



Union General Hospital, Inc.

Independent Auditor's Reports, Financial Statements, and Supplementary Information

June 30, 2025 and 2024



Union General Hospital, Inc.
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June 30, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
Union General Hospital, Inc.
Farmerville, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union General Hospital, Inc. (Hospital), which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of operations, 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 the Hospital, as of June 30, 2025 and 2024, and the results of its operations, changes in net assets, and 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 the Hospital's ability to continue as a going concern for 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 GAAS and *Government 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 made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 the Hospital'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 the Hospital's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Dallas, Texas
October 15, 2025**

Union General Hospital, Inc.
Balance Sheets
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,186,956	\$ 11,821,969
Short-term investments	8,904,151	7,448,339
Patient accounts receivable	2,509,395	2,628,195
Supplies	234,063	232,973
Prepaid expenses and other	686,608	213,304
	<u>25,521,173</u>	<u>22,344,780</u>
Total Current Assets	<u>25,521,173</u>	<u>22,344,780</u>
Assets Limited as to Use – Internally Designated	<u>-</u>	<u>2,362,364</u>
Property and Equipment, at Cost		
Land and land improvements	795,662	658,847
Buildings and leasehold improvements	14,390,735	10,079,566
Equipment and software	8,112,279	7,864,274
Construction in progress	225,000	1,743,554
	<u>23,523,676</u>	<u>20,346,241</u>
Less accumulated depreciation and amortization	14,266,896	13,615,109
	<u>9,256,780</u>	<u>6,731,132</u>
Other Assets	<u>150,431</u>	<u>398,586</u>
Total Assets	<u>\$ 34,928,384</u>	<u>\$ 31,836,862</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 435,218	\$ 789,355
Accrued expenses	557,191	626,237
Estimated amounts due to third-party payors	432,078	433,916
Estimated self-insurance costs	91,608	91,608
	<u>1,516,095</u>	<u>1,941,116</u>
Total Current Liabilities	<u>1,516,095</u>	<u>1,941,116</u>
Total Liabilities	<u>1,516,095</u>	<u>1,941,116</u>
Net Assets		
Without donor restrictions	33,412,289	27,899,995
With donor restrictions	-	1,995,751
	<u>33,412,289</u>	<u>29,895,746</u>
Total Net Assets	<u>33,412,289</u>	<u>29,895,746</u>
Total Liabilities and Net Assets	<u>\$ 34,928,384</u>	<u>\$ 31,836,862</u>

Union General Hospital, Inc.
Statements of Operations
Years Ended June 30, 2025 and 2024

	2025	2024
Revenues and Other Support Without Donor Restrictions		
Patient service revenue	\$ 20,210,540	\$ 20,396,101
Other	1,165,741	590,780
Total Revenues and Other Support Without Donor Restrictions	21,376,281	20,986,881
Expenses		
Salaries and wages	7,976,576	7,855,445
Employee benefits	1,734,709	1,575,144
Purchased services and professional fees	6,345,612	6,294,989
Supplies	1,370,563	1,156,173
Other expenses	1,757,344	1,783,699
Depreciation and amortization	755,886	842,093
Total Expenses	19,940,690	19,507,543
Operating Income	1,435,591	1,479,338
Other Income		
Investment return, net	476,703	520,438
Total Other Income	476,703	520,438
Excess of Revenues Over Expenses	1,912,294	1,999,776
Contributions of or for acquisition of property and equipment	1,604,249	-
Net assets released from restriction used for purchase of property and equipment	1,995,751	-
Increase in Net Assets Without Donor Restrictions	\$ 5,512,294	\$ 1,999,776

Union General Hospital, Inc.
Statements of Changes in Net Assets
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net Assets Without Donor Restrictions		
Excess of revenues over expenses	\$ 1,912,294	\$ 1,999,776
Contributions of or for acquisition of property and equipment	1,604,249	-
Net assets released from restriction used for purchase of property and equipment	1,995,751	-
Increase in Net Assets Without Donor Restrictions	<u>5,512,294</u>	<u>1,999,776</u>
Net Assets With Donor Restrictions		
Contributions received	-	695,751
Net assets released from restriction	(1,995,751)	-
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(1,995,751)</u>	<u>695,751</u>
Change in Net Assets	3,516,543	2,695,527
Net Assets, Beginning of Year	<u>29,895,746</u>	<u>27,200,219</u>
Net Assets, End of Year	<u>\$ 33,412,289</u>	<u>\$ 29,895,746</u>

Union General Hospital, Inc.
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ 3,516,543	\$ 2,695,527
Items not requiring (providing) operating cash flow		
Depreciation and amortization	755,886	842,093
Restricted contributions received	-	(695,751)
Contributions of or for acquisition of property and equipment	(1,604,249)	-
Changes in		
Patient accounts receivable	118,800	(681,515)
Estimated amounts due to/from third-party payors	(1,838)	1,113,407
Accounts payable and accrued expenses	(29,201)	73,533
Supplies	(1,090)	(6,863)
Other current assets	(225,149)	37,067
Net Cash Provided by Operating Activities	<u>2,529,702</u>	<u>3,377,498</u>
Investing Activities		
Purchase of short-term investments	(14,623,870)	(7,332,667)
Proceeds from sale of short-term investments	13,168,058	7,238,328
Purchase of property and equipment	(3,675,516)	(1,421,341)
Net Cash Used in Investing Activities	<u>(5,131,328)</u>	<u>(1,515,680)</u>
Financing Activity		
Proceeds from contributions of or for acquisition of property and equipment	1,604,249	695,751
Net Cash Provided by Financing Activity	<u>1,604,249</u>	<u>695,751</u>
Increase (Decrease) in Cash and Cash Equivalents	(997,377)	2,557,569
Cash and Cash Equivalents, Beginning of Year	<u>14,184,333</u>	<u>11,626,764</u>
Cash and Cash Equivalents, End of Year	<u>\$ 13,186,956</u>	<u>\$ 14,184,333</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents in current assets	\$ 13,186,956	\$ 11,821,969
Assets limited as to use	-	2,362,364
Total Cash and Cash Equivalents	<u>\$ 13,186,956</u>	<u>\$ 14,184,333</u>
Supplemental Cash Flows Information		
Property and equipment in accounts payable	\$ -	\$ 393,982

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Union General Hospital, Inc. (Hospital) is a nonprofit, critical access hospital (CAH) located in Farmerville, Louisiana. The Hospital provides inpatient, outpatient, and emergency care services for the residents of Farmerville, Louisiana, and the surrounding area. Admitting physicians are primarily practitioners in the local area.

On November 22, 1983, the Hospital leased the hospital facilities from East Union Parish Hospital Service District (District). The hospital facilities were originally constructed by the District, which issued ad valorem tax bonds to finance its construction. The Hospital's financial obligation under the lease is to maintain the leased premises in good repair and replace equipment as needed. The lease was amended and restated effective September 8, 2010 and has been renewed through March 31, 2029. Under the current lease agreement, there are no minimum lease payments.

Use of Estimates

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

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted primarily of a repurchase agreement with a bank and money market accounts with brokers.

Certain cash balances are routinely invested in overnight repurchase agreements that are not covered by Federal Deposit Insurance Corporation insurance programs. The repurchase agreements are collateralized by securities held by the Hospital's financial institution in the Hospital's name.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes. At June 30, 2025 and 2024, assets limited as to use were comprised of cash and totaled \$0 and \$2,362,364, respectively. Amounts required to meet current liabilities of the Hospital are included in current assets.

Patient Accounts Receivable

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

Contract Assets

Amounts related to healthcare services provided to patients which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract assets consist primarily of healthcare services provided to patients who are still receiving inpatient care in the Hospital at the end of the year. Contract assets are not material and are included in patient accounts receivable on the balance sheets.

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Supplies

Supply inventories are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out method.

Equity and Debt Investments

The Hospital measures equity and debt securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in excess of revenues over expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Net Investment Return

Investment return includes dividend, interest, and other investment income and realized and unrealized gains and losses on investments carried at fair value less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of operations and changes in net assets as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and leasehold improvements	5–20 years
Land improvements	5–20 years
Equipment and software	3–20 years

Construction in Progress

Construction in progress at June 30, 2024 was primarily comprised of the costs incurred for the construction and equipping of a new rural health clinic, which was completed and put into service in 2025 and was funded through grants and existing cash balances. Construction in progress at June 30, 2025 is not significant.

Long-Lived Asset Impairment

The Hospital evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2025 and 2024.

Refund Liabilities

The consideration the Hospital has received from patients to which it does not expect to be entitled is recorded as a refund liability.

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Patient Service Revenue

Patient service revenue is recognized as the Hospital satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. The Hospital determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policies, and implicit price concessions provided to uninsured patients.

The Hospital determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies, and historical experience by payor groups. The Hospital determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations by third-party payors.

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as patient service revenue.

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Contributions

Contributions are provided to the Hospital either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Hospital overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Professional Liability Claims

The Hospital recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any.

The Hospital participates in the Louisiana Patients' Compensation Fund established by the state of Louisiana to provide medical professional liability coverage to healthcare providers. The fund provides \$400,000 in coverage per occurrence above the first \$100,000 per occurrence. The first \$100,000 is covered by the Louisiana Hospital Association Malpractice and General Liability Trust. There is not a limitation placed on the number of occurrences covered.

Workers' Compensation

The Hospital participates in the Louisiana Hospital Association's Self-Insurance Workmen's Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of assessments, if any, under this program. The portion of the fund that is refundable to the Hospital is included in other assets.

Income Taxes

The Hospital has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

The Hospital files tax returns in the U.S. federal jurisdiction.

Excess of Revenues Over Expenses

The statements of operations include excess of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, consistent with industry practice, include 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).

Self-Insurance

The Hospital has elected to self-insure certain costs related to employee health programs. Costs resulting from noninsured losses are charged to income when incurred. The Hospital has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure to \$50,000 per covered person at both June 30, 2025 and 2024.

Note 2. Patient Service Revenue

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

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Hospital receiving inpatient acute care services or patients receiving services in its outpatient centers. The Hospital measures the performance obligation from inpatient admission, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to its patients and customers in a retail setting (for example, pharmaceuticals) and the Hospital does not believe it is required to provide additional goods related to the patient.

Transaction Price

The Hospital determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and implicit price concessions provided to uninsured patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Third-Party Payors

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. The Hospital is designated by Medicare as a CAH. Medicare inpatient and outpatient reimbursement is based on the defined allowable costs of services rendered. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules.

Medicaid. Reimbursements for Medicaid inpatient services are paid at prospectively determined rates per day. Medicaid outpatient reimbursement is generally based on the allowable costs of services rendered, as well as established fee schedules for some outpatient services, including physician services.

Other. Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare 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 Hospital'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 Hospital. In addition, the contracts the Hospital 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 Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews, and investigations. As of June 30, 2025, the Hospital's Medicare cost report audits have been completed through June 30, 2022.

Refund Liabilities

From time to time the Hospital will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2025 and 2024, the Hospital has a

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

liability for refunds to third-party payors and patients recorded of \$74,610 and \$158,620, respectively, which is included in accrued expenses on the balance sheets.

Patient and Uninsured Payors

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances, such as co-pays and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients.

Patients who meet the Hospital'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.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended June 30, 2025 and 2024, there were no material changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Revenue Composition

The Hospital has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, patient) have different reimbursement and payment methodologies
- Length of the patient's service
- Method of reimbursement (fee for service)
- Hospital's line of business that provided the service (for example, hospital inpatient, hospital outpatient, etc.)

For both years ended June 30, 2025 and 2024, the Hospital recognized all patient service revenue from goods and services that transfer to the customer over time. For both years ended June 30, 2025 and 2024, the Hospital did not recognize any patient revenue from goods and services that transfer to the customer at a point in time.

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 3. Investments and Investment Return

Investments were as follows at June 30:

	<u>2025</u>	<u>2024</u>
Certificates of deposit	\$ 263,747	\$ 256,247
Negotiable certificates of deposit	4,638,999	6,836,145
Mutual fund – fixed income	264,345	257,222
Corporate bonds	3,442,567	-
U.S. agency securities	199,555	-
Accrued interest	94,938	98,725
	<u>\$ 8,904,151</u>	<u>\$ 7,448,339</u>

Investment Return

Total investment return is primarily comprised of interest and dividend income for both years ended June 30, 2025 and 2024.

Note 4. Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows at June 30:

	<u>2025</u>	<u>2024</u>
Medicare	55%	56%
Medicaid	17%	17%
Other third-party payors	25%	22%
Patients	3%	5%
	<u>100%</u>	<u>100%</u>

Note 5. Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specific purpose		
Purchase of property and equipment	<u>\$ -</u>	<u>\$ 1,995,751</u>

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 6. Functional Expenses

The Hospital provides healthcare services primarily to residents within its geographic area. Certain costs attributable to more than one function have been allocated among the healthcare services and general and administrative functional expense classifications. The following schedule presents the natural classification of expenses by function for the years ended June 30:

	Healthcare Services	General and Administrative	Total
2025			
Salaries and wages	\$ 6,846,870	\$ 1,129,706	\$ 7,976,576
Employee benefits	1,489,026	245,683	1,734,709
Purchased services and professional fees	5,016,211	1,329,401	6,345,612
Supplies	1,083,431	287,132	1,370,563
Other expenses	1,389,182	368,162	1,757,344
Depreciation and amortization	597,528	158,358	755,886
	<u>\$ 16,422,248</u>	<u>\$ 3,518,442</u>	<u>\$ 19,940,690</u>
2024			
Salaries and wages	\$ 6,615,980	\$ 1,239,465	\$ 7,855,445
Employee benefits	1,326,611	248,533	1,575,144
Purchased services and professional fees	4,863,503	1,431,486	6,294,989
Supplies	893,258	262,915	1,156,173
Other expenses	1,378,084	405,615	1,783,699
Depreciation and amortization	650,600	191,493	842,093
	<u>\$ 15,728,036</u>	<u>\$ 3,779,507</u>	<u>\$ 19,507,543</u>

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 7. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 comprise the following:

	<u>2025</u>	<u>2024</u>
Total financial assets		
Cash and cash equivalents	\$ 13,186,956	\$ 11,821,969
Short-term investments	8,904,151	7,448,339
Patient accounts receivable	2,509,395	2,628,195
Assets limited as to use	-	2,362,364
Other receivables included in prepaid expenses and other	541,066	70,465
Other assets	150,431	398,586
	<u>25,291,999</u>	<u>24,729,918</u>
Less amounts not available to be used within one year		
Assets limited as to use	-	2,362,364
Other assets	150,431	398,586
	<u>150,431</u>	<u>2,760,950</u>
Financial assets not available to be used within one year		
	<u>150,431</u>	<u>2,760,950</u>
Financial assets available to meet general expenditures within one year	<u>\$ 25,141,568</u>	<u>\$ 21,968,968</u>

The Hospital has assets limited to use for payment of employee sick leave over which the Board retains control. These assets limited to use are not available for general expenditure within the next year. However, the board-designated amounts could be made available, if necessary.

As a part of the Hospital's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 8. Disclosures About Fair Value of Assets and Liabilities

Fair value is 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 measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

	<u>Total Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
2025				
Negotiable certificates of deposit and share certificates	\$ 4,638,999	\$ -	\$ 4,638,999	\$ -
Corporate bonds	3,442,567	-	3,442,567	-
U.S. agency securities	199,555	-	199,555	-
Mutual fund – fixed income	264,345	264,345	-	-
	<u>\$ 8,545,466</u>	<u>\$ 264,345</u>	<u>\$ 8,281,121</u>	<u>\$ -</u>
2024				
Negotiable certificates of deposit and share certificates	\$ 6,836,145	\$ -	\$ 6,836,145	\$ -
Mutual fund – fixed income	257,222	257,222	-	-
	<u>\$ 7,093,367</u>	<u>\$ 257,222</u>	<u>\$ 6,836,145</u>	<u>\$ -</u>

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Hospital did not have any Level 3 investments in 2025 or 2024.

Note 9. Retirement Plan

The Hospital has a defined contribution retirement plan covering substantially all employees. The Board annually determines the amount, if any, of the Hospital's contributions to the plan. Pension expense was approximately \$147,000 and \$113,000 for 2025 and 2024, respectively.

Note 10. Transactions With the District

In March 2008, the voters of the District approved the authorization of a 10-year, \$5.56 million property tax levy on all taxable property located within the District. In November 2018, a 10-year renewal of the property tax levy was approved. The tax can be used for constructing, maintaining, improving, equipping, and operating the Hospital facilities. The District board of commissioners determines how the tax proceeds will be spent. At the District's election, the Hospital may receive a portion of the tax proceeds from the District as a contribution. During both years ended June 30, 2025 and 2024, the Hospital received \$650,000 from the District, which is included as contributions of or for acquisition of property and equipment and restricted contributions received, respectively, in the statements of changes in net assets. The funds were used to assist with the construction of a new rural health clinic (see Note 1).

Note 11. Federal Emergency Management Agency (FEMA)

During 2025, the Hospital applied for and received payments from FEMA for the purpose of reimbursing specific costs incurred during the COVID-19 pandemic. The Hospital recognized income from FEMA payments of approximately \$370,000 and \$0 during the years ended June 30, 2025 and 2024, respectively, which are included as other operating revenue on the statements of operations. FEMA payments are subject to government oversight, including potential audits.

Note 12. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Variable Consideration

Estimates of variable consideration in determining the transaction price for patient service revenue are described in Notes 1 and 2.

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Note 1.

Physician Revenue Concentration

The Hospital is served by three physicians whose patients comprise approximately 50% of the Hospital's patient service revenue for the year ended June 30, 2025.

Investments

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

Note 13. Subsequent Events

Subsequent events have been evaluated through October 15, 2025, which is the date the financial statements were available to be issued.

Union General Hospital, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

On July 3, 2025, the U.S. Congress enacted the *One Big Beautiful Bill Act* (OBBBA), a comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries.

According to the Congressional Budget Office (CBO) and the American Hospital Association (AHA), these provisions are projected to reduce federal Medicaid spending by nearly \$1 trillion over 10 years and may result in the loss of Medicaid or marketplace coverage for approximately 11.8 million individuals.

Key provisions impacting healthcare providers include:

- A freeze and phased reduction in provider taxes and state-directed payments (SDPs), with estimated reductions in hospital payments totaling approximately \$340 billion over 10 years.
- Implementation of Medicaid work requirements and cost-sharing obligations for certain adult beneficiaries.
- Restrictions on Medicaid and Medicare eligibility for specific non-citizen populations.
- Elimination or modification of several tax credits and deductions related to clean energy and nonprofit institutions.

The OBBBA has no impact on the results of operations and financial condition as of and for the year ended June 30, 2025. The Hospital is currently evaluating what impact the OBBBA will have on the financial results, cash flows, and financial position for future periods.

Supplementary Information

Union General Hospital, Inc.
Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer
Year Ended June 30, 2025

Name of Hospital Chief Executive Officer: Dianne Davidson

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 239,580
Benefits – insurance	3,475
Benefits – retirement and other	53,417
Car allowance	9,617
Reimbursements	3,623
Conference travel	1,630
	<u>\$ 311,342</u>



Union General Hospital, Inc.

Single Audit Reports

June 30, 2025



Union General Hospital, Inc.
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June 30, 2025

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**Union General Hospital, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

Federal Grantor Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>United States Department of Agriculture</u>				
Direct Programs:				
Community Facilities Loans and Grants	10.766		\$ -	\$ 591,098
Total United States Department of Agriculture			<u>-</u>	<u>591,098</u>
<u>U.S. Department of Homeland Security</u>				
Passed through from:				
Louisiana Department of Health COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4484-LA	<u>-</u>	<u>361,517</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>361,517</u>
<u>Department of Health and Human Services</u>				
Passed through from:				
Louisiana Department of Health Small Rural Hospital Improvement Grant Program	93.301		-	8,000
State Rural Hospital Flexibility Program	93.241		<u>-</u>	<u>10,000</u>
Total Department of Health and Human Services			<u>-</u>	<u>18,000</u>
Total Federal Expenditures			<u>-</u>	<u>\$ 970,615</u>

Union General Hospital, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Union General Hospital, Inc. (Hospital) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Hospital.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Hospital has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Federal Loan Programs

The Hospital did not have any federal loan programs during the year ended June 30, 2025.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Ms. Dianne Davidson, Chief Executive Officer
Union General Hospital, Inc.
Farmville, LA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Union General Hospital, Inc. (Hospital), which comprise the Hospital's balance sheet as of June 30, 2025 and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of finding and questioned costs as item 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Hospital's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Hospital's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Hospital's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Dallas, Texas
October 15, 2025**

Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Ms. Dianne Davidson, Chief Executive Officer
Union General Hospital, Inc.
Farmville, LA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Union General Hospital, Inc.'s (Hospital) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Hospital's major federal program for the year ended June 30, 2025. The Hospital's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hospital complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Hospital's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Hospital's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hospital's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Hospital's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Hospital, as of and for the year ended June 30, 2025, and have issued our report thereon dated October 15, 2025 which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Forvis Mazars, LLP

**Dallas, Texas
December 9, 2025**

**Union General Hospital, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
 Unmodified Qualified Adverse Disclaimer
2. Internal control over financial reporting:
Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No
3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over the major federal program:
Significant deficiency(ies) identified? Yes None reported
Material weakness(es) identified? Yes No
4. Type of auditor’s report issued on compliance for the major federal program:
 Unmodified Qualified Adverse Disclaimer
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No
7. Identification of the major federal program:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.766	Community Facilities Loans and Grants

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee? Yes No

Section II – Financial Statement Findings

Reference Number	Finding
2025-001	<p>Segregation of Duties</p> <p>Criteria – Personnel functions that have the ability to conceal and perpetrate fraud should be segregated.</p> <p>Condition – The Hospital has a lack of segregation of duties regarding bank reconciliations and payment processing.</p> <p>Context – The personnel that reconciles the bank account also makes journal entries and processes payments; the business office coordinator has the ability to take payments, post adjustments, and write off accounts.</p> <p>Effect – The ability to perpetrate and conceal fraud.</p> <p>Cause – The Hospital operates a smaller/medium sized facility and has limited personnel.</p> <p>Recommendation – The Hospital should segregate incompatible duties to improve its internal controls related to cash receipts and cash payments. Specifically, personnel with access to patient payments should not also have the ability to authorize or approve adjustments to patient accounts. In addition, individuals with the ability to generate payments should have separate duties from individuals with recording and monitoring duties.</p> <p>Views of Responsible Officials and Planned Corrective Actions – We understand the importance of the segregation of duties as it relates to maintaining internal control. As mentioned, the Hospital does have limited personnel in certain areas that creates a lack of segregation of duties, but we believe that we have sufficient checks and balances in place in those areas to adequately minimize any risks.</p>

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**Union General Hospital, Inc.
 Summary Schedule of Prior Audit Findings
 Year Ended June 30, 2025**

Reference Number	Summary of Finding	Status
2024-001 and 2023-001	Segregation of Duties Reason for Recurrence and Status of Corrective Action Plan – The Hospital has limited personnel in certain areas that creates a lack of segregation of duties, but management believes they have sufficient checks and balances in place in those areas to adequately minimize any risks. The Hospital understands the importance of the segregation of duties as it relates to maintaining internal control.	Unresolved. See finding 2025-001



“Providing Quality Service With Compassionate Care”

Memo

To: Forvis Mazars, LLP

Subject: 2025 Corrective Action Plan for Audit Findings

Corrective Action Plan for Finding 2025-001

We acknowledge receipt of the Findings required to be reported under Government Auditing Standards related to Segregation of Duties.

Management is in agreement with the finding. As noted in the finding, the hospital is a small organization with limited staff, resulting in overlapping responsibilities across various transaction cycles. Where feasible, we will reassign and refine employee duties to further specialize roles and minimize the overlap of incompatible functions related to bank reconciliations and payment processing. In addition, we will strengthen compensating controls by implementing increased oversight and review. The CFO, Brad Adcock, will be responsible for ensuring this is accomplished.

The corrective action plan will be implemented by December 31, 2025.



Union General Hospital, Inc.

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Year Ended June 30, 2025



Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Trustees
Union General Hospital, Inc.
Farmerville, Louisiana

We have performed the procedures enumerated in the attachment to this report on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures as of and for the year ended June 30, 2025. The management of Union General Hospital, Inc. (Hospital) is responsible for the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures.

The Hospital has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of testing the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures as of and for the year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in the attachment to this report.

We were engaged by the Hospital to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Forvis Mazars, LLP

**Dallas, Texas
October 6, 2025**

**Union General Hospital, Inc.
Agreed-Upon Procedures
Year Ended June 30, 2025**

Written Policies and Procedures

Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - (A) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - (B) **Disbursements**, including processing, reviewing, and approving.
 - (C) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - (D) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Findings

We performed the procedures and discussed the results with management.

Board or Finance Committee

Procedures

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - (A) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Findings

The Hospital's board of trustees meeting minutes did not reference or include updates regarding the resolution of audit findings.

Management's Response

Management recognizes the importance of having policies and procedures in place to meet regulations and be in compliance. To ensure compliance going forward, the Hospital's board of trustees will provide written updates regarding the agreed-upon procedures audit findings at each meeting until the findings are fully resolved.