26-048

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OCT 20 2026
HEALTH FACILITIES & SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Horizon Health
Street Address: 721 E. Court St
City and Zip Code: Paris 61944
County: Edgar Health Service Area: 4 Health Planning Area: D-05

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Hospital & Medical Foundation of Paris, Inc.
Street Address: 721 E. Court St
City and Zip Code: Paris 61944
Name of Registered Agent: Richard L James
Registered Agent Street Address: 328 N. Central PO BOX 820
Registered Agent City and Zip Code: Paris 61944
Name of Chief Executive Officer: Jay Carmichael
CEO Street Address: 721 E. Court St
CEO City and Zip Code: Paris 61944
CEO Telephone Number: 217-466-4218

Type of Ownership of Applicants

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Bryan Niehaus
Title: Vice President
Company Name: Advis
Address: 18670 Graphics Dr STE 200 Tinley Park, IL 60477
Telephone Number: 708-478-7030
E-mail Address: bniehaus@advis.com
Fax Number: 708-478-7094

Additional Contact [Person who is also authorized to discuss the application for permit]

Name: Kym Pfrank
Title: Vice President & Chief Operations Officer
Company Name: Horizon Health
Address: 721 Court Street, Paris IL 61944
Telephone Number: 217-466-4030
E-mail Address: KPfrank@myhorizonhealth.org
Fax Number:

Post Permit Contact

[Person to receive all correspondence after permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]**

Name: Kym Pfrank
Title: Vice President & Chief Operations Officer
Company Name: Horizon Health
Address: 721 Court Street, Paris IL 61944
Telephone Number: 217-466-4030
E-mail Address: KPfrank@myhorizonhealth.org
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Hospital & Medical Foundation of Paris, Inc.
Address of Site Owner: 721 E. Court St. Paris, IL 61944
Street Address or Legal Description of the Site: **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name of Site Owner: Hospital & Medical Foundation of Paris, Inc.
Address of Site Owner: 721 E. Court St. Paris, IL 61944

☒ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation ☐ Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (**http://www.hfsrb.illinois.gov**). **NOTE:** A SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM has been added at the conclusion of this Application for Permit that must be completed to deem a project complete.

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

Part 1110 Classification :

☐ Substantive

☒ Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Hospital & Medical Foundation of Paris, Inc. d/b/a Horizon Health proposes to modernize its existing facility located at 721 E. Court St., Paris, IL 61944.

The Surgical Expansion Project will modernize and expand the operating rooms, pre- and post-operative care areas, and support facilities for the existing Critical Access Hospital's surgical services. The project comes before the Board as a Modernization because when the entirety of the project is considered it involves potential expenditure of funds for the benefit of a healthcare facility, thereby potentially implicating the capital expenditure thresholds. See 77 Ill. Admin. Code Section 1130.301(a)(1).

Approximately 21,430 square feet of space will be built out adjacent to the existing surgical unit to accommodate the modernization and expansion. The expansion will include new Operating Rooms, Procedure Rooms, Pre/Post Op rooms, clinical exam rooms, and new spaces to support areas such as patient waiting areas, staff workspaces, locker room spaces and utility systems.

Approximately 3,480 square feet of space will be modernized within the existing facility footprint, with the modernized space primarily being dedicated to Central Sterile Supply.

This project does not add any new categories of services to the facility. Nor does it not involve the provision of in-patient services, or add beds to the existing compliment available at the facility. As such, the project is designated as being non-substantive, consistent with 77 Ill. Admin. Code 1110.20(b).

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$0.00	$0.00	$0.00
Site Survey and Soil Investigation	$0.00	$0.00	0
Site Preparation	$0.00	$0.00	0
Off Site Work	$0.00	$0.00	$0.00
New Construction Contracts	$12,796,081.40	$2,689,265.85	$15,485,347.25
Modernization Contracts	$2,077,945.09	$436,707.66	$2,514,652.75
Contingencies	$2,479,004.42	$520,995.58	$3,000,000.00
Architectural/Engineering Fees	$1,074,235.25	$225,764.75	$1,300,000.00
Consulting and Other Fees	$41,316.74	$8,683.26	$50,000.00
Movable or Other Equipment (not in construction contracts)	$2,340,000.00	$50,000.00	$2,390,000.00
Bond Issuance Expense (project related)	$0.00	$0.00	$0.00
Net Interest Expense During Construction (project related)	$1,487,402.65	$312,597.35	$1,800,000.00
Fair Market Value of Leased Space or Equipment	$0.00	$0.00	$0.00
Other Costs to Be Capitalized	$743,701.32	$156,298.68	$900,000.00
Acquisition of Building or Other Property (excluding land)	$0.00	$0.00	$0.00
TOTAL USES OF FUNDS	$23,039,686.87	$4,400,313.13	$27,440,000.00
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources	**$23,039,686.87**	**$4,400,313.13**	**$27,440,000.00**
TOTAL SOURCES OF FUNDS	**$23,039,686.87**	**$4,400,313.13**	**$27,440,000.00**

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs
Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ _____.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): 3/31/2029_____

Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable?
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the departments or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Not Reviewable Space [i.e., non-clinical]: *means an area for the benefit of the patients, visitors, staff, or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving services from the health care facility. "Non-clinical service areas" include, but are not limited to, chapels, gift shops, newsstands, computer systems, tunnels, walkways, and elevators; telephone systems; projects to comply with life safety codes; educational facilities; student housing; patient, employee, staff, and visitor dining areas; administration and volunteer offices; modernization of structural components (such as roof replacement and masonry work); boiler repair or replacement; vehicle maintenance and storage facilities; parking facilities; mechanical systems for heating, ventilation, and air conditioning; loading docks; and repair or replacement of carpeting, tile, wall coverings, window coverings or treatments, or furniture. Solely for the purpose of this definition, "non-clinical service area" does not include health and fitness centers.* [20 ILCS 3960/3]

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON-REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT 9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Horizon Health		**CITY: Paris**			
REPORTING PERIOD DATES:		**From: January 1, 2025**		**to: December 31, 2025**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	25	487	1,421	0	0
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long-Term Care					
Specialized Long-Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:					

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Hospital & Medical Foundation of Paris, Inc.* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

Jay E. Cavanaugh

PRINTED NAME

President + CEO

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 28 day of September 2020

Sara Alice Drake

Signature of Notary

Seal

OFFICIAL SEAL
SARA ALICE DRAKE
Notary Public, State of Illinois
Commission No. 985563
My Commission Expires
January 17, 2028

SIGNATURE

Nolan J. Longest

PRINTED NAME

Board Chair

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 01 day of October 2020

Sara Alice Drake

Signature of Notary

Seal

OFFICIAL SEAL
SARA ALICE DRAKE
Notary Public, State of Illinois
Commission No. 985563
My Commission Expires
January 17, 2028

*Insert EXACT legal name of the applicant





SECTION II. DISCONTINUATION

This Section is applicable to the discontinuation of a health care facility or the discontinuation of more than one category of service in a 6-month period. If the project is solely for a discontinuation of a health care facility the **Background of the Applicant(s) and Purpose of Project MUST** be addressed. **A copy of the Notices listed in Item 7 below MUST be submitted with this Application for Discontinuation** https://www.ilga.gov/legislation/ilcs/documents/002039600K8.7.htm

Criterion 1110.290 – Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that are to be discontinued.
2. Identify all the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.
6. Provide copies of the notices that were provided to the local media that would routinely be notified about facility events.
7. **For applications involving the discontinuation of an entire facility, provide copies of the notices that were sent to the municipality in which the facility is located, the State Representative and State Senator of the district in which the health care facility is located, the Director of Public Health, and the Director of Healthcare and Family Services. These notices shall have been made at least 30 days prior to filing of the application.**
8. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.290(b) for examples.

IMPACT ON ACCESS

1. Document whether the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within the **geographic service area**.

APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

    a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.

    b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted, or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction, and submit any police or court records regarding any matters disclosed.

    c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

    d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

    e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant can submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.110(b) & (d)

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** the alternatives to the proposed project.

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost.

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes.

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality, and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:

    a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.

    b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

    c. The project involves the conversion of existing space that results in excess square footage.

    d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions, or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.

2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area, or function.

3. Evidence that the shell space is being constructed due to:
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data is available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than categories of service must submit the following information:

2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
☐		
☐		
☐		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion
	PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
1APPEND DOCUMENTATION AS ATTACHMENT 31, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VII. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document those financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable **[Indicate the dollar amount to be provided from the following sources]:**

_____	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion.
_____		Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated timetable of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____		Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated timetable of receipts.
$27,440,000.00	d)	Debt – a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated. 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate. 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc. 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment.

	5) For any option to lease, a copy of the option, including all terms and conditions. e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent. f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt. g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$27,440,000.00	**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII. 1120.130 - FINANCIAL VIABILITY

All the applicants and co-applicants shall be identified, specifying their roles in the project funding, or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All the project's capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

   A) A portion or all the cash and equivalents must be retained in the balance sheet asset accounts to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

   B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available.

2) That the selected form of debt financing will not be at the lowest net cost available but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors.

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (List below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

1. The project's material impact, if any, on essential safety net services in the community, ***including the impact on racial and health care disparities in the community,*** to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in each community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 37.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			

	Outpatient			
	Total			

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. CHARITY CARE INFORMATION

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI -SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM

In accordance with Executive Order 2006-5 (EO 5), the Health Facilities & Services Review Board (HFSRB) must determine if the site of the CRITICAL FACILITY, as defined in EO 5, is in a mapped floodplain (Special Flood Hazard Area) or a 500-year floodplain. All state agencies are required to ensure that before a permit, grant or a development is planned or promoted, the proposed project meets the requirements of the Executive Order, including compliance with the National Flood Insurance Program (NFIP) and state floodplain regulation.

1. Applicant: Hospital & Medical Foundation of Paris, Inc. 721 E. Court St
   Paris (Name) Illinois 61944 217-466-4218 (Address)
   (City) (State) (ZIP Code) (Telephone Number)

2. Project Location: 721 E. Court St Paris, IL
   (Address) (City) (State)
   Edgar
   (County) (Township) (Section)

3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (https://msc.fema.gov/portal/home) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the ***Go to NFHL Viewer*** tab above the map. You can print a copy of the floodplain map by selecting the  icon in the top corner of the page. Select the pin tool icon  and place a pin on your site. Print a FIRMETTE size image.

   If there is no digital floodplain map available select the **View/Print FIRM** icon above the aerial photo. You will then need to use the Zoom tools provided to locate the property on the map and use the **Make a FIRMette** tool to create a pdf of the floodplain map.

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA: Yes___ No _X?

IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN? NO _X__

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.
If the determination is being made by a local official, please complete the following:

FIRM Panel Number: **17045C0375C** Effective Date: 1/19/2011

Name of Official: _____ Title: _____

Business/Agency: _____ Address: _____

(City) (State) (ZIP Code) (Telephone Number)

Signature: _____ Date: _____

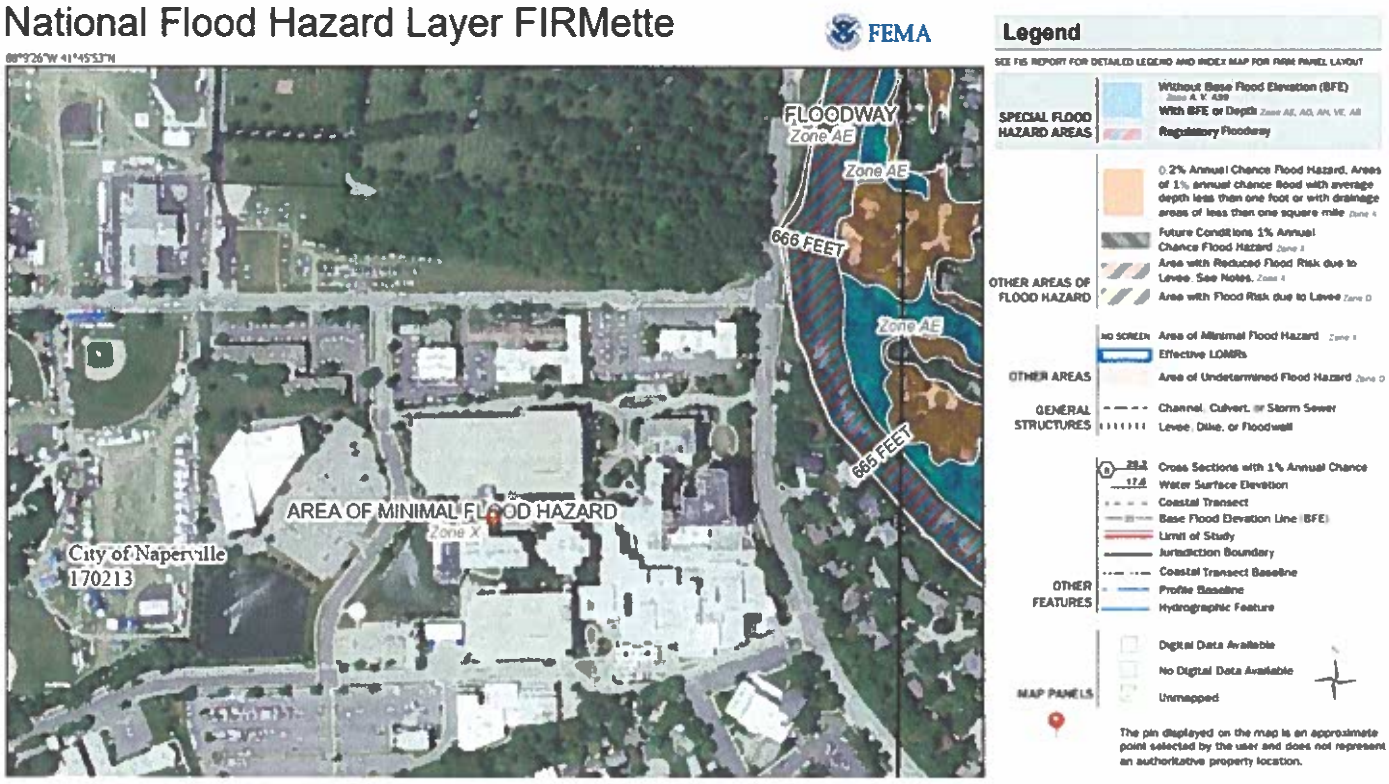
NOTE: This finding only means that the property in question is or is not in a Special Flood Hazard Area or a 500-year floodplain as designated on the map noted above. It does not constitute a guarantee that the property will or will not be flooded or be subject to local drainage problems.

If you need additional help, contact the Illinois Statewide Floodplain Program at 217/782-4428

Floodplain Map Example

The image below is an example of the floodplain mapping required as part of the IDPH swimming facility construction permit showing that the swimming pool, to undergo a major alteration, is outside the mapped floodplain.





After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments.

INDEX OF ATTACHMENTS

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3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	31
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	33
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6	Historic Preservation Act Requirements	36
7	Project and Sources of Funds Itemization	46
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9	Cost Space Requirements	50
10	Discontinuation	N/A
11	Background of the Applicant	51
12	Purpose of the Project	56
13	Alternatives to the Project	69
14	Size of the Project	74
15	Project Service Utilization	75
16	Unfinished or Shell Space	77
17	Assurances for Unfinished/Shell Space	79
	Service Specific:	
18	Medical Surgical Pediatrics, Obstetrics, ICU	N/A
19	Comprehensive Physical Rehabilitation	N/A
20	Acute Mental Illness	N/A
21	Open Heart Surgery	N/A
22	Cardiac Catheterization	N/A
23	In-Center Hemodialysis	N/A
24	Non-Hospital Based Ambulatory Surgery	N/A
25	Selected Organ Transplantation	N/A
26	Kidney Transplantation	N/A
27	Subacute Care Hospital Model	N/A
28	Community-Based Residential Rehabilitation Center	N/A
29	Long Term Acute Care Hospital	N/A
30	Clinical Service Areas Other than Categories of Service	80
31	Freestanding Emergency Center Medical Services	N/A
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	Financial and Economic Feasibility:	
33	Availability of Funds	86
34	Financial Waiver	N/A
35	Financial Viability	89
36	Economic Feasibility	175
37	Safety Net Impact Statement	N/A
38	Charity Care Information	185
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Section I, Identification, General Information, and Certification
Applicants
A Certificate of Good Standing for Hospital & Medical Foundation of Paris, Inc. d/b/a Horizon Health (the "Applicant") is attached at Attachment – 1.

Attachment-1

File Number 3835-894-4

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, **Alexi Giannoulias,** *Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

HOSPITAL & MEDICAL FOUNDATION OF PARIS, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 30, 1958, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* SEPTEMBER *A.D.* 2026 .

SEAL OF THE STATE OF ILLINOIS
AUG. 26TH 1818

Authentication #: 2625800606 verifiable until 09/15/2027
Authenticate at: https://www.ilsos.gov

Alexi Giannoulias
SECRETARY OF STATE

Section I, Identification, General Information, and Certification
Site Ownership
The location is owned by the applicant Hospital & Medical Foundation of Paris, Inc. 721 E. Court Street St. Paris, IL 61944. Please see attached property tax record.

Edgar County ITAS Web Portal

Parcel Overview

Tax Year	Parcel Number	Alternate Parcel Number	Date of Data
2025	09-19-06-300-039	19-6F	9/15/2026 4:37:41 AM

Parcel Address
E COURT , PARIS, IL 61944

Property Owner
HOSPITAL & MEDICAL FOUNDATION OF PARIS INC

Mailing Address

721 E COURT ST
PARIS, IL 61944-2460
Name Type: Owner

Township	Taxing Code	Property Class
PARIS TOWNSHIP	09001	RI - Residential Improved

Short Legal Description

Sec	Twp	Rng

Legal Description
S6 T13 R11_.88 A IN SE SW N OF US 150_& S OF TOBIAS SD_*E COURT_.88A_

Land / Lot Information

Total Acres	Total SF
0.88	0
Non-Farm Acres	**Frontage**
0.88	0.00
Farm Acres	**Depth**
0.00	0.00

Lot Size

Subdivision

Lot Neighborhood
920-ORIGINAL PARIS

Section I, Identification, General Information, and Certification
Operating Entity/Licensee
The Illinois Certificate of Good Standing for Hospital & Medical Foundation of Paris, Inc. is attached at Attachment – 3.

Attachment-3

File Number 3835-894-4

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, **Alexi Giannoulias,** *Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

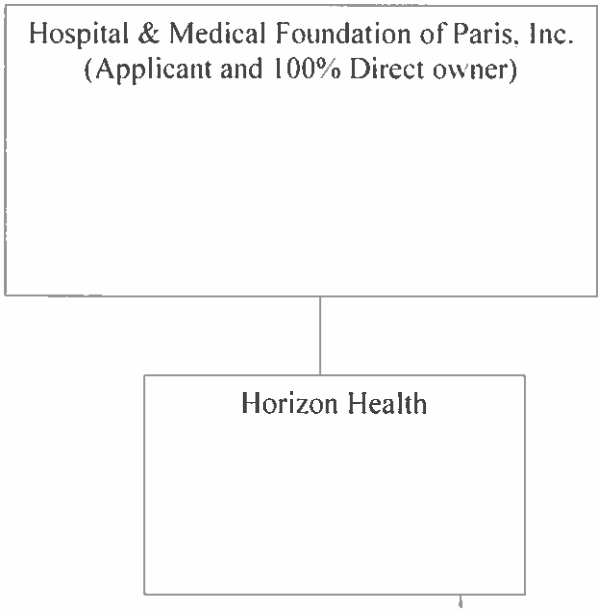
HOSPITAL & MEDICAL FOUNDATION OF PARIS, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 30, 1958, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 15TH *day of* SEPTEMBER *A.D.* 2026 .

Authentication #: 2625800606 verifiable until 09/15/2027
Authenticate at: https://www.ilsos.gov

SECRETARY OF STATE

Section I, Identification, General Information, and Certification
Organizational Relationships
The organizational chart for Hospital & Medical Foundation of Paris, Inc. is included below.



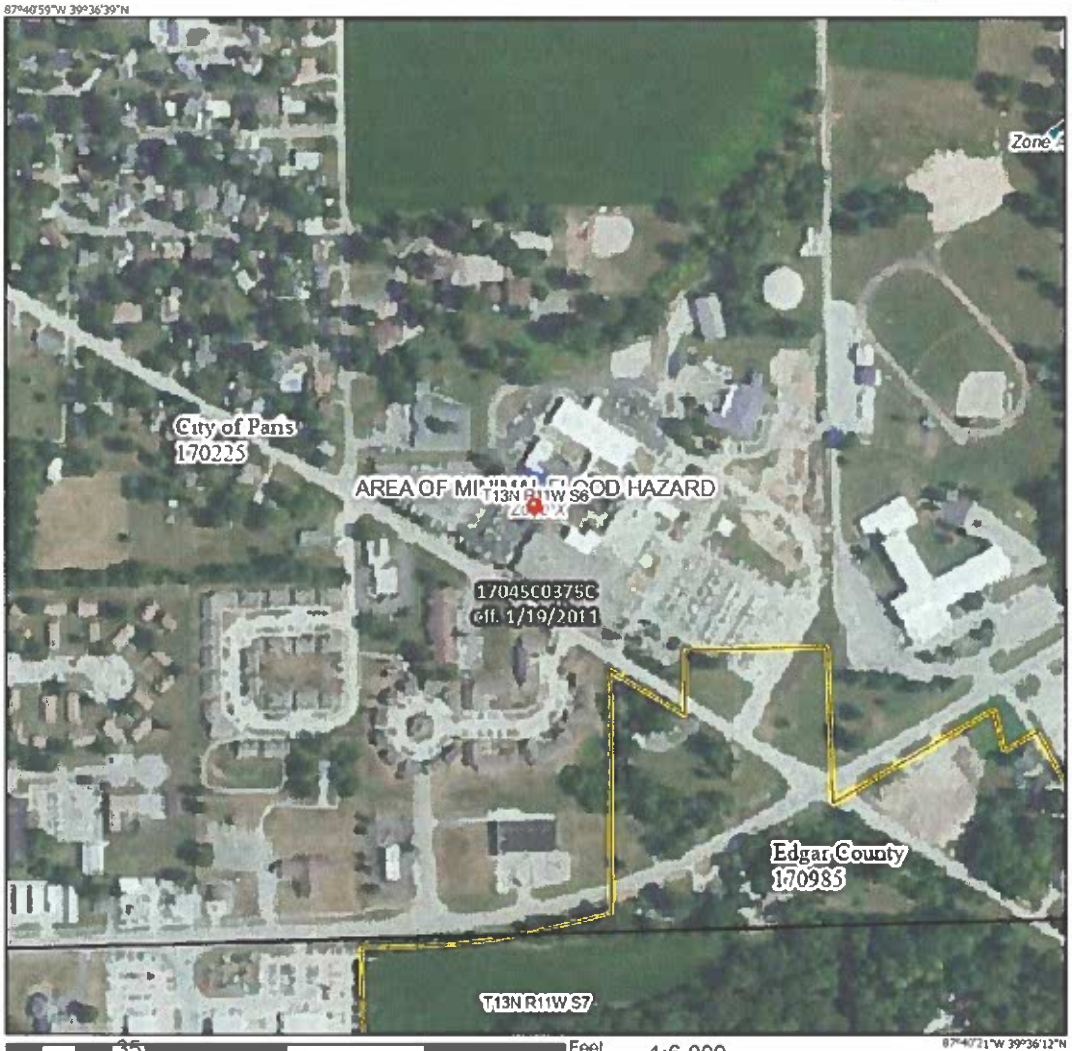
Section I, Identification, General Information, and Certification
Flood Plain Requirements

The site of the facility complies with the requirements of Illinois Executive Order #2005-5. The facility is located at 721 E. Court Street St, Paris, IL 61944. As shown on the FEMA flood plain map attached at Attachment – 5, the site of the facility is located outside of a flood plain. Also see section XI.

Attachment-5

National Flood Hazard Layer FIRMette

FEMA



Basemap Imagery Source: USGS National Map 2023

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

- SPECIAL FLOOD HAZARD AREAS
  - Without Base Flood Elevation (BFE) Zone A, V, A99
  - With BFE or Depth Zone AE, AO, AH, VE, AR
  - Regulatory Floodway
- OTHER AREAS OF FLOOD HAZARD
  - 0.2% Annual Chance Flood Hazard, Area of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile
  - Future Conditions 1% Annual Chance Flood Hazard
  - Area with Reduced Flood Risk due to Levee. See Notes
  - Area with Flood Risk due to Levee
- OTHER AREAS
  - NO SCREEN Area of Minimal Flood Hazard
  - Effective LOMRs
  - Area of Undetermined Flood Hazard
- GENERAL STRUCTURES
  - Channel, Culvert, or Storm Sewer
  - Levee, Dike, or Floodwall
- OTHER FEATURES
  - 20.2 Cross Sections with 1% Annual Chance
  - 17.5 Water Surface Elevation
  - Coastal Transect
  - Base Flood Elevation Line (BFE)
  - Limit of Study
  - Jurisdiction Boundary
  - Coastal Transect Baseline
  - Profile Baseline
  - Hydrographic Feature
- MAP PANELS
  - Digital Data Available
  - No Digital Data Available
  - Unmapped

The pin displayed on the map is an approximat point selected by the user and does not represe an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 9/15/2026 at 1:20 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Section I, Identification, General Information, and Certification
Historic Resources Preservation Act Requirements

The Historic Preservation Act determination request to the Illinois Historic Preservation Agency is attached at Attachment – 6. The applicant will provide the final determination once received from the agency.

September 10, 2026

Illinois State Historic Preservation Office
Cultural Resource Protection Program
Illinois Department of Natural Resources
One Natural Resources Way
Springfield, IL 62702-1271

Via email: SHPO.Review@Illinois.gov

Re: Request for historic preservation review and determination
Horizon Health Surgical Modernization and Expansion
721 East Court Street, Paris, Illinois 61944 | Edgar County

Dear Cultural Resource Protection Staff:

On behalf of Hospital & Medical Foundation of Paris, Inc., d/b/a Horizon Health, we request review of the proposed surgical modernization and expansion at Paris Community Hospital and a written determination under the Illinois State Agency Historic Resources Preservation Act, 20 ILCS 3420. The determination will accompany the Applicant's Certificate of Need application to the Illinois Health Facilities and Services Review Board (HFSRB) as documentation of compliance with historic preservation requirements.

Project location and scope

The project is located on Horizon Health's existing hospital campus at 721 East Court Street, Paris, Edgar County, Illinois 61944. Hospital & Medical Foundation of Paris, Inc. owns and operates the facility. The project will construct approximately 21,430 square feet of new space adjacent to the existing surgical department and renovate approximately 3,480 square feet within the existing hospital, for approximately 24,910 square feet in total.

The project will expand and modernize the Hospital's surgical department, including operating and procedure rooms, patient preparation and recovery areas, and related support space. Renovations within the existing facility will improve sterile processing and supply functions.

Demolition and ground disturbance

Anticipated ground disturbance includes excavation for the foundations and slab, utility connections and trenches, grading, and restoration of affected site surfaces. The mapped project area boundary includes the maximum extent of all permanent and temporary project work.

Project acreage and existing resources

The preliminary project area is estimated at approximately 1.5 acres. The hospital has served this community from its current campus since 1970.

Prior SHPO consultation

SHPO's February 9, 2021 letter, Log #009012721, addressed rehabilitation to establish an in-center hemodialysis facility at 721 E. Court Street, Suite B, Paris. Its records review identified no historic, architectural, or archaeological sites within that project area. The letter is attached as prior consultation history and specified a two-year clearance period. We request a new determination for the surgical undertaking.

Project contacts and requested response

Please direct correspondence and the written determination to Bryan Niehaus, Vice President, Advis, 18670 Graphics Drive, Suite 200, Tinley Park, IL 60477; telephone 708-478-7030; email bniehaus@advis.com.

Please provide a determination suitable for the CON application regarding effects on properties listed in or eligible for the National Register of Historic Places, and identify any additional information or review needed.

Sincerely,

Bryan Niehaus

Bryan Niehaus
Vice President, Advis
On behalf of Hospital & Medical Foundation of Paris, Inc., d/b/a Horizon Health

Attachments: Marked aerial, HARGIS map, and USGS excerpt; current photographs; site and floor plans; February 9, 2021 SHPO letter, Log #009012721

ILLINOIS
DEPARTMENT OF NATURAL RESOURCES

Illinois Department of **Natural Resources**

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov
Mailing Address: 1 Old State Capitol Plaza, Springfield, IL 62701

JB Pritzker, Governor
Colleen Callahan, Director

FAX (217) 524-7525

Edgar County
Paris
CON - Rehabilitation to Establish an In-center Hemodialysis Facility
721 E. Court St., Suite B
SHPO Log #009012721

February 9, 2021

Jake Beechy
The Advis Group
7840 Graphics Dr., Suite 100
Tinley Park, IL 60477

Dear Mr. Beechy:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please call 217/782-4836.

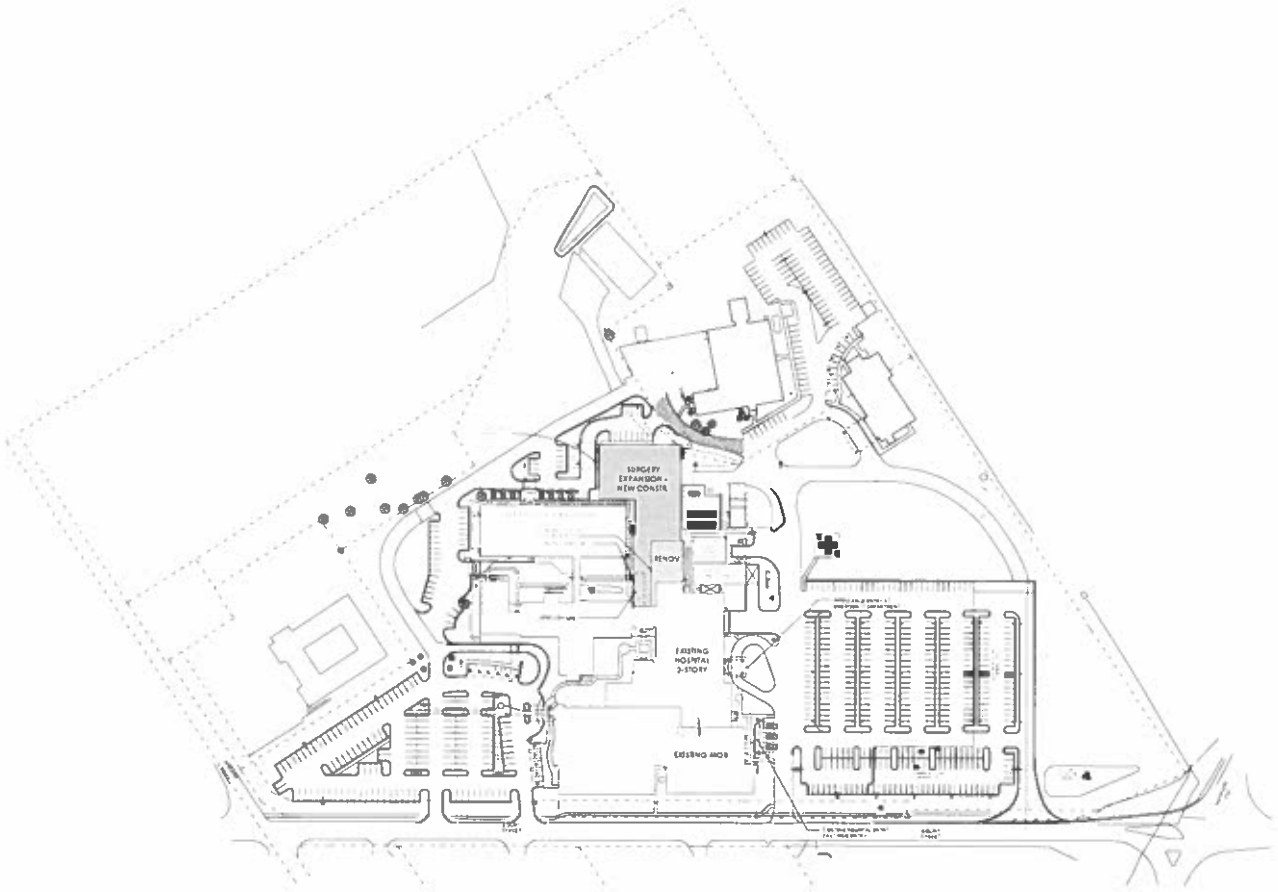
Sincerely,

Robert F. Appleman
Deputy State Historic
Preservation Officer

721 E Court St



Imagery ©2026 Airbus, Maxar Technologies, Map data ©2026 Google 100 ft



HAFER

Horizon Health

Surgery Addition / Renovation

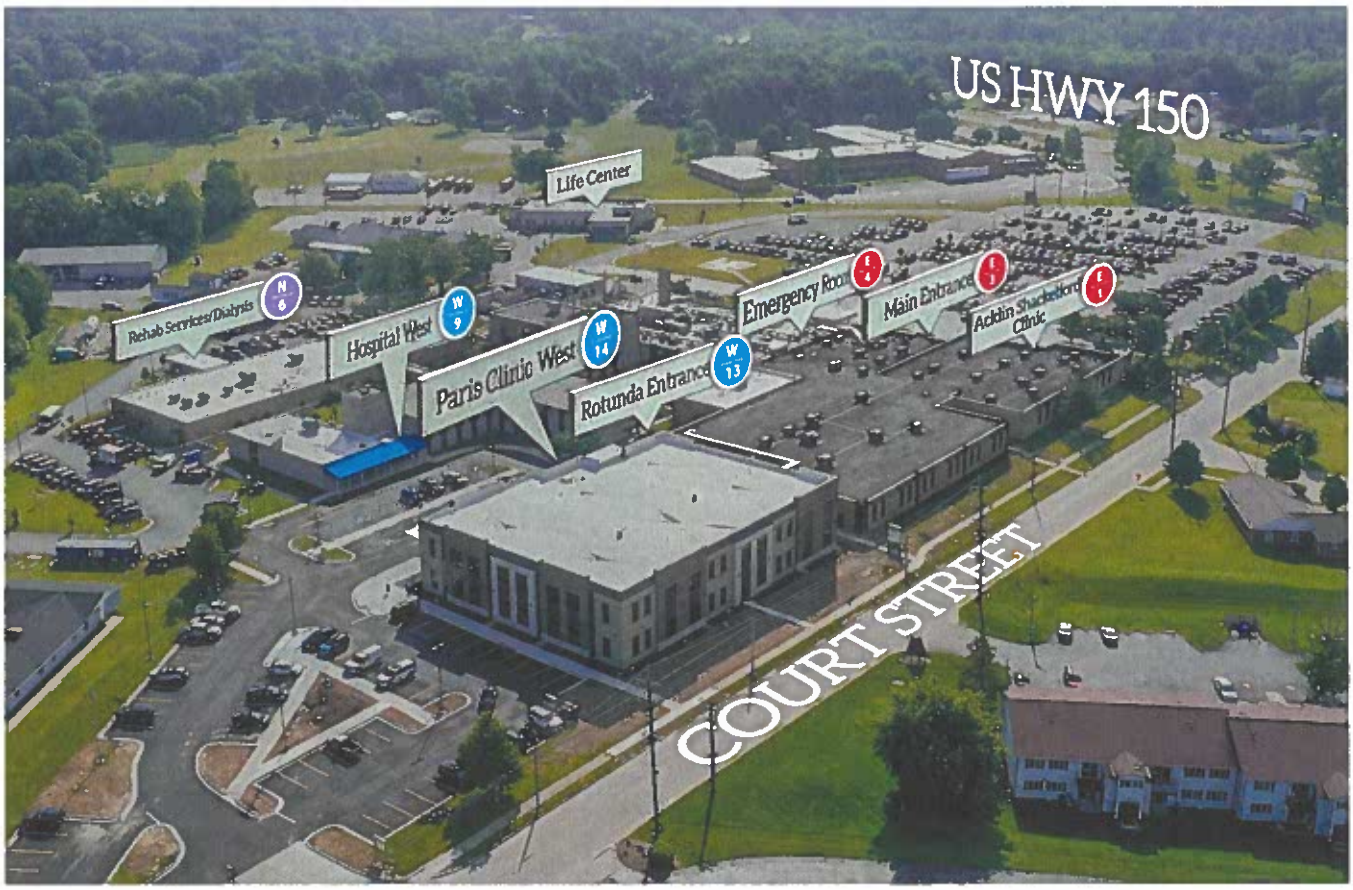
Architectural Site Plan



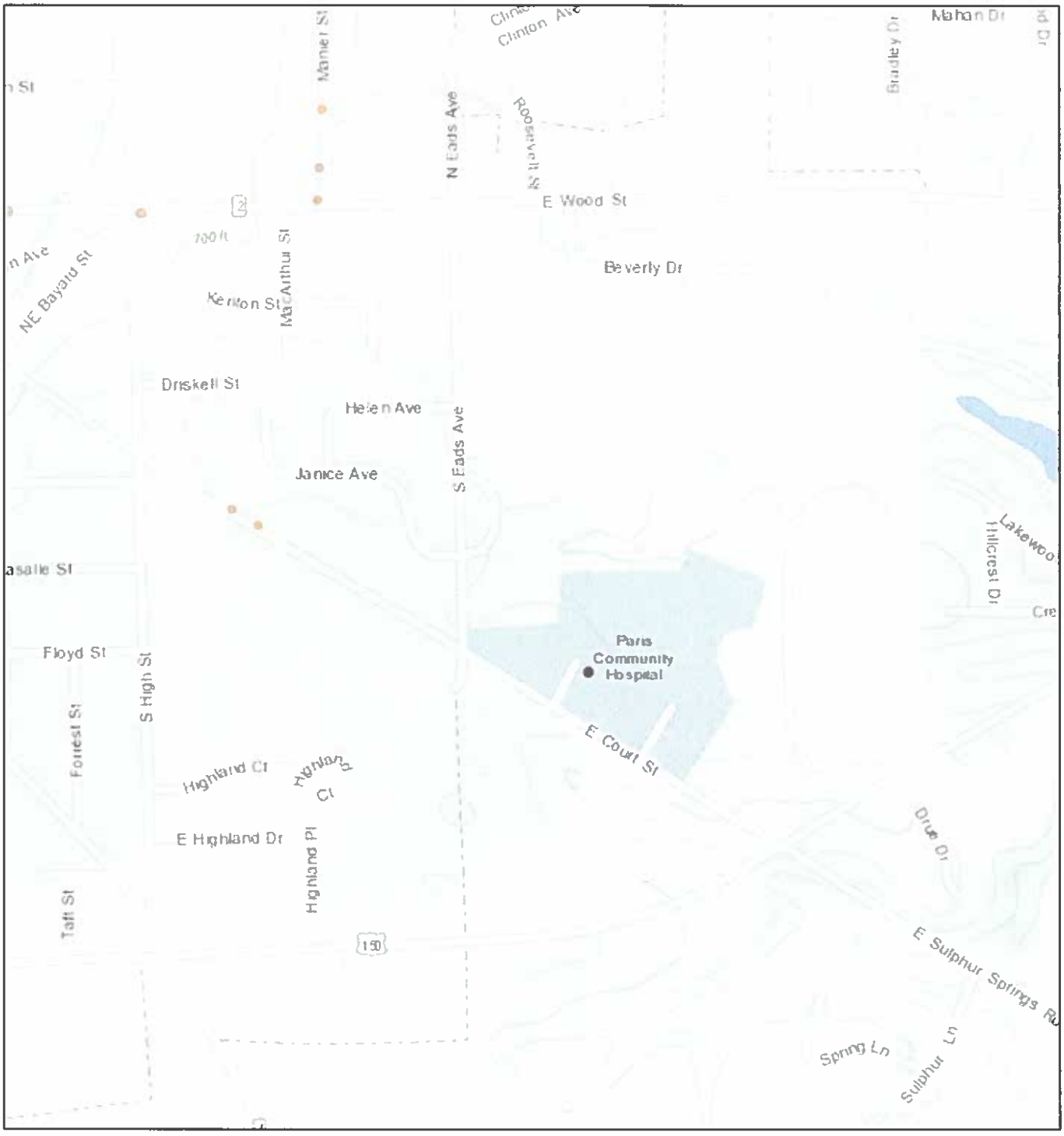
HAFER

Horizon Health

Surgery Addition / Renovation


US HWY 150
Life Center
Rehab Services/Dialysis
N 6
Hospital West
W 9
Paris Clinic West
W 14
Rotunda Entrance
W 13
Emergency Room
E 4
Main Entrance
E 3
Acklin Shackelford Clinic
E 1
COURT STREET

Historic & Architectural Resources Geographic Information System



10/8/2026, 5:03:37 AM

1:9,028

0 0.05 0.1 0.2 mi

0 0.07 0.15 0.3 km

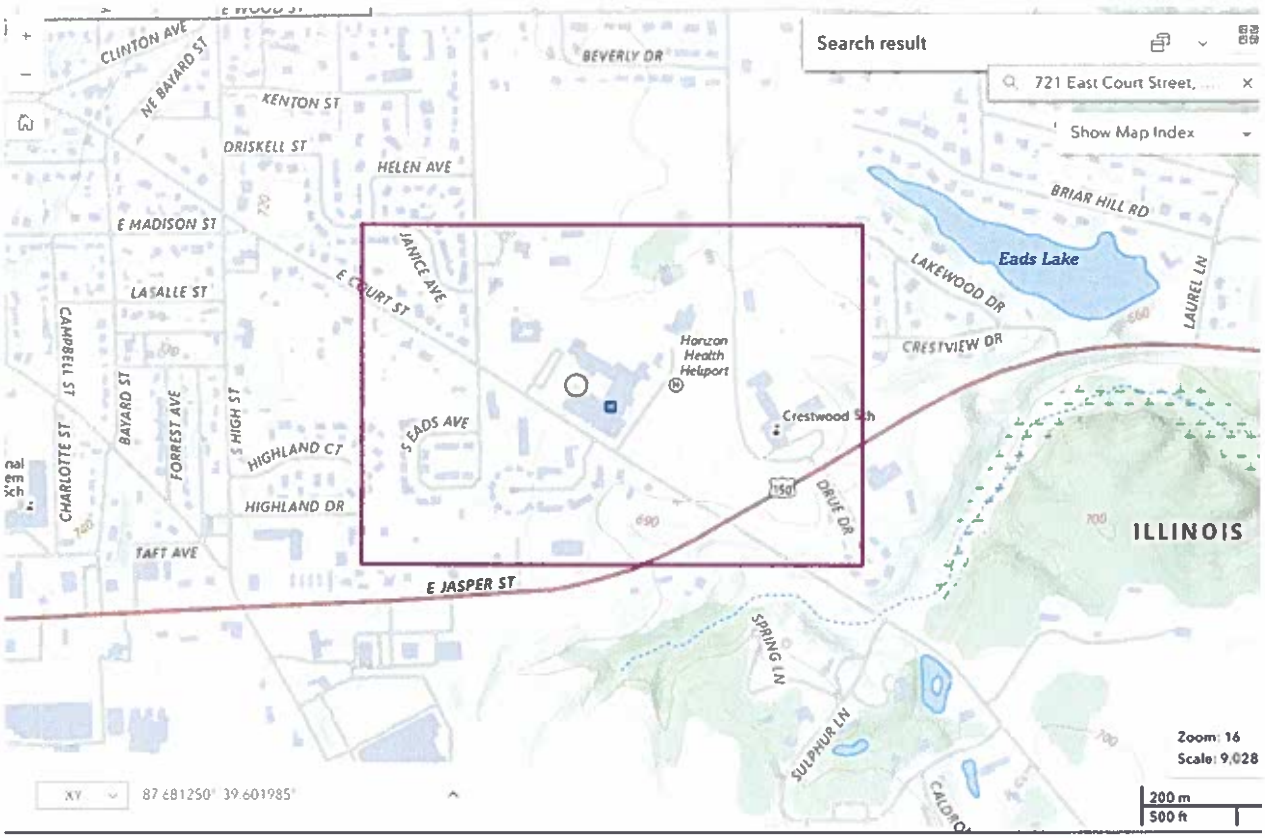
Surveyed, no NR determination

Counties

Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

Illinois State Historic Preservation Office
Esri, HERE, Garmin, INCREMENT P, Intermap, USGS, METI/NASA, EPA, USDA

USGA MAP


Search result
721 East Court Street, ...
Show Map Index
CLINTON AVE
NE BAYARD ST
KENTON ST
DRISKELL ST
HELEN AVE
BEVERLY DR
BRIAR HILL RD
Eads Lake
LAKEWOOD DR
LAUREL LN
CRESTVIEW DR
E MADISON ST
LASALLE ST
E COURT ST
JANICE AVE
Horizon Health Heliport
Crestwood Sch
S EADS AVE
DRUE DR
CAMPBELL ST
BAYARD ST
FORREST AVE
S HIGH ST
CHARLOTTE ST
HIGHLAND CT
HIGHLAND DR
TAFT AVE
E JASPER ST
ILLINOIS
SPRING LN
SULPHUR LN
Zoom: 16
Scale: 9,028
200 m
500 ft
XY
87.681250° 39.601985°

Section I, Identification, General Information, and Certification
Project Costs and Sources of Funds
Table 1120.110

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$0.00	$0.00	$0.00
Site Survey and Soil Investigation	$0.00	$0.00	0
Site Preparation	$0.00	$0.00	0
Off Site Work	$0.00	$0.00	$0.00
New Construction Contracts	$12,796,081.40	$2,689,265.85	$15,485,347.25
Modernization Contracts	$2,077,945.09	$436,707.66	$2,514,652.75
Contingencies	$2,479,004.42	$520,995.58	$3,000,000.00
Architectural/Engineering Fees	$1,074,235.25	$225,764.75	$1,300,000.00
Consulting and Other Fees	$41,316.74	$8,683.26	$50,000.00
Movable or Other Equipment (not in construction contracts) – See itemized list below	$2,340,000.00	$50,000.00	$2,390,000.00
Bond Issuance Expense (project related)	$0.00	$0.00	$0.00
Net Interest Expense During Construction (project related)	$1,487,402.65	$312,597.35	$1,800,000.00
Fair Market Value of Leased Space or Equipment	$0.00	$0.00	$0.00
Other Costs to Be Capitalized	$743,701.32	$156,298.68	$900,000.00
Acquisition of Building or Other Property (excluding land)	$0.00	$0.00	$0.00
TOTAL USES OF FUNDS	$23,039,686.87	$4,400,313.13	$27,440,000.00
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources	**$23,039,686.87**	**$4,400,313.13**	**$27,440,000.00**
TOTAL SOURCES OF FUNDS	**$23,039,686.87**	**$4,400,313.13**	**$27,440,000.00**

Itemized Movable or Other Equipment List:

Equipment	Estimated Cost
Surgical lights	$100,000
Surgical booms	$160,000
Stretchers/Carts	$100,000
Stainless items	$60,000
Monitors/integration	$250,000
Philips monitors	$230,000
Cautery machines	$70,000
Neptune	$70,000
Furniture	$50,000
Anesthesia machine	$100,000
Cysto table/fluoro	$400,000
SPD equipment	$800,000
TOTAL	**$2,390,000**

Section I, Identification, General Information, and Certification
Project Status and Completion Schedules

The Applicants anticipate commencing the project on **April 1, 2027**, with project completion anticipated by **March 31, 2029**, approximately 24 months after project commencement.

Financial commitment will occur following issuance of the required construction permits.

Construction will commence promptly thereafter and is anticipated to be completed within the 24-month project schedule.

Please find the Architectural Drawings attached.



HAFER

Horizon Health

Surgery Addition / Renovation

Section I, Identification, General Information, and Certification
Cost Space Requirements

Dept. / Area	Cost Allocation	Existing GSF	Proposed GSF	New Const. GSF	Modernized GSF	As Is	Vacated
REVIEWABLE							
Surgical Operating Suite (4 ORs)	$10,426,286.59	0	9,315	9,315	0	0	0
Procedure / Endoscopy Suite	$1,256,974.76	0	1,123	1,123	0	0	0
Post-Anesthesia Recovery Phase I	$739,857.80	0	661	661	0	0	0
Post-Anesthesia Recovery Phase II	$5,376,001.56	0	4,803	4,803	0	0	0
Pre-Anesthesia Clinic	$1,345,399.52	0	1,202	1,202	0	0	0
Central Sterile Supply	$3,539,780.32	3,480	3,480	0	3,480		
Total Clinical	**$23,039,686.87**	**3,480**	**20,584**	**20,584**	**0**	**0**	**0**
NON-REVIEWABLE							
Waiting / Reception	$2,289,668.25	0	2,251	2,251	0	0	0
Mechanical / Electrical / Support	$2,110,644.88		2,075	2,075		0	0
Total Non-Clinical	**$4,400,313.13**		**4,326**	**4,326**	**3,480**	**0**	**0**
TOTAL	**$27,440,000.00**		**24,910**	**24,910**	**3,480**	**0**	**0**

Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.110(a), Project Purpose, Background and Alternatives

The Applicants are fit, willing, and able, and possess the qualifications, background, and character necessary to provide a proper standard of health care services to the community.
Horizon Health is an independent, community-based rural health system headquartered in Paris, Illinois, serving Edgar County and surrounding communities in east-central Illinois and west-central Indiana. Horizon Health's principal hospital, Paris Community Hospital, is a 25-bed critical access hospital that has served the community from its current campus since 1970. Over more than five decades, Horizon Health has developed from a community hospital into an integrated rural healthcare system providing a broad continuum of inpatient, outpatient, emergency, primary care, specialty, diagnostic, rehabilitation, behavioral health, dialysis, home health, and other healthcare services. Its network includes Paris Community Hospital, multiple rural health clinics, walk-in care locations, dialysis services, home health services, ambulance services, and other healthcare facilities and programs.

Horizon Health serves a predominantly rural population for which maintaining access to comprehensive healthcare services close to home is particularly important. Edgar County, Horizon Health's primary service area, has been federally designated as a Health Professional Shortage Area. As a result, Horizon Health has made the recruitment of physicians and other healthcare professionals and the development of specialty services locally a longstanding component of its mission. The availability of these services reduces the need for area residents to travel substantial distances to larger metropolitan healthcare systems for care that can appropriately and safely be provided within the community.

Consistent with that mission, surgical services have become an increasingly important component of the care available at Paris Community Hospital. Horizon Health currently provides both inpatient and outpatient surgical services through employed and visiting physicians and supports a range of surgical specialties, including general surgery, orthopedics and spine surgery, bariatric surgery, gynecology and urogynecology, urology, podiatry, and ophthalmology. The program includes minimally invasive procedures and other surgical capabilities that historically have not always been readily available in rural communities.

Horizon Health has continued to invest in its surgical program as physician recruitment, specialty development, advances in surgical technology, and the migration of appropriate procedures to the outpatient setting have expanded the scope of care that can be provided locally. These investments have included expansion of outpatient surgical capacity and development of a dedicated pre-operative clinic. The continued growth and sophistication of the surgical program, however, have placed increasing demands on a surgery department that was developed for an earlier era of surgical care.

The proposed project represents the next phase of Horizon Health's investment in surgical services. The project will modernize and expand the existing Surgery Department at Paris Community Hospital to provide surgical facilities appropriately sized, configured, and equipped for current and anticipated patient volumes, contemporary surgical technology, and modern standards of patient care. The project is intended to improve surgical capacity and workflow,

provide appropriate space for patients and clinical staff, accommodate modern surgical equipment and technology, and support the continued provision and development of surgical specialties at the hospital.

Importantly, the proposed project does not represent the establishment of a new surgical service or an expansion into an unrelated service line. Rather, it is an investment in the physical infrastructure necessary to support and modernize an established surgical program that is an integral component of Horizon Health's existing continuum of care. By improving the surgical environment at Paris Community Hospital, Horizon Health seeks to preserve and enhance access to high-quality surgical care within its rural service area and allow patients, when clinically appropriate, to receive needed surgical services close to their homes, families, and existing healthcare providers.

1. **A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.**

Please see attached relevant licensure documents are included following attachment-11.

2. **A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.**

Please see attached relevant licensure documents are included following attachment-11.

3. **For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.**
    a. **A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.**

None.

    b. **A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction and submit any police or court records regarding any matters disclosed.**

None

c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

None.

d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

None.

e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

None.

4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.

The Applicant hereby authorizes the Illinois Health Facilities and Services Review Board (HFSRB) and the Illinois Department of Public Health (DPH) to access and review any documents or records necessary to verify the information submitted in this application, including official records maintained by DPH or other State agencies, licensing or certification records of other states, as applicable, and records maintained by nationally recognized accreditation organizations. Please see the attached express authorization for such access and verification.

5. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

N/A

ILLINOIS DEPARTMENT OF PUBLIC HEALTH

HF136058

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

Sameer Vohra, MD,JD,MA
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
6/30/2027		0001784

Critical Access Hospital

Effective: 07/01/2026

Paris Community Hospital
dba Paris Community Hospital
721 E Court St

Paris, IL 61944

The face of this license has a colored background • Printed by Authority of the State of Illinois • P.O. #4025001 2M 4/25

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 6/30/2027

Lic Number 0001784

Date Printed 3/25/2026

Paris Community Hospital
dba Paris Community Hospital
721 E Court St
Paris, IL 61944

FEE RECEIPT NO.

Paris Community Hospital
721 East Court Street
Paris, IL 61944
(217) 465-4141

Paris Clinic
727 East Court Street
Paris, IL 61944
(217) 465-8411

Chrisman Clinic
112 West Madison Ave.
Chrisman, IL 61924
(217) 269-2394

Oakland Clinic
5 South Walnut Street
Oakland, IL 61943
(217) 346-2353

Senior Care
745 East Court Street
Paris, IL 61944
(217) 466-4170

EZ Care Paris
1 Phipps Lane
Paris, IL 61944
(217) 463-4340

EZ Care Marshall
1602 North IL Hwy 1
Marshall, IL 62441
(217) 826-3299

Marshall Specialty Clinic
1006 South 6th Street
Marshall, IL 62441
(217) 826-8920

Terre Haute Specialty Clinic
3736 South 4th Street
Terre Haute, IN 47802
(812) 237-1411

Sycamore Pain
1378 South State Road 46
Suite B
Terre Haute, IN 47803
(812) 877-3011

Sycamore Wellness
1378 South State Road 46
Suite A
Terre Haute, IN 47803
(812) 877-3310

Occupational Health
1 Phipps Lane
Paris, IL 61944
(217) 466-4258

Horizon Health Home Care
728 East Court Street
Paris, IL 61944
(217) 466-4466

Horizon Health Dialysis Center
725 East Court Street
Paris, IL 61944
(217) 466-4435

Pain Management Clinic
15317 US Highway 150
Paris, IL 61944
(217) 466-4226

NAL Health Clinic
1 Phipps Lane
Paris, IL 61944
(217) 463-4901

Horizon Health Medical Equipment
721 East Court Street
Paris, IL 61944
(217) 466-4244

HORIZON HEALTH

Debra Savage
Chairwoman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chairwoman Savage:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action as defined in 77 IAC 1130.140 has been taken against any facility owned or operated by Horizon Health. in the State of Illinois during the three year period prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Jay Carmichael
President & CEO
Horizon Health

Section III, Background, Purpose of the Project, and Alternatives – Information Requirements
Criterion 1110.110(b) – Background, Purpose of the Project, and Alternatives
Purpose of Project

1. **Document that the project will provide health services that improve the health care or well-being of the market area population to be served.**

Horizon Health, located in Paris, Illinois, is a Critical Access Hospital ("CAH") that provides essential hospital and outpatient healthcare services to residents of Edgar County and surrounding rural communities in east-central Illinois and west-central Indiana. Horizon Health provides a broad continuum of care, including emergency, diagnostic, outpatient, specialty, and surgical services. As an independent rural healthcare provider, Horizon Health plays an important role in maintaining local access to services that might otherwise require patients to travel significant distances to larger urban healthcare systems.

Surgical services are an established and increasingly important component of Horizon Health's continuum of care. The existing surgical suite, however, was designed and constructed for an earlier generation of surgical care and does not provide the space, configuration, or infrastructure necessary to efficiently support the Hospital's current surgical program, contemporary equipment, and evolving standards of perioperative care. The proposed Surgical Expansion Project will address these limitations by replacing the existing surgical suite with newly constructed surgical facilities designed around current patient volumes, surgical technology, clinical workflows, and patient safety standards.

The need for the project reflects both the healthcare needs of Horizon Health's rural service area and the continued development of its surgical program. Edgar County has an aging population whose healthcare needs increasingly include surgical and procedural care. At the same time, rural residents frequently encounter greater barriers to accessing specialty services, including transportation limitations, longer travel distances, healthcare workforce shortages, and fewer alternative providers. These factors make preservation and enhancement of local surgical capacity particularly important to the health and well-being of the population Horizon Health serves.

Horizon Health is committed to maintaining access to care for patients regardless of their ability to pay and serves a population that includes significant numbers of Medicare and Medicaid beneficiaries and lower-income residents. The availability of appropriate surgical services in Paris allows patients to receive care closer to home and within the same healthcare system through which they may already receive primary, specialty, diagnostic, emergency, and follow-up care. The proposed project will strengthen this continuum by providing a modern surgical environment capable of supporting Horizon Health's existing and anticipated surgical needs.

Proposed Surgical Department

The Surgical Expansion Project consists principally of new construction rather than renovation of the existing surgical suite. The new department will consolidate surgical, procedural,

perioperative, sterile processing, and associated support functions into a modern and appropriately configured clinical environment.

Major components of the project include:

- **Operating Rooms.** New operating rooms will replace the Hospital's existing operating rooms and will be appropriately sized and configured to accommodate contemporary surgical equipment, technology, staffing, and clinical workflows. The rooms will support the range of surgical specialties presently provided at Horizon Health while improving circulation, equipment placement, infection prevention, and patient and staff safety.

- **Procedure Rooms.** In addition to the operating rooms, the project will include **new dedicated procedure rooms**. These rooms will provide appropriately designed space for procedures that do not require a full operating-room environment. Separating appropriate procedures from the operating rooms will allow the surgical department to better match patients and procedures with the appropriate level of clinical space, improve utilization of the operating rooms, and provide greater flexibility in scheduling and patient flow.

- **Central Sterile Supply Department.** The existing Central Sterile Supply Department is located on a lower level of the Hospital, requiring the movement of instruments, equipment, and supplies between floors and, at times, through circulation areas also used by patients and the public. The project will relocate Central Sterile Supply immediately adjacent to the new surgical facilities. This configuration will establish a more direct relationship between sterile processing and the operating rooms, improve staff efficiency and circulation, and support contemporary infection prevention and sterile-processing practices.

- **Pre-Anesthesia Clinic ("PAC").** The project will provide expanded and purpose-designed space for Horizon Health's Pre-Anesthesia Clinic. The PAC is an important component of the perioperative process, allowing the care team to evaluate patients in advance of surgery, including their medical and anesthesia histories, medication regimens, potential social or clinical barriers, and anticipated perioperative and discharge needs. The expanded PAC will support more coordinated preoperative planning and help identify and address potential issues before the scheduled procedure.

- **Pre- and Post-Operative Care.** The new department will provide appropriately configured areas for preparing patients for surgery and caring for patients following their procedures. Locating these functions within the new surgical department will improve patient movement through the perioperative process and provide greater privacy, efficiency, and coordination of care.

- **Patient, Staff, and Clinical Support Spaces.** The project will include patient waiting areas, staff work areas, locker rooms, equipment and supply storage, utility spaces, and other clinical support functions. These spaces will be sized and configured to better reflect Horizon Health's current staffing, surgeon complement, surgical volume, equipment, and storage requirements.

Collectively, these improvements are intended not simply to add physical space, but to create a more functional surgical environment in which the physical relationship among operating rooms, procedure rooms, pre- and post-operative areas, sterile processing, and support functions reflects contemporary perioperative workflows.

Transition From the Existing Surgical Suite

Upon completion and activation of the new surgical department, the existing surgical suite will be vacated and will no longer be used to provide surgical or procedural services. Accordingly, the project should not be viewed as creating duplicative surgical capacity through the continued operation of both the existing and new departments. The new facilities will replace the existing surgical suite as the location for Horizon Health's surgical operations.

Horizon Health has not established a final plan for reuse of the vacated surgical space, and the vacated area is not included as part of the proposed surgical project. The Hospital may consider repurposing some or all of the space for non-clinical functions in the future, including the potential relocation or development of a new cafeteria. Any such future use remains under consideration and is not part of the scope of this project.

Project Schedule and Community Benefit

Construction of the new surgical facilities is anticipated to begin in the **second quarter of 2027 and continue through the end of the first quarter of 2029**. Because the new department will be constructed while the existing surgical suite remains operational, Horizon Health will be able to maintain continuity of surgical services during construction. Following completion, commissioning, and readiness of the new facilities, surgical operations will transition to the new department and the former surgical suite will be taken out of service.

The proposed project will improve the health and well-being of the market area by preserving and enhancing local access to surgical and procedural care, improving the physical environment in which that care is delivered, supporting more efficient perioperative workflows, and providing facilities capable of accommodating contemporary surgical technology and standards of care. For Horizon Health's rural patient population, maintaining these capabilities locally is particularly important because it allows appropriate surgical care to remain integrated with the patients' existing physicians and healthcare providers and reduces the need to travel outside the community for services that can safely and effectively be provided at our facility.

The community benefit associated with the proposed project is particularly significant given Horizon Health's role in providing healthcare services to a rural population. Horizon Health is an independent rural health system serving east-central Illinois and west-central Indiana. Its healthcare system includes Paris Community Hospital, a 25-bed Critical Access Hospital, together with rural health clinics, ambulance services, home health, dialysis, urgent care, and other healthcare services. Horizon Health also provides a range of specialty services that it identifies as not commonly available in rural healthcare settings, including general surgery, orthopedics, spine surgery, surgical podiatry, urology, and bariatric services[1].

Surgical services are therefore not a new or speculative service line for Horizon Health. Horizon presently provides both inpatient and outpatient surgery through on-staff and visiting physicians. Its existing surgical program encompasses bariatric surgery, general surgery, gynecology and urogynecology, ophthalmology, orthopedics, podiatry, spine surgery, and urology and includes laparoscopic and other minimally invasive procedures.[2] The proposed project will modernize and expand the physical environment supporting this established surgical program so that the facilities in which care is provided better correspond with the scope, technology, workflow, and clinical requirements of contemporary surgical practice.

Modernization of this infrastructure is particularly important given the characteristics of the population Horizon Health serves. Edgar County has an estimated population of approximately 16,323 residents, and **25.6% of the County's population is age 65 or older**. The County is also geographically dispersed, with only approximately **27.1 persons per square mile**. Median household income is approximately **$59,941**, and approximately **13.0% of residents live below the poverty level**.[3] These demographic and socioeconomic characteristics heighten the importance of maintaining appropriate healthcare services locally. For older, lower-income, and geographically dispersed residents, obtaining surgical care at a distant facility may require not only additional travel by the patient, but also repeated travel by family members or caregivers for preoperative testing, the surgical procedure itself, discharge, and postoperative follow-up.

The importance of preserving appropriate surgical access in rural communities is also supported by national research. A 2025 study published in the *Journal of the American Medical Association (JAMA)* analyzed more than 12 million surgical admissions involving Medicare beneficiaries and found a persistent and growing disparity in travel for rural patients obtaining surgical care. Between 2010 and 2020, the percentage of rural beneficiaries traveling more than 60 minutes to obtain surgery increased from **36.8% to 44.1%**. During the same period, median travel time for rural patients increased to **48 minutes for lower-risk procedures and 69 minutes for higher-risk procedures**. The authors concluded that travel disparities for rural surgical patients had increased and specifically identified preservation of local access for appropriate surgical procedures as one component of addressing the problem.[4]

The findings are consistent with the Centers for Disease Control and Prevention's broader assessment of rural healthcare disparities. The CDC reports that rural residents tend to be older and sicker than urban residents, experience higher rates of poverty, and have less access to healthcare. The CDC further identifies limited access to specialized medical care and emergency services as factors contributing to increased health risks in rural communities.[5] Maintaining a modern surgical program at Paris Community Hospital directly addresses this access concern by preserving a local point of access to surgical and procedural services that might otherwise require patients to travel outside the community.

The proposed project is also responsive to the changing nature of surgical care. Horizon Health already performs minimally invasive procedures and provides both inpatient and outpatient surgery. Horizon notes that many minimally invasive procedures can be performed on an outpatient basis, allowing appropriate patients to return home following their procedures rather than requiring an inpatient stay.[6] The physical environment supporting surgical care must correspond with this evolving model of care.

For this reason, the project includes not only new operating rooms but also **dedicated procedure rooms**. The procedure rooms will provide appropriately designed space for cases that do not require the resources or environment of a full operating room. This configuration will allow Horizon Health to better match the clinical setting to the procedure being performed, preserve operating-room capacity for surgeries requiring that environment, and improve scheduling flexibility and patient flow. The project therefore represents a modernization of the manner in which surgical and procedural capacity is organized, rather than merely an increase in the number of rooms available.

Similarly, relocation of the Central Sterile Supply Department adjacent to the new surgical department will eliminate the existing need to transport instruments and supplies between floors and will establish a more direct relationship between sterile processing and the operating and procedure rooms. The project will also provide expanded space for Horizon Health's existing Pre-Anesthesia Clinic ("PAC"). Horizon's PAC currently coordinates presurgical testing and screening, patient education, medical clearance, laboratory and ECG testing when necessary, and other preoperative requirements in a coordinated setting. The PAC team also works directly with primary care physicians, referring physicians, and surgical services to streamline the surgical process.[7] Expansion and integration of this function within the new surgical department will further improve coordination throughout the perioperative continuum.

Horizon Health has also demonstrated the ability to support sophisticated surgical services consistent with recognized quality standards. For example, Horizon Health's bariatric surgery program has achieved accreditation through the American College of Surgeons' Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program ("MBSAQIP"). Horizon Health reports that it is among a limited number of MBSAQIP-accredited bariatric centers in Illinois outside the Chicago metropolitan area.[8] This existing program is an example of the specialized surgical capabilities that Horizon Health has developed locally and that the proposed modernized surgical environment will support.

Accordingly, the proposed project represents an investment in **preserving and strengthening access to established surgical services in a rural community**, rather than the unnecessary duplication of healthcare resources. The new department will replace the Hospital's existing surgical environment while providing appropriately designed operating rooms, procedure rooms, perioperative areas, sterile processing, and associated support functions necessary to support Horizon Health's current and anticipated surgical program.

Upon completion and activation of the new surgical department, the **former surgical suite will be vacated and will no longer be used to provide surgical or procedural services**. Horizon Health has not established a final plan for reuse of the vacated space. The Hospital may subsequently consider repurposing the space for non-clinical functions, including the possible development or relocation of a cafeteria, but no final determination has been made and any such future reuse is outside the scope of the proposed project. Thus, the project should not be viewed as creating two parallel surgical departments or retaining the former suite as additional surgical capacity.

Construction of the new surgical facilities is anticipated to begin in the **second quarter of 2027 and continue through the end of the first quarter of 2029**. The existing surgical suite will remain operational during construction to preserve continuity of patient care. Following completion, commissioning, equipment installation, required regulatory approvals, and operational readiness activities, surgical and procedural services will transition to the new department and the former surgical suite will be taken out of service.

Footnotes

1. Horizon Health, *About Horizon Health*, https://www.myhorizonhealth.org/about/ (last accessed Aug. 12, 2026).

2. Horizon Health, *Surgical Services – Skilled Surgeons in Paris, IL*, https://www.myhorizonhealth.org/services/surgical-services/ (last accessed Aug. 12, 2026).

3. U.S. Census Bureau, *QuickFacts: Edgar County, Illinois*, https://www.census.gov/quickfacts/fact/table/edgarcountyillinois/PST045225 (last accessed Aug. 12, 2026).

4. Cody Lendon Mullens, MD, MPH, Reagan A. Collins, BA, Nicholas Kunnath, MS, Janice C. Probst, PhD & Andrew M. Ibrahim, MD, MSc, *Trends in Travel Time to Obtain Surgical Care for Rural Patients*, **333 JAMA 1453, 1453–1455 (2025)**, doi:10.1001/jama.2025.0447, published online Feb. 12, 2025, https://jamanetwork.com/journals/jama/fullarticle/2830214.

5. Centers for Disease Control and Prevention, *About Rural Health*, Rural Health, Public Health Infrastructure Center (May 16, 2024), https://www.cdc.gov/rural-health/php/about/index.html (last accessed Aug. 12, 2026).

6. Horizon Health, *Surgical Services – Skilled Surgeons in Paris, IL*, https://www.myhorizonhealth.org/services/surgical-services/ (last accessed Aug. 12, 2026).

7. Horizon Health, *Pre-Anesthesia Clinic: Surgery Preparation at Horizon Health*, https://www.myhorizonhealth.org/services/surgical-services/pre-anesthesia-clinic/ (last accessed Aug. 12, 2026).

8. Horizon Health, *Horizon Health Nationally Recognized for Bariatric Surgery* (Sept. 15, 2025), https://www.myhorizonhealth.org/blog-news/2025/september/horizon-health-nationally-recognized-for-bariatr/ (last accessed Aug. 12, 2026).

2. **Define the planning area or market area, or other relevant area, per the applicant's definition.**

The market to be served by the facility is primarily Edgar County and Clark County, a rural area along the Indiana/Illinois border of central Illinois, and the nearby Terre Haute Indiana service area. In CY 2025 Surgical services were provided within the following geographic area by zip code:

ZIP	Community	Surgical Encounters	% of Total
61944	Paris, IL	727	39.9%
62441	Marshall, IL	147	8.1%
61924	Chrisman, IL	112	6.1%
47802	Terre Haute, IN	91	5.0%
47885	West Terre Haute, IN	54	3.0%

ZIP	Community	Surgical Encounters	% of Total
47842	Clinton, IN	51	2.8%
47803	Terre Haute, IN	46	2.5%
47805	Terre Haute, IN	46	2.5%
47834	Brazil, IN	41	2.2%
61933	Kansas, IL	31	1.7%
62442	Martinsville, IL	27	1.5%
62420	Casey, IL	22	1.2%
61870	Ridge Farm, IL	22	1.2%
62423	Dennison, IL	22	1.2%
61846	Georgetown, IL	22	1.2%
47804	Terre Haute, IN	21	1.2%
61940	Metcalf, IL	21	1.2%
61943	Oakland, IL	19	1.0%
47872	Rockville, IN	15	0.8%
61917	Brocton, IL	15	0.8%
All other ZIP codes	—	**271**	**14.9%**

3. **Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.**

Horizon Health's need for the proposed Surgical Modernization and Expansion Project is driven not simply by the need for additional space, but by the increasing mismatch between the Hospital's existing surgical physical plant and the scope, technology, workflow, and operational requirements of the surgical program that Horizon Health now provides.

Paris Community Hospital has served the Paris community from its present campus since 1970. Although the Hospital has undertaken additions and improvements over the intervening decades, portions of the existing physical plant reflect an earlier generation of hospital and surgical design. The surgical program has evolved substantially during that period, including the introduction and expansion of minimally invasive surgery, orthopedic and spine procedures, urologic services, bariatric surgery, endoscopic and other procedural services, and increasingly sophisticated surgical equipment and technology. The existing surgical environment has not evolved to the same extent.

Fragmented Surgical and Procedural Environment. One of the principal limitations of the current configuration is that Horizon's surgical, procedural, sterile-processing, preoperative, and recovery functions are not organized as a unified perioperative department. Instead, essential functions are dispersed throughout the existing Hospital. This physical separation creates

unnecessary movement of staff, patients, equipment, instruments, and supplies and limits the ability to organize care around contemporary surgical workflow.

The proposed project is designed to correct this fundamental limitation by creating a contiguous and unified surgical and procedural platform. The new department will bring together three operational Class C operating rooms, dedicated procedure/endoscopy rooms, pre- and post-operative care, the Pre-Anesthesia Clinic, staff and support functions, and sterile-processing capabilities in a coordinated physical environment. The current project program contemplates three completed Class C operating rooms, two procedure/endoscopy rooms, four Phase I PACU bays, sixteen preparation/recovery bays, a Pre-Anesthesia Clinic, and modernized sterile-processing space.

Location and Configuration of Central Sterile Processing. A particularly significant limitation of the existing physical plant involves the relationship between Surgical Services and Central Sterile Processing ("CSP"). CSP is presently located on a different level of the Hospital from the operating rooms. Instruments, equipment, and supplies must therefore travel between the surgical department and CSP using vertical circulation within the Hospital, including elevators and stairs and, depending upon the route required, circulation areas also used by patients, visitors, and other Hospital functions.

This arrangement is operationally inefficient and creates a physical separation between two functions that are inherently interdependent. Surgical instruments must move from the point of use through decontamination, processing, sterilization, storage, and ultimately back to the surgical environment. Locating these functions remotely from one another increases travel distance, staff movement, handling requirements, and dependence on elevators and other shared Hospital circulation.

The proposed project will fundamentally improve this relationship by locating modernized CSP space immediately adjacent to and directly supporting the new surgical and procedural department. Rather than continuing the existing disparate arrangement, the new configuration will establish a direct physical relationship among the operating rooms, procedure rooms, perioperative areas, and sterile-processing functions. The project's internal planning materials specifically identify the existing clean/dirty instrument path, travel distance, and use of public circulation, elevators, and stairs between the ORs and sterile processing as physical-plant conditions that should be addressed through the modernization.

Operating Room Size, Infrastructure, and Technology. The existing operating rooms were developed within an older physical plant and are constrained in their ability to efficiently accommodate contemporary surgical equipment, technology, supplies, personnel, and circulation. Modern operating rooms must support substantially more equipment than historically required, including anesthesia equipment, surgical tables, monitors, imaging and integration technology, booms, specialty equipment, and mobile devices. Appropriate clearances around the patient and surgical team are increasingly important as the complexity of procedures and technology increases.

The modernization therefore addresses more than the cosmetic condition of the existing department. Horizon is seeking to provide operating rooms with physical dimensions, infrastructure, electrical and medical-gas capacity, equipment clearances, environmental controls, storage, and support relationships appropriate for contemporary surgical practice. Horizon's project review has specifically identified room dimensions, HVAC and pressure relationships, electrical capacity, medical gases, ceiling booms, equipment clearances, life-safety conditions, and infection-control zoning as areas requiring documentation in support of the modernization.

The new dedicated procedure rooms are also an important component of the project. They will permit appropriate cases to be performed in rooms specifically designed for procedural care rather than consuming a full Class C operating room. At the same time, locating those rooms within the unified perioperative department will allow them to share appropriate preparation, recovery, sterile-processing, staff, equipment, and support resources with the surgical program.

Preoperative and Recovery Functions. The current physical plant also limits Horizon's ability to integrate the full patient journey around the surgical department. The project will provide expanded and appropriately configured preparation and recovery areas as well as an expanded Pre-Anesthesia Clinic. Rather than treating these as isolated support spaces, the proposed design integrates them with the operating rooms, procedure rooms, CSP, and other surgical support functions. This will allow Horizon to better coordinate patient preparation, anesthesia evaluation, surgery or procedure, postoperative recovery, and discharge within one organized clinical environment.

Existing Facility Age and Long-Term Viability. The age of the underlying Hospital physical plant is also relevant to the project. Construction of the current hospital began in the late 1960s and the Hospital opened in 1970, with subsequent campus improvements occurring over time. Although Horizon has continued to maintain and improve the facility, the present project provides an opportunity to replace an older surgical environment with infrastructure designed specifically for the Hospital's current and anticipated clinical requirements rather than continuing to adapt space developed under substantially different healthcare delivery models.

Horizon Health's existing surgical department has required a series of incremental physical-plant and infrastructure corrections as standards and clinical requirements have evolved. Accreditation surveys, life-safety reviews, and independent engineering evaluations have identified issues involving environmental controls, air pressure and humidity, egress, HVAC performance, and other physical-plant conditions within or supporting the surgical area. Many of these issues have been addressed through corrective action, system balancing, equipment modifications, or other targeted improvements.

For example, prior reviews have identified environmental-control and egress concerns within the surgical area, while subsequent engineering evaluations documented limitations in portions of the existing HVAC system that required additional balancing and corrective work. More recently, Horizon's 2025 Life Safety Evaluation identified several comparatively minor physical-plant items within surgical spaces, including exit signage, fire-protection requirements in a storage area, and required clearance around an electrical panel.

Individually, these conditions are manageable and do not suggest that the existing surgical department cannot continue to operate safely. Collectively, however, they illustrate the challenges associated with continually adapting an older surgical environment through discrete corrective projects. The proposed project provides Horizon Health an opportunity to move beyond this incremental approach by developing a modern surgical and procedural environment designed from the outset to accommodate contemporary requirements for HVAC and environmental controls, life safety, electrical infrastructure, equipment, sterile processing, and clinical workflow. This should reduce the need for continued minor modifications to an aging physical plant while providing a more durable platform for Horizon Health's surgical program.

4. Source Information

The Applicants relied upon a combination of publicly available demographic and healthcare research, Horizon Health program information, and facility-specific operational and planning information in identifying the need for and developing the proposed project.

1. Horizon Health, *About Horizon Health*, https://www.myhorizonhealth.org/about/ (last accessed Aug. 12, 2026).
2. Horizon Health, *Surgical Services – Skilled Surgeons in Paris, IL*, https://www.myhorizonhealth.org/services/surgical-services/ (last accessed Aug. 12, 2026).
3. U.S. Census Bureau, *QuickFacts: Edgar County, Illinois*, https://www.census.gov/quickfacts/fact/table/edgarcountyillinois/PST045225 (last accessed Aug. 12, 2026).
4. Cody Lendon Mullens, MD, MPH, Reagan A. Collins, BA, Nicholas Kunnath, MS, Janice C. Probst, PhD & Andrew M. Ibrahim, MD, MSc, *Trends in Travel Time to Obtain Surgical Care for Rural Patients*, **333 JAMA 1453, 1453–1455 (2025)**, doi:10.1001/jama.2025.0447, published online Feb. 12, 2025, https://jamanetwork.com/journals/jama/fullarticle/2830214.
5. Centers for Disease Control and Prevention, *About Rural Health*, Rural Health, Public Health Infrastructure Center (May 16, 2024), https://www.cdc.gov/rural-health/php/about/index.html (last accessed Aug. 12, 2026).
6. Horizon Health, *Surgical Services – Skilled Surgeons in Paris, IL*, https://www.myhorizonhealth.org/services/surgical-services/ (last accessed Aug. 12, 2026).
7. Horizon Health, *Pre-Anesthesia Clinic: Surgery Preparation at Horizon Health*, https://www.myhorizonhealth.org/services/surgical-services/pre-anesthesia-clinic/ (last accessed Aug. 12, 2026).
8. Horizon Health, *Horizon Health Nationally Recognized for Bariatric Surgery* (Sept. 15, 2025), https://www.myhorizonhealth.org/blog-news/2025/september/horizon-health-nationally-recognized-for-bariatr/ (last accessed Aug. 12, 2026).

The Applicants have also relied upon Horizon Health's internal surgical utilization information, surgical schedules and service-line information, staffing and physician information, existing facility conditions, architectural programming and design materials, equipment and storage requirements, and observations of current surgical and sterile-processing workflows. Applicable internal data, architectural drawings, and other supporting documentation are included elsewhere in the Application and its supporting exhibits.

5. **Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.**

The proposed Surgical Modernization and Expansion Project will address the limitations of Horizon Health's existing surgical environment by replacing the current fragmented arrangement with a modern, contiguous perioperative department specifically designed around the Hospital's current surgical program, clinical workflows, equipment, staffing, and contemporary physical-plant requirements. The project will consolidate operating rooms, procedure rooms, pre- and post-operative care, the Pre-Anesthesia Clinic, Central Sterile Processing, and related support functions into a coordinated clinical environment.

Creation of a Unified Surgical and Procedural Department

The new department will bring together functions that are currently dispersed throughout the Hospital. Three Class C operating rooms, two dedicated procedure/endoscopy rooms, pre- and post-operative care areas, PACU space, the Pre-Anesthesia Clinic, sterile processing, staff areas, storage, and other support functions will be organized as part of a single perioperative platform. This configuration will reduce unnecessary movement of patients, staff, equipment, instruments, and supplies and allow surgical care to proceed through a more logical and efficient clinical workflow.

Improved Relationship Between Surgery and Central Sterile Processing

A major improvement will be the relocation of Central Sterile Processing ("CSP") from its current location on a different Hospital level to space immediately adjacent to the new surgical and procedural department. The existing arrangement requires instruments and supplies to travel between floors and rely upon elevators, stairs, and shared circulation. The new configuration will place sterile processing in direct proximity to the operating and procedure rooms, reducing travel distance and handling, improving staff efficiency, and creating a more direct relationship between instrument decontamination, processing, sterilization, storage, and reuse.

Modern Operating Rooms and Infrastructure

The new operating rooms will be appropriately sized and equipped to accommodate contemporary anesthesia equipment, surgical tables, monitors, imaging and integration technology, ceiling-mounted equipment, specialty devices, and the staff necessary to safely perform the range of surgical services offered by Horizon Health. The project will also provide modern electrical, medical-gas, HVAC, environmental-control, storage, and life-safety infrastructure designed specifically for contemporary surgical use.

This represents an important improvement over continuing to modify an older surgical environment through a series of discrete corrective projects. Horizon Health has successfully addressed individual physical-plant issues as they have arisen, including environmental-control, HVAC, egress, and life-safety matters. The new department will instead provide an environment

designed from the outset to accommodate these requirements, reducing the need for continued incremental modification of aging infrastructure and providing a more durable foundation for the Hospital's surgical program.

Dedicated Procedure Rooms and More Appropriate Use of Operating Rooms

The addition of dedicated procedure rooms will allow Horizon Health to perform appropriate procedures in space specifically designed for that level of care rather than requiring use of a full Class C operating room. This will better match the clinical environment to the procedure being performed, preserve the operating rooms for cases requiring the full OR environment, and provide additional flexibility in scheduling and patient flow. Because the procedure rooms will be incorporated into the same perioperative department, they will also share appropriate preparation, recovery, sterile-processing, equipment, staffing, and support resources with the surgical program.

Improved Preoperative and Postoperative Care

The project will provide expanded and appropriately configured preparation and recovery areas, including four Phase I PACU bays and sixteen preparation/recovery bays, together with expanded space for Horizon Health's Pre-Anesthesia Clinic. These functions will be integrated with the operating rooms, procedure rooms, CSP, and other surgical support services. This arrangement will allow Horizon Health to better coordinate the patient's progression from preoperative evaluation and preparation through surgery or procedure, recovery, and discharge.

Preservation of Local Access to Surgical Services

The project will also improve the health and well-being of the population Horizon Health serves by helping preserve access to established surgical and procedural services within a rural community. The existing surgical program provides services that otherwise may require some patients to travel outside the area, and the new department will provide the physical infrastructure necessary to support those services over the long term. For Horizon Health's older and geographically dispersed patient population, maintaining appropriate surgical capabilities locally reduces the transportation, time, and caregiver burdens associated with obtaining care at more distant facilities.

The project does **not** represent the creation of a second or duplicative surgical department. The existing surgical suite will remain operational during construction so that Horizon Health can maintain continuity of patient care. Once the new department is completed, commissioned, and placed into operation, surgical and procedural services will transition to the new facilities and the former surgical suite will be vacated and will no longer be used for surgical or procedural services. No final reuse has been established for the vacated area, although Horizon Health may consider future non-clinical uses of the space.

Overall, the project addresses the identified problems through a **comprehensive replacement and modernization strategy rather than continued incremental correction of individual deficiencies**. It will provide Horizon Health with an integrated surgical environment that more

appropriately supports contemporary surgery, procedural care, sterile processing, perioperative workflow, technology, and physical-plant standards while helping preserve convenient access to these services for the rural population Horizon Health serves.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

The Surgical Expansion Project will involve a complete renovation of existing surgical facilities and the construction of new spaces designed to increase capacity and enhance the quality of care provided.

Goal 1 – Complete the new surgical department within the established project schedule.

- Commence construction during the second quarter of 2027.
- Complete construction of the new surgical department by the end of the first quarter of 2029.
- Complete equipment installation, commissioning, required inspections, regulatory approvals, and operational-readiness activities before activation of the new department.

Goal 2 – Maintain continuity of surgical care during construction.

- Continue providing surgical and procedural services in the existing surgical suite throughout the principal construction period.
- Avoid any extended suspension of Horizon Health's existing surgical program as a result of construction.
- Coordinate final transition activities so that disruption associated with movement into the new department is limited to the minimum operational period necessary for safe activation.

Goal 3 – Transition all surgical and procedural operations to the new department upon activation.

- Following activation of the new department, transition 100% of surgical and procedural activity intended for the replacement department from the former surgical suite to the new facilities.
- Reduce surgical and procedural activity in the former surgical suite to zero following completion of the transition.
- Permanently remove the former surgical suite from surgical and procedural service following activation of the new department.

Section III, Background, Purpose of the Project, and Alternatives
Criterion 1110.110(d) – Background, Purpose of the Project, and Alternatives
Alternatives

In developing the proposed Surgical Modernization and Expansion Project, Horizon Health considered alternatives involving both a lesser and greater scope of investment, continued use of the existing surgical facilities, alternative settings and potential joint-venture arrangements, and greater reliance upon other healthcare resources available within the broader service area.

The alternatives considered are summarized below.

Alternative 1 – Do Nothing/Continue to Maintain the Existing Surgical Department

Under the first alternative, Horizon Health would not undertake a major capital project and would continue to provide surgical and procedural services within the existing surgical department. Horizon would address physical-plant, equipment, HVAC, life-safety, and other infrastructure issues individually as they arise through maintenance projects and targeted improvements.

Total Project Cost: $0 in immediate new-project capital cost. This alternative would, however, require continued operating, maintenance, repair, equipment-replacement, and incremental capital expenditures associated with maintaining the existing surgical environment.

This alternative would provide the lowest immediate capital cost and would avoid construction-related expenditures in the short term. It would not, however, address the underlying physical and operational limitations identified in the existing department. Surgical and procedural functions would remain fragmented, Central Sterile Processing would remain physically separated from the surgical department, and the Hospital would continue to rely on an older physical plant that has required incremental modifications as clinical and regulatory requirements have evolved.

The short-term financial benefit of this alternative is therefore avoidance of the proposed capital expenditure. In the longer term, however, Horizon Health would continue to incur costs associated with maintaining and modifying an aging surgical environment without achieving the workflow, infrastructure, or functional benefits of a modernized department. Prior facility assessments demonstrate that the existing surgical area has required periodic corrective work involving environmental controls, HVAC performance, life safety, and other physical-plant conditions.

This alternative was rejected because it would **preserve the existing problems rather than correct them**. Although Horizon Health can continue to safely operate and maintain the existing department, continued incremental improvements would not create the unified surgical, procedural, sterile-processing, and perioperative environment needed to support the Hospital's surgical program over the longer term.

Alternative 2 – Renovate and Upgrade the Existing Surgical Suite

Horizon Health also considered a lesser-scope project consisting primarily of renovation and infrastructure improvements within the existing surgical department. This alternative could include modernization of existing operating rooms, replacement or improvement of mechanical and electrical systems, equipment upgrades, and limited improvements to patient and staff support areas while retaining the basic location and configuration of the existing department.

Estimated Total Project Cost: ~20M - $30M

This alternative may require a smaller capital investment than the proposed project and could correct selected deficiencies in the existing surgical environment. It would, however, remain constrained by the size, configuration, and location of the existing department within the Hospital's older physical plant. The Applicant never estimated the cost specifically, because of the key deficiencies in this alternative, and has used a range for the estimated costs.

Most importantly, a renovation-in-place alternative would not readily correct the current separation between Surgical Services and Central Sterile Processing. CSP would remain on a different level of the Hospital, requiring instruments and supplies to continue moving between floors through existing vertical and shared circulation. The ability to appropriately integrate operating rooms, dedicated procedure rooms, pre- and post-operative functions, PAC, sterile processing, storage, and staff support space would similarly be limited by the existing footprint.

Renovation of an active surgical department would also require significant phasing and could create greater operational disruption because work would occur within or immediately adjacent to spaces necessary for ongoing patient care. In contrast, the proposed project allows Horizon Health to continue operating the existing surgical suite while the new department is constructed and then transition operations once the replacement facilities are ready.

In the short term, this alternative may reduce the required capital investment. In the longer term, however, Horizon Health would be investing substantial resources in an older and inherently constrained physical configuration while receiving only a portion of the operational benefit available from the proposed project.

This alternative was therefore rejected because it would address individual components of the existing environment without adequately correcting the **fundamental fragmentation and physical-plant limitations** that are driving the need for the project.

Alternative 3 – Develop Surgical Capacity in an Alternative Setting, Pursue a Joint Venture, and/or Rely More Heavily on Other Regional Surgical Providers

Horizon Health also considered whether the objectives of the project could be achieved through a different delivery model. Alternatives could include development of a separate or freestanding surgical facility, potentially in conjunction with another healthcare provider or physician partner, or greater reliance upon existing hospitals and surgical facilities elsewhere in the regional market.

A separately developed surgical facility may represent a **greater-scope alternative** because it would require development and operation of a second site, including separate clinical space, building infrastructure, equipment, support services, and potentially duplicative administrative and operational functions.

Estimated Total Project Cost: ~$0 - $30M

Alternatively, Horizon could avoid a portion of the capital investment by relying more heavily on surgical resources available elsewhere in the region, including facilities in the Terre Haute area. This option would reduce Horizon Health's direct capital requirements but would not accomplish the principal objective of modernizing the surgical resources available at Paris Community Hospital.

This alternative is particularly inconsistent with Horizon Health's role as a rural healthcare provider. Horizon's actual patient-origin data demonstrate that its surgical program serves patients throughout Edgar and Clark Counties and draws patients from nearby Indiana communities as well. For example, Paris accounted for 39.9% of identified 2025 surgical encounters, Marshall 8.1%, Chrisman 6.1%, and multiple Terre Haute-area ZIP codes also contributed meaningful surgical volume. The existing pattern demonstrates that patients are presently choosing to obtain surgical care at Horizon Health from both sides of the Illinois-Indiana border.

Greater reliance on other providers would therefore shift care away from an established local program and increase travel requirements for at least a portion of Horizon's rural patient population. It could also fragment the relationship between surgical care and the primary, specialty, diagnostic, emergency, preoperative, and postoperative services already provided within the Horizon Health system.

A separate or jointly operated surgical setting would preserve more local access than simply referring patients elsewhere, but would introduce its own disadvantages. It could duplicate facilities and support functions already available at the Hospital, would not correct the aging surgical environment remaining at Paris Community Hospital, and would be less well integrated with inpatient, emergency, diagnostic, and other hospital services.

This alternative was rejected because it either **moves surgical care away from the community hospital or creates additional and potentially duplicative infrastructure without fully addressing Horizon Health's existing hospital-based surgical needs.**

Selected Project – Proposed Surgical Modernization and Expansion Project

Ultimately, Horizon Health determined that the proposed project provides the most appropriate balance of capital cost, patient access, quality, operational efficiency, and long-term financial benefit.

The proposed project will replace the existing surgical suite with a unified perioperative department that includes three Class C operating rooms, dedicated procedure/endoscopy rooms,

preparation and recovery capacity, an expanded Pre-Anesthesia Clinic, Central Sterile Processing, and associated patient, staff, storage, and support spaces.

Total Project Cost: $27,440,000.00

Unlike the do-nothing alternative, the project provides a long-term solution rather than continuing a pattern of incremental modification. Unlike the limited-renovation alternative, it permits Horizon Health to fundamentally reorganize the relationship among surgery, procedural services, patient preparation and recovery, and sterile processing. Unlike an off-site, joint-venture, or regional-provider alternative, it preserves these services as an integrated component of Paris Community Hospital and Horizon Health's existing continuum of care.

The proposed project is also appropriately sized to avoid unnecessary duplication. Once the new surgical department becomes operational, the existing surgical suite will be vacated and will no longer be used for surgical or procedural services.

[See Next Page for Comparison Chart]

2.Comparison of Alternatives

Alternative	Total Project Cost	Patient Access	Quality/Operational Impact	Short-Term Financial Effect	Long-Term Financial Effect
1. Do Nothing	**S0 immediate project cost**	Maintains current access, but provides no improvement	Existing fragmentation and physical-plant limitations remain; continued incremental corrections required	Lowest immediate cost	Continued maintenance and corrective capital expenditures without resolving underlying limitations
2. Renovate Existing Suite	**~S20M - S30M**	Maintains local access, but construction could disrupt existing operations	Improves selected conditions but remains constrained by existing footprint and separation from CSP	Potentially lower capital cost than proposed project	Significant investment in an older configuration with only partial operational benefit
3. Alternative Setting/JV/Other Providers	**S0 - S30M**	Could increase travel or shift care away from Paris Community Hospital	May provide modern space but reduces integration with existing Hospital services and/or duplicates infrastructure	Potentially reduces Horizon capital cost if services are shifted elsewhere; separate facility would require substantial new investment	Could fragment care, duplicate resources, and does not comprehensively address the existing hospital surgical environment
Proposed Project	**S27,440,000.00**	Preserves and improves local access while maintaining services during construction	Creates unified OR/procedure/PAC/recovery/CSP environment with modern infrastructure	Higher initial capital investment	Provides durable replacement of aging facilities, improves workflow, and reduces reliance on incremental corrective projects

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.120, Size of the Project

The Applicant proposes to construct and renovate approximately 24,910 departmental gross square feet ("DGSF") in connection with the modernization and expansion of the surgical and procedural services at Paris Community Hospital.

The project will replace the Hospital's existing surgical suite with a new, integrated perioperative department that includes operating rooms, procedure/endoscopy rooms, PACU space, surgical preparation and recovery areas, the Pre-Anesthesia Clinic, patient waiting and support areas, and associated mechanical and electrical space. The project also includes renovation of approximately 3,480 DGSF for soiled processing, sterile processing, and general supply functions.

Pursuant to Section 1110, Appendix B of the HFSRB's rules, applicable State size standards are based upon the number and type of operating rooms, procedure rooms, PACU stations, and surgical preparation/recovery stations proposed. As demonstrated in the table below and reflected in the project floor plans, each component of the project for which a State size standard applies is at or below the applicable maximum DGSF standard.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
Surgical Operating Suite (Class C)	9,315 DGSF	11,000 DGSF (2,750 × 4 ORs)	(1,685) DGSF	Yes
Procedure / Endoscopy Suite	1,123 DGSF	2,200 DGSF (1,100 × 2 Procedure Rooms)	(1,077) DGSF	Yes
PACU	661 DGSF	720 DGSF (180 × 4 Beds)	(59) DGSF	Yes
Surgical Prep / Recovery	4,803 DGSF	6,400 DGSF (400 × 16 Beds)	(1,597) DGSF	Yes
Supporting Project Areas (Entrance/Waiting, PAC, Mechanical/Electrical)	5,528 DGSF	N/A	N/A	N/A
Soiled Process / Sterile General Supply (Renovation)	3,480 DGSF	N/A	N/A	N/A
Total	**24,910 DGSF**			

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.120(b), Project Services Utilization

By the second year of operation, annual utilization at the proposed facility shall meet or exceed HFSRB's utilization standards.

For planning purposes, Horizon Health applied a conservative 4.0% annual growth rate to the annualized CY 2026 utilization. This rate approximates the current year-over-year growth reflected in 2026 surgical activity and is substantially below the historical five-year average growth rate used for purposes of the shell-space analysis. The planning forecast is therefore intended to provide a conservative estimate of near-term utilization rather than assume continuation of the unusually high growth experienced in certain prior years.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (Surgical Hours)	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD ?
2023	Operating Rooms	2,664 Hours		3,000 Hours (2 ORs x 1,500)	Yes
2024	Operating Rooms	3,753 Hours		3,000 Hours (2 ORs x 1,500)	Yes
2025	Operating Rooms	3,317 Hours		3,000 Hours (2 ORs x 1,500)	Yes
2026	Operating Rooms		3,434 Hours	3,000 Hours (2 ORs x 1,500)	Yes
2027	Operating Rooms		3,572 Hours	3,000 Hours (2 ORs x 1,500)	Yes
2028	Operating Rooms		3,715 Hours	4,500 Hours (3 ORs x 1,500)	Yes
YEAR 1 (2029)	Operating Rooms		3,864 Hours	4,500 Hours (3 ORs x 1,500	Yes
YEAR 2 (2030)	Operating Rooms		4,019 Hours	4,500 Hours (3 ORs x 1,500	Yes

Historical and projected utilization of Horizon Health's two procedure rooms does not meet the State utilization standard of 1,500 hours per room, or 3,000 hours in total for two procedure rooms. Procedure-room utilization was 974 hours in 2023, 558 hours in 2024, and 1,095 hours in 2025. Applying a conservative 4.0% annual growth assumption results in projected utilization of approximately 1,281 hours in 2029 and 1,332 hours in 2030.

Although the aggregate utilization does not support two procedure rooms based solely on the State's hourly standard, Horizon Health believes that two procedure rooms are necessary and appropriate based on the functional requirements of its existing procedural program. One room will be used principally to support gastroenterology and endoscopy procedures, which require specialized equipment, room setup, supplies, cleaning, and turnover processes. The second room will support general procedural activity and other cases that do not require a full Class C operating-room environment.

Maintaining two separate procedure rooms allows Horizon Health to appropriately segregate gastroenterology/endoscopy activity from other procedural services and avoids the operational inefficiency that would result from repeatedly converting a single room between different

procedural uses. A single-room configuration would require additional equipment movement, room setup and breakdown, cleaning and turnover time, and scheduling coordination between distinct service lines. These requirements could materially reduce the effective availability of the room even where total annual procedure hours remain below the State utilization threshold.
The two-room configuration also supports improved patient throughput and scheduling flexibility. Procedures can be scheduled concurrently or sequentially according to specialty-specific needs without requiring one service line to wait for completion, turnover, and reconfiguration of the only available procedure room. This is particularly important in a rural hospital environment where physicians may provide services on designated procedural days and where efficient use of physician, anesthesia, nursing, and support staff time is important to maintaining local access.

The proposed project therefore does not represent the addition of unnecessary or speculative procedure-room capacity. Horizon Health currently operates two procedure rooms, and the project will replace those existing rooms within the new unified surgical and procedural department. The project preserves the existing two-room functional model while providing appropriately designed spaces that are better integrated with pre- and post-operative care, sterile processing, and the broader perioperative department.

Accordingly, while Horizon Health acknowledges that projected utilization will remain below the State's quantitative standard for two procedure rooms, the Applicant believes that maintaining and replacing the existing two-room configuration is reasonable and necessary to support the distinct operational requirements of gastroenterology/endoscopy and general procedural services, improve throughput and scheduling efficiency, and avoid forcing multiple procedural service lines into a single shared room.

UTILIZATION					
	DEPT./ SERVICE	**HISTORICAL UTILIZATION (Procedure Hours)**	**PROJECTED UTILIZATION**	**STATE STANDARD**	**MEET STANDARD ?**
2023	Procedure Rooms	974 Hours		3,000 Hours (2 Procedure Room x 1,500)	No
2024	Procedure Rooms	558 Hours		3,000 Hours (2 Procedure Room x 1,500)	No
2025	Procedure Rooms	1,095 Hours		3,000 Hours (2 Procedure Room x 1,500)	No
2026	Procedure Rooms		1,139 Hours		No
2027	Procedure Rooms		1,184 Hours		No
2028	Procedure Rooms		1,232 Hours	3,000 Hours (2 Procedure Room x 1,500)	No
YEAR 1 (2029)	Procedure Rooms		1,281 Hours	3,000 Hours (2 Procedure Room x 1,500)	No
YEAR 2 (2030)			1,332 Hours	3,000 Hours (2 Procedure Room x 1,500)	No

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Unfinished or Shell Space

1. **Total gross square footage (GSF) of the proposed shell space.**

The proposed shell space totals approximately **2,328.75 GSF**. This amount represents the portion of the overall surgical operating-suite space allocated to the **future fourth Class C operating room**. The space will remain unfinished and will not be equipped or placed into service as part of the current project.

2. **The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area, or function.**

The entire 2,328.75 GSF of proposed shell space is allocated to the future fourth Class C operating room and its proportionate supporting operating-suite space. No portion of the shell area is proposed for another department, service, or function.

The space is being incorporated into the current project solely to allow Horizon Health to accommodate a future fourth operating room within the planned surgical department if future utilization demonstrates sufficient need and the required HFSRB approval is obtained.

3. **Evidence that the shell space is being constructed due to:**
   a. **Requirements of governmental or certification agencies; or**
   b. **Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.**

As seen below, the applicant provides the historical utilization for the operating rooms for the latest 5-year period for which data are available, and, based upon the average annual percentage increase for that period, projects the future utilization of the operating rooms through the anticipated date when the shell space will be placed into operation. Accordingly, the applicant meets the state standard, as the future volumes under this approach are in excess of the State standard for a 4th operating room.

Year	Surgical Hours	Annual Growth Rate
2020	1,423	6.83%
2021	1,811	27.27%
2022	2,345	29.49%
2023	2,664	13.60%
2024	3,753	40.88%
2025	3,317	-11.62%
5-Year Average Annual Growth Rate		**19.92%**
Year	**Projected Surgical Hours**	**5-Year Annual Growth Rate from 2021-2025**
2026	3,978	19.92%
2027	4,770	19.92%
2028	5,721	19.92%
2029	6,861	19.92%
2029	6,861	19.92%
2030	8,228	19.92%

4. Provide:
   c. Historical utilization for the area for the latest five-year period for which data is available; and
   d. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

Year	Surgical Hours	Annual Growth Rate
2020	1,423	6.83%
2021	1,811	27.27%
2022	2,345	29.49%
2023	2,664	13.60%
2024	3,753	40.88%
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5-Year Average Annual Growth Rate		**19.92%**
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2026	3,978	19.92%
2027	4,770	19.92%
2028	5,721	19.92%
2029	6,861	19.92%
2030	8,228	19.92%

Section IV, Project Scope, Utilization, and Unfinished/Shell Space Assurances

1. **Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.**

The Applicant verifies and assures that it will submit a Certificate of Need application to the Illinois Health Facilities and Services Review Board ("HFSRB") and obtain all required HFSRB approval before developing, completing, or utilizing the shell space as a fourth operating room, regardless of the applicable capital expenditure thresholds or categories of service in effect at that time.

The shell space will remain unfinished and will not be equipped, licensed, or placed into operation as an operating room unless and until the required HFSRB approval has been obtained.

2. **The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and**

The Applicant has not established a specific date for submission of a subsequent CON application for the fourth operating room. The timing of any future application will depend upon actual surgical utilization, growth in surgical demand, physician recruitment and service-line development, and other relevant operational factors following completion of the proposed project.

Based upon current planning assumptions, the Applicant does not anticipate submitting an application to activate the fourth operating room before 2029. If and when utilization and other relevant factors demonstrate a need for the additional operating room, Horizon Health will submit a separate CON application to the HFSRB sufficiently in advance of the anticipated development and activation of the shell space.

3. **The anticipated date when the shell space will be completed and placed into operation.**

The Applicant has not established a definitive date for completion and activation of the future fourth operating room. The shell space is being incorporated into the present project as a long-term planning measure and will remain unfinished until future surgical utilization demonstrates a need for additional operating-room capacity.

The earliest anticipated date for development and placement into operation of the fourth operating room is 2029; however, actual completion may occur later depending upon surgical utilization and demonstrated need. Prior to undertaking the improvements necessary to complete and activate the fourth operating room, Horizon Health will submit the required CON application to the HFSRB and obtain approval to develop and utilize the shell space.

Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

Surgical Service Modernization

The proposed project involves the replacement, modernization, and expansion of Horizon Health's existing surgical and procedural facilities at Paris Community Hospital and therefore qualifies as a "Service Modernization" under 77 Ill. Admin. Code § 1110.270(c).

The project will replace the Hospital's existing surgical suite with a unified perioperative department consisting of three completed Class C operating rooms, two procedure/endoscopy rooms, four Phase I post-anesthesia care bays, sixteen surgical preparation and recovery bays, an expanded Pre-Anesthesia Clinic, modernized Central Sterile Processing, and associated patient, staff, storage, utility, and support areas. The project also includes unfinished shell space for a potential fourth Class C operating room. The shell space will not be equipped, licensed, or placed into operation as part of this project.
Upon activation of the new department, the existing operating and procedure rooms will be removed from surgical and procedural service. Accordingly, the project will not create two parallel surgical departments or retain the existing suite as duplicative capacity.

The project satisfies the Service Modernization criterion because it will replace aging and functionally obsolete surgical facilities and infrastructure, constitutes a necessary expansion to accommodate the operational requirements and patient demand of Horizon Health's established surgical program, and proposes a number of operating rooms supported by the Hospital's utilization during each of the latest two historical years. The two replacement procedure rooms do not independently meet the State's quantitative utilization standard but are justified under the Necessary Expansion provisions based on their distinct clinical functions and the operational requirements of Horizon Health's existing procedural program.

Existing and Proposed Key Rooms

Service	Existing Key Rooms	Proposed Operational Key Rooms	Change
Class C Operating Rooms	2	3	+1
Procedure/Endoscopy Rooms	2	2	0
Future Class C Operating Room Shell	0	0	No operational room added
Total Operational OR/Procedure Rooms	4	5	+1

The fourth operating-room space is excluded from the proposed operational key-room count because it will remain unfinished and unavailable for patient care. Horizon Health will submit a separate Certificate of Need application and obtain all required HFSRB approval before completing or activating that space.

1.Deteriorated Equipment or Facilities

Paris Community Hospital has operated from its present campus since 1970. Although Horizon Health has maintained and improved the facility over the intervening decades, portions of the existing surgical physical plant were developed for an earlier generation of surgical practice. The scope, technology, and operational requirements of the Hospital's surgical program have evolved substantially, while the physical configuration of the existing surgical environment has not evolved to the same extent.

The existing operating rooms are constrained in their ability to efficiently accommodate contemporary anesthesia equipment, surgical tables, monitors and integration technology, ceiling-mounted equipment, imaging equipment, specialty devices, mobile equipment, supplies, and the number of clinical personnel necessary to perform modern surgical procedures. The existing room configuration also limits appropriate equipment clearances, circulation around the surgical field, storage, and separation of clean and restricted clinical functions.

The limitations extend beyond the dimensions of the operating rooms. The existing department relies upon infrastructure that has required periodic correction and modification as clinical, accreditation, and life-safety requirements have evolved. Prior accreditation surveys, life-safety reviews, and engineering evaluations have identified matters involving environmental controls, HVAC performance, air-pressure and humidity relationships, egress, electrical infrastructure, and other physical-plant conditions affecting or supporting the surgical area. Horizon Health has addressed identified conditions through corrective action, system balancing, equipment modification, and targeted facility improvements.

Horizon Health's 2025 Life Safety Evaluation also identified several comparatively minor physical-plant items within surgical areas, including exit signage, fire-protection requirements within a storage area, and required clearance around an electrical panel. These conditions do not suggest that the existing surgical suite cannot presently be operated safely. They do, however, illustrate the difficulty and cost associated with continually adapting an older surgical environment through incremental corrective projects.

The separation between Surgical Services and Central Sterile Processing presents an additional functional deficiency. Central Sterile Processing is currently located on a different level of the Hospital from the operating rooms. Instruments, equipment, and supplies must therefore move between floors using elevators, stairs, and portions of the Hospital's circulation system that may also be used by patients, visitors, and other hospital functions.
This configuration increases instrument travel distances, handling requirements, staff movement, and reliance upon shared vertical circulation. It also separates functions that are inherently interdependent, including instrument decontamination, processing, sterilization, storage, distribution, and return to the surgical environment.

The proposed project will replace these aging and fragmented facilities with surgical infrastructure designed specifically for contemporary perioperative care. The new operating rooms will include modern electrical, medical-gas, HVAC, pressure-control, environmental-control, life-safety, storage, and equipment-support systems. Approximately 3,480 DGSF of

existing space will be modernized for Central Sterile Processing and related supply functions, placing these functions immediately adjacent to the new operating and procedure rooms.
The project also includes approximately $2.39 million in movable equipment, including surgical lights and booms, monitoring and integration systems, anesthesia and cautery equipment, a cystoscopy/fluoroscopy table, and approximately $800,000 of sterile-processing equipment. This equipment will replace or supplement equipment used within the existing department and allow the new facilities to function as a coordinated modern surgical environment.

Collectively, these improvements will replace an aging and increasingly constrained surgical physical plant, reduce reliance on incremental facility corrections, improve the relationship between surgery and sterile processing, and provide a more durable platform for Horizon Health's surgical program.

3.Necessary Expansion

The project is also necessary to accommodate the patient-service, technology, and workflow requirements of Horizon Health's established surgical program.

Horizon Health is a 25-bed Critical Access Hospital serving Edgar County and surrounding rural communities in east-central Illinois and west-central Indiana. The Hospital provides inpatient and outpatient surgery through employed and visiting physicians in specialties that include general surgery, orthopedics and spine surgery, bariatric surgery, gynecology and urogynecology, urology, podiatry, ophthalmology, endoscopy, and other procedural services.

The existing department was not designed to accommodate the current range of specialties, contemporary minimally invasive techniques, specialized equipment, or the increasing migration of appropriate surgical procedures to the outpatient setting. The proposed expansion reflects a change in the scope and complexity of the surgical services presently offered rather than the establishment of a new or unrelated service.

Historical surgical utilization demonstrates the development of this program. Operating-room utilization increased from 1,423 hours in 2020 to 3,317 hours in 2025, notwithstanding a decline from the unusually high 2024 volume of 3,753 hours. Thus, surgical hours more than doubled over the five-year period.

The third completed operating room is necessary to provide scheduling capacity and operational flexibility for Horizon Health's existing mix of surgical specialties. The Hospital relies in part upon physicians who provide specialty services on designated surgical days. A third operating room will allow Horizon Health to better accommodate specialty-specific schedules, room setup, equipment requirements, turnover, urgent cases, and periods of concurrent demand without unnecessarily delaying care or requiring rural patients to obtain services at more distant facilities.

The project will also provide two dedicated procedure rooms to replace the Hospital's two existing procedure rooms. One room will be used principally for gastroenterology and endoscopy services, which require specialized equipment, supplies, room setup, cleaning, and turnover

processes. The second room will support general procedural activity and other cases that do not require the resources of a full Class C operating room.

Requiring these distinct procedural service lines to share a single room would necessitate repeated equipment movement, setup and breakdown, cleaning, room turnover, and coordination between different physician schedules. Those requirements would reduce the room's effective availability even though aggregate annual procedure hours remain below the State benchmark. The two-room configuration also avoids using a Class C operating room for procedures that can appropriately be performed in a lower-intensity procedural environment.

The proposed two-room configuration does not represent an increase in the number of procedure rooms. It replaces the Hospital's existing two-room functional model within the new perioperative department and integrates those rooms with surgical preparation, recovery, anesthesia, sterile processing, equipment, and clinical support services.

The necessary expansion also includes four Phase I PACU bays, sixteen preparation and recovery bays, and an expanded Pre-Anesthesia Clinic. These spaces will support the full perioperative process, including preoperative evaluation, patient preparation, anesthesia assessment, surgery or procedure, recovery, discharge planning, and patient education. Their use will correspond directly with the projected utilization of the operating and procedure rooms.

The project is particularly important because Horizon Health serves an older and geographically dispersed rural population for which travel to larger regional healthcare facilities can present transportation, time, financial, and caregiver burdens. The expanded and modernized department will preserve access to established surgical services in Paris while allowing those services to remain integrated with the Hospital's primary care, specialty, diagnostic, emergency, inpatient, and follow-up services.

3. Utilization

A. Major Medical Equipment

The project is principally the modernization and expansion of an existing clinical service and facility rather than the acquisition of a separate unit of major medical equipment. The equipment included in the project will support the new operating rooms, procedure rooms, recovery areas, and Central Sterile Processing and will be utilized as part of the Hospital's overall surgical and procedural program.

Accordingly, the project's utilization is evaluated under subsection (c)(3)(B), Service or Facility.

B. Service or Facility

Appendix B establishes a utilization standard of 1,500 hours annually for each operating room and each procedure room.

Horizon Health's operating-room utilization for each of the latest two historical years supports three operating rooms when the annual hours are divided by the 1,500-hour standard and the resulting fractional room requirement is rounded to the next whole room:

Year	Operating-Room Hours	Hours ÷ 1,500	Rooms Justified
2024	3,753	2.50	3
2025	3,317	2.21	3

Thus, the three completed Class C operating rooms proposed in the project do not exceed the number justified by historical utilization during either of the latest two years.
Using Horizon Health's conservative 4.0% near-term growth assumption, operating-room utilization is projected to reach approximately 3,715 hours in 2028 and 3,864 hours in 2029. These projections exceed the 3,000-hour aggregate standard applicable to two operating rooms but remain below the 4,500-hour aggregate standard for three operating rooms. The Applicant therefore relies upon both the historical key-room calculation above and the Necessary Expansion evidence described in this response to support the third operating room.
The fourth operating room is not included in the proposed operational capacity. That space will remain unfinished until future utilization demonstrates sufficient need and Horizon Health obtains separate HFSRB approval.

Procedure-room utilization was 558 hours in 2024 and 1,095 hours in 2025. Applying the conservative 4.0% growth assumption results in projected utilization of approximately 1,232 hours in 2028 and 1,281 hours in 2029. These hours do not independently support two procedure rooms under the quantitative standard.

Nevertheless, the project will replace, rather than increase, Horizon Health's existing two procedure rooms. As documented under Necessary Expansion, the continued two-room configuration is required to accommodate the distinct operational requirements of gastroenterology/endoscopy and general procedural services, avoid repeated conversion of a single room between incompatible or operationally distinct uses, support visiting-physician schedules, improve throughput, and preserve operating-room capacity for cases that require a Class C environment.

The Applicant therefore acknowledges that the two procedure rooms do not meet the State's aggregate quantitative utilization benchmark and relies upon the exception in subsection (c)(2) to justify the second procedure room based on necessary expansion and functional requirements.

C. Services Without Separate Utilization Standards

The project's PACU, surgical preparation and recovery, Pre-Anesthesia Clinic, sterile-processing, and related support spaces do not have separate hourly utilization standards. Their anticipated utilization will be directly associated with operating-room and procedure-room activity.

By 2029, Horizon Health projects approximately 3,864 operating-room hours and 1,281 procedure-room hours, for approximately 5,145 combined surgical and procedural hours. The four Phase I PACU bays, sixteen preparation and recovery bays, Pre-Anesthesia Clinic, and Central Sterile Processing will support the patients and clinical activity represented by these projected volumes. The applicable areas are also within the corresponding Appendix B departmental gross-square-footage standards, as demonstrated in the Applicant's response to Criterion 1110.120.

Conclusion

The proposed project represents a necessary modernization of Horizon Health's established surgical and procedural services. It will replace aging and functionally constrained facilities, correct the fragmented relationship among surgery, procedural services, perioperative care, and Central Sterile Processing, and provide infrastructure capable of supporting contemporary surgical equipment, technology, environmental controls, life-safety requirements, and clinical workflows.

Historical utilization during each of the latest two years supports the three operating rooms. The two proposed procedure rooms replace the two rooms currently operated by Horizon Health and are justified under the Necessary Expansion provisions based on their distinct clinical and operational functions, notwithstanding utilization below the quantitative benchmark.

Accordingly, the Applicant submits that the proposed project is appropriately sized and satisfies the Service Modernization requirements of 77 Ill. Admin. Code § 1110.270(c).

Section VI, Financial Feasibility
Criterion 1120.120 Availability of Funds

Horizon Health is pursuing financing for the proposed project through the U.S. Department of Agriculture Rural Development Community Facilities financing program. The Applicant, with the assistance of its financing advisor, is currently preparing a pre-application seeking financing for 100% of the project funding requirement through the USDA Community Facilities Direct Loan Program.

The USDA financing process remains in its preliminary stages. Horizon Health is presently completing the feasibility study and other materials necessary for submission of the USDA pre-application. Following submission and review of the pre-application, Horizon Health and its financing advisor anticipate working with USDA Rural Development to determine the final financing structure for the project.

Depending upon USDA's review, the final financing package may consist of a USDA Community Facilities Direct Loan, a combination of USDA direct and USDA-guaranteed financing, and/or a borrower equity contribution. As of the date of this Application, USDA has not required an equity contribution or specified that a portion of the project must be financed through the Guaranteed Loan Program. Accordingly, the final USDA financing structure cannot yet be reflected with certainty in the Application.

Pending completion of the USDA financing process, Horizon Health has utilized conventional bank debt through Prospect Bank as the current working financing assumption for purposes of this Application. The financial projections and financing analyses included in the Application therefore reflect the presently anticipated Prospect Bank financing terms rather than assuming USDA financing terms that have not yet been approved. Prospect Bank has been working with Horizon Health regarding financing for the proposed project and has indicated its intent to provide construction financing, subject to underwriting and final credit approval.

Horizon Health expects the Prospect Bank financing to serve as the interim financing structure if necessary while the USDA process is completed. The Applicant presently anticipates that the financing ultimately in place at or around project initiation will transition to, be refinanced through, or otherwise be incorporated into the final USDA-approved Community Facilities financing structure. The precise structure will depend upon USDA's review of the pre-application, feasibility study, underwriting, and determination of the appropriate combination of direct loan financing, guaranteed financing, and any required borrower contribution.

USDA's Community Facilities Direct Loan Program provides financing for eligible essential community facilities, including hospitals, and may finance construction, improvements, equipment, and related project expenses. Horizon Health believes the proposed surgical modernization project is an eligible use of Community Facilities financing and is proceeding through USDA's established pre-application and underwriting process. For purposes of demonstrating the financial feasibility of the project at this stage, however, the Applicant has conservatively relied upon the current Prospect Bank debt financing assumptions and has not incorporated any potential benefit associated with more favorable USDA financing terms.

The Applicant will update the State Board regarding any material change in the project's financing structure as the USDA review process advances.

As such, Horizon Health intends to finance the proposed Surgery Department Expansion Project through debt financing. Prospect Bank, Horizon Health`s banking partner for more than 30 years, has been working with Horizon Health for approximately 18 months to plan the financing for the proposed project. Prospect Bank has advised that it intends to provide Horizon Health with financing for the project. The anticipated financing structure consists of a **24-month construction line of credit**, priced at the **Wall Street Journal Prime Rate on a floating basis**.

Accordingly, Horizon Health documents the following presently identified source of funds:

Debt: $27,440,000.00

The supporting Prospect Bank financing letter is included at Attachment 34.

PROSPECT
BANK

June 30, 2026

Re: Horizon Health – Surgery Department Expansion Project

To whom it concerns,

Horizon Health is a long time, valued customer of Prospect Bank. Prospect Bank has financed multiple Horizon Health construction/expansion projects over the past five to ten years and will continue to support Horizon Health's growth by financing future projects.

Specifically, Prospect Bank has been working with Horizon Health for the past eighteen months to plan for the financing of its pending/upcoming surgery department expansion project.

Sincerely,

Darrin Johnson
Chief Credit Officer
Prospect Bank

Section VII, Financial Feasibility
Criterion 1120.130 – Financial Viability

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

Financial Viability Ratio	2023	2024	2025	2029 Projected	State Standard	Projected Compliance
Current Ratio	1.88x	1.52x	1.89x	**~1.85x**	≥ 2.00x	No
Net Margin Percentage	-0.65%	-0.60%	-2.67%	**3.13%**	≥ 3.0%	Yes*
Debt to Total Capitalization	18.76%	24.25%	21.22%	**~35%**	≤ 50%	Yes
Projected Debt Service Coverage	1.43x	1.95x	0.87x	**~2.16x**	≥ 2.50x	No
Days Cash on Hand	81.67	78.70	75.67	**~69 days**	≥ 75 days	No – Slightly Below
Cushion Ratio	6.54x	8.74x	6.50x	**~4.0x**	≥ 7.0x	No

2029 Projection Assumptions

The 2029 projections are preliminary planning estimates.

- Operating revenue is projected to grow by 4.0% annually from the 2025 audited base.
- Operating expenses are projected to grow by 2.5% annually, producing gradual improvement from the 2025 operating loss to an approximately 3.1% positive net margin by 2029, subject to confirmation through the final projected income statement.
- The entire $27.44 million estimated project cost is assumed to be financed with new long-term debt. No cash or investment contribution is assumed.
- New project debt is modeled at approximately 6.75% interest, consistent with a Prime-based financing assumption, with a 15-year amortization period for planning purposes.
- The modeled annual debt service on the new $27.44 million financing is approximately $2.97 million. This is approximately $804,000 greater than the annual debt service associated with the previously modeled $20.0 million borrowing.
- Existing debt obligations are assumed to remain in place, with the new project debt added to Horizon Health's projected long-term debt, capitalization, and annual debt-service requirements.
- Existing depreciation is projected to grow modestly, with approximately $1.10 million of additional annual depreciation associated with the project based on a 25-year useful life.
- Because the project is assumed to be entirely debt financed, Horizon Health's existing cash, investments, and board-designated funds are assumed to be retained. The projected current ratio, days cash on hand, and cushion ratio therefore improve relative to the previous projection that assumed a $7.44 million cash contribution.
- Days cash on hand is nevertheless projected to decline modestly to approximately 69 days because operating expenses are assumed to increase through 2029 while no material additional cash accumulation is assumed.
- The projected cushion ratio reflects both the preservation of Horizon Health's liquidity and the increased annual debt service resulting from financing the entire project cost.
- The projections do not assume additional liquidity from future operating cash accumulation or a backup line of credit. Such amounts may be included in the days-cash-on-hand and cushion-ratio calculations if properly documented.

Horizon Health is pursuing financing for the proposed project through Prospect Bank while simultaneously advancing an application for financing through the U.S. Department of Agriculture Rural Development Community Facilities Program. For purposes of this Certificate of Need application, the Applicant has assumed that the project will be fully financed through Prospect Bank under the current bank financing terms. Prospect Bank has been working with Horizon Health regarding the project financing and has indicated its intent to provide construction financing, subject to customary underwriting and final credit approval.

Horizon Health presently expects the Prospect Bank financing to function as interim financing during the project development and construction process and anticipates that, by the time project financing is initiated, the permanent financing structure will include USDA Rural Development Community Facilities financing. Horizon Health has been confirmed as eligible to pursue USDA

financing and is currently completing the required feasibility study, pre-application, and related submission materials.

The final USDA financing structure has not yet been determined. Horizon Health is initially pursuing financing through the USDA Community Facilities Direct Loan Program, although the ultimate financing structure may include a combination of USDA direct loan proceeds, USDA-guaranteed financing, borrower equity, and/or other lender financing depending upon USDA's review, underwriting, and final determination.

Accordingly, the financial projections included in this Application conservatively assume the currently available Prospect Bank financing terms rather than relying upon more favorable USDA financing terms that have not yet been approved. The Applicant expects that the interim bank financing will be replaced, refinanced, or otherwise incorporated into the final USDA-approved financing structure before or in connection with project initiation.

To the extent that the Applicant does not satisfy one or more of the applicable financial viability ratio standards under **77 Ill. Adm. Code § 1120.130**, Horizon Health anticipates that the final USDA financing structure will provide additional financial support and credit enhancement for the project. Depending upon USDA's final determination, that support may take the form of direct USDA financing, a USDA guarantee of lender debt, or a combination of financing sources.

Because the USDA financing has not yet been finally approved, the Applicant has submitted the project using the current Prospect Bank financing assumptions. This approach presents the project based upon presently identifiable financing terms while avoiding reliance on anticipated USDA terms that remain subject to completion of the feasibility study, pre-application review, underwriting, and final approval.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC.

AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025 AND 2024

CPAs / ADVISORS

blue

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC.
AND AFFILIATE

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CPAs / ADVISORS

blue

Blue & Co LLC / 2650 Eastpoint Parkway, Suite 300 / Louisville KY 40223
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blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Hospital and Medical Foundation of Paris, Inc. and Affiliate
Paris, Illinois

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hospital and Medical Foundation of Paris, Inc. and Affiliate (collectively, the "Hospital"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (hereafter, the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of December 31, 2025 and 2024, and the 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 within one year after the date that the financial statements are available to be issued.

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

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

Board of Directors
Hospital and Medical Foundation of Paris, Inc. and Affiliate
Paris, Illinois

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating balance sheet and consolidating statement of operations and changes in net assets are presented for the purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual entities, and are 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 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.

Blue & Co., LLC

Louisville, Kentucky
May 20, 2026

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Current assets		
Cash and cash equivalents	$ 3,650,750	$ 2,244,433
Restricted cash	376,442	235,174
Investments	106,379	106,007
Patient accounts receivable	18,109,291	12,836,721
Inventories	2,636,737	2,946,947
Prepaid expenses and other current assets	4,767,758	3,260,281
Estimated third-party payor settlements	-0-	1,653,156
Other assets, current portion	85,541	100,000
Total current assets	29,732,898	23,382,719
Other assets		
Assets whose use is limited	27,769,371	27,889,135
Right-of-use assets under operating leases, net	360,842	543,203
Right-of-use assets under finance leases, net	1,468,255	2,197,931
Property and equipment, net	62,417,512	64,805,124
Other assets, net of current portion	3,794,529	3,533,606
Total other assets	95,810,509	98,968,999
Total assets	$ 125,543,407	$ 122,351,718

See accompanying notes to consolidated financial statements.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC.
AND AFFILIATE

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

LIABILITIES AND NET ASSETS

	2025	2024
Current liabilities		
Accounts payable	$ 4,894,842	$ 4,410,529
Accrued personnel costs	7,423,974	7,051,366
Accrued expenses	333,840	259,386
Other current liabilities	151,428	94,927
Estimated third-party payor settlements	237,975	-0-
Current portion of operating lease liabilities	163,660	199,534
Current portion of finance lease liabilities	673,806	638,581
Current portion of long-term debt	1,824,822	2,739,894
Total current liabilities	15,704,347	15,394,217
Long-term liabilities		
Operating lease liabilities, net of current portion	197,182	343,669
Finance lease liabilities, net of current portion	1,122,313	1,796,119
Long-term debt, net of current portion	26,301,696	22,242,055
Total long-term liabilities	27,621,191	24,381,843
Total liabilities	43,325,538	39,776,060
Net assets		
Without donor restrictions	81,551,348	82,121,152
With donor restrictions	666,521	454,506
Total net assets	82,217,869	82,575,658
Total liabilities and net assets	$ 125,543,407	$ 122,351,718

See accompanying notes to consolidated financial statements.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating revenues		
Net patient service revenue	$ 144,839,300	$ 137,263,980
Pharmacy 340B revenue, net	1,850,227	1,389,614
Other operating revenue	4,499,788	3,167,878
Net assets released from restrictions	58,037	1,006,142
Total operating revenues	151,247,352	142,827,614
Operating expenses		
Salaries and wages	68,664,439	66,024,338
Employee benefits and payroll taxes	24,889,244	20,702,086
Professional fees	12,602,854	11,948,158
Purchased services	7,418,990	7,305,395
Drugs and medical supplies	15,880,173	15,744,363
Other supplies	6,104,095	4,962,241
Depreciation and amortization	6,164,558	5,909,484
Repairs and maintenance	969,202	1,624,188
Utilities	1,299,580	1,171,617
Insurance	2,705,314	1,640,847
Rent	468,064	294,997
Interest	2,009,943	1,584,789
Provider tax	3,502,385	2,076,276
Other operating expenses	2,606,381	2,688,899
Total operating expenses	155,285,222	143,677,678
Loss from operations	(4,037,870)	(850,064)
Nonoperating revenues (expenses)		
Investment return, net	3,397,972	3,726,055
Contributions and other nonoperating items	70,094	(321,059)
Total nonoperating revenues (expenses)	3,468,066	3,404,996
Excess revenues (expenses)	(569,804)	2,554,932
Change in net assets with donor restrictions		
Contributions	270,052	188,783
Net assets released from restrictions	(58,037)	(1,006,142)
Change in net assets with donor restrictions	212,015	(817,359)
Change in net assets	(357,789)	1,737,573
Net assets		
Beginning of year	82,575,658	80,838,085
End of year	$ 82,217,869	$ 82,575,658

See accompanying notes to consolidated financial statements.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating activities		
Change in net assets	$ (357,789)	$ 1,737,573
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	5,434,882	5,211,073
Amortization	729,676	698,411
(Gain) loss on disposal of property and equipment	-0-	(4,130)
Net realized gains and losses and unrealized gains and losses on investments and assets whose use is limited	2,908,103	3,046,903
Changes in operating assets and liabilities		
Patient accounts receivable	(5,272,570)	2,140,899
Inventories	310,210	338,146
Prepaid expenses and other current assets	(1,507,477)	(1,212,878)
Estimated third-party payor settlements	1,891,131	503,628
Operating lease right-of-use assets	226,236	211,524
Accounts payable	657,631	1,765,739
Accrued personnel costs	372,608	1,611,972
Accrued expenses	74,454	125,953
Other current liabilities	56,501	(11,111)
Operating lease liabilities	(226,236)	(211,524)
Net cash flows from operating activities	5,297,360	15,952,178
Investing activities		
Purchases of property and equipment	(3,235,413)	(9,524,322)
Proceeds from disposal of property and equipment	14,825	14,825
Change in investments and assets whose use is limited	(2,253,199)	(4,031,243)
Change in other assets	(246,464)	(790,479)
Net cash flows from investing activities	(5,720,251)	(14,331,219)
Financing activities		
Borrowings on line of credit	4,250,000	7,250,000
Repayments on line of credit	(4,250,000)	(8,250,000)
Borrowings on long-term debt	27,752,468	3,210,784
Principal payments on long-term debt	(24,607,899)	(2,840,487)
Principal payments on finance lease obligations	(638,581)	(579,836)
Net cash flows from financing activities	2,505,988	(1,209,539)
Net change in cash, restricted cash, and cash equivalents	2,083,097	411,420
Cash, restricted cash, and cash equivalents		
Beginning of year	2,479,607	2,068,187
End of year	$ 4,562,704	$ 2,479,607

See accompanying notes to consolidated financial statements.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC.
AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Reconciliation of cash, restricted cash, and cash equivalents to the consolidated balance sheets		
Cash and cash equivalents in current assets	$ 3,650,750	$ 2,244,433
Restricted cash	376,442	235,174
Assets whose use is limited	535,512	-0-
Total cash, restricted cash, and cash equivalents	$ 4,562,704	$ 2,479,607
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 2,007,872	$ 1,585,330
Property and equipment acquired under accounts payable	$ -0-	$ 173,318
Right-of-use assets acquired under operating lease liabilities	$ -0-	$ 57,411

See accompanying notes to consolidated financial statements.

1. NATURE OF OPERATIONS

Hospital and Medical Foundation of Paris, Inc. (the "HMFP") operates an acute-care, critical access hospital ("CAH") and clinic care facility located in Paris, Illinois. HMFP primarily earns revenue by providing inpatient, outpatient, emergency care, and clinic services to patients in Paris, Illinois and its surrounding area.

Horizon Health Foundation of East Central Illinois, Inc. (the "Foundation") is a not-for-profit charitable organization whose primary purpose is to provide financial support to HMFP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by HMFP and the Foundation (collectively, the "Hospital") in the preparation of the consolidated financial statements (hereafter, the "financial statements") are summarized below:

Reporting Entity and Consolidation Policy

The financial statements include the accounts of HMFP and the Foundation. HMFP is the sole corporate member of the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Financial Accounting Standards Board ("FASB") is the independent, private-sector organization that establishes accounting and financial reporting standards for public and private companies and not-for-profit organizations that follow accounting principles generally accepted in the United States of America (GAAP). The Hospital follows FASB accounting and financial reporting standards in the preparation of its financial statements.

Basis of Accounting

The Hospital prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when its performance obligations are satisfied, and the recognition of expenses in the period in which they occur.

Management's Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, if any, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash, Restricted Cash, and Cash Equivalents

Cash and cash equivalents include investments in highly liquid assets with maturity dates of three months or less when purchased. Restricted cash includes depreciation reserve funds. The Hospital's cash balances are maintained in various bank deposit accounts. At various times during the year, the balance of these deposits may be in excess of federally insured limits. To date, the Hospital has not experienced losses in any of these accounts. The Hospital believes it is not exposed to any significant credit risk on cash.

Patient Accounts Receivable and Patient Service Revenue

Patient accounts receivable are recorded at net realizable value based on certain assumptions determined by each payor. For third-party payors including Medicare, Medicaid, and other payors, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data by payor. For self-pay accounts receivable, which includes patients who are uninsured and the patient responsibility portion for patients with insurance, the net realizable value is determined using estimates of historical collection experience without regard to aging category. These estimates are adjusted for estimated conversions of patient responsibility portions, expected recoveries and any anticipated changes in trends.

Patient accounts receivable can be impacted by the effectiveness of the Hospital'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 accounts receivable. The Hospital also continually reviews the net realizable value of accounts receivable by monitoring historical cash collections as a percentage of trailing net operating revenues, as well as by analyzing current period net revenue and admissions by payor classification, aged accounts receivable by payor, days revenue outstanding, the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables and the impact of recent acquisitions and dispositions. Final settlements for some payors and programs are subject to adjustment based on administrative review and audit by third parties. As a result of these final settlements, the Hospital has recorded estimated third-party payor settlements. Patient accounts receivable as of January 1, 2024 was $14,977,620.

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 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 the outpatient center. The Hospital measures the performance obligation from admission into the Hospital, 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. During 2025 and 2024, the Hospital recognized revenue of $144,839,300 and $137,263,980, respectively, from services that transfer to the customers over a period of time.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to apply the optional exemption provided in FASB Accounting Standards Codification 606-10-50-14a 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 previously 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 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.

Inventories

Inventories consist of medical supplies, pharmaceuticals, and office supplies and are valued at the lower of cost or net realizable value, with cost being determined on the first-in, first-out method.

Investments and Assets Whose Use Is Limited

Investments consist of certificates of deposit recorded at contract value, which approximates fair value. Assets whose use is limited consist of money market funds, mutual and exchange traded funds, common stocks, and corporate and government bonds. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value in the consolidated balance sheets. Investment income or loss, including unrealized gains and losses on securities, interest, and dividends is included in nonoperating gains of net assets without donor restrictions, unless the income is restricted by donor or law.

Pharmacy 340B and Discount Drug Program Revenue

The Hospital participates in the Pharmacy 340B Discount Drug Program (the "340B Program"), which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Program is managed by the Health Resource and Services Administration Office of Pharmacy Affairs. The Hospital earns revenue under the 340B Program by purchasing pharmaceuticals at the point of sale when the prescription is filled by the third-party contracted pharmacy. For 2025 and 2024, the Hospital recognized net revenue related to the 340B Program of $1,850,227 and $1,389,614, respectively.

Property, Equipment and Depreciation

Property and equipment are recorded at cost. Property and equipment include expenditures for additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance, repairs, and minor improvements are expensed as incurred. The property and equipment are depreciated using the straight-line method over their estimated useful lives based upon the American Hospital Association's *Estimated Useful Lives of Depreciable Hospital Assets* which range from 3 years to 30 years based on asset classification.

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 estimate future cash flows expected to result from the use and eventual disposition of the asset is 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. The Hospital did not recognize a loss on impairment of property and equipment for the years ended December 31, 2025 and 2024, respectively.

Leases

The Hospital determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") asset and operating lease liabilities on the consolidated balance sheets. Finance leases are included in property and equipment and finance lease liabilities on the consolidated balance sheets. ROU assets represent the Hospital's right to use an underlying asset for the lease term and lease liabilities represent the Hospital's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Hospital's leases do not provide an implicit rate, the Hospital uses an incremental borrowing rate based on the estimated rate of interest for collateralized borrowing at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Hospital will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease and non-lease components within any lease agreements the Hospital has are accounted for separately.

Net Assets

Net assets, revenue, support, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Hospital are classified and reported as follows:

Without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

With donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

Consolidated Statements of Operations and Changes in Net Assets

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses and included in loss from operations in the consolidated statements of operations and changes in net assets. Peripheral and incidental transactions are reported as nonoperating revenues (expenses). Nonoperating revenues (expenses) which are excluded from loss from operations include contributions and donations and investment returns.

Performance Indicator

The consolidated statements of operations and changes in net assets contain a performance indicator, revenues over expenses. Consistent with industry practice, changes in net assets which are excluded from the performance indicator include, if any, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations when incurred. Advertising and marketing costs charged to operations were $752,909 and $762,756 for 2025 and 2024, respectively, and are included in other operating expenses in the consolidated statements of operations and changes in net assets.

Claims Reserves

The Hospital provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. The gross liability, prior to insurance coverage, is reflected in the consolidated balance sheets within accrued personnel costs. The reserve is estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Charity Care

The Hospital provides charity care to patients who are unable to pay for services. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Contributions

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give, if any, are reported at fair value on the date the gift is received. The gifts are reported as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 as net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Income Taxes

HMFP and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. As such, the HMFP and the Foundation are generally exempt from income taxes. However, they are required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

GAAP requires management to evaluate tax positions taken by the Hospital and recognize a tax liability if the Hospital has taken an uncertain tax position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Hospital, and has concluded that as of December 31, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Hospital is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Going Concern Evaluations

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued.

Reclassifications

Certain 2024 amounts have been reclassified to provide for consistency with reporting of 2025 information. These reclassifications have no effect on the previously reported total change in net assets or net assets.

Subsequent Events

The Hospital has evaluated events or transactions occurring subsequent to the consolidated balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued, which is May 20, 2026.

3. INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Investments consist of the following as of December 31, 2025 and 2024:

	2025	2024
Certificates of deposit	$ 106,379	$ 106,007

Assets whose use is limited consist of the following as of December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 535,512	$ -0-
Money market funds	489,999	295,624
Mutual funds	520,032	2,795,435
Exchange-traded funds	864,598	781,191
Common stocks	18,172,704	16,630,470
Corporate bonds	3,366,074	3,682,292
Government bonds	3,820,452	3,704,123
Total assets whose use is limited	$ 27,769,371	$ 27,889,135

	2025	2024
Board-designated funds	$ 27,102,850	$ 27,434,629
Donor-restricted	666,521	454,506
Total assets whose use is limited	$ 27,769,371	$ 27,889,135

Investment return, net is comprised of the following for 2025 and 2024:

	2025	2024
Dividends and interest income	$ 580,092	$ 773,787
Realized gains (losses) on investments	(51,471)	2,062,934
Change in market value of investments	2,959,574	983,969
Investment fees	(90,223)	(94,635)
Total investment income, net	$ 3,397,972	$ 3,726,055

Board-Designated Funds

The Hospital's Board of Directors designated certain assets to meet the capital asset and other long-term needs of the Hospital. All income earned by the board-designated funds are left to accumulate as additions to the funds.

Donor-Restricted

Donor-specific restrictions require certain stipulations be met in order for the Hospital to utilize funds received.

Fair Value Measurements and Disclosures

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the

asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

- *Certificates of deposit*: Valued at cost which approximates fair value.

- *Money market funds*: Generally transact subscription and redemption activity at a $1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund

- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Hospital are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Hospital are deemed to be actively traded.

- *Exchange-traded funds (ETFs)*: Valued at the closing price on the active exchange on which the individual securities are traded. Unlike mutual funds, ETFs trade like common stocks and are not required to publish and transact their daily NAV. The ETFs held by the Hospital are deemed to be actively traded.

- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.

- *Corporate bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

- *Government bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024 are as follows:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets whose use is limited				
Money market funds	$ -0-	$ 489,999	$ -0-	$ 489,999
Mutual funds	520,032	-0-	-0-	520,032
Exchange-traded funds	864,598	-0-	-0-	864,598
Common stocks				
Consumer staples	787,747	-0-	-0-	787,747
Consumer discretionary	1,845,317	-0-	-0-	1,845,317
Energy	564,705	-0-	-0-	564,705
Finance	3,231,679	-0-	-0-	3,231,679
Healthcare	1,692,981	-0-	-0-	1,692,981
Industrials	1,629,920	-0-	-0-	1,629,920
Technology	5,868,113	-0-	-0-	5,868,113
Communication services	1,188,806	-0-	-0-	1,188,806
Other	1,363,436	-0-	-0-	1,363,436
Total common stocks	18,172,704	-0-	-0-	18,172,704
Corporate bonds	-0-	3,366,074	-0-	3,366,074
Government bonds	-0-	3,820,452	-0-	3,820,452
	$ 19,557,334	$ 7,676,525	$ -0-	27,233,859
Cash and cash equivalents				535,512
Total assets at fair value				$27,769,371

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets whose use is limited				
Money market funds	$ -0-	$ 295,624	$ -0-	$ 295,624
Mutual funds	2,795,435	-0-	-0-	2,795,435
Exchange-traded funds	781,191	-0-	-0-	781,191
Common stocks				
Consumer cyclical	1,121,321	-0-	-0-	1,121,321
Consumer discretionary	1,894,426	-0-	-0-	1,894,426
Energy	1,056,488	-0-	-0-	1,056,488
Finance	2,526,463	-0-	-0-	2,526,463
Healthcare	1,883,823	-0-	-0-	1,883,823
Industrials	1,198,563	-0-	-0-	1,198,563
Technology	3,601,121	-0-	-0-	3,601,121
Other	3,348,265	-0-	-0-	3,348,265
Total common stocks	16,630,470	-0-	-0-	16,630,470
Corporate bonds	-0-	3,682,292	-0-	3,682,292
Government bonds	-0-	3,704,123	-0-	3,704,123
Total assets at fair value	$ 20,207,096	$ 7,682,039	$ -0-	$ 27,889,135

Certificates of deposit are recorded at contract value and are excluded from the fair value hierarchy tables.

The national and world-wide investment market conditions can be volatile. Investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonable possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements. The Hospital's management is currently unable to determine the effect, if any, the decline in the market conditions may ultimately have on the Hospital's investment portfolio and ability to fund certain projects.

4. PROPERTY AND EQUIPMENT

Property and equipment, net consists of the following at December 31, 2025 and 2024:

	2025	2024
Land and improvements	$ 6,535,317	$ 6,453,172
Buildings and improvements	83,313,259	81,026,726
Fixtures and equipment	30,281,765	29,189,594
Vehicles	1,364,134	1,364,134
Construction in progress	2,633,283	3,086,223
	124,127,758	121,119,849
Accumulated depreciation	(61,710,246)	(56,314,725)
Property and equipment, net	$ 62,417,512	$ 64,805,124

Depreciation expenses for the years ended December 31, 2025 and 2024, respectively, was $5,434,882 and $5,211,073.

5. OTHER ASSETS

As of December 31, 2025 and 2024, other assets consist of the following:

	2025	2024
Employee notes receivable	$ 3,269,529	$ 2,920,631
Other receivables	85,541	187,975
Investment in Terre Haute Surgical Center, LLC (the "Surgery Center")	500,000	500,000
Investment in Illinois Rural Community Care Organization, LLC ("IRCCO")	25,000	25,000
	3,880,070	3,633,606
Current portion	(85,541)	(100,000)
Other assets, net of current portion	$ 3,794,529	$ 3,533,606

Employee notes receivable consist of numerous notes receivables created as part of a joint-life insurance policy for physicians employed by the Hospital. As part of a benefit to the physicians, the Hospital pays the premiums for the physician's life insurance policies and is guaranteed a return of the paid premiums through agreements between the Hospital and the physicians using a portion of the death benefit. The notes accrue interest at a variable percent of the applicable federal rate as defined by the Internal Revenue Service (3.60% as of December 31, 2025).

Other receivables are unsecured, do not bear interest and are due at $85,541 in 2026 and $-0- in 2027.

In 2024, the Hospital invested $500,000 for a 30% interest in the Surgery Center. The Hospital accounts for this investment using the equity method.

The Hospital has a membership interest in the IRCCO. As part of the purchase, the Hospital paid $25,000 for its membership interest, which is less than 5%. The IRCCO is an accountable care organization whose purpose is to ensure the best quality care for their patients. The IRCCO was originally started in 2014 by the Illinois Critical Access Hospital Network ("ICAHN"). Due to Medicare Advantage product and other payor options made available through the IRCCO, ICAHN passed ownership of the IRCCO to various investors starting in 2022. As an investor, the Hospital pays an annual assessment fee of $10,000. The Hospital accounts for this investment using the cost method.

6. LEASES

The Hospital has operating leases for clinical office space and medical equipment expiring in various years through 2030. The Hospital also has finance leases for buildings, medical equipment, and copiers through 2030. The interest rates used in determining the carrying value of lease liabilities are determined using the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing at transition date.

Short-term leases (leases with an initial term of 12 months or less, or leases that are cancelable by the lessee and the lessor without significant penalties) are not capitalized, but are expensed on a straight-line basis over the lease term. The Hospital's short-term lease costs are related to various medical equipment that is rented on an as-needed basis and varies month-to-month.

In evaluating contracts to determine if they qualify as a lease, the Hospital considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Hospital can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Hospital assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

The components of the Hospital's lease costs for 2025 and 2024 are as follows:

	2025	2024
Operating lease costs	$ 226,236	$ 211,524
Short-term lease costs	241,828	83,473
Finance lease costs:		
Amortization expense	729,676	698,411
Interest on lease liabilities	124,593	153,341
	$ 1,322,333	$ 1,146,749

The cost of equipment held under operating and finance lease obligations at December 31, 2025 and 2024, respectively, are as follows:

	2025	2024
Right-of-use assets under operating leases	$ 840,549	$ 840,549
Accumulated amortization	(479,707)	(297,346)
Right-of-use operating lease assets, net	$ 360,842	$ 543,203

	2025	2024
Right-of-use assets under finance leases	$ 3,581,996	$ 3,581,996
Accumulated amortization	(2,113,741)	(1,384,065)
Right-of-use finance lease assets, net	$ 1,468,255	$ 2,197,931

At December 31, 2025 and 2024, the weighted average lease term and weighted-average discount rate on the Hospital's operating and finance lease liabilities are as follows:

Weighted-average remaining lease term

	2025	2024
Operating leases	3.20 years	3.59 years
Finance leases	3.44 years	4.21 years

Weighted-average discount rate

	2025	2024
Operating leases	5.59%	6.09%
Finance leases	5.89%	5.76%

Additional information regarding cash payments under the Hospital's operating and finance leases during 2025 and 2024, as well as the inputs in determining the ROU assets and liabilities as of December 31, 2025 and 2024 are as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating lease activities	$ 226,236	$ 211,524
Operating cash flows from financing lease activities	$ 124,593	$ 153,341
Financing cash flows from finance leases	$ 638,581	$ 579,836

Future payments of operating and finance lease liabilities as of December 31, 2025 are as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2026	$ 177,666	$ 768,174
2027	77,451	453,171
2028	50,400	374,059
2029	50,400	362,637
2030	33,600	53,825
	389,517	2,011,866
Imputed interest	(28,675)	(215,747)
Present value of lease payments	$ 360,842	$ 1,796,119

7. LONG-TERM DEBT

As of December 31, 2025 and 2024, the Hospital was obligated for long-term debt agreements as follows:

	2025	2024
Promissory note with a bank, which was paid off in full during 2025; fixed interest rate of 4.13% through October 2023, at which point the interest rate changed to a variable rate of the One Year Constant Maturity Treasury auction rate weeks, as determined by the bank, never to be below 3.88%.	$ -0-	$ 3,781,012
Promissory note with a bank, payable in monthly installments of principal and interest through November 2041; variable interest rate based on the Wall Street Journal U.S. Prime Rate, and will not change more often than each 3 years from the origination date of the note (7.50% as of December 31, 2025). Collateralized by property with a net book value of $2,346,875 as of December 31, 2025.	1,713,861	1,767,330
Promissory note with a bank, which was paid off in full during 2025; fixed interest rate of 3.75%.	-0-	2,981,813
Promissory note with a bank, which was paid off in full during 2025; fixed interest rate of 6.00%.	-0-	1,174,408
Promissory note with a bank, payable in monthly installments of principal and interest through May 2032; variable interest rate based on the Wall Street Journal U.S. Prime Rate, and will not change more often than each 3 years from the origination date of the note (7.75% as of December 31, 2025). Secured by property with a net book value of $724,556 as of December 31, 2025.	348,360	390,953

1. NATURE OF OPERATIONS

Hospital and Medical Foundation of Paris, Inc. (the "HMFP") operates an acute-care, critical access hospital and clinic care facility located in Paris, Illinois. HMFP primarily earns revenues by providing inpatient, outpatient, emergency care, and clinic services to patients in Paris, Illinois and its surrounding area.

Horizon Health Foundation of East Central Illinois, Inc. (the "Foundation") is a not-for-profit charitable organization whose primary purpose is to provide financial support to HMFP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by HMFP and the Foundation (collectively, the "Hospital") in the preparation of the consolidated financial statements (hereafter, the "financial statements") are summarized below:

Reporting Entity and Consolidation Policy

The financial statements include the accounts of HMFP and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Financial Accounting Standards Board ("FASB") is the independent, private-sector organization that establishes accounting and financial reporting standards for public and private companies and not-for-profit organizations that follow accounting principles generally accepted in the United States of America. The Hospital follows FASB accounting and financial reporting standards in the preparation of their financial statements.

Basis of Accounting

The Hospital prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when its performance obligations are satisfied, and the recognition of expenses in the period in which they occur.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, revenue, support, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Hospital are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

	2025	2024
Privately placed Series 2022 Hospital Revenue Bonds which were paid off in full during 2025; fixed interest rate of 4.13%.	-0-	6,656,051
Promissory note with a bank, which was paid off in full during 2025; fixed interest rate of 7.00%.	-0-	5,499,361
Promissory note with a bank, due in monthly principal and interest payments through September 2044; fixed interest rate of 6.88% through September 2029, then changing to a variable interest rate based on the Wall Street Journal U.S. Prime Rate. Secured by property with a net book value of $2,099,723 as of December 31, 2025.	2,424,566	2,485,334
Financing agreement with an insurance company, due in annual principal and interest payment through July 2026; fixed interest rate of 7.35%. Collateralized by a financed insurance policy with a value of $2,026,939 as of December 31, 2025.	1,022,667	245,687
Promissory note with a bank, due in monthly principal and interest payments through June 2030; fixed interest rate of 7.00%. Collateralized by real property with a carrying value of $19,278,058, as well as a deposit account with a balance of $535,512 as of as of December 31, 2025.	22,563,051	-0-
Unsecured promissory note with a bank, due in monthly principal and interest payments through October 2026; fixed interest rate of 7.25%.	54,013	-0-
	28,126,518	24,981,949
Current portion	(1,824,822)	(2,739,894)
Long-term debt, net of current portion	$ 26,301,696	$ 22,242,055

Maturities of long-term debt subsequent to December 31, 2025, are as follows:

Year Ending December 31,	
2026	$ 1,824,822
2027	798,127
2028	846,774
2029	905,583
2030	20,312,351
Thereafter	3,438,861
Total long-term debt	$ 28,126,518

Under the terms of various debt agreements, the Hospital maintains various restrictive covenants, including maintaining a minimum debt service coverage ratio, a minimum debt to tangible net worth ratio, maintaining a minimum amount of working capital, maintaining a payment reserve account, and meeting an audit submission deadline. Management believes the Hospital was in compliance with all covenants for the year ended December 31, 2025.

8. LINE OF CREDIT

The Hospital has a revolving line of credit that allows for maximum borrowings of $5,000,000, with a variable interest rate equal to the Wall Street Journal U.S. Prime Rate (6.75% as of December 31, 2025). The outstanding balance on the line of credit was $-0- as of December 31, 2025 and 2024.

9. NET PATIENT SERVICE REVENUE

The Hospital recognized patient service revenue for 2025 and 2024 as follows:

	2025	2024
Gross patient service revenue		
Inpatient revenue	$ 18,978,721	$ 11,212,643
Outpatient revenue	288,013,358	274,763,967
Total gross patient service revenue	306,992,079	285,976,610
Additions to (deductions from) revenue		
Contractual allowances	(154,625,830)	(139,428,229)
Charity care	(1,954,546)	(1,909,031)
Provisions for bad debts	(13,292,196)	(12,906,394)
Medicaid provider tax revenue	7,719,793	5,531,024
Total deductions from revenue	(162,152,779)	(148,712,630)
Total patient service revenue	$ 144,839,300	$ 137,263,980

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigation and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Laws and regulations concerning government programs, including Medicare and Medicaid, are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital believes that it is in compliance with all applicable laws and regulations.

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 (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 and 2024.

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. 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 2025 and 2024, adjustments were recognized due to changes in the Hospital's estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years were not significant. Subsequent changes that are significant and determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

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 (for example, copays 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.

The Hospital has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized. The following tables provide details of these factors.

The composition of patient service revenue by primary payor for 2025 and 2024 is as follows:

	2025	2024
Medicare	$ 56,677,207	$ 48,974,065
Medicaid	16,189,394	18,039,638
Blue Cross	39,169,654	39,314,113
Commercial, managed care, and other	32,549,535	30,093,455
Self pay patients	253,510	842,709
	$ 144,839,300	$ 137,263,980

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor.

The composition of patient service revenue based on its lines of business and timing of revenue recognition for 2025 and 2024, are as follows:

	2025	2024
Service Lines		
Inpatient	$ 11,569,401	$ 10,730,023
Outpatient	114,330,270	109,563,793
Clinical services	18,939,629	16,970,164
	$ 144,839,300	$ 137,263,980

The Hospital grants credit without collateral to its patients, most of whom are local residents and insured under third-party payor agreements. The mix and concentration of patient service revenue and patient accounts receivable as of December 31, 2025 and 2024 and for the years then ended are as follows:

	2025		2024	
	Revenues	Receivables	Revenues	Receivables
Medicare	48 %	30 %	47 %	23 %
Medicaid	17	20	18	22
Blue Cross	18	10	19	9
Commercial, managed care, and other	16	13	15	14
Self Pay	1	27	1	32
	100 %	100 %	100 %	100 %

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. The Hospital retroactively settles balances with contracted insurance payors. These settlements are included on the consolidated balance sheets within estimated third-party payor settlements (contract assets or contract liabilities, as applicable). As of January 1, 2024, estimated third-party payor settlements had a receivable balance of $2,156,784.

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

- ***Medicare***. The Hospital is a provider of services to patients entitled to coverage under Title XVIII ("Medicare") of the Health Insurance Act. The Hospital is designated as a CAH by Medicare and is paid for Medicare services based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at an interim rate, with final settlement determined after submission of annual cost reports. Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At the Hospital's year-end, a cost report is filed with the Medicare program computing reimbursement amounts related to Medicare patients. Clinical services are paid on a cost basis or fixed fee schedule.

- ***Medicaid***. Inpatient and substantially all outpatient services rendered to Medicaid program beneficiaries and reimbursed at prospectively determined rates. The State of Illinois previously enacted legislation that provides for a hospital assessment program intended to qualify for federal matching funds under the Illinois Medicaid program.

  Under the hospital assessment program, each hospital is assessed tax based on that hospital's adjusted gross revenue. The legislation provides that none of the assessment funds to be collected and no additional Medicaid payments are to be paid until the program receives the required federal government approval through the Center for Medicare and Medicaid Services ("CMS").

  In addition, the Hospital receives additional payments as a qualifying hospital under the state of Illinois Hospital Assessment Program (the "Program"). Under the Program, the Illinois Department of Healthcare and Family Services collects a hospital assessment tax, the federal government provides matching funds, and the dollars are redistributed to hospitals based on the volume and acuity of the Medicaid patients they serve, as well as the class of hospital. CMS originally approved the program in October 2013, and the program has been extended through 2026.

The effects of the programs in the consolidated statements of operations and changes in net assets for 2025 and 2024 are as follows:

	2025	2024
Additional Medicaid payment included in patient service revenue	$ 7,719,793	$ 5,531,024
Taxes assessed and included in provider tax expense	$ 3,502,385	$ 2,076,276

- ***Other***. The Hospital has also entered into preferred provider agreements with certain commercial insurance carriers. The basis for payment to the Hospital under these arrangements includes prospectively determined rates per discharge, discounts from established charges, and fee schedule payments.

- ***Charity Care and Uninsured Discounts***. The Hospital provides care without charge or at less than its established rates to patients who meet certain criteria under its charity care policy. Because the Hospital does not collect amounts deemed to be charity care, they are not reported as revenue. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total operating expenses divided by gross patient service revenue. For 2025 and 2024, the Hospital incurred estimated charity costs of $988,664 and $959,117, respectively.

CMS has been granted authority to suspend payments, in whole or in part, to Medicare providers if CMS possesses reliable information on overpayment, fraud or if willful misrepresentation exists. If CMS suspects payments are being made as the result of fraud or misrepresentation, CMS may suspend payment at any time without providing prior notice to the Hospital. The initial suspension period is limited to 180 days. However, the payment suspension period can be extended indefinitely if the matter is under investigation by the United States Department of Health and Human Services Office of Inspector General or the United States Department of Justice. Therefore, the Hospital is unable to predict if or when it may be subject to a suspension of payments by the Medicare and/or Medicaid programs, the possible length of the suspension period, or the potential cash flow impact of a payment suspension. Any such suspension would adversely impact the Hospital's financial position, results of operations, and cash flows.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are donor-restricted for a specific use or by passage of time. Net assets with donor restrictions included the following at December 31, 2025 and 2024:

	2025	2024
Phipps Fund	$ 464,550	$ 362,241
Family Medical Center ("FMC") Equipment and Technology Fund	37,218	9,318
Employee Heart Fund	23,021	15,517
Infusion Center	34,590	-0-
Various miscellaneous funds	107,142	67,430
	$ 666,521	$ 454,506

Net assets released from donor restrictions by incurring expenses satisfying the specified purposes are as follows for 2025 and 2024:

	2025	2024
Phipps Fund	$ -0-	$ 651,449
Family Medical Center ("FMC") Equipment and Technology Fund	-0-	10,000
Employee Heart Fund	15,430	24,658
Infusion Center	7,906	-0-
Various miscellaneous funds	34,701	320,035
	$ 58,037	$ 1,006,142

Phipps Fund

The Phipps Fund was established to help recruit physicians and other healthcare professionals to HMFP, provide healthcare resources for the care of families and children of Paris, Illinois and the surrounding areas, and to provide long-term stability of locally managed healthcare services.

FMC Equipment and Technology

The fund was established to purchase the latest medical equipment and medical technology needed to provide the highest quality care to patients of HMFP.

Employee Heart Fund

The fund was established to provide financial support to employees who are facing personal or family hardships due to unforeseen circumstances.

Infusion Center

The fund was established to provide financial support to patients receiving cancer treatments at HMFP.

11. DEFINED CONTRIBUTION RETIREMENT PLAN

The Hospital offers its employees a 403(b) tax deferred annuity plan (the "Plan"). Employees are eligible to receive employer contributions on the first day of the Plan year following the date that the employee has completed one year of service and reached the age of 18. Participating employees may authorize the Hospital to deduct a portion of their pay to contribute to the plan. The Hospital can make discretionary contributions to the Plan. For 2025 and 2024, the amount of retirement expense was $2,336,963 and $2,112,940, respectively, which is included in employee benefits and payroll taxes on the consolidated statements of operations and changes in net assets.

12. FUNCTIONAL EXPENSES

The Hospital provides general healthcare services to residents within its geographic area. Expenses related to providing these services are broken down as follows for 2025 and 2024:

	2025			
	Healthcare Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 54,645,642	$ 13,858,835	$ 159,962	$ 68,664,439
Employee benefits and payroll taxes	19,870,096	4,994,362	24,786	24,889,244
Professional fees	12,602,854	-0-	-0-	12,602,854
Purchased services	4,602,840	2,816,150	-0-	7,418,990
Drugs and medical supplies	15,880,173	-0-	-0-	15,880,173
Other supplies	5,551,064	553,031	-0-	6,104,095
Depreciation and amortization	5,327,492	837,066	-0-	6,164,558
Repairs and maintenance	881,392	87,810	-0-	969,202
Utilities	1,037,715	261,865	-0-	1,299,580
Insurance	2,327,102	378,212	-0-	2,705,314
Rent	468,064	-0-	-0-	468,064
Interest	1,728,551	281,392	-0-	2,009,943
Provider tax	3,502,385	-0-	-0-	3,502,385
Other operating expenses	2,248,907	278,928	78,546	2,606,381
Total expenses included in the expenses section of the statements of operations and changes in net assets	130,674,277	24,347,651	263,294	155,285,222
Plus expenses included with revenues on the statements of operations and changes in net assets				
340B program costs	3,145,212	-0-	-0-	3,145,212
Total expenses by function	$ 133,819,489	$ 24,347,651	$ 263,294	$ 158,430,434

	2024			
	Healthcare Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 52,517,000	$ 13,305,126	$ 202,212	$ 66,024,338
Employee benefits and payroll taxes	16,508,700	4,171,854	21,532	20,702,086
Professional fees	11,948,158	-0-	-0-	11,948,158
Purchased services	4,459,160	2,846,235	-0-	7,305,395
Drugs and medical supplies	15,744,363	-0-	-0-	15,744,363
Other supplies	4,512,790	449,451	-0-	4,962,241
Depreciation and amortization	5,082,156	827,328	-0-	5,909,484
Repairs and maintenance	1,477,079	147,109	-0-	1,624,188
Utilities	935,514	236,103	-0-	1,171,617
Insurance	1,411,128	229,719	-0-	1,640,847
Rent	294,997	-0-	-0-	294,997
Interest	1,362,918	221,871	-0-	1,584,789
Provider tax	2,076,276	-0-	-0-	2,076,276
Other operating expenses	2,317,871	289,454	81,574	2,688,899
Total expenses included in the expenses section of the statements of operations and changes in net assets	120,648,110	22,724,250	305,318	143,677,678
Plus expenses included with revenues on the statements of operations and changes in net assets:				
340B program costs	1,723,234	-0-	-0-	1,723,234
Total expenses by function	$ 122,371,344	$ 22,724,250	$ 305,318	$ 145,400,912

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Hospital. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, and employee benefits and payroll taxes, which are allocated on an assessment of time spent on various tasks. Purchased services, other supplies, depreciation, repairs and maintenance, utilities, insurance, interest, and other operating expenses are allocated based on direct identification of expenses.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2025	2024
Cash and cash equivalents	$ 3,650,750	$ 2,244,433
Short-term investments	106,379	106,007
Patient accounts receivable	18,109,291	12,836,721
Other receivables	1,965,108	1,456,672
Estimated third-party payor settlements	-0-	1,653,156
	$ 23,831,528	$ 18,296,989

As part of a liquidity management plan, cash in excess of daily requirements is invested in marketable securities which may be drawn upon, if necessary, to meet unexpected liquidity needs. In addition, the Hospital has a revolving line of credit with a bank that has a borrowing capacity of $5,000,000 as of December 31, 2025.

14. NONOPERATING REVENUES (EXPENSES)

For 2025 and 2024, nonoperating revenues (expenses) were as follows:

	2025	2024
Investment return, net	$ 3,397,972	$ 3,726,055
Contributions received	196,231	162,438
Donations made and other	(126,137)	(483,497)
Total nonoperating revenues (expenses)	$ 3,468,066	$ 3,404,996

15. CONTINGENCIES AND COMMITMENTS

Professional Liability

The Hospital carries professional liability coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1,000,000 per claim and an annual aggregate limit of $3,000,000. There is additional umbrella coverage above these limits up to $7,000,000 under a commercial insurance policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured.

Property and Equipment Commitments

The Hospital is engaged in several capital projects to support facility improvements and operational needs. As of December 31, 2025, the estimated total costs and amounts incurred for these projects are summarized below:

Project	Expected Date of Completion	Estimated Total Cost of Project	Costs Incurred As of December 31, 2025
Surgery planning	December 2027	$ 2,155,000	$ 1,729,337
Generator	December 2026	2,400,000	862,890
Various other projects	December 2026	340,000	41,056
Total		$ 4,895,000	$ 2,633,283

Employee Health Self-Insured Plan

The Hospital is partially self-insured for health insurance. The claims under the plan continue to be accrued as the incidents that give rise to them occur. Unpaid claim accruals are based on the estimated ultimate costs of the claims, including claims administration expenses, in accordance with the Hospital's past experience. The Hospital has entered into reinsurance agreements with insurance companies to limit its losses on claims for health insurance. Reserves for self-insured plans were $1,000,000 as of December 31, 2025 and 2024 and are included in accrued personnel costs on the consolidated balance sheets. Receivable amounts have been recorded for expected insurance rebates and insurance recoveries related to the professional liability claims in the amount of $-0- and $150,000, respectively, as of December 31, 2025 and 2024, and are included in prepaid expenses and other current assets, on the consolidated balance sheets.

Litigation, Claims, and Disputes

The Hospital is susceptible to a variety of legal proceedings and claims by others against the Hospital in a variety of matters arising out of the conduct of the Hospital's business. The ultimate resolution of such claims would not, in the opinion of management, have a material adverse effect on the financial statements.

HIPAA

Management continues to implement policies, procedures, and a compliance–monitoring Hospital structure to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and other government statutes and regulations. The Hospital's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions which are unknown or unasserted at this time.

16. RELATED PARTY TRANSACTIONS

Two members of the Hospital's board of directors are members of management with a local bank, which the Hospital has deposit accounts and outstanding promissory notes. As of December 31, 2025 and 2024, the Hospital had deposits with the bank totaling $1,137,819 and $1,752,756, respectively. As of December 31, 2025 and 2024, the Hospital also had promissory notes outstanding due to the bank totaling $22,563,051 and $13,418,876 respectively.

A member of the Hospital's board of directors is a senior vice president with a local bank, which the Hospital has deposit accounts and outstanding promissory notes with. As of December 31, 2025 and 2024, the Hospital had deposits with the bank totaling $1,338,156 and $518,409, respectively. As of December 31, 2025 and 2024, the Hospital also had promissory notes outstanding due to the bank totaling $4,540,800 and $5,818,025, respectively.

SUPPLEMENTARY INFORMATION

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2025

Assets	Hospital	Foundation	Eliminations	Total
Current assets				
Cash and cash equivalents	$ 3,650,750	$ -0-	$ -0-	$ 3,650,750
Board designated cash	-0-	376,442	-0-	376,442
Investments	106,379	-0-	-0-	106,379
Patient accounts receivable	18,109,291	-0-	-0-	18,109,291
Inventories	2,636,737	-0-	-0-	2,636,737
Prepaid expenses and other current assets	4,767,758	0	-0-	4,767,758
Other assets, current portion	-0-	85,541	-0-	85,541
Total current assets	29,270,915	461,983	-0-	29,732,898
Other assets				
Assets whose use is limited	535,512	27,233,859	-0-	27,769,371
Right-of-use assets under operating leases, net	360,842	-0-	-0-	360,842
Right-of-use assets under finance leases, net	1,468,255	-0-	-0-	1,468,255
Property and equipment, net	61,969,120	448,392	-0-	62,417,512
Other assets, net of current portion	3,794,529	-0-	-0-	3,794,529
Total other assets	68,128,258	27,682,251	-0-	95,810,509
Total assets	$ 97,399,173	$ 28,144,234	$ -	$ 125,543,407
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$ 4,894,842	$ -0-	$ -0-	$ 4,894,842
Due to (from) Hospital	(1,262,969)	1,262,969	-0-	-0-
Accrued personnel costs	7,423,974	-0-	-0-	7,423,974
Accrued expenses	329,315	4,525	-0-	333,840
Other current liabilities	107,427	44,001	-0-	151,428
Estimated third-party payor settlements	237,975	-0-	-0-	237,975
Current portion of operating lease liabilities	163,660	-0-	-0-	163,660
Current portion of finance lease liabilities	673,806	-0-	-0-	673,806
Current portion of long-term debt	1,824,822	-0-	-0-	1,824,822
Total current liabilities	14,392,852	1,311,495	-0-	15,704,347
Long-term liabilities				
Operating lease liabilities, net of current portion	197,182	-0-	-0-	197,182
Finance lease liabilities, net of current portion	1,122,313	-0-	-0-	1,122,313
Long-term debt, net of current portion	25,953,372	348,324	-0-	26,301,696
Total long-term liabilities	27,272,867	348,324	-0-	27,621,191
Total liabilities	41,665,719	1,659,819	-0-	43,325,538
Net assets				
Without donor restrictions	55,733,454	25,817,894	-0-	81,551,348
With donor restrictions	-0-	666,521	-0-	666,521
Total net assets	55,733,454	26,484,415	-0-	82,217,869
Total liabilities and net assets	$ 97,399,173	$ 28,144,234	$ -0-	$ 125,543,407

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2025

	Hospital	Foundation	Eliminations	Total
Operating revenues				
Net patient service revenue	$ 144,839,300	$ -0-	$ -0-	$ 144,839,300
Pharmacy 340B revenue, net	1,850,227	-0-	-0-	1,850,227
Other operating revenue	4,240,066	259,722	-0-	4,499,788
Net assets released from restrictions	-0-	58,037	-0-	58,037
Total operating revenues	150,929,593	317,759	-0-	151,247,352
Operating expenses				
Salaries and wages	68,511,841	152,598	-0-	68,664,439
Employee benefits and payroll taxes	24,828,595	60,649	-0-	24,889,244
Professional fees	12,602,854	-0-	-0-	12,602,854
Purchased services	7,418,837	153	-0-	7,418,990
Drugs and medical supplies	15,880,173	-0-	-0-	15,880,173
Other supplies	6,103,872	223	-0-	6,104,095
Depreciation and amortization	6,144,558	20,000	-0-	6,164,558
Repairs and maintenance	943,426	25,776	-0-	969,202
Utilities	1,299,173	407	-0-	1,299,580
Insurance	2,690,599	14,715	-0-	2,705,314
Rent	468,064	-0-	-0-	468,064
Interest	1,986,282	23,661	-0-	2,009,943
Provider tax	3,502,385	-0-	-0-	3,502,385
Other operating expenses	2,382,204	224,177	-0-	2,606,381
Total operating expenses	154,762,863	522,359	-0-	155,285,222
Income (loss) from operations	(3,833,270)	(204,600)	-0-	(4,037,870)
Nonoperating revenues (expenses)				
Investment return, net	100,656	3,297,316	-0-	3,397,972
Contributions from (to) Hospital	4,000,000	(4,000,000)	-0-	-0-
Contributions and other nonoperating items	(16,648)	86,742	-0-	70,094
Total nonoperating revenues (expenses)	4,084,008	(615,942)	-0-	3,468,066
Excess revenues (expenses)	250,738	(820,542)	-0-	(569,804)
Change in net assets with donor restrictions				
Contributions	-0-	270,052	-0-	270,052
Net assets released from restrictions	-0-	(58,037)	-0-	(58,037)
Change in net assets with donor restrictions	-0-	212,015	-0-	212,015
Change in net assets	$ 250,738	$ (608,527)	$ -0-	$ (357,789)

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023 AND 2022

CPAS / ADVISORS

blue

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

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CPAs / ADVISORS

blue

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Hospital and Medical Foundation
Of Paris, Inc. and Affiliate
Paris, Illinois

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hospital and Medical Foundation of Paris, Inc. and Affiliate (collectively, the "Hospital"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (hereafter, the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of December 31, 2023 and 2022, and the 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 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating balance sheets and consolidating statements of operations and changes in net assets are presented for the purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual entities, and are 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Blue & Co., LLC

Louisville, Kentucky
June 14, 2024

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	$ 1,513,735	$ 456,090
Restricted cash	554,452	1,030,548
Short-term investments	105,636	469,837
Patient accounts receivable	14,977,620	13,465,490
Inventories	3,285,093	3,028,371
Prepaid expenses and other current assets	2,543,811	2,171,948
Estimated third-party payor settlements	2,156,784	531,236
Other assets, current portion	100,000	100,000
Total current assets	25,237,131	21,253,520
Assets whose use is limited	26,905,166	24,590,588
Operating lease right-of-use assets, net	661,065	523,593
Finance lease right-of-use assets, net	2,797,745	681,455
Property and equipment, net	60,933,468	59,201,904
Other assets, net of current portion	2,743,127	2,464,134
Total assets	$ 119,277,702	$ 108,715,194

See accompanying notes to consolidated financial statements.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Accounts payable	$ 3,332,835	$ 3,298,902
Accrued personnel costs	5,587,482	4,295,890
Accrued expenses	224,606	175,018
Deferred revenues	106,038	106,038
Current portion of operating lease liabilities	169,668	83,766
Current portion of finance lease liabilities	558,537	153,151
Current portion of long-term debt	3,433,410	2,939,752
Total current liabilities	13,412,576	11,052,517
Long-term liabilities		
Operating lease liabilities, net of current portion	491,397	439,827
Finance lease liabilities, net of current portion	2,357,402	513,561
Long-term debt, net of current portion	22,178,242	18,671,865
Total long-term liabilities	25,027,041	19,625,253
Total liabilities	38,439,617	30,677,770
Net assets		
Net assets without donor restrictions	79,566,220	76,921,266
Net assets with donor restrictions	1,271,865	1,116,158
Total net assets	80,838,085	78,037,424
Total liabilities and net assets	$ 119,277,702	$ 108,715,194

See accompanying notes to consolidated financial statements.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Change in net assets without donor restrictions		
Operating revenues		
Net patient service revenue	$ 121,755,387	$ 102,806,928
Federal grant revenue	24,390	573,436
Pharmacy 340B revenue, net	2,477,427	1,431,492
Other operating revenue	2,283,491	1,941,752
Net assets released from restrictions	42,208	225,827
Total operating revenues	126,582,903	106,979,435
Operating expenses		
Salaries and wages	56,653,903	49,956,117
Employee benefits and payroll taxes	17,851,406	13,941,234
Professional fees	11,550,721	8,789,323
Purchased services	6,358,822	5,406,143
Drugs and medical supplies	15,139,147	11,638,303
Other supplies	4,398,017	4,347,813
Depreciation	5,563,503	4,365,704
Repairs and maintenance	1,818,157	1,538,550
Utilities	1,037,825	1,050,654
Insurance	1,306,978	1,135,776
Rent	221,060	115,473
Interest	1,230,871	806,022
Provider tax	2,071,119	1,655,280
Other operating expenses	2,206,133	2,202,073
Total operating expenses	127,407,662	106,948,465
Income (loss) from operations	(824,759)	30,970
Nonoperating revenues (expenses)	3,469,713	(4,757,982)
Excess revenues (expenses) and change in net assets	2,644,954	(4,727,012)
Change in net assets with donor restrictions		
Contributions	197,915	653,840
Net assets released from restrictions	(42,208)	(225,827)
Change in net assets with donor restrictions	155,707	428,013
Change in net assets	2,800,661	(4,298,999)
Net assets, beginning of year	78,037,424	82,336,423
Net assets, end of year	$ 80,838,085	$ 78,037,424

See accompanying notes to consolidated financial statements.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Operating activities		
Change in net assets	$ 2,800,661	$ (4,298,999)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	5,563,503	4,365,704
(Gain) loss on disposal of property and equipment	1,988	2,072
Net realized gains and losses and unrealized gains and losses on investments and assets whose use is limited	3,468,964	(4,790,674)
Changes in operating assets and liabilities		
Patient accounts receivable	(1,512,130)	(2,161,663)
Inventories	(256,722)	(507,849)
Prepaid expenses and other current assets	(371,863)	(639,199)
Estimated third-party payor settlements	(1,625,548)	(177,382)
Accounts payable	108,787	408,043
Accrued personnel costs	1,291,592	(650,600)
Accrued expenses	49,588	86,260
Refundable advances	-0-	(2,145,247)
Deferred revenues	-0-	11,791
Net cash flows from operating activities	9,518,820	(10,497,743)
Investing activities		
Purchases of property and equipment	(6,815,512)	(12,295,762)
Proceeds from sale of property and equipment	9,000	65,000
Change in investments and assets whose use is limited	(5,419,341)	13,080,679
Change in other assets	(278,993)	(876,665)
Net cash flows from investing activities	(12,504,846)	(26,748)
Financing activities		
Borrowings on long-term debt	12,850,000	28,900,150
Principal payments on long-term debt	(8,849,965)	(20,507,205)
Principal payments on finance lease obligations	(432,460)	(135,000)
Net cash flows from financing activities	3,567,575	8,257,945
Net change in cash, restricted cash, and cash equivalents	581,549	(2,266,546)
Cash, restricted cash, and cash equivalents, beginning of year	1,486,638	3,753,184
Cash, restricted cash, and cash equivalents, end of year	$ 2,068,187	$ 1,486,638

See accompanying notes to consolidated financial statements.

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Reconciliation of cash, restricted cash, and cash equivalents to the balance sheets		
Cash and cash equivalents in current assets	$ 1,513,735	$ 456,090
Restricted cash	554,452	1,030,548
Total cash, restricted cash, and cash equivalents	$ 2,068,187	$ 1,486,638
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 1,216,509	$ 800,479
Property and equipment acquired under accounts payable	$ 604,216	$ 679,070
Right-of-use assets acquired under finance lease liabilities	$ 2,681,687	$ 801,712
Right-of-use assets acquired under operating lease liabilities	$ 137,472	$ -0-

See accompanying notes to consolidated financial statements.

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

Management's Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, if any, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash, Restricted Cash, and Cash Equivalents

Cash and cash equivalents include investments in highly liquid assets with maturity dates of three months or less when purchased. Restricted cash includes board-designated depreciation reserve funds.

Patient Accounts Receivable and Net Patient Service Revenue

Net 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 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 the outpatient center. The Hospital measures the performance obligation from admission into the Hospital, 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. For the years ended December 31, 2023 and 2022, the Hospital recognized revenue of $121,755,387 and $102,806,928, respectively, from services that transfer to the customers over a period of time.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to apply the optional exemption provided in FASB Accounting Standards Codification ("ASC") 606-10-50-14a 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 previously 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 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.

Inventories

Inventories consist of medical supplies, pharmaceuticals, and office supplies and are valued at the lower of cost or net realizable value, with cost being determined on the first-in, first-out ("FIFO") method.

Investments and Assets Whose Use Is Limited

Assets limited as to use include a board-designated fund for future capital improvements and other long-term uses, over which the Board retains control and may at its discretion subsequently use for other purposes.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value in the balance sheets. Investment income or loss, including unrealized gains and losses on securities, interest, and dividends is included in nonoperating gains of net assets without donor restrictions, unless the income is restricted by donor or law.

Pharmacy 340B and Discount Drug Program Revenue

The Hospital participates in the Pharmacy 340B Discount Drug Program (the "340B Program"), which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Program is managed by the Health Resource and Services Administration Office of Pharmacy Affairs. The Hospital earns revenue under the 340B Program by purchasing pharmaceuticals at the point of sale when the prescription is filled by the third-party contracted pharmacy. For the years ended December 31, 2023 and 2022, respectively, the Hospital recognized net revenue related to the 340B Program of $2,477,427 and $1,431,492.

Property and Equipment

Property and equipment are recorded at cost, except for donations, which are recorded at the fair market value at the date of the donation. Property and equipment include expenditures for additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance, repairs, and minor improvements are expensed as incurred.

The property and equipment of the Hospital are being depreciated using the straight-line method of depreciation over their estimated useful lives based upon the American Hospital Association's *Estimated Useful Lives of Depreciable Hospital Assets*.

Leases

The Hospital determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") asset and operating lease liabilities on the consolidated balance sheets. Finance leases are included in property and equipment and finance lease liabilities on the consolidated balance sheets.

ROU assets represent the Hospital's right to use an underlying asset for the lease term and lease liabilities represent the Hospital's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Hospital's leases do not provide an implicit rate, the Hospital uses an incremental borrowing rate based on the estimated rate of interest for collateralized borrowing at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Hospital will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease and non-lease components within any lease agreements the Hospital has are accounted for separately.

Consolidated Statements of Operations and Changes in Net Assets

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses and included within the line *income (loss) from operations* in the consolidated statements of operations and changes in net assets. Peripheral and incidental transactions are reported as nonoperating revenues (expenses). Nonoperating revenues (expenses) which are excluded from *income (loss) from operations* include contributions and donations and investment income or loss.

Performance Indicator

The consolidated statements of operations and changes in net assets include *excess revenues (expenses).* Consistent with industry practice, changes in net assets which are excluded from *excess revenues (expenses)* include, if any, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations when incurred. Advertising and marketing costs charged to operations were $664,873 and $639,120 for the years ended December 31, 2023 and 2022, respectively.

Claims Reserves

The Hospital provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan (Note 15). The gross liability, prior to insurance coverage, is reflected on the consolidated balance sheets within accrued personnel costs. The reserve is estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Charity Care

The Hospital provides charity care to patients who are unable to pay for services. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give, if any, are reported at fair value at the date the gift is received. The gifts are reported as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 as net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Income Taxes

HMFP and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. As such, the HMFP and the Foundation are generally exempt from income taxes. However, they are required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Hospital and recognize a tax liability if the Hospital has taken an uncertain tax position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Hospital, and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Hospital is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Going Concern Evaluations

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued.

Reclassifications

Certain 2022 amounts have been reclassified to provide for consistency with reporting of 2023 information. These reclassifications have no effect on the previously reported total change in net assets or net assets.

Subsequent Events

The Hospital has evaluated events or transactions occurring subsequent to the consolidated balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued, which is June 14, 2024.

3. SHORT-TERM INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Total short-term investments consist of the following at December 31, 2023 and 2022:

	2023	2022
Certificates of deposit	$ 105,636	$ 469,837

Assets whose use is limited are reported at market value and cost that approximates market value, and consist of the following at December 31, 2023 and 2022:

	2023	2022
Money market funds	$ 307,452	$ -0-
Mutual funds	3,337,818	5,727,813
Exchange-traded funds	1,051,199	103,220
Common stocks	14,730,713	12,477,994
Corporate bonds	3,992,238	2,495,022
Government bonds	3,485,746	3,786,539
Total assets whose use is limited	$ 26,905,166	$ 24,590,588

	2023	2022
Board-designated funds	$ 25,633,301	$ 23,474,430
Donor-restricted	1,271,865	1,116,158
Total assets whose use is limited	$ 26,905,166	$ 24,590,588

Investment income is comprised of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Dividends and interest income	$ 65,748	$ 46,456
Realized gains (losses) on investments	(440,126)	3,452,604
Change in market value of investments	3,909,090	(8,243,278)
Total investment income (loss), net	$ 3,534,712	$ (4,744,218)

Board-Designated Funds

The Hospital's Board of Directors designated certain assets to meet the capital asset and other long-term needs of the facility. All income amounts earned by the Board-designated funds are left to accumulate as additions to the funds.

Donor-Restricted

Donor-specific restrictions that require certain stipulations be met in order for the Hospital to utilize funds received.

Fair Value Measurements and Disclosures

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

- *Certificate of deposits*: Valued at cost which approximates fair value.

- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.

- *Corporate bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

- *U.S. Government securities*: Valued using pricing models maximizing the use of observable inputs for similar securities.

- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Hospital are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Hospital are deemed to be actively traded.

- *Exchange-traded funds (ETFs):* Valued at the closing price on the active exchange on which the individual securities are traded. Unlike mutual funds, ETFs trade like common stocks and are not required to publish and transact their daily net asset value. The ETFs held by the Hospital are deemed to be actively traded.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Investments and assets whose use is limited				
Money market fund	$ -0-	$ 307,452	$ -0-	$ 307,452
Corporate bonds	-0-	3,992,238	-0-	3,992,238
U.S. government securities	-0-	3,485,746	-0-	3,485,746
Exchange-traded funds	1,051,199	-0-	-0-	1,051,199
Common stocks				
Basic materials	473,813	-0-	-0-	473,813
Communications	1,242,563	-0-	-0-	1,242,563
Consumer cyclical	1,949,771	-0-	-0-	1,949,771
Consumer defensive	710,302	-0-	-0-	710,302
Energy	912,662	-0-	-0-	912,662
Finance	2,524,446	-0-	-0-	2,524,446
Healthcare	1,933,760	-0-	-0-	1,933,760
Industrials	1,090,420	-0-	-0-	1,090,420
Real estate	426,806	-0-	-0-	426,806
Technology	3,294,015	-0-	-0-	3,294,015
Utilities	172,155	-0-	-0-	172,155
Total common stocks	14,730,713	-0-	-0-	14,730,713
Mutual funds	3,337,818	-0-	-0-	3,337,818
Total assets at fair value	$ 19,119,730	$ 7,785,436	$ -0-	26,905,166
Certificates of deposit				105,636
Total investments and assets whose use is limited				$27,010,802

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 are as follows:

	Level 1	Level 2	Level 3	Total
Investments and assets whose use is limited				
Corporate bonds	$ -0-	$ 2,495,022	$ -0-	$ 2,495,022
U.S. government securities	-0-	3,786,539	-0-	3,786,539
Exchange-traded funds	103,220	-0-	-0-	103,220
Common stocks				
Basic materials	168,243	-0-	-0-	168,243
Communications	251,542	-0-	-0-	251,542
Consumer cyclical	593,929	-0-	-0-	593,929
Consumer defensive	124,824	-0-	-0-	124,824
Consumer discretionary	1,688,976	-0-	-0-	1,688,976
Consumer staples	218,385	-0-	-0-	218,385
Energy	856,428	-0-	-0-	856,428
Finance	1,797,699	-0-	-0-	1,797,699
Healthcare	1,996,881	-0-	-0-	1,996,881
Industrials	1,100,589	-0-	-0-	1,100,589
Real estate	197,145	-0-	-0-	197,145
Technology	3,132,896	-0-	-0-	3,132,896
Telecommunications	123,435	-0-	-0-	123,435
Utilities	227,022	-0-	-0-	227,022
Total common stocks	12,477,994	-0-	-0-	12,477,994
Mutual funds				
Commodities	749,321	-0-	-0-	749,321
Diversified emerging markets	749,608	-0-	-0-	749,608
Foreign	793,268	-0-	-0-	793,268
Mid cap	756,920	-0-	-0-	756,920
Real estate	1,129,933	-0-	-0-	1,129,933
Small cap	1,548,763	-0-	-0-	1,548,763
Total mutual funds	5,727,813	-0-	-0-	5,727,813
Total assets at fair value	$ 18,309,027	$ 6,281,561	$ -0-	24,590,588
Certificates of deposit				469,837
Total investments and assets whose use is limited				$25,060,425

Risks and Uncertainties

The national and world-wide investment market conditions can be volatile. The Hospital holds investment in certificates of deposit, corporate bonds, U.S. government securities, mutual funds, and exchange-traded funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonable possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements. The Hospital's management is currently unable to determine the effect, if any, the decline in the market conditions may ultimately have on the Hospital's investment portfolio and ability to fund certain projects.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31, 2023 and 2022:

	2023	2022
Land and land improvements	$ 5,920,513	$ 5,283,230
Buildings and improvements	73,909,937	69,639,014
Fixtures and equipment	27,898,847	25,436,926
Vehicles	1,218,714	1,045,073
Construction in progress	3,326,831	5,044,321
	112,274,842	106,448,564
Less accumulated depreciation	(51,341,374)	(47,246,660)
Property and equipment, net	$ 60,933,468	$ 59,201,904

Impairment of Property and Equipment

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 estimate future cash flows expected to result from the use and eventual disposition of the asset is 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. The Hospital did not recognize a loss on impairment of property and equipment for the years ended December 31, 2023 and 2022, respectively.

5. LEASES

The Hospital has leases for clinical office space expiring in various years through 2026. One lease has options to renew through 2030, which the Hospital intends to exercise based on current information available. Therefore, the lease liability has been determined with a lease term through 2030 being utilized. The Hospital also has leases for medical equipment and copiers through 2030. The interest rates used in determining the carrying value of lease liabilities are determined using the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing at transition date.

Short-term leases (leases with an initial term of 12 months or less, or leases that are cancelable by the lessee and the lessor without significant penalties) are not capitalized, but are expensed on a straight-line basis over the lease term. The Hospital's short-term lease costs are related to various medical equipment that is rented on an as-needed basis, and varies month-to-month.

In evaluating contracts to determine if they qualify as a lease, the Hospital considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Hospital can

direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Hospital assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

The components of the Hospital's lease costs for the years ended December 31, 2023 and 2022, respectively, are as follows:

	2023	2022
Operating lease costs	$ 154,284	$ 104,400
Short-term lease costs	66,776	11,073
Finance lease costs:		
Amortization expense	565,397	120,257
Interest on lease liabilities	163,805	27,766
	$ 950,262	$ 263,496

The cost of equipment held under operating and finance lease obligations at December 31, 2023 and 2022, respectively, are as follows:

	2023	2022
Right-of-use assets under operating leases	$ 783,138	$ 603,880
Less: accumulated amortization	(122,073)	(80,287)
Right-of-use operating lease assets, net	$ 661,065	$ 523,593

	2023	2022
Right-of-use assets under finance leases	$ 3,483,399	$ 801,712
Less: accumulated amortization	(685,654)	(120,257)
Right-of-use finance lease assets, net	$ 2,797,745	$ 681,455

At December 31, 2023 and 2022, the weighted average lease term and weighted-average discount rate on the Hospital's operating and finance lease liabilities are as follows:

Weighted-average remaining lease term

	2023	2022
Operating leases	4.40 years	4.13 years
Finance leases	5.15 years	4.13 years

Weighted-average discount rate

	2023	2022
Operating leases	6.01%	4.25%
Finance leases	6.34%	4.09%

Additional information regarding cash payments under the Hospital's operating and finance leases during 2023 and 2022, as well as the inputs in determining the ROU assets and liabilities at December 31, 2023 and 2022, respectively, are as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating lease activities	$ 154,284	$ 104,400
Operating cash flows from financing lease activities	163,805	27,766
Financing cash flows from finance leases	432,460	135,000

Future payments of operating and finance lease liabilities as of December 31, 2023 are as follows:

Year ended December 31,	Operating Leases	Finance Leases
2024	$ 204,168	$ 727,447
2025	204,168	727,447
2026	146,284	732,447
2027	57,400	451,276
2028	50,400	374,059
Thereafter	79,800	416,462
Total lease payments	742,220	3,429,138
Less: imputed interest	81,155	513,199
Present value of minimum least payments	$ 661,065	$ 2,915,939

6. LONG-TERM DEBT

At December 31, 2023 and 2022, the Hospital was obligated for long-term debt agreements as follows:

	2023	2022
Promissory note with a bank, due in monthly interest only payments through October 2028; monthly principal and interest payments of $91,832 through October 2023, with payments increasing to $95,000 through October 2028; fixed interest rate of 4.13% through October 2023, at which point the interest rate changes to a variable rate of the One Year Constant Maturity Treasury auction rate weeks, as determined by the bank, never to be below 3.88%. Secured by substantially all assets of the Hospital.	$ 4,604,397	$ 5,471,452
Promissory note with a bank, payable in monthly installments of principal and interest of $11,135 through November 2041; variable interest rate based on the Wall Street Journal U.S. Prime Rate, and will not change more often than each 3 years from the origination date of the note (3.00% at December 31, 2022). Collateralized by property with a NBV of $2,421,875 as of December 31, 2023.	1,843,836	1,919,500
Promissory note with a bank, payable in one lump sum payment of all outstanding principal and interest in February 2024; variable interest rate based on the Wall Street Journal U.S. Prime Rate (8.50% at December 31, 2023). Secured by substantially all assets of the Hospital.	1,000,000	1,000,000
Promissory note with a bank, due in monthly principal and interest payments of $25,544 through February 2027, with payments increasing to $26,159 through February 2027; fixed interest rate of 3.75% through February 2027, at which point the interest rate changes to a variable rate of the One Year Constant Maturity Treasury auction rate weeks, as determined by the bank, never to be below 3.75%. Secured by substantially all assets of the Hospital.	3,170,735	3,352,934

	2023	2022
Promissory note with a bank, payable in monthly payments of principal and interest of $15,603 through October 2027, and one lump sum payment of $805,749 in November 2027; fixed interest rate of 6.00%. Collateralized by property with a NBV of $1,310,000 at December 31, 2023.	1,286,077	1,391,547
Promissory note with a bank, payable in monthly installments of principal and interest of $5,137 through May 2032; variable interest rate based on the Wall Street Journal U.S. Prime Rate, and will not change more often than each 3 years from the origination date of the note (4.25% at December 31, 2023). Secured by property NBV of $809,797 as of December 31, 2023.	433,959	476,184
Privately placed Series 2022 Hospital Revenue Bonds payable in monthly installments of principal and interest of $81,702 beginning in January 2023 through December 2032; fixed interest rate of 4.13% through December 2027, with interest rate resetting each December through maturity at a rate of the one-year Treasury Constant maturity rate plus 210 basis points, or 4.38%, whichever is greater. Secured by substantially all assets of the Hospital.	7,341,652	8,000,000
Promissory note with a bank, due in monthly interest only payments through October 2033; monthly principal and interest payments of $69,987 through October 2028; fixed interest rate of 7.00% through October 2028, at which point the interest rate changes to a variable rate of the 5-Year Treasury Constant Maturity Rate plus 2.50%. Secured by property NBV of $21,480,528 as of December 31, 2023.	5,930,996	-0-
	25,611,652	21,611,617
Less current portion	(3,433,410)	(2,939,752)
Total long-term debt, net of current portion	$ 22,178,242	$ 18,671,865

Maturities of long-term debt subsequent to December 31, 2023, are as follows:

Year Ending December 31,	Principal
2024	$ 3,433,410
2025	2,567,609
2026	2,705,811
2027	3,641,565
2028	2,431,580
Thereafter	10,831,677
Total long-term debt	$ 25,611,652

Under the terms of various debt agreements, the Hospital maintain various restrictive covenants, including maintaining a minimum debt service coverage ratio, a minimum debt to tangible net worth ratio, maintaining a minimum amount of working capital, and meeting an audit submission deadline. Management believes the Hospital was in compliance with all covenants, other than the audit submission deadline, for the year ended December 31, 2023. The Hospital has obtained a covenant waiver for this violation.

7. OTHER ASSETS

At December 31, 2023 and 2022, other assets consist of the following:

	2023	2022
Employee notes receivable	$ 2,529,202	$ 2,164,134
Pledge receivable	288,925	400,000
Investment in Illinois Rural Community Care Organization, LLC ("IRCCO")	25,000	-0-
Total other assets	2,843,127	2,564,134
Other assets, current portion	(100,000)	(100,000)
Other assets, net of current portion	$ 2,743,127	$ 2,464,134

Physician notes receivable consist of numerous notes receivables created as part of a joint-life insurance policy for physicians employed by the Hospital. As part of a benefit to the physicians, the Hospital pays the premiums for the physician's life insurance policies, and is guaranteed a return of the paid premiums through agreements between the Hospital and the physicians using a portion of the death benefit. The notes accrue interest at a variable interest of the applicable federal rate as defined by the Internal Revenue Service (5.13% at December 31, 2023).

Pledge receivable is related to a commitment from an outside donor to contribute $288,925 to the Foundation over the next three years at $100,000 per year for the first two years and the remainder in the third year.

The Hospital has a membership interest in the IRCCO. As part of the purchase, the Hospital paid $25,000 for their membership interest, which is less than 5%. The IRCCO is an accountable care organization whose purpose is to ensure the best quality care for their patients. The IRCCO was originally started in 2014 by the Illinois Critical Access Hospital Network ("ICAHN"). Due to Medicare Advantage product and other payor options made available through the IRCCO, ICAHN passed ownership of the IRCCO to various investors starting in 2022. As an investor, the Hospital pays an annual assessment fee of $10,000. The Hospital accounts for this investment using the cost method.

8. NET PATIENT SERVICE REVENUE

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigation and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Laws and regulations concerning government programs, including Medicare and Medicaid, are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital believes that it is in compliance with all applicable laws and regulations.

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 (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 2023 and 2022.

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. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. For the years ended December 31, 2023 and 2022, adjustments were recognized due to changes in the Hospital's estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years were not significant. Subsequent changes that are significant and determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

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 (for example, copays 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.

The Hospital has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized. The following tables provide details of these factors.

The composition of net patient service revenue by primary payor for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Medicare	$ 44,824,302	$ 40,748,935
Medicaid	19,957,282	14,931,308
Blue Cross	34,255,043	29,271,413
Commercial, managed care, and other	21,965,528	17,758,538
Self pay patients	753,232	96,734
	$ 121,755,387	$ 102,806,928

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor.

The composition of net patient service revenue based on its lines of business and timing of revenue recognition for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Service Lines		
Inpatient	$ 29,814,286	$ 40,768,389
Outpatient	77,905,869	48,188,442
Clinical services	14,035,232	13,850,097
	$ 121,755,387	$ 102,806,928

The Hospital grants credit without collateral to its patients, most of who are local residents and insured under third-party payor agreements. The mix and concentration of gross patient service revenue and patient accounts receivable at December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenues	Receivables	Revenues	Receivables
Medicare	46 %	22 %	45 %	24 %
Medicaid	20	26	21	23
Blue Cross	18	8	19	7
Commercial, managed care, and other	15	13	14	14
Self Pay	1	31	1	32
	100 %	100 %	100 %	100 %

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. The Company retroactively settles balances with the insurance payors it has contracts with. These settlements are included on the consolidated balance sheets within estimated third-party payor settlements (contract assets or contract liabilities, as applicable). As of January 1, 2022, estimated third-party payor settlements had a receivable balance of $531,236.

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

- ***Medicare***. The Hospital is a provider of services to patients entitled to coverage under Title XVIII ("Medicare") of the Health Insurance Act. The Hospital is designated as a Critical Access Hospital ("CAH") by Medicare and is paid for Medicare services based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at an interim rate, with final settlement determined after submission of annual cost reports. Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At the Hospital's year-end, a cost report is filed with the Medicare program computing reimbursement amounts related to Medicare patients. Clinical services are paid on a cost basis or fixed fee schedule.

- ***Medicaid***. Inpatient and substantially all outpatient services rendered to Medicaid program beneficiaries and reimbursed at prospectively determined rates. The State of Illinois previously enacted legislation that provides for a hospital assessment program intended to qualify for federal matching funds under the Illinois Medicaid program.

  Under the hospital assessment program, each hospital is assessed tax based on that hospital's adjusted gross revenue. The legislation provides that none of the assessment funds to be collected and no additional Medicaid payments are to be paid until the program receives the required federal government approval through the Center for Medicare and Medicaid Services ("CMS").

  In addition, the State of Illinois passed legislation in State Fiscal Year 2012 that expanded the Hospital Assessment Program by providing additional Hospital Access Improvement Payments to qualifying hospitals, also referred to as Enhanced Hospital Assessment. CMS approved the program on October 1, 2013, with a retroactive date of June 10, 2012.

  In 2014, CMS approved an additional supplemental payment to Illinois' hospitals for services provided to newly eligible Medicaid beneficiaries under the Affordable Care Act ("ACA"). The supplemental payment to hospitals was retroactive to March 1, 2014. The assessments were effective until June 30, 2018 to align with the transition periods of both rate reform and the ACA Medicaid expansion payments.

  In fiscal year 2017, CMS extended the ACA Access Payments for adults in managed care organizations ("MCOs") to address the shift to MCOs for services provided to newly eligible Medicaid beneficiaries under the ACA. The supplemental payment to hospitals was retroactive to January 1, 2016. The assessments were effective until June 30, 2018 to align with transition periods of both rate reform and the ACA Medicaid expansion payments.

The effects of the programs in the consolidated statements of operations and changes in net assets for the years ended December 31, 2023 and 2022, respectively, are as follows:

	2023	2022
Additional Medicaid payment included in net patient service revenue	$ 5,511,427	$ 4,250,402
Taxes assessed and included in provider tax expense	$ 2,071,119	$ 1,655,280

- ***Other***. The Hospital has also entered into preferred provider agreements with certain commercial insurance carriers. The basis for payment to the Hospital under these arrangements includes prospectively determined rates per discharge, discounts from established charges, and fee schedule payments.

- ***Charity Care and Uninsured Discounts***. The Hospital provides care without charge or at less than its established rates to patients who meet certain criteria under its charity care policy. Because the Hospital does not collect amounts deemed to be charity care, they are not reported as revenue. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associating with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total operating expenses divided by gross patient service revenue. For the years ended December 31, 2023 and 2022, the Hospital incurred estimated charity costs of $859,901 and $814,469, respectively.

CMS has been granted authority to suspend payments, in whole or in part, to Medicare providers if CMS possess reliable information on overpayment, fraud or if willful misrepresentation exists. If CMS suspects payments are being made as the result of fraud or misrepresentation, CMS may suspend payment at any time without providing prior notice to the Hospital. The initial suspension period is limited to 180 days. However, the payment suspension period can be extended indefinitely if the matter is under investigation by the United States Department of Health and Human Services Office of Inspector General or the United States Department of Justice. Therefore, the Hospital is unable to predict if or when it may be subject to a suspension of payments by the Medicare and/or Medicaid programs, the possible length of the suspension period, or the potential cash flow impact of a payment suspension. Any such suspension would adversely impact the Hospital's financial position, results of operations, and cash flows.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are donor-restricted for a specific use or by passage of time. Net assets with donor restrictions included the following at December 31, 2023 and 2022:

	2023	2022
Phipps Fund	$ 911,470	$ 910,615
Family Medical Center ("FMC") Equipment and Technology Fund	21,247	21,247
Alzheimer's Support Group	13,107	13,107
Community Addiction Response and Education ("CARE") Coalition Fund	15,965	16,155
Garden of Hope	5,851	8,304
Meals on Wheels	27,022	-0-
Non-Emergent Patient Transport Fund	120,446	-0-
Various miscellaneous funds	156,757	146,730
	$ 1,271,865	$ 1,116,158

Net assets released from donor restrictions by incurring expenses satisfying the specified purposes are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Meals on Wheels	$ -0-	$ 56,513
FMC Equipment and Technology	-0-	13,757
CARE Coalition Fund	5,790	1,809
Meals on Wheels	-0-	56,513
Garden of Hope	7,418	6,033
Various miscellaneous funds	29,000	91,202
	$ 42,208	$ 225,827

Phipps Fund

The Phipps Fund was established to help recruit physicians and other healthcare professionals to HMFP, provide healthcare resources for the care of families and children of Paris, Illinois and the surrounding areas, and to provide long-term stability of locally managed healthcare services.

FMC Equipment and Technology

The fund was established to purchase the latest medical equipment and medical technology needed to provide the highest quality care to patients of HMFP.

CARE

The fund was established by members of the medical community and citizens of Paris, Illinois, and the surrounding areas, to respond to opioid addiction. Funding is used to support efforts to address addiction, including opioid use, prevention of overdose deaths, and to provide education and addiction treatment resources to the community.

Garden of Hope

The fund was established to support the placement of memorial bricks on the Hospital campus, to serve as a tribute to loved ones within the community.

Meals on Wheels

The fund was established to support the delivery of nutritious meals to community members in times of need.

Non-Emergent Patient Transport Fund

The fund was established to address transportation barriers faces by patients. By providing non-emergent transport services, the Hospital ensures that community members have access to necessary medical care.

10. DEFINED CONTRIBUTION RETIREMENT PLAN

The Hospital offers its employees a 403(b) tax deferred annuity plan (the "Plan"). Employees are eligible to receive employer contributions on the first day of the Plan year following the date that the employee has completed one year of service and reached the age of 18. Participating employees may authorize the Hospital to deduct a portion of their pay to contribute to the plan. The Hospital makes discretionary contributions to the Plan at its discretion. For the years ended December 31, 2023 and 2022, the amount of retirement expense was $1,801,208 and $837,698, respectively.

11. CONCENTRATIONS OF CREDIT RISK

The Hospital's cash balances are maintained in various bank deposit accounts. At various times during the year, the balance of these deposits may be in excess of federally insured limits. To date, the Hospital has not experienced losses in any of these accounts. The Hospital believes it is not exposed to any significant credit risk on cash.

12. FUNCTIONAL EXPENSES

The Hospital provides general healthcare services to residents within its geographic area. Expenses related to providing these services are broken down as follows for the years ended December 31, 2023 and 2022:

	2023			
	Healthcare Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 45,063,580	$ 11,416,810	$ 173,513	$ 56,653,903
Employee benefits and payroll taxes	14,235,450	3,597,389	18,567	17,851,406
Professional fees	11,550,721	-0-	-0-	11,550,721
Purchased services	3,881,379	2,477,443	-0-	6,358,822
Drugs and medical supplies	15,139,147	-0-	-0-	15,139,147
Other supplies	3,999,670	398,347	-0-	4,398,017
Depreciation	4,784,612	778,891	-0-	5,563,503
Repairs and maintenance	1,653,479	164,678	-0-	1,818,157
Utilities	828,684	209,141	-0-	1,037,825
Insurance	1,124,001	182,977	-0-	1,306,978
Rent	221,060	-0-	-0-	221,060
Interest	1,058,549	172,322	-0-	1,230,871
Provider tax	2,071,119	-0-	-0-	2,071,119
Other operating expenses	1,901,720	237,485	66,928	2,206,133
Total expenses included in the expenses section of the statements of operations and changes in net assets	107,513,171	19,635,483	259,008	127,407,662
Plus expenses included with revenues on the statements of operations and changes in net assets:				
340B program costs	2,288,836	-0-	-0-	2,288,836
Total expenses by function	$ 109,802,007	$ 19,635,483	$ 259,008	$ 129,696,498

	2022			
	Healthcare Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 39,736,035	$ 10,067,082	$ 153,000	$ 49,956,117
Employee benefits and payroll taxes	11,117,317	2,809,417	14,500	13,941,234
Professional fees	8,789,323	-0-	-0-	8,789,323
Purchased services	3,311,069	2,095,074	-0-	5,406,143
Drugs and medical supplies	11,638,303	-0-	-0-	11,638,303
Other supplies	3,954,013	393,800	-0-	4,347,813
Depreciation	3,754,505	611,199	-0-	4,365,704
Repairs and maintenance	1,399,197	139,353	-0-	1,538,550
Utilities	838,928	211,726	-0-	1,050,654
Insurance	976,767	159,009	-0-	1,135,776
Rent	115,473	-0-	-0-	115,473
Interest	693,179	112,843	-0-	806,022
Provider tax	1,655,280	-0-	-0-	1,655,280
Other operating expenses	1,927,544	214,171	60,358	2,202,073
Total expenses included in the expenses section of the statements of operations and changes in net assets	89,906,933	16,813,674	227,858	106,948,465
Plus expenses included with revenues on the statements of operations and changes in net assets:				
340B program costs	927,418	-0-	-0-	927,418
Total expenses by function	$ 90,834,351	$ 16,813,674	$ 227,858	$ 107,875,883

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Hospital. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, and employee benefits and payroll taxes, which are allocated on an assessment of time spent on various tasks. Purchased services, other supplies, depreciation, repairs and maintenance, utilities, insurance, interest, and other operating expenses are allocated based on direct identification of expenses.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Cash and cash equivalents	$ 1,513,735	$ 456,090
Short-term investments	105,636	469,837
Patient accounts receivable, net	14,977,620	13,465,490
Other receivables	1,367,882	1,080,613
Estimated third-party payor settlements	2,156,784	531,236
	$ 20,121,657	$ 16,003,266

As part of a liquidity management plan, cash in excess of daily requirements is invested in marketable securities which may be drawn upon, if necessary, to meet unexpected liquidity needs.

14. NONOPERATING REVENUES (EXPENSES)

For the years ended December 31, 2023 and 2022, nonoperating revenues (expenses) were as follows:

	2023	2022
Investment income (loss), net	$ 3,534,712	$ (4,744,218)
Contributions	-0-	97,971
Donations	(64,746)	(112,009)
Other	(253)	274
Total nonoperating revenues (expenses)	$ 3,469,713	$ (4,757,982)

15. CONTINGENCIES AND COMMITMENTS

Professional Liability

The Hospital carries professional liability coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1,000,000 per claim and an annual aggregate limit of $3,000,000. There is additional umbrella coverage above these limits up to $7,000,000 under a commercial insurance policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured.

Employee Health Self-Insured Plan

The Hospital is partially self-insured for health insurance. The claims under the plan continue to be accrued as the incidents that give rise to them occur. Unpaid claim accruals are based on the estimated ultimate costs of the claims, including claims administration expenses, in accordance with the Hospital's past experience. The Hospital has entered into reinsurance agreements with insurance companies to limit its losses on claims for health insurance. Reserves for self-insured plans were $860,565 and $547,020 as of December 31, 2023 and 2022, respectively, and are included in accrued personnel costs on the consolidated balance sheets. Receivable amounts have been recorded for expected insurance recoveries related to the professional liability claims in the amount of $453,474 and $515,594, respectively, as of December 31, 2023 and 2022, and are included in prepaid expenses and other current assets, on the consolidated balance sheets.

Litigation, Claims, and Disputes

The Hospital is susceptible to a variety of legal proceedings and claims by others against the Hospital in a variety of matters arising out of the conduct of the Hospital's business. The ultimate resolution of such claims would not, in the opinion of management, have a material adverse effect on the financial statements.

HIPAA

Management continues to implement policies, procedures, and a compliance–monitoring Hospital structure to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and other government statutes and regulations. The Hospital's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions which are unknown or unasserted at this time.

16. RELATED PARTY TRANSACTIONS

Two members of the Hospital's board of directors are members of management with a local bank, which the Hospital has deposit accounts and outstanding promissory notes with. As of December 31, 2023 and 2022, respectively, the Hospital had deposits with the bank totaling $1,468,903 and $1,458,324, respectively. As of December 31, 2023 and 2022, the Hospital also had promissory notes outstanding due to the bank totaling $16,116,784 and $17,824,386, respectively.

A member of the Hospital's board of directors is a senior vice president with a local bank, which the Hospital has deposit accounts and outstanding promissory notes with. As of December 31, 2023 and 2022, respectively, the Hospital had deposits with the bank totaling $428,501 and $371,538, respectively. As of December 31, 2023 and 2022, the Hospital also had promissory notes outstanding due to the bank totaling $3,563,872 and $3,787,231, respectively.

SUPPLEMENTARY INFORMATION

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2023

ASSETS

	Hospital	Foundation	Eliminations	Consolidated Total
Current assets				
Cash and cash equivalents	$ 1,513,735	$ -0-	$ -0-	$ 1,513,735
Restricted cash	-0-	554,452	-0-	554,452
Short-term investments	105,636	-0-	-0-	105,636
Patient accounts receivable	14,977,620	-0-	-0-	14,977,620
Inventories	3,285,093	-0-	-0-	3,285,093
Prepaid expenses and other current assets	2,800,958	141,835	(398,982)	2,543,811
Estimated third-party payor settlements	2,156,784	-0-	-0-	2,156,784
Other assets, current portion	-0-	100,000	-0-	100,000
Total current assets	24,839,826	796,287	(398,982)	25,237,131
Assets whose use is limited	-0-	26,905,166	-0-	26,905,166
Operating lease right-of-use assets, net	661,065	-0-	-0-	661,065
Finance lease right-of-use assets, net	2,797,745	-0-	-0-	2,797,745
Property and equipment, net	60,409,980	523,488	-0-	60,933,468
Other assets, net of current portion	2,554,202	188,925	-0-	2,743,127
Total assets	$ 91,262,818	$ 28,413,866	$ (398,982)	$ 119,277,702

LIABILITIES AND NET ASSETS

	Hospital	Foundation	Eliminations	Consolidated Total
Current liabilities				
Accounts payable	$ 3,332,835	$ -0-	$ -0-	$ 3,332,835
Accrued personnel costs	5,729,317	-0-	(141,835)	5,587,482
Accrued expenses	217,181	264,572	(257,147)	224,606
Deferred revenues	106,038	-0-	-0-	106,038
Current portion of operating lease liabilities	169,668	-0-	-0-	169,668
Current portion of finance lease liabilities	558,537	-0-	-0-	558,537
Current portion of long-term debt	3,433,410	-0-	-0-	3,433,410
Total current liabilities	13,546,986	264,572	(398,982)	13,412,576
Long-term liabilities				
Operating lease liabilities, net of current portion	491,397	-0-	-0-	491,397
Finance lease liabilities, net of current portion	2,357,402	-0-	-0-	2,357,402
Long-term debt, net of current portion	21,744,284	433,958	-0-	22,178,242
Total long-term liabilities	24,593,083	433,958	-0-	25,027,041
Total liabilities	38,140,069	698,530	(398,982)	38,439,617
Net assets				
Net assets without donor restrictions	53,122,749	26,443,471	-0-	79,566,220
Net assets with donor restrictions	-0-	1,271,865	-0-	1,271,865
Total net assets	53,122,749	27,715,336	-0-	80,838,085
Total liabilities and net assets	$ 91,262,818	$ 28,413,866	$ (398,982)	$ 119,277,702

HOSPITAL AND MEDICAL FOUNDATION OF PARIS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	Hospital	Foundation	Eliminations	Consolidated Total
Changes in net assets without donor restrictions				
Operating revenues				
Net patient service revenue	$ 121,755,387	$ -0-	$ -0-	$ 121,755,387
Federal grant revenue	24,390	-0-	-0-	24,390
340B pharmacy program revenue, net	2,477,427	-0-	-0-	2,477,427
Other operating revenue	2,196,681	86,810	-0-	2,283,491
Net assets released from restrictions	-0-	42,208	-0-	42,208
Total operating revenues	126,453,885	129,018	-0-	126,582,903
Operating expenses				
Salaries and wages	56,516,602	137,301	-0-	56,653,903
Employee benefits and payroll taxes	17,819,887	31,519	-0-	17,851,406
Professional fees	11,550,721	-0-	-0-	11,550,721
Purchased services	6,297,600	61,222	-0-	6,358,822
Drugs and medical supplies	15,139,147	-0-	-0-	15,139,147
Other supplies	4,393,295	4,722	-0-	4,398,017
Depreciation	5,543,599	19,904	-0-	5,563,503
Repairs and maintenance	1,810,090	8,067	-0-	1,818,157
Utilities	1,037,568	257	-0-	1,037,825
Insurance	1,292,752	14,226	-0-	1,306,978
Rent	220,810	250	-0-	221,060
Interest	1,211,449	19,422	-0-	1,230,871
Provider tax	2,071,119	-0-	-0-	2,071,119
Other operating expenses	2,131,077	75,056	-0-	2,206,133
Total operating expenses	127,035,716	371,946	-0-	127,407,662
Income (loss) from operations	(581,831)	(242,928)	-0-	(824,759)
Nonoperating revenues (expenses)	1,526,586	1,943,127	-0-	3,469,713
Excess revenues (expenses) and change in net assets	944,755	1,700,199	-0-	2,644,954
Change in net assets with donor restrictions				
Contributions	-0-	197,915	-0-	197,915
Net assets released from restrictions	-0-	(42,208)	-0-	(42,208)
Change in net assets with donor restrictions	-0-	155,707	-0-	155,707
Change in net assets	$ 944,755	$ 1,855,906	$ -0-	$ 2,800,661

Section VIII, Economic Feasibility Review Criteria
Criterion 1120.140(a), Reasonableness of Financing Arrangements

See the following attachment for a signed statement from a representative of Horizon Health that the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all the cash and equivalents must be retained in the balance sheet asset accounts to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

Attachment-37

Paris Community Hospital
721 East Court Street
Paris, IL 61944
(217) 465-4141

Paris Clinic
727 East Court Street
Paris, IL 61944
(217) 465-8411

Chrisman Clinic
112 West Madison Ave.
Chrisman, IL 61924
(217) 269-2394

Oakland Clinic
5 South Walnut Street
Oakland, IL 61943
(217) 346-2353

Senior Care
745 East Court Street
Paris, IL 61944
(217) 466-4170

EZ Care Paris
1 Phipps Lane
Paris, IL 61944
(217) 463-4340

EZ Care Marshall
1602 North IL Hwy 1
Marshall, IL 62441
(217) 826-3299

Marshall Specialty Clinic
1006 South 6th Street
Marshall, IL 62441
(217) 826-8920

Terre Haute Specialty Clinic
3736 South 4th Street
Terre Haute, IN 47802
(812) 237-1411

Sycamore Pain
1378 South State Road 46
Suite B
Terre Haute, IN 47803
(812) 877-3011

Sycamore Wellness
1378 South State Road 46
Suite A
Terre Haute, IN 47803
(812) 877-3310

Occupational Health
1 Phipps Lane
Paris, IL 61944
(217) 466-4258

Horizon Health Home Care
728 East Court Street
Paris, IL 61944
(217) 466-4466

Horizon Health Dialysis Center
725 East Court Street
Paris, IL 61944
(217) 466-4435

Pain Management Clinic
15317 US Highway 150
Paris, IL 61944
(217) 466-4226

NAL Health Clinic
1 Phipps Lane
Paris, IL 61944
(217) 463-4901

Horizon Health Medical Equipment
721 East Court Street
Paris, IL 61944
(217) 466-4244

HORIZON HEALTH

Debra Savage, Chairwoman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

I, **Jay Carmichael**, am the **President and CEO** of Hospital & Medical Foundation of Paris, Inc. (the "Applicant") and am authorized to make this attestation on behalf of the Applicant in connection with its Certificate of Need application for the proposed Surgical Modernization and Expansion Project.

Pursuant to **77 Ill. Adm. Code § 1120.140(a), Reasonableness of Financing Arrangements**, I hereby attest that the total estimated project costs and related costs for the proposed project will be funded **in total through borrowing** because:

Borrowing is less costly than liquidation of the Applicant's existing investments, and the investments being retained may be converted to cash or used to retire debt within a **60-day period**, consistent with **77 Ill. Adm. Code § 1120.140(a)(2)(B)**.

I certify that the foregoing statements are true and correct to the best of my knowledge and belief and are made for purposes of documenting the reasonableness of the financing arrangements for the proposed project pursuant to the requirements of the Illinois Health Facilities and Services Review Board.

Sincerely,

Jay Carmichael
President & CEO
Horizon Health

Horizon Health/Paris Community Hospital

Date: 9/28/2026

1. NOTARY ACKNOWLEDGMENT

State of Illinois
County of Edgar

Subscribed and sworn to before me by Jay Carmichael, in his capacity as CEO of Hospital & Medical Foundation of Paris, Inc., on this 28 day of September, 2026.

Sara Alice Drake
Notary Public
My Commission Expires: 01/17/2028

OFFICIAL SEAL
SARA ALICE DRAKE
Notary Public, State of Illinois
Commission No. 985563
My Commission Expires
January 17, 2028



Section VIII, Economic Feasibility Review Criteria
Criterion 1120.140(b), Conditions of Debt Financing

See the following attachment for a signed statement from a representative of Horizon Health that the selected form of debt financing for the project will be at the lowest net cost available.

Attachment-37

Paris Community Hospital
721 East Court Street
Paris, IL 61944
(217) 465-4141

Paris Clinic
727 East Court Street
Paris, IL 61944
(217) 465-8411

Chrisman Clinic
112 West Madison Ave.
Chrisman, IL 61924
(217) 269-2394

Oakland Clinic
5 South Walnut Street
Oakland, IL 61943
(217) 346-2353

Senior Care
745 East Court Street
Paris, IL 61944
(217) 466-4170

EZ Care Paris
1 Phipps Lane
Paris, IL 61944
(217) 463-4340

EZ Care Marshall
1602 North IL Hwy 1
Marshall, IL 62441
(217) 826-3299

Marshall Specialty Clinic
1006 South 6th Street
Marshall, IL 62441
(217) 826-8920

Terre Haute Specialty Clinic
3736 South 4th Street
Terre Haute, IN 47802
(812) 237-1411

Sycamore Pain
1378 South State Road 46
Suite B
Terre Haute, IN 47803
(812) 877-3011

Sycamore Wellness
1378 South State Road 46
Suite A
Terre Haute, IN 47803
(812) 877-3310

Occupational Health
1 Phipps Lane
Paris, IL 61944
(217) 466-4258

Horizon Health Home Care
728 East Court Street
Paris, IL 61944
(217) 466-4466

Horizon Health Dialysis Center
725 East Court Street
Paris, IL 61944
(217) 466-4435

Pain Management Clinic
15317 US Highway 150
Paris, IL 61944
(217) 466-4226

NAL Health Clinic
1 Phipps Lane
Paris, IL 61944
(217) 463-4901

Horizon Health Medical Equipment
721 East Court Street
Paris, IL 61944
(217) 466-4244

HORIZON HEALTH

Debra Savage, Chairwoman
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

I, **Jay Carmichael**, am the **President and CEO** of Hospital & Medical Foundation of Paris Inc. (the "Applicant") and am authorized to make this attestation on behalf of the Applican in connection with its Certificate of Need application for the proposed Surgica Modernization and Expansion Project.

Pursuant to **77 Ill. Adm. Code § 1120.140(b), Conditions of Debt Financing**, I hereby attes that the conditions of debt financing for the proposed project are reasonable and that th Applicant has evaluated the available financing alternatives applicable to the project.

The selected form of debt financing for the project will be obtained at the **lowest net cos reasonably available to the Applicant**, taking into consideration the applicable interest rate financing fees and costs, term, repayment structure, and other material financing conditions

I certify that the foregoing statements are true and correct to the best of my knowledge an belief and are made for purposes of documenting compliance with **77 Ill. Adm. Code § 1120.140(b)** and the reasonableness of the conditions of debt financing associated with th proposed project.

Sincerely,

Jay Carmichael
President & CEO
Horizon Health

Horizon Health/Paris Community Hospital

Date: 9/28/2026

1. NOTARY ACKNOWLEDGMENT

State of Illinois
County of Edgar

Subscribed and sworn to before me by Jay Carmichael, in his capacity as CEO of Hospita & Medical Foundation of Paris, Inc., on this 28 day of September, 2026.

Notary Public Sara Alice Drake
My Commission Expires: 01/17/2028

OFFICIAL SEAL
SARA ALICE DRAKE
Notary Public, State of Illinois
Commission No. 985563
My Commission Expires
January 17, 2028



Section VIII, Economic Feasibility Review Criteria
Criterion 1120.140(c), Reasonableness of Project and Related Costs
The Cost and Gross Square Feet by Department is provided in the table below.

The proposed project consists of approximately 21,430 GSF of new construction and 3,480 GSF of modernization, for a total project area of 24,910 GSF. The total estimated project cost is $27,440,000.

The project budget includes approximately $15,485,347 in new construction contracts, $2,514,653 in modernization contracts, $3,000,000 in construction contingencies, $1,300,000 in architectural and engineering fees, $2,390,000 in movable equipment, and other related project costs.

The project scope and cost allocation are summarized below

Department / Area	A New Cost/GSF	B Mod. Cost/GSF	C New GSF	D New Circ.%	E Mod. GSF	F Mod. Circ.%	G Const. $ (A × C)	H Mod. $ (B × E)	Total Cost (G + H)
Clinical – Surgical/Perioperative Project	$722.60	$722.60	17,104		3,480		$12,359,373.75	$2,514,652.75	**$14,874,026.50**
Contingency – Clinical	—	—	—	—	—	—	—	—	**$2,479,004.42**
Total Clinical			**17,104**		**3,480**		**$12,359,373.75**	**$2,514,652.75**	**$17,353,030.92**
Nonclinical	$722.60	—	4,326		0	—	$3,125,973.50	$0.00	**$3,125,973.50**
Contingency – Nonclinical	—	—	—	—	—	—	—	—	**$520,995.58**
Total Nonclinical			**4,326**		**0**		**$3,125,973.50**	**$0.00**	**$3,646,969.08**
TOTALS			**21,430**		**3,480**		**$15,485,347.25**	**$2,514,652.75**	**$21,000,000.00**

*Contingency has been allocated between new construction and modernization proportionately based upon the respective construction-contract amounts for purposes of this analysis.

The applicable hospital construction cost standards are based upon adjusted RSMeans costs. For hospitals, the new-construction standard is the adjusted Means third-quartile cost, while the modernization standard is 70% of the adjusted Means third-quartile cost.

The current adjusted standards applicable to the Paris, Illinois project are **$759.26 per GSF for new construction** and **$531.49 per GSF for modernization**.

Cost Measure	Application	State Standard	Variance	Result
New Construction per GSF	**$722.60**	$759.26	**$36.66 below / 4.8% below**	Meets
Modernization per GSF	**$722.60**	$531.49	**$191.11 above / 36.0% above**	Exceeds
Contingency	**16.67%**	7%–10% preliminary / up to 15% modernization at schematic stage	Above	Exceeds
A/E Fees	**6.19%**	Approx. 5.64%–8.48% for applicable new-construction tier	Within range	Meets
Site Survey + Site Preparation	**0.00%**	≤5.0%	Below	Meets
Preplanning	**0.00%**	≤1.8%	Below	Meets

New Construction Cost
The Applicant's new construction contract cost is approximately **$722.60 per GSF**, calculated as $15,485,347 divided by 21,430 GSF. The applicable adjusted State standard is $759.26 per GSF. Accordingly, the proposed new construction cost is approximately **$36.66 per GSF, or 4.8%, below the State standard**.

The Applicant therefore meets the applicable State standard for the new construction component of the project.

Modernization Cost

The modernization component totals approximately **$2,514,653**, or **$722.60 per GSF** based upon 3,480 GSF of modernization space. This exceeds the adjusted modernization standard of $531.49 per GSF by approximately **$191.11 per GSF, or 36.0%**.

The modernization work, however, involves the reconfiguration and modernization of existing hospital space principally associated with **Central Sterile Processing and related surgical support functions**. Unlike conventional cosmetic renovation, the work occurs

within an existing hospital environment and requires integration with existing mechanical, electrical, plumbing, life-safety, infection-control, and clinical systems while maintaining ongoing Hospital operations.

The Applicant believes the variance is reasonable given the specialized nature of the modernization, the requirements associated with sterile-processing infrastructure, and the complexity of integrating renovated space with the newly constructed surgical department.

The modernization is a necessary component of the overall project because it allows Central Sterile Processing to directly support the new operating and procedure rooms and corrects the current disparate physical relationship between sterile processing and Surgical Services.

Contingencies

The project includes **$3,000,000 in contingencies**, equal to approximately **16.67% of the $18,000,000 in construction and modernization contracts**. However, cost have been advancing and the applicant believes the contingency is necessary at this stage of planning. While it will endeavor to come in below the estimates, it is seeking approval for the variance to avoid future requests for project cost increases.

Appendix A bases permissible contingency percentages upon the status of the project's architectural documents. For projects at the preliminary-document stage, the standards are **7% for new construction and 7%–10% for modernization**; schematic-stage standards are 10% for new construction and 10%–15% for modernization.

Architectural and Engineering Fees

Architectural and engineering fees total **$1,300,000**, or approximately **6.19% of construction and modernization contracts plus contingencies**:

$1,300,000 ÷ $21,000,000 = 6.19%.

Appendix A establishes A/E fee ranges based upon the amount of construction and contingencies and distinguishes between new construction and modernization components. For hospital projects of this magnitude, a 6.19% overall A/E fee is generally within the applicable range for the predominant new-construction component of the project.

Because the project includes both new construction and modernization, the Applicant will allocate the architectural and engineering fees between the two components, as appropriate, for purposes of the final HFSRB cost analysis.

Site Survey and Site Preparation

No separate costs are reported for site survey, soil investigation, or site preparation.

Appendix A provides that site survey and preparation costs shall not exceed 5.0% of construction and contingency costs. Five percent of the project's $21,000,000 construction and contingency amount would equal approximately $1,050,000.

Accordingly, the reported $0 separate cost is below the applicable maximum standard. To the extent that site preparation, survey, or related activities are incorporated into the construction contracts rather than separately identified, the Applicant will identify those costs as included within the applicable construction contract amount.

Preplanning Costs

The Applicant reports no separate preplanning costs.

Appendix A provides that preplanning costs shall not exceed 1.8% of construction and modernization contracts, contingencies, and equipment costs. The applicable cost base is approximately $23,390,000, resulting in a maximum preplanning allowance of approximately $421,020.

Because the Applicant reports no separately capitalized preplanning costs, the project is within the State standard.

Conclusion

The Applicant's new construction cost per GSF, site survey/site preparation costs, and preplanning costs are within the applicable State standards. The architectural and engineering fees are also reasonable relative to the size and scope of the project.

The modernization cost per GSF and project contingency exceed the applicable benchmark amounts and are therefore specifically addressed above. The Applicant believes these variances are reasonable given the specialized nature of the sterile-processing modernization, integration of new construction with an existing operating hospital, and the construction and phasing risks associated with maintaining continuous hospital and surgical operations throughout the project.

Section VIII. Economic Feasibility Review Criteria
Criterion 1120.140(d), Projected Operating Costs

Horizon Health projects approximately 5,351 combined operating-room and procedure-room hours in 2030, the first full fiscal year following project completion. Assuming an average of 75 minutes of room utilization per surgical or procedural case, projected annual volume is approximately 4,281 cases.

Projected operating expenses are based on the Hospital's 2025 Medicare Cost Report, which identifies $12,544,211 in combined operating-room and anesthesia costs after excluding allocated capital costs. Adjusting this expense base proportionately for projected utilization produces estimated annual operating expenses of $15,213,978, or approximately $3,554 per surgical or procedural case, expressed in constant dollars using the 2025 cost-report basis.

Operating Expenses: $15,213,978
Surgeries, including procedural cases: 4,281
Operating Expense per Surgery/Procedure: $3,554

Section VIII, Economic Feasibility Review Criteria
Criterion 1120.140(e), Total Effect of Project on Capital Costs

Horizon Health estimates annual project-related capital costs of $2,949,800 for 2030, the first full fiscal year following project completion. Depreciation is estimated using the $27,440,000 project cost and a blended 25-year useful life. Annual interest is conservatively estimated at 6.75% of the original project borrowing, consistent with the financing assumptions used in the financial feasibility projection.

Based on projected annual volume of approximately 4,281 surgical and procedural cases, the project-related capital cost is approximately $689 per case.

Capital Costs

Depreciation/Amortization: $1,097,600
Interest: $1,852,200
Total Capital Costs: $2,949,800

Surgeries, including procedural cases: 4,281
Capital Costs per Surgery/Procedure: approximately **$689**

Section X, Charity Care Information

The table below provides charity care information for all facilities located in the State of Illinois that are owned or operated by the Applicant.

CHARITY CARE	2023	2024	2025
Net Patient Revenue	$118,109,565	$134,436,063	$141,336,916
Amount of Charity Care (charges)	$840,694	$1,004,131	$992,972
Cost of Charity Care	$840,694	$1,004,131	$992,972

SECTION XI -Special Flood Hazard Area

The facility is not located in a flood zone.