ <u>18,591,287</u>	 \$ <u>9,683,579</u>

Continued

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

COMBINED BALANCE SHEETS, Continued November 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	\$ 6,475	\$ 40,303
Current maturities of related party debt	132,797	251,468
Short-term debt	186,863	110,234
Accounts payable	2,787,542	3,209,870
Accrued expenses	976,895	1,018,978
Estimated third-party payor settlements	32,401	275,071
Current portion of Medicare advance payments	175,739	-
CARES Act unearned revenue	5,045,124	-
Paycheck Protection Program loan	1,401,800	-
Other liabilities	<u>14,149</u>	<u>14,149</u>
Total current liabilities	10,759,785	4,920,073
Long-term related party debt, excluding current maturities	-	132,797
Long-term debt and capital lease obligations, excluding current maturities	3,952	10,426
Medicare advance payments, excluding current portion	<u>351,477</u>	<u>-</u>
Total liabilities	<u>11,115,214</u>	<u>5,063,296</u>
Net position:		
Net investment in capital assets	4,956,092	4,946,908
Restricted:		
Expendable	4,554	4,554
Unrestricted	<u>2,515,427</u>	<u>(331,179)</u>
Net position	<u>7,476,073</u>	<u>4,620,283</u>
Total liabilities and net position	<u>\$ 18,591,287</u>	<u>\$ 9,683,579</u>

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Net patient service revenue (net of provision for bad debts of \$5,684,700 in 2020 and \$5,453,100 in 2019)	\$ 15,667,197	\$ 15,665,871
Other revenue	<u>889,865</u>	<u>827,092</u>
Total operating revenues	<u>16,557,062</u>	<u>16,492,963</u>
Operating expenses:		
Salaries and wages	7,327,292	7,194,620
Employee benefits	1,662,296	1,586,967
Purchased services	3,789,523	4,304,065
Supplies and other	4,896,133	3,466,549
Contribution expense	2,706	36,050
Depreciation and amortization	<u>369,815</u>	<u>369,828</u>
Total operating expenses	<u>18,047,765</u>	<u>16,958,079</u>
Operating loss	<u>(1,490,703)</u>	<u>(465,116)</u>
Nonoperating revenues (expenses):		
Investment income	77,274	126,915
Interest expense	(34,745)	(25,052)
Rural hospital tax credit contributions	273,529	429,349
CARES Act funding	4,003,421	-
Noncapital grants and contributions	<u>27,014</u>	<u>50,398</u>
Total nonoperating revenues	<u>4,346,493</u>	<u>581,610</u>
Increase (decrease) in net position	2,855,790	116,494
Net position at beginning of year	<u>4,620,283</u>	<u>4,503,789</u>
Net position at end of year	\$ <u>7,476,073</u>	\$ <u>4,620,283</u>

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Receipts from and on behalf of patients	\$ 16,056,194	\$ 16,473,868
Receipts from Medicare advance payments	527,216	-
Payments to suppliers and contractors	(9,419,508)	(7,349,117)
Payments to employees	<u>(8,921,303)</u>	<u>(8,744,718)</u>
Net cash provided (used) by operating activities	<u>(1,757,401)</u>	<u>380,033</u>
Cash flows from noncapital financing activities:		
Rural hospital tax credit contributions	273,529	429,349
Noncapital grants and contributions	24,308	14,348
Proceeds from issuance of short-term debt	298,619	270,839
Principal paid on short-term debt	(221,990)	(250,506)
Interest paid on short-term debt	(3,185)	(939)
CARES Act funding	9,048,545	-
Proceeds from Paycheck Protection Program loan	1,401,800	-
Principal paid on long-term debt	-	(99,500)
Principal paid on related party debt	(251,468)	(234,514)
Interest paid on related party debt	<u>(2,014)</u>	<u>(20,035)</u>
Net cash provided by noncapital financing activities	<u>10,568,144</u>	<u>109,042</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(338,697)	(182,312)
Payments on capital lease obligations	(40,302)	(45,622)
Interest on capital lease obligations	<u>(29,546)</u>	<u>(4,078)</u>
Net cash used by capital and related financing activities	<u>(408,545)</u>	<u>(232,012)</u>
Cash flows from investing activities:		
Investment income	15,451	1,383
Purchase of investments	(266,762)	(196,143)
Proceeds from sale of investments	<u>258,244</u>	<u>216,285</u>
Net cash provided by investing activities	<u>6,933</u>	<u>21,525</u>
Net increase in cash and cash equivalents	8,409,131	278,588
Cash and cash equivalents, beginning of year	<u>820,292</u>	<u>541,704</u>
Cash and cash equivalents, end of year	\$ <u>9,229,423</u>	\$ <u>820,292</u>

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents	\$ 9,210,720	\$ 801,589
Restricted cash	14,149	14,149
Noncurrent cash	<u>4,554</u>	<u>4,554</u>
Total cash and cash equivalents	\$ <u>9,229,423</u>	\$ <u>820,292</u>
Reconciliation of operating loss to net cash flows provided (used) by operating activities:		
Operating loss	\$(1,490,703)	\$(465,116)
Adjustments to reconcile operating loss to net cash flows provided (used) by operating activities:		
Depreciation and amortization	369,815	369,828
Provision for bad debts	5,684,688	5,453,147
Contributions	2,706	36,050
Changes in:		
Patient accounts receivable	(5,835,738)	(5,461,241)
Supplies	(25,971)	(71,879)
Other current assets	(175,185)	129,767
Estimated third-party payor settlements	(349,818)	(11,001)
Accounts payable	(422,328)	519,661
Accrued expenses	(42,083)	(119,183)
Medicare advance payments	<u>527,216</u>	<u>-</u>
Net cash provided (used) by operating activities	\$(<u>1,757,401</u>)	\$ <u>380,033</u>
Supplemental disclosure of noncash financing and investing activities:		
Unrealized gain on investments	\$ <u>61,823</u>	\$ <u>125,532</u>
Total	\$ <u>61,823</u>	\$ <u>125,532</u>

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS
November 30, 2020 and 2019

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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 collectibility 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

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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* consist 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

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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 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, 2020 and 2019 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

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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, 2020 and 2019.

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. CARES Act advance payments are reported as unearned revenue until all applicable eligibility requirements are met. See Note 19 for additional information.

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HOSPITAL AUTHORITY OF IRWIN COUNTY
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NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

1. Summary of Significant Accounting Policies, Continued

Recently Adopted Accounting Pronouncement

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). GASB 88 clarifies which liabilities should be included when disclosing information related to debt, requires additional essential information related to debt be disclosed, and requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB 88 is effective for fiscal years beginning after June 15, 2019 with GASB 95 deferral. The Authority has adopted the provisions for all periods presented.

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 9% and 35%, respectively, of the Authority's net patient revenue for the year ended 2020, and 10% and 38%, respectively, of the Authority's net patient revenue for the year ended 2019. 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 RAC's 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.

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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

2. Net Patient Service Revenue, Continued

- Medicare, Continued

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, 2014.

- 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, 2016.

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.

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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

2. Net Patient Service Revenue, Continued

• Medicaid, Continued

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 \$580,000 and \$202,000 for the years ended November 30, 2020 and 2019, 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 \$284,000 and \$275,000 for the years ended November 30, 2020 and 2019, 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 \$332,000 and \$341,000 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, 2020 and 2019, 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

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

3. Uncompensated Services

The Authority was compensated for services at amounts less than its established rates. Charges for uncompensated services for 2020 and 2019 were approximately \$33,057,000 and \$35,258,000, respectively.

Uncompensated care includes charity and indigent care services of approximately \$1,165,000 and \$1,751,000 in 2020 and 2019, respectively. The cost of charity and indigent care services provided during 2020 and 2019 were approximately \$431,000 and \$583,000, 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 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Gross patient charges	\$ <u>48,723,856</u>	\$ <u>50,923,537</u>
Uncompensated services:		
Charity and indigent care	1,165,386	1,750,982
Medicare	2,317,532	3,375,029
Medicaid	2,726,786	2,375,995
Other allowances	21,162,267	22,462,042
Bad debts	<u>5,684,688</u>	<u>5,293,618</u>
Total uncompensated care	<u>33,056,659</u>	<u>35,257,666</u>
Net patient service revenue	\$ <u>15,667,197</u>	\$ <u>15,665,871</u>

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, 2020 and 2019 are classified in the accompanying combined financial statements as follows:

	<u>2020</u>	<u>2019</u>
Balance sheets:		
Cash and cash equivalents	\$ 9,210,720	\$ 801,589
Restricted cash	14,149	14,149
Noncurrent cash	4,554	4,554
Investments	<u>941,443</u>	<u>871,102</u>
Total	\$ <u>10,170,866</u>	\$ <u>1,691,394</u>

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

4. Deposits and Investments, Continued

Deposits and investments consist of the following:

	<u>2020</u>	<u>2019</u>
Deposits with financial institutions	\$ <u>9,229,423</u>	\$ <u>820,292</u>
Investments:		
Government securities	98,558	102,595
Corporate bonds	67,157	60,937
Mutual funds - fixed income	170,860	163,668
Mutual fund - equity	59,708	50,991
Equity securities	<u>545,160</u>	<u>492,911</u>
Total investments	<u>941,443</u>	<u>871,102</u>
Total deposits and investments	\$ <u>10,170,866</u>	\$ <u>1,691,394</u>

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, 2020 and 2019 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, 2020 and 2019, the Authority owned approximately \$941,000 and \$871,000, 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

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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, 2020 and 2019, the Authority had the following investments in debt securities and weighted average maturities:

	2020		2019	
	<u>Amount</u>	<u>Weighted Average Maturity (In Years)</u>	<u>Amount</u>	<u>Weighted Average Maturity (In Years)</u>
Debt securities:				
U.S. Treasury notes	\$ 61,189	1.5	\$ 38,198	1.8
U.S. Agency securities	37,369	3.0	64,397	5.4
Corporate bonds	<u>67,157</u>	<u>4.8</u>	<u>60,937</u>	<u>2.8</u>
Total	<u>\$ 165,715</u>	<u>9.3</u>	<u>\$ 163,532</u>	<u>10.0</u>

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, 2020 and 2019, the Authority's investments in debt securities had the following ratings:

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

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

4. Deposits and Investments, Continued

Disclosure Relating to Credit Risk, Continued

	Rating as of November 30, 2019				
	<u>Amount</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Debt securities:					
U.S. Treasury notes	\$ 38,198	\$ 38,198	\$ -	\$ -	\$ -
U.S. Agency securities	64,397	64,397	-	-	-
Corporate bonds	<u>60,937</u>	<u>24,131</u>	<u>17,228</u>	<u>-</u>	<u>19,578</u>
Total	\$ <u>163,532</u>	\$ <u>126,726</u>	\$ <u>17,228</u>	\$ <u>-</u>	\$ <u>19,578</u>

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, 2020 and 2019 consisted of these amounts:

	<u>2020</u>	<u>2019</u>
Patient accounts receivable:		
Receivable from patients and their insurance carriers	\$ 9,799,937	\$ 7,693,177
Receivable from Medicare	608,611	640,844
Receivable from Medicaid	<u>350,453</u>	<u>391,229</u>
Total patient accounts receivable	10,759,001	8,725,250
Less allowance for uncollectible amounts and contractual adjustments	<u>8,586,167</u>	<u>6,703,466</u>
Patient accounts receivable, net	\$ <u>2,172,834</u>	\$ <u>2,021,784</u>
Accounts payable and accrued expenses:		
Payable to suppliers	\$ 1,628,415	\$ 2,332,879
Payable to employees (including payroll taxes)	705,740	543,246
Other	<u>1,444,431</u>	<u>1,366,872</u>
Total accounts payable and accrued expenses	\$ <u>3,778,586</u>	\$ <u>4,242,997</u>

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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, 2020 and 2019.

7. Capital Assets

Capital asset changes for the years ended November 30, 2020 and 2019 were as follows:

	<u>2019</u> <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>2020</u> <u>Balance</u>
Land	\$ <u>182,812</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>182,812</u>
Capital assets not being depreciated	<u>182,812</u>	<u>-</u>	<u>-</u>	<u>182,812</u>
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	<u>203,150</u>	<u>-</u>	<u>-</u>	<u>203,150</u>
Capital assets being depreciated	<u>16,217,673</u>	<u>340,292</u>	<u>(1,595)</u>	<u>16,556,370</u>
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	<u>(35,760)</u>	<u>(11,763)</u>	<u>-</u>	<u>(47,523)</u>
Total accumulated depreciation and amortization	<u>(11,402,850)</u>	<u>(369,815)</u>	<u>-</u>	<u>(11,772,665)</u>
Capital assets being depreciated, net	<u>4,814,823</u>	<u>(29,523)</u>	<u>(1,595)</u>	<u>4,783,705</u>
Total capital assets, net	\$ <u>4,997,635</u>	\$(<u>29,523</u>)	\$(<u>1,595</u>)	\$ <u>4,966,517</u>

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

7. Capital Assets, Continued

	2018 <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	2019 <u>Balance</u>
Land	\$ <u>182,812</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>182,812</u>
Capital assets not being depreciated	<u>182,812</u>	<u>-</u>	<u>-</u>	<u>182,812</u>
Land improvements	201,748	-	-	201,748
Buildings and improvements	10,174,210	102,936	-	10,277,146
Equipment	5,456,253	93,476	(14,100)	5,535,629
Equipment under capital lease	<u>203,150</u>	<u>-</u>	<u>-</u>	<u>203,150</u>
Capital assets being depreciated	<u>16,035,361</u>	<u>196,412</u>	<u>(14,100)</u>	<u>16,217,673</u>
Less accumulated depreciation and amortization for:				
Land improvements	(178,278)	(2,686)	-	(180,964)
Buildings and improvements	(5,835,470)	(288,219)	-	(6,123,689)
Equipment	(4,995,277)	(67,160)	-	(5,062,437)
Equipment under capital lease	<u>(23,997)</u>	<u>(11,763)</u>	<u>-</u>	<u>(35,760)</u>
Total accumulated depreciation and amortization	<u>(11,033,022)</u>	<u>(369,828)</u>	<u>-</u>	<u>(11,402,850)</u>
Capital assets being depreciated, net	<u>5,002,339</u>	<u>(173,416)</u>	<u>(14,100)</u>	<u>4,814,823</u>
Total capital assets, net	\$ <u>5,185,151</u>	\$ <u>(173,416)</u>	\$ <u>(14,100)</u>	\$ <u>4,997,635</u>

8. Short-Term Debt

In November 2017, the Authority was ordered to pay a \$198,698 vendor balance in a structured settlement payable over 12 months beginning in December 2017, with principal installments of \$16,558 and interest accruing at 7.50%. At November 30, 2018, the balance outstanding on this agreement totaled approximately \$17,000. During the fiscal year ended November 30, 2019, the remaining balance was paid in full.

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

8. Short-Term Debt, Continued

In March 2018, the Authority financed \$185,565 related to insurance premiums. Under the financing agreement, which bears interest at 5.38%, principal and interest payments are due in 11 consecutive monthly installments of \$17,327 beginning June 2018. At November 30, 2018, the balance outstanding on this agreement totaled \$73,035., which was paid in full during the fiscal year ended November 30, 2019.

In January 2018, the Authority entered into a revolving line-of-credit agreement with Irwin County State Bank for a maximum amount of \$200,075 bearing interest at 1.65% with a maturity date of January 25, 2019 and collateralized by certificates of deposit of the Ocilla-Irwin County Development Authority. The outstanding balance on the line-of-credit loan at November 30, 2018 was \$308, and was paid in full during the fiscal year ended November 30, 2019.

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.

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.

A summary of changes in the Authority's short-term debt for 2020 and 2019 follows:

	<u>2019</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>2020</u> <u>Balance</u>
Direct borrowings:				
Notes payable	\$ 110,234	\$ 298,619	\$(221,990)	\$ 186,863
Vendor settlement payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	110,234	298,619	(221,990)	186,863
Operating line-of-credit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total short-term debt	\$ <u>110,234</u>	\$ <u>298,619</u>	\$(<u>221,990</u>)	\$ <u>186,863</u>

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

8. Short-Term Debt, Continued

	<u>2018</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>2019</u> <u>Balance</u>
Direct borrowings:				
Notes payable	\$ 73,035	\$ 270,839	\$(233,640)	\$ 110,234
Vendor settlement payable	<u>16,558</u>	<u>-</u>	<u>(16,558)</u>	<u>-</u>
Subtotal	89,593	270,839	(250,198)	110,234
Operating line-of-credit	<u>308</u>	<u>-</u>	<u>(308)</u>	<u>-</u>
Total short-term debt	\$ <u>89,901</u>	\$ <u>270,839</u>	\$(<u>250,506)</u>	\$ <u>110,234</u>

9. Long-Term Debt

Summary of long-term debt at November 30, 2020 and 2019, follows:

	<u>2020</u>	<u>2019</u>
Capital lease payable: Capital lease obligation with an interest rate of 7.51% and monthly payments of \$2,441, matured in November 2020; collateralized by leased building improvements.	\$ -	\$ 21,881
Capital lease payable: Capital lease obligation with an interest rate of 6.81% and monthly payments of \$1,013, matured in November 2020; collateralized by leased building improvements.	-	12,308
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.	<u>10,426</u>	<u>16,540</u>
Total long-term debt	10,426	50,729
Less current installments of long-term debt	<u>(6,475)</u>	<u>(40,303)</u>
Long-term debt excluding current installments	\$ <u>3,951</u>	\$ <u>10,426</u>

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

9. Long-Term Debt, Continued

	Balance November 30, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance November 30, <u>2020</u>	Amounts Due Within <u>One Year</u>
Capital leases payable	\$ <u>50,729</u>	\$ <u>-</u>	\$(<u>40,303</u>)	\$ <u>10,426</u>	\$ <u>6,475</u>
Total long-term debt	\$ <u>50,729</u>	\$ <u>-</u>	\$(<u>40,303</u>)	\$ <u>10,426</u>	\$ <u>6,475</u>
	Balance November 30, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance November 30, <u>2019</u>	Amounts Due Within <u>One Year</u>
Capital leases payable	\$ 96,351	\$ -	\$(45,622)	\$ 50,729	\$ 40,303
Settlement payable	<u>99,500</u>	<u>-</u>	(<u>99,500</u>)	<u>-</u>	<u>-</u>
Total long-term debt	\$ <u>195,851</u>	\$ <u>-</u>	\$(<u>145,122</u>)	\$ <u>50,729</u>	\$ <u>40,303</u>

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

<u>Year Ending November 30</u>	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 6,475	\$ 430
2022	<u>3,951</u>	<u>76</u>
Total	\$ <u>10,426</u>	\$ <u>506</u>

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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 or upon severance from employment. The amount of pension cost accrued or expensed was approximately \$85,000 and \$89,000 in 2020 and 2019, 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 \$1,471,000 and \$1,322,000 in 2020 and 2019, respectively.

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, Internal Revenue Service, 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.

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

12. Commitments and Contingencies, Continued

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 \$132,797 and \$384,265 at November 30, 2020 and 2019, respectively.

A summary of changes in related party debt for the years ended November 30, 2020 and 2019 follows:

	Balance November 30, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance November 30, <u>2020</u>	Current <u>Portion</u>
Related party debt	\$ <u>384,265</u>	\$ <u> - </u>	\$(<u>251,468</u>)	\$ <u>132,797</u>	\$ <u>132,797</u>
	Balance November 30, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance November 30, <u>2019</u>	Current <u>Portion</u>
Related party debt	\$ <u>618,779</u>	\$ <u> - </u>	\$(<u>234,514</u>)	\$ <u>384,265</u>	\$ <u>251,468</u>

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

13. Related Party Transactions, Continued

Scheduled principal and interest repayments on related party debt are as follows:

<u>Year Ending November 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ <u>132,797</u>	\$ <u>2,877</u>
Total	\$ <u>132,797</u>	\$ <u>2,877</u>

During the years ended November 30, 2020 and 2019, 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, 2020 and 2019, expense of approximately \$50,000 and \$49,000, 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 2020 and 2019 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

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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, 2020 and 2019, was as follows:

	<u>2020</u>	<u>2019</u>
Medicare	6%	7%
Medicaid	3%	4%
Blue Cross	5%	6%
Other third-party payors	59%	61%
Patients	<u>27%</u>	<u>22%</u>
Total	<u>100%</u>	<u>100%</u>

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 2024. The Authority submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar years 2020 and 2019. Contributions received under the program approximated \$274,000 and \$429,000 during fiscal years 2020 and 2019, 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 generally accepted accounting principles. 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

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

17. Fair Value Measurements, Continued

The Authority has the following recurring fair value measurements as of November 30, 2020 and 2019:

		Fair Value Measurements at Reporting Date Using		
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>November 30, 2020</u>				
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	<u>545,160</u>	<u>545,160</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 941,443</u>	<u>\$ 941,443</u>	<u>\$ -</u>	<u>\$ -</u>
<u>November 30, 2019</u>				
U.S. Treasury notes	\$ 38,198	\$ 38,198	\$ -	\$ -
U.S. Agency securities	64,397	64,397	-	-
Corporate bonds	60,937	60,937	-	-
Mutual funds - fixed income	163,668	163,668	-	-
Mutual fund - equity	50,991	50,991	-	-
Equity securities	<u>492,911</u>	<u>492,911</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 871,102</u>	<u>\$ 871,102</u>	<u>\$ -</u>	<u>\$ -</u>

18. Management's Plan

As shown in the accompanying combined financial statements, the Authority incurred net operating losses totaling approximately \$1,450,000 and \$465,000 for the years ended November 30, 2020 and 2019, respectively. In addition, prior to the receipt of funding related to the COVID pandemic the Authority's current liabilities exceeded its current assets. The combined effect of these factors, as well as others, creates substantial doubt about the Authority's ability to continue as a going concern.

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

18. Management's Plan, Continued

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.

The ability of the Authority to continue as a going concern is dependent, in part, on the success of these initiatives. There can be no guarantees that such plans will succeed. The accompanying combined financial statements do not include any adjustments that might be necessary if the Authority is unable to continue as a going concern.

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.

On March 27, 2020, the President signed the *Coronavirus Aid, Relief and Economic Security Act* (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.

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.

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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. Forgiveness of the loan will be recognized in the fiscal period in which they were released of the obligation.

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.

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, 2020 and 2019, there were no existing loans receivable from physicians.

Continued

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

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
November 30, 2020 and 2019

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, 2020 and 2019 was approximately \$803,000 and \$567,000, respectively, including approximately \$50,000 and \$49,000, 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:

<u>Year Ending November 30,</u>	<u>Amount</u>
2021	\$ 123,630
2022	<u>123,630</u>
Total	\$ <u>247,260</u>



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, 2020 and 2019, and our report thereon dated January 24, 2022, 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 35 through 40, 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
January 24, 2022

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

COMBINING BALANCE SHEET
November 30, 2020

<u>Assets</u>	<u>Irwin County Hospital</u>	<u>Irwin County Healthcare Foundation</u>	<u>Palemon Gaskins Nursing Home</u>	<u>Total</u>
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	<u>(4,502,135)</u>	<u>-</u>	<u>4,502,135</u>	<u>-</u>
Total current assets	<u>7,434,193</u>	<u>67,390</u>	<u>5,177,190</u>	<u>12,678,773</u>
Noncurrent cash	<u>4,554</u>	<u>-</u>	<u>-</u>	<u>4,554</u>
Capital assets, net	<u>4,789,460</u>	<u>-</u>	<u>177,057</u>	<u>4,966,517</u>
Other assets:				
Long-term investments	<u>-</u>	<u>941,443</u>	<u>-</u>	<u>941,443</u>
Total other assets	<u>-</u>	<u>941,443</u>	<u>-</u>	<u>941,443</u>
Total assets	<u>\$ 12,228,207</u>	<u>\$ 1,008,833</u>	<u>\$ 5,354,247</u>	<u>\$ 18,591,287</u>

Continued

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

COMBINING BALANCE SHEET, Continued
November 30, 2020

	<u>Irwin County Hospital</u>	<u>Irwin County Healthcare Foundation</u>	<u>Palemon Gaskins Nursing Home</u>	<u>Total</u>
<u>Liabilities and Net Position</u>				
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	867,646	-	109,248	976,894
Estimated third-party payor settlements	-	-	32,401	32,401
Current portion Medicare advance payments	175,739	-	-	175,739
Paycheck Protection Program loan	1,279,570	-	122,230	1,401,800
CARES Act unearned revenue	5,045,124	-	-	5,045,124
Other liabilities	<u>-</u>	<u>-</u>	<u>14,149</u>	<u>14,149</u>
Total current liabilities	9,813,406	-	946,379	10,759,785
Long-term debt and capital lease obligations, excluding current maturities	3,952	-	-	3,952
Medicare advance payments	<u>351,477</u>	<u>-</u>	<u>-</u>	<u>351,477</u>
Total liabilities	<u>10,168,835</u>	<u>-</u>	<u>946,379</u>	<u>11,115,214</u>
Net position:				
Net investment in capital assets	4,779,034	-	177,058	4,956,092
Restricted:				
Expendable	4,554	-	-	4,554
Unrestricted	<u>(2,724,216)</u>	<u>1,008,833</u>	<u>4,230,810</u>	<u>2,515,427</u>
Net position	<u>2,059,372</u>	<u>1,008,833</u>	<u>4,407,868</u>	<u>7,476,073</u>
Total liabilities and net position	<u>\$ 12,228,207</u>	<u>\$ 1,008,833</u>	<u>\$ 5,354,247</u>	<u>\$ 18,591,287</u>

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, 2019

<u>Assets</u>	<u>Irwin County Hospital</u>	<u>Irwin County Healthcare Foundation</u>	<u>Palemon Gaskins Nursing Home</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 710,264	\$ 52,966	\$ 38,359	\$ 801,589
Restricted cash	-	-	14,149	14,149
Patient accounts receivable, net of estimated uncollectibles	1,700,526	-	321,258	2,021,784
Estimated third-party payor settlements	200,774	-	8,567	209,341
Supplies	290,006	-	-	290,006
Other current assets	354,583	1,197	117,639	473,419
Due to (from) related parties	<u>(3,929,821)</u>	<u>-</u>	<u>3,929,821</u>	<u>-</u>
Total current assets	<u>(673,668)</u>	<u>54,163</u>	<u>4,429,793</u>	<u>3,810,288</u>
Noncurrent cash	<u>4,554</u>	<u>-</u>	<u>-</u>	<u>4,554</u>
Capital assets, net	<u>4,809,896</u>	<u>-</u>	<u>187,739</u>	<u>4,997,635</u>
Other assets:				
Long-term investments	<u>-</u>	<u>871,102</u>	<u>-</u>	<u>871,102</u>
Total other assets	<u>-</u>	<u>871,102</u>	<u>-</u>	<u>871,102</u>
Total assets	<u>\$ 4,140,782</u>	<u>\$ 925,265</u>	<u>\$ 4,617,532</u>	<u>\$ 9,683,579</u>

Continued

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

COMBINING BALANCE SHEET, Continued
November 30, 2019

<u>Liabilities and Net Position</u>	<u>Irwin County Hospital</u>	<u>Irwin County Healthcare Foundation</u>	<u>Palemon Gaskins Nursing Home</u>	<u>Total</u>
Current liabilities:				
Current maturities of long-term debt and capital lease obligations	\$ 27,995	\$ -	\$ 12,308	\$ 40,303
Current maturities of related party debt	251,468	-	-	251,468
Short-term debt	110,234	-	-	110,234
Accounts payable	2,577,987	-	631,883	3,209,870
Accrued expenses	910,977	-	108,001	1,018,978
Estimated third-party payor settlements	275,071	-	-	275,071
Other liabilities	<u>-</u>	<u>-</u>	<u>14,149</u>	<u>14,149</u>
Total current liabilities	4,153,732	-	766,341	4,920,073
Long-term debt and capital lease obligations, excluding current maturities	10,426	-	-	10,426
Long-term related party debt, excluding current maturities	<u>132,797</u>	<u>-</u>	<u>-</u>	<u>132,797</u>
Total liabilities	<u>4,296,955</u>	<u>-</u>	<u>766,341</u>	<u>5,063,296</u>
Net position:				
Net investment in capital assets	4,770,824	-	176,084	4,946,908
Restricted:				
Expendable	4,554	-	-	4,554
Unrestricted	<u>(4,931,551)</u>	<u>925,265</u>	<u>3,675,107</u>	<u>(331,179)</u>
Net position	<u>(156,173)</u>	<u>925,265</u>	<u>3,851,191</u>	<u>4,620,283</u>
Total liabilities and net position	<u>\$ 4,140,782</u>	<u>\$ 925,265</u>	<u>\$ 4,617,532</u>	<u>\$ 9,683,579</u>

See accompanying auditor's report on combining information.

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

COMBINING STATEMENT 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	<u>833,781</u>	<u>-</u>	<u>284,084</u>	<u>(228,000)</u>	<u>889,865</u>
Total operating revenues	<u>14,448,908</u>	<u>-</u>	<u>2,336,154</u>	<u>(228,000)</u>	<u>16,557,062</u>
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	<u>357,815</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>369,815</u>
Total operating expenses	<u>16,492,262</u>	<u>2,706</u>	<u>1,780,797</u>	<u>(228,000)</u>	<u>18,047,765</u>
Operating income (loss)	<u>(2,043,354)</u>	<u>(2,706)</u>	<u>555,357</u>	<u>-</u>	<u>(1,490,703)</u>
Nonoperating revenues (expenses):					
Investment income (loss)	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	<u>1,997</u>	<u>25,017</u>	<u>-</u>	<u>-</u>	<u>27,014</u>
Total nonoperating revenues (expenses)	<u>4,258,899</u>	<u>86,274</u>	<u>1,320</u>	<u>-</u>	<u>4,346,493</u>
Increase (decrease) in net position	2,215,545	83,568	556,677	-	2,855,790
Net position at beginning of year	<u>(156,173)</u>	<u>925,265</u>	<u>3,851,191</u>	<u>-</u>	<u>4,620,283</u>
Net position at end of year	<u>\$ 2,059,372</u>	<u>\$ 1,008,833</u>	<u>\$ 4,407,868</u>	<u>\$ -</u>	<u>\$ 7,476,073</u>

See accompanying auditor's report on combining information.

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

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
November 30, 2019

	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)	\$ 13,357,419	\$ -	\$ 2,308,452	\$ -	\$ 15,665,871
Other revenue	<u>799,114</u>	<u>-</u>	<u>274,978</u>	<u>(247,000)</u>	<u>827,092</u>
Total operating revenues	<u>14,156,533</u>	<u>-</u>	<u>2,583,430</u>	<u>(247,000)</u>	<u>16,492,963</u>
Operating expenses:					
Salaries and wages	6,279,000	-	915,620	-	7,194,620
Employee benefits	1,495,636	-	91,331	-	1,586,967
Purchased services	4,212,168	11,686	80,211	-	4,304,065
Supplies and other	3,177,819	-	535,730	(247,000)	3,466,549
Contribution expense	-	36,050	-	-	36,050
Depreciation and amortization	<u>356,828</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>369,828</u>
Total operating expenses	<u>15,521,451</u>	<u>47,736</u>	<u>1,635,892</u>	<u>(247,000)</u>	<u>16,958,079</u>
Operating income (loss)	<u>(1,364,918)</u>	<u>(47,736)</u>	<u>947,538</u>	<u>-</u>	<u>(465,116)</u>
Nonoperating revenues (expenses):					
Investment income (loss)	7,630	119,285	-	-	126,915
Interest expense	(23,909)	-	(1,143)	-	(25,052)
Rural hospital tax credit contributions	429,349	-	-	-	429,349
Noncapital grants and contributions	<u>-</u>	<u>43,751</u>	<u>6,647</u>	<u>-</u>	<u>50,398</u>
Total nonoperating revenues (expenses)	<u>413,070</u>	<u>163,036</u>	<u>5,504</u>	<u>-</u>	<u>581,610</u>
Increase (decrease) in net position	(951,848)	115,300	953,042	-	116,494
Net position at beginning of year	<u>795,675</u>	<u>809,965</u>	<u>2,898,149</u>	<u>-</u>	<u>4,503,789</u>
Net position at end of year	<u>\$ (156,173)</u>	<u>\$ 925,265</u>	<u>\$ 3,851,191</u>	<u>\$ -</u>	<u>\$ 4,620,283</u>

See accompanying auditor's report on combining information.