

JASPER HEALTH SERVICES, INC.
MONTICELLO, GEORGIA

FINANCIAL STATEMENTS

for the years ended September 30, 2025 and 2024



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JASPER HEALTH SERVICES, INC.
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FINANCIAL STATEMENTS

for the years ended September 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jasper Health Services, Inc.
Monticello, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jasper Health Services, Inc. (Corporation), which comprise the balance sheets as of September 30, 2025 and 2024, the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Jasper Health Services, Inc. as of September 30, 2025 and 2024, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

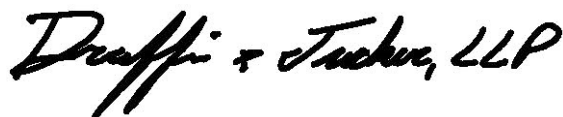
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jasper Health Services, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jasper Health Services, Inc.'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.



Albany, Georgia
March 25, 2026

JASPER HEALTH SERVICES, INC.

BALANCE SHEETS, September 30, 2025 and 2024

ASSETS	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 455,486	\$ 909,004
Patient accounts receivable, net	1,371,468	1,409,980
Supplies, at lower of cost (first-in, first-out) and net realizable value	251,836	208,789
Estimated third-party payor settlements	64,342	-
Other current assets	<u>1,070,586</u>	<u>192,562</u>
 Total current assets	 3,213,718	 2,720,335
Long-term investments	23,929	514,277
Property, plant and equipment, net	6,630,161	7,136,370
Operating lease right-of-use assets	<u>428,490</u>	<u>198,222</u>
 Total assets	 <u>\$ 10,296,298</u>	 <u>\$ 10,569,204</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 39,208	\$ 593,563
Current portion of operating lease liabilities	228,414	92,896
Accounts payable	433,491	391,951
Accrued expenses	863,668	644,237
Estimated third-party payor settlements	-	37,356
Medicaid advance payment	<u>192,770</u>	<u>192,770</u>
 Total current liabilities	 1,757,551	 1,952,773
Noncurrent liabilities:		
Long-term debt, net of current portion	553,251	-
Operating lease liabilities, net of current portion	<u>216,351</u>	<u>120,374</u>
 Total liabilities	 2,527,153	 2,073,147
Net assets without donor restrictions	<u>7,769,145</u>	<u>8,496,057</u>
 Total liabilities and net assets	 <u>\$ 10,296,298</u>	 <u>\$ 10,569,204</u>

See auditor's report and notes to financial statements.

JASPER HEALTH SERVICES, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
for the years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues, gains and other support:		
Net patient service revenue	\$ 15,444,368	\$ 13,735,492
Other revenue	<u>151,079</u>	<u>133,898</u>
Total revenues, gains and other support	<u>15,595,447</u>	<u>13,869,390</u>
Operating expenses:		
Salaries and wages	9,906,280	9,048,118
Employee health and welfare	1,835,938	1,603,373
Purchased services and professional fees	2,484,385	2,640,619
Supplies and drugs	1,216,638	1,147,749
Depreciation and amortization	712,811	754,172
Other expenses	<u>1,342,022</u>	<u>1,241,841</u>
Total operating expenses	<u>17,498,074</u>	<u>16,435,872</u>
Operating loss	<u>(1,902,627)</u>	<u>(2,566,482)</u>
Nonoperating income:		
Investment income	18,033	104,651
Grants and contributions	537,109	592,408
Rural Hospital Tax Credit contributions	<u>620,573</u>	<u>715,949</u>
Total nonoperating income	<u>1,175,715</u>	<u>1,413,008</u>
Excess expenses	<u>(726,912)</u>	<u>(1,153,474)</u>
Net assets without donor restrictions, beginning of year	<u>8,496,057</u>	<u>9,649,531</u>
Net assets without donor restrictions, end of year	<u>\$ 7,769,145</u>	<u>\$ 8,496,057</u>

See auditor's report and notes to financial statements.

JASPER HEALTH SERVICES, INC.

STATEMENTS OF CASH FLOWS
for the years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Changes in net assets	\$ (726,912)	\$ (1,153,474)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	712,811	754,172
Net realized (gains) losses on securities	(117,534)	6,700
Change in net unrealized (gains) losses on securities	109,516	(78,391)
Changes in:		
Patient accounts receivable	38,512	(401,356)
Supplies	(43,047)	(4,541)
Other current assets	(878,024)	200,858
Accounts payable and accrued expenses	260,971	(158,200)
Estimated third-party payor settlements	(101,698)	(315,141)
Medicaid advance payment	-	192,770
Operating lease liabilities	<u>(226,606)</u>	<u>(196,111)</u>
Net cash used by operating activities	<u>(972,011)</u>	<u>(1,152,714)</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(18,770)	(90,860)
Proceeds from sale of property, plant and equipment	40,000	-
Proceeds from sale of investments	519,185	72,997
Purchase of investments	<u>(20,819)</u>	<u>(90,900)</u>
Net cash provided (used) by investing activities	<u>519,596</u>	<u>(108,763)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	300	-
Payments on long-term debt	<u>(1,403)</u>	<u>(161,051)</u>
Net cash used by financing activities	<u>(1,103)</u>	<u>(161,051)</u>
Net decrease in cash and cash equivalents	(453,518)	(1,422,528)
Cash and cash equivalents, beginning of year	<u>909,004</u>	<u>2,331,532</u>
Cash and cash equivalents, end of year	<u>\$ 455,486</u>	<u>\$ 909,004</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 36,368</u>	<u>\$ 60,009</u>
Assets acquired through operating leases	<u>\$ 458,100</u>	<u>\$ -</u>

See auditor's report and notes to financial statements.

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

1. Summary of Significant Accounting Policies

Organization

Jasper Health Services, Inc. (Corporation), incorporated November 8, 1999, is a not-for-profit corporation whose primary purpose is to operate Jasper Memorial Hospital (JMH) (a 17-bed critical access hospital), The Retreat Nursing Home (a 55-bed skilled nursing facility) and two physician clinics, located in Monticello, Georgia.

Use of Estimates

The preparation of 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 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 investments in highly liquid debt instruments with an original maturity of three months or less. Certain short-term, highly liquid investments temporarily held as part of the Corporation's long-term investment portfolio are excluded from cash and cash equivalents.

Patient Accounts Receivable

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

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

Patient accounts receivable was \$1,371,468, \$1,409,980, and \$1,008,624 as of September 30, 2025, 2024 and 2023, respectively. The Corporation had no significant contract assets or contract liabilities as of September 30, 2025 or 2024.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies, Continued

Allowance for Credit Losses

The Corporation records credit losses for patient accounts receivable based on the current expected credit loss model. Credit losses are recorded after consideration of any implicit or explicit price concessions. In evaluating the collectability of patient accounts receivable, management evaluates historical losses as well as adjustments for current conditions, asset-specific risk characteristics and reasonable and supportable forecasts to determine an allowance for expected credit losses.

The Corporation has elected the practical expedient in FASB ASC 326-20-30-10C, which allows the entity to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. However, the Corporation does continue to adjust historical loss information to reflect current conditions to the extent that historical loss information does not reflect current conditions. The Corporation has determined that the current and reasonable and supportable forecasted economic conditions as of the balance sheet date are consistent with those conditions that existed during the period that the historical data was collected. Accordingly, the Corporation determines that no adjustment to its historical loss information is necessary.

The Corporation also applied the accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses. The Corporation considers collection activity through the date the financial statements were available to be issued. The Corporation develops its estimate of expected credit losses by determining which receivables have been collected and then recognizing an allowance for the amounts that are uncollected based on its historical loss rates. Management believes that an allowance for credit losses is not required at year-end.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities, which are classified as available-for-sale, are measured at fair value in the balance sheets. Investment income (including interest, dividends, and gains and losses, both realized and unrealized for equity securities, and realized gains and losses for debt securities) is included in excess revenues (expenses) unless the income is restricted by donor or law. Unrealized gains and losses on available-for-sale debt securities are excluded from excess revenues (expenses).

Property, Plant, and Equipment

Property, plant, and equipment acquisitions over \$5,000 are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Finance leases are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies, Continued

Property, Plant, and Equipment, Continued

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from excess revenues (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 and 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 Corporation 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 Corporation has not recorded any impairment charges in the accompanying statements of operations and changes in net assets for the years ended September 30, 2025 and 2024.

Leases

The Corporation has operating leases for buildings and equipment. The Corporation determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less are not recorded on the balance sheets. The Corporation has lease agreements that require payments for lease and non-lease components and has elected to account for these as a single lease component.

Right-of-use assets represent the Corporation's right to use an underlying asset during the lease term, and lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The Corporation's lease terms include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. As most of the Corporation's operating leases do not provide an implicit rate, the Corporation uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Corporation considers recent debt issuances, as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Finance lease agreements generally include an interest rate that is used to determine the present value of future lease payments. Operating fixed lease expense and finance lease amortization expense are recognized on a straight-line basis over the lease term. Variable lease costs are not significant to total lease expense.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies, Continued

Net Assets

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

Net assets without donor restrictions - net assets available for use in general operations and not subject to donor imposed restrictions. The Board of Directors has discretionary control over these resources. Designated amounts represent those net assets that the Board has set aside for a particular purpose. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restrictions - net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation 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 amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors, and others and include variable consideration for retroactive revenue adjustments under reimbursement arrangements with third-party payors. Retroactive adjustments are included in the determination of the estimated transaction price and adjusted in future periods as settlements are determined.

Charity Care

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

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies, Continued

Excess Revenues (Expenses)

The statement of operations and changes in net assets includes excess revenues (expenses) as a performance indicator. Changes in unrestricted 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 purpose of acquiring such assets).

County Contributions

The Corporation is supported by Jasper County through property tax millage contributions. These amounts are recognized as grants and contributions on the statements of operations and changes in net assets.

Donor Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances. The gifts are reported as increases in the appropriate categories of net assets in accordance with donor restrictions.

Income Taxes

The Corporation is a not-for-profit corporation that has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

The Corporation 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 Corporation 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 balance sheet for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of September 30, 2025 and 2024 or for the years then ended. The Corporation'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.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

1. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

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

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

Recently Adopted Accounting Pronouncement

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides entities with a practical expedient and accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under FASB ASC 606 on revenue from contracts with customers. The Corporation prospectively adopted the practical expedient and accounting policy election for fiscal year 2025.

Subsequent Events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through March 25, 2026, the date the financial statements were available to be issued.

2. Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

2. Net Patient Service Revenue, Continued

settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

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

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

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

The Corporation has arrangements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. For uninsured patients who do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates, subject to certain discounts and implicit price concessions as determined by the Corporation. The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy, and implicit price concessions provided to uninsured patients. Implicit price concessions represent the difference between amounts billed and the estimated consideration the Corporation expects to

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

2. Net Patient Service Revenue, Continued

receive from patients, which are determined based on historical collection experience, current market conditions, and other factors. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience.

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

- Medicare

Jasper Memorial Hospital was granted Critical Access Hospital (CAH) designation by the Medicare program. The CAH designation places certain restrictions on daily acute care inpatient census and an annual, average length of stay of acute care inpatients. Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology.

Nursing Home services rendered to Medicare program beneficiaries are paid based on a patient-driven payment methodology.

The Corporation is reimbursed for certain reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicare Administrative Contractor (MAC). The Corporation'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 Corporation. The Corporation's Medicare cost reports have been audited by the MAC through 2023.

- 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 Corporation is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicaid fiscal intermediary. The Corporation's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through 2022.

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

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

2. Net Patient Service Revenue, Continued

Medicaid, continued

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

The Corporation participates in the Georgia Indigent Care Trust Fund (ICTF) Program. The Corporation receives ICTF payments for treating a disproportionate number of Medicaid and other indigent patients. ICTF payments are based on the Corporation's estimated uncompensated cost of services to Medicaid and uninsured patients. The amount of ICTF payments recognized in net patient service revenue was approximately \$496,000 and \$418,000 for the years ended September 30, 2025 and 2024, 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 \$1,157,000 and \$790,000 for the years ended September 30, 2025 and 2024, respectively.

During 2022, Medicaid implemented the Supplemental Quality Incentive (SQI) payment program for nursing homes that demonstrate improvement in one of four quality metrics. The nursing home did not qualify and did not receive SQI payments during 2025. The nursing home demonstrated improvement in three of the four quality metrics and recognized SQI payments of approximately \$208,000 during 2024.

During COVID-19, nursing home residents utilizing Medicaid were not required to be revalidated annually to ensure qualification for the program. On May 30, 2024, the Department of Community Health issued a statement that all patients not revalidated during that period will now need to be revalidated to continue to receive their Medicaid benefits. This has delayed payments for nursing home residents. The Department of Community Health issued an advance payment to the nursing home of approximately \$193,000 while the revalidation process takes place. This advance payment is included in the current liabilities section of the balance sheets and will decrease as claims are submitted and patients are validated.

- Other Arrangements

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

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

2. Net Patient Service Revenue, Continued

• Uninsured Patients

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

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretations. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Corporation's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Corporation. In addition, the contracts the Corporation has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2025 or 2024.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

2. Net Patient Service Revenue, Continued

Adjustments arising from a change in the transaction price were not significant for the years ending September 30, 2025 and 2024. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay based on current or future estimated credit losses (determined on a portfolio basis when applicable) are recorded as credit loss expense. Credit loss expense for the years ended September 30, 2025 and 2024, was not significant.

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

Patients who meet the Corporation's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

Net patient service revenue by major payor source for the years ended September 30, 2025 and 2024, is as follows:

	<u>Net Patient Service Revenue</u>	
	<u>2025</u>	<u>2024</u>
Medicare	\$ 4,463,668	\$ 4,812,278
Medicaid	6,802,679	5,589,123
Third-party payors	3,922,070	3,132,190
Self-pay	<u>255,951</u>	<u>201,901</u>
Net patient service revenue	<u>\$ 15,444,368</u>	<u>\$ 13,735,492</u>

Net patient service revenue by facility, line of business, and timing of revenue recognition for the years ended September 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Service Lines:		
Hospital	\$ 7,642,463	\$ 7,597,704
Clinics	1,184,111	897,523
Nursing Home	<u>6,617,794</u>	<u>5,240,265</u>
Total services transferred over time	<u>\$ 15,444,368</u>	<u>\$ 13,735,492</u>

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

2. Net Patient Service Revenue, Continued

Hospital net patient service revenue includes a variety of services mainly covering inpatient acute care services requiring overnight stays, outpatient procedures that require anesthesia or use of the Corporation's diagnostic and surgical equipment, and emergency care services. Performance obligations for the hospital and nursing home patient services are satisfied over time as the patient simultaneously receives and consumes the benefits the Corporation performs. Requirements to recognize revenue for inpatient services are generally satisfied over periods that average approximately three days and for outpatient services are generally satisfied over a period of less than one day. Cafeteria and other point of sale transactions, recorded in other revenue on the statements of operations, are satisfied at a point in time when the goods are provided.

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

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

3. Liquidity and Availability

As of September 30, 2025 and 2024, the Corporation has working capital of approximately \$1,456,000 and \$768,000, respectively, and average days (based on normal expenditures) cash on hand of 10 and 21 days, respectively.

Financial assets available for general expenditure within one year of the balance sheet date consist of the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 455,486	\$ 909,004
Patient accounts receivable, net	1,371,468	1,409,980
Estimated third-party payor settlements	64,342	-
Due from ICTF and UPL	580,070	-
Long-term investments	<u>23,929</u>	<u>514,277</u>
Total financial assets available	<u>\$ 2,495,295</u>	<u>\$ 2,833,261</u>

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

3. Liquidity and Availability, Continued

None of the financial assets available are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Corporation has the ability to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Uncompensated Services

The Corporation was compensated for services at amounts less than its established rates. Net patient service revenue includes amounts, representing the transaction price, based on standard charges reduced by variable considerations such as contractual adjustments, discounts, and implicit price concessions. Charges for uncompensated services for 2025 and 2024 were approximately \$8,954,000 and \$6,064,000, respectively.

Uncompensated care includes charity and indigent care services of approximately \$382,000 and \$122,000 in 2025 and 2024, respectively. The cost of charity and indigent care services provided during 2025 and 2024 were approximately \$274,000 and \$101,000, respectively, computed by applying a total cost factor to the charges foregone.

The following is a summary of uncompensated services and a reconciliation of gross patient charges to net patient service revenue for 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Gross patient charges	\$ 24,398,655	\$ 19,799,473
Uncompensated services:		
Charity and indigent care	381,733	122,205
ICTF payments	(496,127)	(417,988)
Medicare	3,238,986	2,140,599
Medicaid	1,711,497	1,357,977
Medicaid UPL and SQI payments	(1,156,995)	(997,859)
Other allowances	3,641,039	2,706,572
Price concessions	<u>1,634,154</u>	<u>1,152,475</u>
Total uncompensated care	<u>8,954,287</u>	<u>6,063,981</u>
Net patient service revenue	<u>\$ 15,444,368</u>	<u>\$ 13,735,492</u>

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

5. Concentration of Credit Risk

The Corporation grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2025 and 2024, was as follows:

	<u>2025</u>	<u>2024</u>
Medicare	34%	27%
Medicaid	31%	41%
Third-party payors	24%	25%
Self-pay	<u>11%</u>	<u>7%</u>
	<u>100%</u>	<u>100%</u>

At September 30, 2025, the Corporation's deposits were less than the \$250,000 Federal Depository Insurance Corporation (FDIC) limit and were fully insured. At September 30, 2024, the Corporation had deposits with financial institutions that exceeded the \$250,000 FDIC limit. Management believes the credit risk related to these deposits is minimal.

6. Long-Term Investments

The composition of long-term investments as of September 30, 2025 and 2024, is set forth in the following table. Investments are stated at fair value.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,279	\$ 3,706
Equities - common stock	-	184,971
Mutual funds - closed-end funds	-	30,800
Exchange-traded funds	<u>22,650</u>	<u>294,800</u>
Total long-term investments	<u>\$ 23,929</u>	<u>\$ 514,277</u>

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

6. Long-Term Investments, Continued

Investment income and gains (losses) for long-term investments are comprised of the following for the years ending September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Income:		
Interest and dividends	\$ 10,729	\$ 37,572
Realized gains (losses) on sales of securities	117,534	(6,700)
Investment expenses	(714)	(4,612)
Unrealized gains (losses) on equity securities	<u>(109,516)</u>	<u>78,391</u>
	<u>\$ 18,033</u>	<u>\$ 104,651</u>

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

7. Property, Plant, and Equipment

A summary of property, plant and equipment at September 30, 2025 and 2024 follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 3,607	\$ 3,607
Land improvements	246,629	238,410
Buildings	7,067,789	7,097,238
Leasehold improvements	198,372	198,372
Equipment	<u>5,555,119</u>	<u>5,555,119</u>
	13,071,516	13,092,746
Less: accumulated depreciation	<u>(6,441,355)</u>	<u>(5,956,376)</u>
Property, plant, and equipment, net	<u>\$ 6,630,161</u>	<u>\$ 7,136,370</u>

Depreciation expense for the years ended September 30, 2025 and 2024 amounted to approximately \$485,000 and \$559,000, respectively. At September 30, 2025, the Corporation had no outstanding construction commitments.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

8. Short-Term Debt

In December 2024, the Corporation entered into a line-of-credit agreement with Bank of Monticello with a maximum draw of \$350,000, incurring interest at the rate of 7.00%, secured by real property, and maturing in December 2025. The Corporation did not utilize the line-of-credit during 2025 and there was no outstanding balance at year end.

Subsequent to year end, the line-of-credit was renewed with the same maximum draw amount, incurring interest at the rate of 6.50% and maturing in January 2027.

9. Long-Term Debt

A summary of long-term debt for the years ended September 30, 2025 and 2024 follows:

	<u>2025</u>	<u>2024</u>
Bank of Monticello, interest rate of 6.25%, principal and interest payable in monthly installments of \$6,678 through August 2028 with a balloon payment for the remaining balance due September 2028, secured by real property.	\$ 592,459	\$ 593,563
	592,459	593,563
Less current portion of long-term debt	<u>39,208</u>	<u>593,563</u>
Total	<u>\$ 553,251</u>	<u>\$ -</u>

Scheduled principal repayments on long-term debt are as follows:

<u>Year</u>	<u>Long-Term Debt</u>
2026	\$ 39,208
2027	46,819
2028	<u>506,432</u>
Total	<u>\$ 592,459</u>

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

10. Leases

Operating lease right-of-use assets and lease liabilities as of September 30, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Operating leases:		
Right-of-use assets:		
Operating lease right-of-use assets	\$ 428,490	\$ 198,222
Lease liabilities:		
Current portion	\$ 228,414	\$ 92,896
Long-term	216,351	120,374
Total operating lease liabilities	\$ 444,765	\$ 213,270

Operating expenses for the leasing activity of the Corporation as lessee for the years ended September 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 257,763	\$ 213,628

Cash paid for amounts included in the measurement of lease liabilities for the years ended September 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Operating cash flows from operating leases	\$ 256,536	\$ 214,244

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

10. Leases, Continued

The aggregate future lease payments for operating leases as of September 30, 2025 were as follows:

<u>Year Ending</u>	<u>Operating Leases</u>
2026	\$ 249,570
2027	158,667
2028	18,449
2029	18,449
2030	<u>35,505</u>
Total undiscounted cash flows	480,640
Less: present value discount	<u>(35,875)</u>
Total lease liabilities	<u>\$ 444,765</u>

Average lease terms and discount rates at September 30, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term (years):		
Operating leases	2.27	1.19
Weighted-average discount rate:		
Operating leases	6.25%	6.25%

11. Retirement Plan

The Corporation has a defined contribution pension plan (Plan) covering substantially all eligible employees. There are no age or service requirements for employees to be eligible for salary deferrals. The Corporation provides a discretionary tiered match currently equal to 100% of the first 3% and 80% of the next 3% of base compensation that a participant elects to defer to the Plan. The Corporation may also make an incremental discretionary contribution to the Plan based on each participant's annual compensation. In order to qualify for the employer contributions, a participant must have completed 24 months of service and be 21 years of age. The total contribution expense for the Plan was approximately \$240,000 and \$224,000 in 2025 and 2024, respectively.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

12. Employee Health Insurance

The Corporation provides health insurance coverage for employees under a self-funded employer health benefit plan administered by Allied Benefit Systems. The plan is a level funding plan in which rates do not change during the year, and there is no liability for excess claims. The total expense related to this plan was approximately \$483,000 and \$391,000 for the years ended September 30, 2025 and 2024, respectively.

13. Malpractice Insurance

The Corporation is covered by a claims-made professional liability insurance policy and a per occurrence general liability policy with a specified deductible of \$50,000 per incident. Liability limits related to this policy in 2025 and 2024 are \$1 million per occurrence and \$3 million in aggregate. In addition, the Corporation is covered by an umbrella policy of up to \$3 million per occurrence and \$3 million in aggregate. The Corporation uses a third-party administrator to review and analyze incidents that may result in a claim against the Corporation. In conjunction with the third-party administrator, incidents are assigned reserve amounts for ultimate liability that may result from an asserted claim.

Various claims and assertions have been made against the Corporation 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 that may occur from such asserted and unasserted claims that are not covered by liability insurance.

14. Commitments and Contingencies

Litigation

The Corporation is involved in litigation 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 Corporation's future financial position or results from operations.

Compliance Plan

The healthcare industry has 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 levels 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 Corporation has implemented a compliance plan focusing on such issues. There can be no assurance that the Corporation will not be subjected to future investigations with accompanying monetary damages.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

14. 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 are and 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 Corporation.

15. Rural Hospital Tax Credit Contributions

The State of Georgia (State) passed legislation that will allow individuals or corporations to receive a State tax credit for making a contribution to certain qualified rural hospital organizations during calendar years 2017 through 2029. The Corporation submitted the necessary documentation and was approved by the State to participate in the rural hospital tax credit program for calendar years 2024 and 2025. Contributions received under the program approximated \$621,000 during fiscal year 2025 and \$716,000 during fiscal year 2024. The Corporation will have to be approved by the State to participate in the program in each subsequent year.

16. Functional Expenses

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services in 2025 and 2024 are as follows:

	<u>2025</u>		
	<u>Patient Care Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 7,990,917	\$ 1,915,363	\$ 9,906,280
Employee health and welfare	1,480,962	354,976	1,835,938
Purchased services and professional fees	1,462,230	1,022,155	2,484,385
Supplies and drugs	1,150,878	65,760	1,216,638
Depreciation and amortization	449,579	263,232	712,811
Other expenses	<u>203,072</u>	<u>1,138,950</u>	<u>1,342,022</u>
Total	<u>\$ 12,737,638</u>	<u>\$ 4,760,436</u>	<u>\$ 17,498,074</u>

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

16. Functional Expenses, Continued

	<u>2024</u>		
	<u>Patient Care Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 7,139,463	\$ 1,908,655	\$ 9,048,118
Employee health and welfare	1,265,150	338,223	1,603,373
Purchased services and professional fees	1,597,431	1,043,188	2,640,619
Supplies and drugs	1,073,876	73,873	1,147,749
Depreciation and amortization	475,666	278,506	754,172
Other expenses	<u>193,932</u>	<u>1,047,909</u>	<u>1,241,841</u>
Total	<u>\$ 11,745,518</u>	<u>\$ 4,690,354</u>	<u>\$ 16,435,872</u>

The financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, and other occupancy costs are allocated to a function based on a square footage basis. Benefit expense is allocated consistent with salaries.

Continued

JASPER HEALTH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025 and 2024

17. Fair Value Measurement

Fair values of assets measured on a recurring basis at September 30, 2025 and 2024, are as follows:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>September 30, 2025</u>	<u>Fair Value</u>			
Assets:				
Cash and cash equivalents	\$ 1,279	\$ 1,279	\$ -	\$ -
Exchange-traded funds	<u>22,650</u>	<u>22,650</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 23,929</u>	<u>\$ 23,929</u>	<u>\$ -</u>	<u>\$ -</u>

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>September 30, 2024</u>	<u>Fair Value</u>			
Assets:				
Cash and cash equivalents	\$ 3,706	\$ 3,706	\$ -	\$ -
Equities - common stock	184,971	184,971	-	-
Mutual funds - closed-end funds	30,800	30,800	-	-
Exchange-traded funds	<u>294,800</u>	<u>294,800</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 514,277</u>	<u>\$ 514,277</u>	<u>\$ -</u>	<u>\$ -</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Valuation techniques utilized to determine fair value are consistently applied. All assets have been valued using a market approach.