HAMILTON COUNTY MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

For the Year Ended September 30, 2025

This page was intentionally left blank

HAMILTON COUNTY MEMORIAL HOSPITAL

BOARD MEMBERS

September 30, 2025

Amelia Tompkins	Board member
Ida Lou Daniels	Secretary/Treasurer
Dr. Benjamin W. Norris, Jr.	Board Member
Josh Altman	Chairperson

This page was intentionally left blank

HAMILTON COUNTY MEMORIAL HOSPITAL

TABLE OF CONTENTS

September 30, 2025

This page was intentionally left blank

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

Phone 386-792-1906
107 2nd Ave S.E.
Fax 386-792-1925
Jasper, FL 32052
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Hamilton County Memorial Hospital
Jasper, Florida

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities and the major fund of the Hamilton County Memorial Hospital, (the Hospital Board) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Hospital Board's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Hospital Board, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Hamilton County Memorial Hospital Board will continue as a going concern. As discussed in Note 7 to the financial statements, the Hospital Board has committed its resources to improving health care in Hamilton County, Florida, through the funding of the construction and equipping of a clinic/diagnostic center. This commitment raises substantial doubt about its ability to continue as a going concern for a period of one year after the date the financial statements are issued. Management's plans regarding these matters are also described in Note 8. My opinion is not modified with respect to this matter.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Hospital Board, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 Board'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital Board's ability to continue as a going concern for a reasonable period of time.

I 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and budgetary comparison information on pages 23–24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 12, 2026, on my consideration of the Hospital Board's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hospital Board's internal control over financial reporting and compliance.

Kenneth M. Daniels
Certified Public Accountant
June 12, 2026

This page was intentionally left blank

MANAGEMENT’S DISCUSSION

AND ANALYSIS

HAMILTON COUNTY MEMORIAL HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2025

Our discussion and analysis of the Hamilton County Memorial Hospital's (Hospital Board's), financial performance provides an overview of Hospital Board's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the Hospital Board's financial statements, which begin on page 9.

Financial Highlights

The Hospital Board of Trustees continued in its mission to fund healthcare in Hamilton County. The following efforts were made in fiscal year 2024-25:

1. Funding of the local Health Department in the amount of $33,100 to assist in the provision of primary care services and pharmacy assistance to those who are of low income and have no other resources available to acquire needed medications.
2. Funding of a new clinic and diagnostic center to be operated by Watson Healthcare. The Center will provide healthcare services to County residents saving significant travel time and related expense. The Project's cost is estimated to be more than $5 million. Funding is being provided by the Hospital Board and the Hamilton County Board of County Commissioners. For the year ending September 30, 2025, funding of $110,900 was provided.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Hospital Board as a whole and presents a longer–term view of the Hospital Board's finances.

Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Hospital Board's operations in more detail than the government–wide statements by providing information about the Hospital Board's most significant fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further supports the information in the financial statements.

Reporting the Hospital Board as a Whole

The analysis of the Hospital Board as a whole begins on page 5. The Statement of Net Position and the Statement of Activities on pages 9 and 10 reports information about the Hospital Board as a whole and its activities including all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private–sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements also report Hospital Board's net position and changes in it.

The Hospital Board's net position – the difference between assets and liabilities – is one way to measure the Hospital Board's financial health, or financial position. Over time, increases or decreases in the Hospital Board's net position is an indicator of whether its financial health is improving or deteriorating. Additional other nonfinancial factors such as changes in the area's economic conditions should be considered in assessing the Hospital Board's overall financial health.

In the Statement of Net Position and the Statement of Activities, all of the Hospital Board's activities are reported as governmental: human services – hospital services.

Reporting the Hospital Board's Funds

The analysis of the Hospital Board's funds (one major) begins on page 7. The fund financial statements begin on page 11 and provide detailed information about the Hospital Board's governmental fund, the General Fund.

A description of the governmental fund follows:
Governmental funds focus on how money flows into and out of those funds and the balances left at yearend that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short –term view of the Hospital Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Hospital Board's programs.

The relationship or differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds is described in reconciliations accompanying the fund financial statements.

Governmental Activities – Net Position

The Hospital Board's net position (as indicated in the table below) decreased approximately $113,000. An analysis of the changes follows Table 1 below.

Table 1
NET POSITION
(In Thousands)

	Governmental Activities	
	2025	2024
Current and other assets	$ 1,447	$ 1,593
Other liabilities	$ -	$ 33
Net position:		
Unrestricted	1,447	1,560
Total liabilities & net assets	$ 1,447	$ 1,593

Governmental Activities – Net Position

Funding of the projects indicated in the financial highlights above totaling $144,000, resulted in the decrease in current and other assets ($146,000) and net position ($113,000). The decreases were partially offset by interest income and the increase in the fair value of investments.

The Hospital Board's liabilities decreased due to the payment to the Health Department in the amount of $33,100 being made prior to year-end.

Governmental Activities - Changes in Net Position

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities	
Statement of Activities	2025	2024
Interest	$ 44	$ 64
Net increase (decrease) in fair value of investments	5	111
Total revenues	49	175
Program expenses		
Human services	162	548
Change in net position	(113)	(373)
Net position - beginning	1,560	1,933
Net position - ending	$ 1,447	$ 1,560

Table 2's significant variances between years are explained below:

- As indicated above, the interest revenues decreased from the prior year due to use of the proceeds from the sale of an investment CD to meet funding needs (less interest earned). In addition, stabilization of interest rates resulted in less change in the fair value of the Hospital Board's investments. (Changes in interest rates affect bond prices.)

- Expenditures decreased $384,000 due to the funding of the Watson Healthcare Project in the amount of $500,000, in the prior year, reduced to $110,900 as indicated in the financial highlights above.

THE HOSPITAL BOARD'S FUND

TABLE 3
CHANGES IN GENERAL FUNDS' TOTAL FUND BALANCE
(in Thousands)

General Fund	2025	2024	$ Change	Percent Change
Unassigned	$ 1,447,016	$ 1,560,058	$ (113,042)	-7.25%

The Hospital Board's total fund balance decreased approximately $113,000 – the result of the Watson Healthcare Project funding indicated above offset by interest earnings and the increase in fair value of investments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Hospital Board's budget for the year ending September 30, 2025, totaled $80,000. The budget was not amended to include the Watson Project funding.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Hospital Board of Trustees has no capital assets or debt.

2025-26 BUDGET AND CURRENTLY KNOWN FACTS

2025-26 Budget

The Hospital Board's budget for the year ending September 30, 2026, allows $84,000 to be expended for grants and aids to improve and promote medical care for the residents of Hamilton County, Florida.

Currently Known Facts

The Hospital Board is committed to the improvement of medical services in Hamilton County, Florida. Funding for the construction of a health clinic/diagnostic center in Jasper, Florida, is integral to the Board's mission.

CONTACTING THE HOSPITAL BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, customers, and creditors, with a general overview of the Hospital Board's finances and to show the accountability for the assets that it holds and revenue that it receives.

If you have questions about this report or need additional financial information, contact the Hospital Board, C/O Josh Altman at 308 Hatley St W, Jasper, FL 32052.

Sincerely,

Josh Altman
Chairperson, Board of Trustees

This page was intentionally left blank

BASIC

FINANCIAL

STATEMENTS

This page was intentionally left blank

HAMILTON COUNTY MEMORIAL HOSPITAL

STATEMENT OF NET POSITION

For the Year Ended September 30, 2025

	Governmental Activities
Assets	
Cash	$ 113,760
Interest receivable	10,593
Investments	1,322,663
Total assets	$ 1,447,016
Net Position	
Unrestricted	$ 1,447,016

See notes to financial statements.

HAMILTON COUNTY MEMORIAL HOSPITAL

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities					
Human Services					
Hospital services	$ 162,471	$ -	$ -	$ -	$ (162,471)
General revenues					
Interest					44,068
Net increase (decrease) in fair value of investments					5,361
Total general revenues					49,429
Change in net position					(113,042)
Net position - beginning					1,560,058
Net position - ending					$ 1,447,016

See notes to financial statements.

HAMILTON COUNTY MEMORIAL HOSPITAL

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2025

	General Fund
Assets	
Current assets	
Cash	$ 113,760
Interest receivable	10,593
Investments	1,322,663
Total assets	$ 1,447,016
Liabilities and Fund Balances	
Fund Balances	
Unassigned	$ 1,447,016

See notes to financial statements.

HAMILTON COUNTY MEMORIAL HOSPITAL

RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2025

Total fund balances for governmental funds	$ 1,447,016
Adjustments to convert fund balance to net position	-
Total net position of governmental activities	$ 1,447,016

See notes to financial statements.

HAMILTON COUNTY MEMORIAL HOSPITAL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	General Fund
Revenues	
Miscellaneous revenues	
Interest	$ 44,068
Net increase (decrease) of fair value of investments	5,361
Total revenues	49,429
Expenditures	
Current	
Human services	
Hospital services	
Operating expenditures	
Accounting and auditing	14,611
Rentals	70
Insurance	790
Total operating expenditures	15,471
Grants and aids	
Aid to government agencies	33,100
Aid to private organizations	110,900
Other grants and aids	3,000
Total grants and aids	147,000
Total current expenditures	162,471
Net change in fund balance	(113,042)
Fund balance - beginning	1,560,058
Fund balance - ending	$ 1,447,016

HAMILTON COUNTY MEMORIAL HOSPITAL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Net change in fund balances - total governmental funds	$ (113,042)
Adjustments to convert change in fund balance to change in net assets	-
Change in net position of governmental activities	$ (113,042)

See notes to financial statements.

NOTE 1. – Organization and Summary of Significant Accounting Policies

The Hamilton County Memorial Hospital (the Board of Trustees) is an Independent Special District created under *Florida Statutes*, Chapter 155 via a referendum held November 4, 1952. Accordingly, the Hospital Board is subject to restrictions imposed by the Florida Constitution and Statutes, as well as the governing board.

The Board of Trustees is composed of five members appointed by the State of Florida's Governor to serve four-year terms, except appointments to fill vacancies which are for the unexpired term of the originally appointed member.

The Hospital Board's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies used by the Hospital Board are discussed below.

A. Reporting Entity

These financial statements present only the Hamilton County Memorial Hospital (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are to be included in the Hospital Board's reporting entity because of the significance of the operating or financial relationships with the Hospital Board.

At September 30, 2025, the Hamilton County Memorial Hospital reporting entity consists only of those functions and activities administered directly by the Hospital Board and includes no component units.

The Hospital Board's basic financial statements include both government-wide, which include the financial activities of the overall government and fund financial statements.

The Hospital Board's human services activities are classified as governmental activities; therefore, both the government-wide and fund financial statements are considered governmental.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

In the government-wide Statement of Net Position, governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Hospital Board's net position is reported in three parts, as applicable – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of the Hospital Board's single function, human services – hospital services. The Statement of Activities reduces gross expenses by related program revenues (charges for services, operating grants, and capital grants). Program revenues must be directly associated with the function (human services). Operating grants include specific and discretionary grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenues (interest income, investment income, miscellaneous, etc.).

Fund Financial Statements: The fund financial statements provide information about the Hospital Board's funds and focus on the determination of financial position and changes in financial position rather than upon net income.

The emphasis of fund financial statements is on major funds, each displayed in a separate column. GASBS No. 34 sets forth minimum criteria for the determination of major funds.

The Hospital Board reports the following major governmental fund:

General Fund - this is the Hospital Board's primary operating fund. It accounts for all financial resources.

Measurement Focus, Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual: The government-wide financial statements are reported using the full accrual, economic resources measurement basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. Nonexchange revenues, including intergovernmental revenues and grants, are recognized when all eligibility requirements have been met. Fees, charges, and other exchange revenues are recognized when earned, and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

C. Assets and Net Position/Fund Balance

Deposits

The Hospital Board has defined cash and cash equivalents to include cash on hand and demand deposits.

Investments

Investments are recorded at fair value. Any gains or losses are based upon the change in value between fiscal years or when the investment is sold or redeemed.

Capital Assets

The Hospital Board has no capital assets at September 30, 2025.

Net Position/Fund Balance Flow Assumption

The Hospital Board periodically funds outlays for a particular purpose from both restricted and unrestricted resources. When applicable, it is the Hospital Board's policy to consider restricted net position/fund balance to have been depleted before unrestricted net position/fund balance is applied.

Governmental Funds – Fund Balances

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Hospital Board's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

The Hospital Board does not have a policy regarding the commitment or assignment of fund balances. As a result, the Hospital Board does not report any committed fund balance.

NOTE 2. Deposits and Investments

Pursuant to Section 218.415(16), *Florida Statutes,* the Hospital Board, having an investment policy may by resolution invest and reinvest any surplus public funds in their control or possession in:

(a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act of 1969, as provided in s. 163.01.Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

(b) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.

(c) Direct obligations of the U.S. Treasury.

(d) Federal Agencies and instrumentalities

(e) Rated or unrated bonds, notes or instruments backed by the full faith and credit of the government of Israel.

(f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

(g) Other investments authorized by law or by ordinance for a county or a municipality.

(h) Other investments authorized by law or by resolution for a school district or a special district.

At September 30, 2025, the Hospital Board's cash held in bank demand deposits totaled $113,760. The entire amount was covered by federal depository insurance.

At September 30, 2025, the Hospital Board held the following investments:

Investment	Fair Value	Maturity	Maturity in
CDs/Equivalents	9/30/2025	Date	Days
JP Morgan	237,806	06/14/27	622
Government and Agency Securities			
Federal Farm Credit Bank	198,340	06/15/26	258
Federal Farm Credit Bank	107,600	11/15/27	776
Federal Farm Credit Bank	95,826	07/25/29	1,394
Federal Farm Credit Bank	90,147	07/18/34	3,213
Federal Farm Credit Bank	10,849	08/20/35	3,611
Federal Home Loan Bank	74,954	03/18/37	4,187
Federal Home Loan Bank	240,156	10/06/36	4,024
Federal Home Loan Bank	168,592	09/10/32	2,537
Federal Home Loan Bank	98,393	06/04/37	4,265
Total Government and Agency Securities	1,084,857		
Total Investments	$ 1,322,663		

Investments in negotiable CDs and bonds are stated at fair value using the hierarchy established by generally accepted accounting principles using the market approach and Level 1 inputs. The fair value - Level I in the fair value hierarchy - of the investments above was determined by quoted market prices in active markets as reported by monthly investment account statements.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Section 218.415(16), *Florida Statutes*, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The Hospital Board's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates. As indicated above, maturities vary in duration to minimize the risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(16), *Florida Statutes*, limits investments to those indicated above. The Hospital Board's formal investment policy confines its investment choices to those allowed by the above-mentioned Statute.

The Hospital Board's investments are rated as follows (Moody/S&P): Federal Farm Credit Bank – Aaa/AA+ and the Federal Home Loan Bank – Aa1/AA+.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Hospital Board will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), *Florida Statutes*, requires the Hospital Board to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

The Hospital Board's formal investment policy does not address custodial credit risk.

Of the Hospital Board's $1.32 million investments, all are held in the Hamilton County Memorial Hospital Board's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Hospital Board's investment in a single issuer. The Hospital Board's formal investment policy does not specifically limit the amount that may be invested in any one issuer.

More than five percent of the Hospital Board's investments are in the following:

Investment	Percent of Total Investments
JP Morgan	17.98%
Federal Farm Credit Bank	38.01%
Federal Home Loan Bank	44.01%
Total	100.00%

The above represents one hundred percent of the Hospital Board's total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Hospital Board's formal investment policy does not limit its investment in foreign currency.

At September 30, 2025, the Hospital Board had no foreign currency denominated investments.

NOTE 3. Interest Receivable

At September 30, 2025, the following amounts were recorded as accrued interest at year end:

	Accrued Interest
CDs/Equivalents	
JP Morgan	$ 2,258
Government and Agency Securities	
Federal Farm Credit Bank	3,675
Federal Home Loan Bank	4,660
Total Government and Agency Securities	8,335
Total accrued interest	$ 10,593

NOTE 4. Fund Balance Reporting

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) provides a structured classification of fund balance.

The reporting standard provides for two major types of fund balances for governmental funds: nonspendable and spendable.

Nonspendable: fund balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

Spendable:

1. Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
2. Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making (Hospital Board).
3. Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed.
4. Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

The Hospital Board has classified its fund balance as spendable and unassigned.

At September 30, 2025, the unassigned general fund balance was $1,447,016 or 891 percent of the General Fund's total expenditures.

NOTE 5. Risk Management

The Hospital Board does not carry commercial insurance coverage except for Director's and Officer's liability insurance. Due to the types of assets held and the Board's operations, the cost of coverage is deemed greater than the risks posed.

NOTE 6. Current/Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) effective dates of upcoming pronouncements are as follows:

Statement No. 103, *Financial Reporting Model Improvements* (April 2024, effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter. Earlier application is encouraged.) Paragraph 10: FY 2025-26

Statement No. 104, *Disclosure of Certain Capital Assets* (September 2024, effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter. Earlier application is encouraged.) Paragraphs 4, 8, and 10: FY 2025-26

The Hospital Board is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2026, and beyond.

Note 7. Commitments

To the extent of its cash and investments, the Hospital Board has committed to funding the construction and equipping of a health clinic and diagnostic center in Jasper, Florida.

At September 30, 2025, the Hospital Board has cumulatively provided $610,900, to be used toward the project.

The project's construction cost as of the date of the audit report is $4,721,525. Equipment needed for the facility is estimated at $760,600. The facility is expected to be completed in December 2026.

All costs in excess of the Hospital Board's funds are the responsibility of the Hamilton County Board of County Commissioners.

Note 8. Going Concern

The accompanying financial statements have been prepared assuming that the Hospital Board will continue as a going concern. As of September 30, 2025, the Board has committed to using its available financial resources to improve health care in Hamilton County, Florida, as indicated above in Note 7.

In making the above commitment, the Hospital Board evaluated several issues, including: (1) the availability of existing healthcare providers in the area; (2) the shortage of primary care and diagnostic services in the area; (3) the County's aging population; and (4) travel times and transportation barriers for residents seeking healthcare. Moreover, the Board's decision was based on its mission to promote quality healthcare in Hamilton County, Florida.

The Hospital Board has evaluated the above decision and determined that this commitment raises substantial doubt about the Board's ability to continue as a going concern within one year after the date that the financial statements are issued.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or the amounts and classification of liabilities that might be necessary should the Hospital Board be unable to continue as a going concern.

Note 9. Subsequent Events

The Hospital Board's management has evaluated subsequent events through the date of the audit report – June 12, 2026.

REQUIRED

SUPPLEMENTARY

INFORMATION

HAMILTON COUNTY MEMORIAL HOSPITAL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Budgetary fund balance	$ -	$ -	$ 1,560,058	$ 1,560,058
Estimated receipts				
Interest	65,000	65,000	44,068	(20,932)
Net increase (decrease) in fair value of investments	15,000	15,000	5,361	(9,639)
Total amounts available for appropriation	80,000	80,000	1,609,487	1,529,487
Appropriations and reserves				
Human services				
Hospital services				
Operating expenditures				
Accounting and auditing	9,600	9,600	14,611	(5,011)
Rentals	70	70	70	-
Insurance	790	790	790	-
Other current charges - fees	75	75	-	75
Other current charges - fees	150	150	-	150
Total operating expenditures	10,685	10,685	15,471	(4,786)
Grants and aids				
Aid to government agencies	33,000	33,000	33,100	(100)
Aid to private organizations	-	-	110,900	(110,900)
Other grants and aids	3,000	3,000	3,000	-
Total grants and aids	36,000	36,000	147,000	(111,000)
Total human services	46,685	46,685	162,471	(115,786)
Reserves				
Contingency and reserve	33,315	33,315	-	33,315
Total appropriations and reserves	80,000	80,000	162,471	(82,471)
Budgetary fund balance at year end	$ -	$ -	$ 1,447,016	$ 1,447,016

See notes to budgetary comparison schedule.

HAMILTON COUNTY MEMORIAL HOSPITAL

NOTES TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

September 30, 2025

Note 1. Budget

Annual budgets, as required by state statutes, are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before June 30, the Hamilton County Memorial Hospital Board's accountant prepares a proposed budget and submits it to the governing board. On or before September 30, the Hospital Board's governing board adopts the budget by resolution. The legal level of budgetary control is the fund level.

No supplemental budgetary amendments were made for the year ending September 30, 2025.

Note 2. Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund
Sources/inflows of resources	
Financial statement major funds	
Actual amount (budgetary basis) of the estimated receipts and balances from the budgetary comparison schedules	$ 1,609,487
Adjustments	
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	(1,560,058)
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 49,429
Uses/outflows of resources	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedules	$ 162,471
Adjustments	-
Total expenditures reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 162,471

NOTE 3. Budget Overexpenditure/Posting Budget to Website

Contrary to *Florida Statutes* 189.016(3), the Hospital Board's actual expenditures exceeded its budget by $115,786.

Per *Florida Statutes* 189.016(4), the Hospital Board's budget "must be posted on the special district's website within 30 days after adoption . . ." Contrary to the statute, the Board did not post its budget on its website as required.

COMPLIANCE

SECTION

This page was intentionally left blank

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

Phone 386-792-1906
107 2nd Ave S.E. **Fax 386-792-1925**
Jasper, FL 32052 **kmdcpa@windstream.net**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Hamilton County Memorial Hospital
Jasper, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Hamilton County Memorial Hospital, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Hamilton County Memorial Hospital's basic financial statements, and have issued my report thereon dated June 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Hamilton County Memorial Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hamilton County Memorial Hospital's internal control. Accordingly, I do not express an opinion on the effectiveness of Hamilton County Memorial Hospital's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Kenneth M. Daniels
Certified Public Accountant
June 12, 2026

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Trustees
Hamilton County Memorial Hospital
Jasper, Florida

I have examined the Hamilton County Memorial Hospital Board of Trustees compliance with *Florida Statues* 218.415 during the period October 1, 2024, to September 30, 2025. The Management of the Hamilton County Memorial Hospital Board of Trustees is responsible for the Hamilton County Memorial Hospital Board's compliance with the specified requirements. My responsibility is to express an opinion on the Hamilton County Memorial Hospital's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether the Hamilton County Memorial Hospital Board of Trustees complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Memorial Hospital Board of Trustees complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

I am required to be independent of the Hamilton County Memorial Hospital Board of Trustees and to meet my other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

My examination does not provide a legal determination on the Hamilton County Memorial Hospital Board of Trustees compliance with the specified requirements.

In my opinion, the Hamilton County Memorial Hospital Board of Trustees, complied in all material respects, with the aforementioned requirements indicated above during the period October 1, 2024, to September 30, 2025.

Kenneth M. Daniels
Certified Public Accountant
June 12, 2026

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

To the Board of Trustees
Hamilton County Memorial Hospital
Jasper, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Memorial Hospital, as of and for the fiscal year ended September 30, 2025, and have issued my report thereon dated June 12, 2026.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 12, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no recommendations made in the prior or current year.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1. The Hamilton County Memorial Hospital's financial statements included no component units.

Financial Condition and Management

Section 10.554(1)(i)5. a. and 10.556(7), *Rules of the Auditor General*, require that I apply appropriate procedures and communicate the results of my determination as to whether or not the Hamilton County Memorial Hospital, has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with my audit, I determined that the Hamilton County Memorial Hospital, did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5b. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures for the Hamilton County Memorial Hospital. It is management's responsibility to monitor Hospital Board's financial condition and my financial condition assessment was based in part on representations by management and the review of financial information provided by same. The financial condition assessment was performed as of September 30, 2025.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I communicate any recommendations to improve financial management. In connections with my audit, I did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the Hamilton County Hospital Board is to provide a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, *Florida Statutes*, operated within the Board's geographical boundaries during the fiscal year under audit. A PACE program did not operate within the Hamilton County Hospital Board's geographical boundaries.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with my audit, I did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statues.*

As required by Section 218.39(3)(c) *Florida Statutes*, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Hamilton County Memorial Hospital reported:

a. The total number of district employees compensated in the last pay period of the district's fiscal year as "none."
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as "one."

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as "none."
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $14,611.
e. Each construction project with a total cost of at least $65,000, approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as "none."
f. A budget variance based on the budget adopted under Section 189.046(4), *Florida Statutes*, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), *Florida Statutes*, as: the district did not amend its original budget as indicated in the Budgetary Comparison Schedule on page 23.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that I communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Hospital Board's Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth M. Daniels
Certified Public Accountant
June 12, 2026