

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2024 and 2023

5. Related Organizations, Continued

St. Joseph's Foundation of Savannah, Inc.

	<u>2024</u>	<u>2023</u>
Assets:		
Cash	\$ 314,326	\$ 158,247
Investments	2,990,197	2,689,207
Other assets	<u>212,339</u>	<u>81,799</u>
Total assets	\$ <u>3,516,862</u>	\$ <u>2,929,253</u>
Liabilities:		
Accounts payable and accrued expenses	\$ 8,840	\$ 3,026
Due to related parties	<u>395,260</u>	<u>24,479</u>
Total liabilities	<u>404,100</u>	<u>27,505</u>
Net assets:		
Without donor restrictions	1,636,262	1,438,322
With donor restrictions:		
Purpose restrictions	1,376,500	1,363,426
Perpetual in nature	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>3,112,762</u>	<u>2,901,748</u>
Total liabilities and net assets	\$ <u>3,516,862</u>	\$ <u>2,929,253</u>
Revenue and support	\$ 1,398,882	\$ 958,806
Expenses	<u>1,187,868</u>	<u>784,589</u>
Change in net assets	211,014	174,217
Net assets, beginning of year	<u>2,901,748</u>	<u>2,727,531</u>
Net assets, end of year	\$ <u>3,112,762</u>	\$ <u>2,901,748</u>

6. Long-Term Debt

The Hospital Authority of Savannah (Authority) issued a \$46,185,000 principal bond Series 2013A pursuant to a Bond Trust Indenture dated November 1, 2013, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated November 1, 2013, by and between the Authority and the System, CH, and SJH (Obligated Group). Interest will be paid annually through July 2026 by the System to the Authority. Subsequently, principal and interest will be paid through July 2031. Proceeds

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NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2024 and 2023

6. Long-Term Debt, Continued

for the 2013A Revenue Bonds have been used (1) to finance the costs of constructing additions and improvements to, and equipment for, CH and SJH, (2) currently refund the outstanding principal amount of the Series 2003 Bonds, and (3) pay the costs of issuing the bonds and refunding the Series 2003 Bonds.

In May 2023, the System issued an official call to purchase all bonds outstanding of the Series 2013A Revenue Bonds. The System purchased and resold the 2013A Series Bonds to Bank of America, N. A. effective July 3, 2023. Proceeds for this refinance have been used (1) to call the Series 2013A bonds for purchase, (2) amend call structure of Revenue Bonds to make them noncallable, and (3) reissue bonds to Bank of America at a premium.

The Authority issued a \$30,025,000 taxable term bond Series 2013B pursuant to a Bond Trust Indenture dated November 1, 2013, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated November 1, 2013, by and between the Authority and the System, CH, and SJH. Interest will be paid annually through July 2023. Subsequently, principal and interest will be paid through July 2027. Proceeds for the 2013B Revenue Bonds have been used (1) to finance the costs of constructing additions and improvements to, and equipment for, CH and SJH, (2) currently refund the outstanding principal amount of the Series 1998C Bonds, and (3) pay the costs of issuing the taxable bonds and refunding the Series 1998C Bonds.

The Authority issued a \$12,000,000 principal bond Series 2017 pursuant to a Bond Trust Indenture dated December 27, 2017, by and between the Authority, the System, and the bond trustee, Regions Bank. Principal and interest will be paid monthly through July 2026. The purpose of the Bond is to refund a portion of Series 2016A in order to finance the construction of an additional campus of SJH for outpatient services. In November 2019, the Authority issued the Series 2019A bonds and a portion of the proceeds were allocated to refund the Series 2017.

The Authority issued a \$106,960,000 principal bond Series 2019A pursuant to a Bond Trust Indenture dated November 1, 2019, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated November 1, 2019, by and between the Authority and the Obligated Group. The Obligated Group has used the proceeds to (1) pay the costs of issuance of the Series 2019A bonds, (2) refund the outstanding principal amounts of the Series 2016 and 2017 bonds, and (3) fund the Project Fund and the Expense Fund pursuant to the Bond Trust Indenture.

The Authority issued a \$61,625,000 principal bond Series 2019B pursuant to a Bond Trust Indenture dated November 1, 2019, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated November 1, 2019, by and between the Authority and the Obligated Group. The Obligated Group has used the proceeds to (1) pay the costs of issuance of the Series 2019B bonds, (2) fund the Project Fund and the Expense Fund pursuant to the Bond Trust Indenture, and (3) refinance the outstanding principal amounts of the CH Master Note Series 2016B.

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ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2024 and 2023

6. Long-Term Debt, Continued

The Authority issued a \$19,020,000 principal bond Series 2019C pursuant to a Bond Trust Indenture dated November 1, 2019, by and between the Authority and the bond trustee, Wells Fargo Bank, N.A. The Authority simultaneously entered into a Loan Agreement dated November 1, 2019, by and between the Authority and the Obligated Group. The Obligated Group has used the proceeds to (1) pay the costs of issuance of the Series 2019C bonds and (2) fund the Project Fund and the Expense Fund pursuant to the Bond Trust Indenture.

The Authority issued a \$55,500,000 principal bond Series 2023 pursuant to a Bond Trust Indenture dated May 1, 2023, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated May 1, 2023, by and between the Authority and the Obligated Group. The Obligated Group has used the proceeds to (1) pay the costs of issuance of the Series 2023 bonds, and (2) fund the Project Fund and Expense Fund pursuant to the Bond Trust Indenture. Interest will be paid semi-annually through July 2025. Subsequently, principal and interest will be paid through July 2053.

On April 25, 2024, the System entered into a line-of-credit agreement with Regions Bank for a maximum \$50,000,000. Interest on the loan is a floating rate per annum equal to Term Secured Overnight Financing Rate (SOFR) plus 0.95%. Interest is payable monthly beginning June 2024. The System is also obligated to pay an availability fee of 0.05% per annum based on the daily average unused portion of the loan. The line-of-credit has a maturity date of April 25, 2026.

A summary of long-term debt at June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Hospital Authority of Savannah Revenue Bonds, St. Joseph's/Candler Health System, Inc.:		
Issue Series 2013A:		
5.50% serial bonds, principal due in varying annual installments beginning in July 2027 to July 2031.	\$ <u>46,185,000</u>	\$ <u>46,185,000</u>
Issue Series 2013B:		
6.00% term bonds, principal due in varying annual installments beginning in July 2024 to July 2027.	30,025,000	30,025,000
Unamortized premium	<u>-</u>	<u>1,024,959</u>
Total	<u>30,025,000</u>	<u>31,049,959</u>

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ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2024 and 20236. Long-Term Debt, Continued

	<u>2024</u>	<u>2023</u>
Hospital Authority of Savannah Revenue Bonds, St. Joseph's/Candler Health System, Inc., continued:		
Issue Series 2019A:		
4.00% term bonds, principal due in varying annual installments beginning July 2035 to July 2044 and 3.125% term bonds, principal due in annual installments of \$13,675,000 in July 2043 and \$6,325,000 in July 2044.	\$ <u>106,960,000</u>	\$ <u>106,960,000</u>
Issue Series 2019B:		
3.989% term bonds, principal due in varying annual installments beginning in July 2033 to July 2038.	<u>61,625,000</u>	<u>61,625,000</u>
Issue Series 2019C:		
5.00% term bonds, principal due in annual installments of \$12,080,000 in July 2032 and \$6,940,000 in July 2033.	19,020,000	19,020,000
Unamortized premium	<u>7,868,396</u>	<u>8,512,261</u>
Total	<u>26,888,396</u>	<u>27,532,261</u>
Issue Series 2023:		
3.77% term bonds, principal due in varying annual installments beginning in July 2025 to July 2053.	<u>55,500,000</u>	<u>55,500,000</u>
Executive Court Partnership, LLP - promissory note, 0.00% note, principal due in annual installments of \$475,000 in September 2023 through 2026.	<u>1,425,000</u>	<u>1,900,000</u>
The Sturgess Clan, LLC - promissory note, 0.00% note, principal due in annual installments of \$125,000 in March 2024 and 2025.	<u>-</u>	<u>250,000</u>

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ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2024 and 2023

6. Long-Term Debt, Continued

	<u>2024</u>	<u>2023</u>
Regions Bank - line-of-credit, variable interest rate based on SOFR plus 0.95%, interest payable monthly, principal due April 2026.	\$ <u>17,972,882</u>	\$ <u>-</u>
Finance lease liabilities (Note 7)	<u>156,103</u>	<u>620,104</u>
	346,737,381	331,622,324
Less unamortized debt issue costs	<u>2,029,656</u>	<u>2,363,595</u>
	344,707,725	329,258,729
Less current maturities	8,351,046	1,087,670
Less current portion of unamortized premiums	<u>643,864</u>	<u>771,984</u>
Total long-term debt	\$ <u>335,712,815</u>	\$ <u>327,399,075</u>

Premiums and discounts on long-term debt are amortized using the straight-line method over the life of the related bonds which approximates the effective interest method.

Under the terms of the bond indentures, the System is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the accompanying combined balance sheets. The bond indentures also place limits on the incurrence of additional borrowings and require that the System satisfy certain measures of financial performance as long as the bonds are outstanding. Additionally, the bond indentures are secured by gross receipts of the System, CH, and SJH.

Scheduled principal repayments on long-term debt (excluding finance lease liabilities) for the next five years are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ 8,215,000
2026	27,158,000
2027	9,710,000
2028	9,785,000
2029	10,345,000
Thereafter	<u>273,500,000</u>
Total	\$ <u>338,713,000</u>

7. Leases

The System has operating and finance leases for buildings and equipment. The System 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 combined balance sheets. The System has lease agreements which require payments for lease and nonlease components and has elected to account for these as a single lease component.

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