

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2023 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023	
A	This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____ ☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan PIEDMONT HEALTH SERVICES, INC RETIREMENT PLAN
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 10/01/1974
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) PIEDMONT HEALTH SERVICES, INC PO BOX 17179 CHAPEL HILL, NC 27516-7179 88 VILCOM DRIVE CHAPEL HILL, NC 27514
2b	Employer Identification Number (EIN) 56-0952737
2c	Plan Sponsor's telephone number 919-933-8494
2d	Business code (see instructions) 621111

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.			
Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.			
SIGN HERE	Filed with authorized/valid electronic signature.	09/11/2024	LYDIA MASON
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 848
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6a(1) 595 6a(2) 589 6b 6 6c 237 6d 832 6e 5 6f 837 6g(1) 848 6g(2) 837 6h 77
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2L 2F 2G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary
- (4) ☐ **DCG** (Individual Plan Information) – Number Attached _____
- (5) ☐ **MEP** (Multiple-Employer Retirement Plan Information)

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☒ **A** (Insurance Information) – Number Attached 1
- (4) ☒ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2023 Form M-1 annual report. If the plan was not required to file the 2023 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2023 This Form is Open to Public Inspection
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For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023		
A Name of plan PIEDMONT HEALTH SERVICES, INC RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 PIEDMONT HEALTH SERVICES, INC	D Employer Identification Number (EIN) 56-0952737	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier PRUDENTIAL					
(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	TA069660	837	01/01/2023	12/31/2023

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	
5 Current value of plan's interest under this contract in separate accounts at year end.....	5	1061216

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶**b** Premiums paid to carrier**6b****c** Premiums due but unpaid at the end of the year.....**6c****d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.**6d**

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity(3) ☐ other (specify) ▶**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee(3) ☐ guaranteed investment (4) ☐ other ▶**b** Balance at the end of the previous year**7b****c** Additions: (1) Contributions deposited during the year**7c(1)**

(2) Dividends and credits

7c(2)

(3) Interest credited during the year

7c(3)

(4) Transferred from separate account.....

7c(4)

(5) Other (specify below)

7c(5)

▶

(6) Total additions.....

7c(6)**d** Total of balance and additions (add lines **7b** and **7c(6)**)**7d****e** Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year

7e(1)

(2) Administration charge made by carrier

7e(2)

(3) Transferred to separate account.....

7e(3)

(4) Other (specify below)

7e(4)

▶

(5) Total deductions.....

7e(5)**f** Balance at the end of the current year (subtract line **7e(5)** from line **7d**)**7f**

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A?..... ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2023
		This Form is Open to Public Inspection.

For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023

A Name of plan PIEDMONT HEALTH SERVICES, INC RETIREMENT PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PIEDMONT HEALTH SERVICES, INC	D Employer Identification Number (EIN) 56-0952737

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1

Information on Persons Receiving Only Eligible Indirect Compensation

- a

Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....

X

Yes

No
- b

If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

TRANSAMERICA RETIREMENT SOLUTIONS

13-3689044

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

CAPTRUST FINANCIAL ADVISORS

26-0058143

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 50	ADVISOR	126226	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

NATIONAL FINANCIAL SERVICES

04-3523567

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
33 71	SECURITIES BROKER	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

TRANSAMERICA RETIREMENT SOLUTIONS

13-3689044

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
12 15 28 37 38 50 54 59 61 62 63 64 65	RECORD KEEPER	88817	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
NATIONAL FINANCIAL SERVICES	33 71	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
METROPOLITAN WEST ASSET MGMT 11766 WILSHIRE BLVD SUITE 1500 LOS ANGELES, CA 90025	REVENUE SHARING SEE ATTACHMENT TO LINE 2(H)

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration		DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.		OMB No. 1210-0110 2023 This Form is Open to Public Inspection.	
For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023					
A Name of plan PIEDMONT HEALTH SERVICES, INC RETIREMENT PLAN				B Three-digit plan number (PN) ▶ 001	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 PIEDMONT HEALTH SERVICES, INC				D Employer Identification Number (EIN) 56-0952737	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: PRUDENTIAL PRINCIPAL PRES SEP ACCT					
b Name of sponsor of entity listed in (a): PRUDENTIAL					
c EIN-PN 06-1050034-608		d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1061216		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)		
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions		

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II **Information on Participating Plans (to be completed by DFEs, other than DCGs)**

(Complete as many entries as needed to report all participating plans. DCGs must report each participating plan using Schedule DCG.)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2023
		This Form is Open to Public Inspection

For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023		
A Name of plan PIEDMONT HEALTH SERVICES, INC RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 PIEDMONT HEALTH SERVICES, INC		
		D Employer Identification Number (EIN) 56-0952737

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		43411
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	378	1476
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	354108	19293
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	708000	792904
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	1084437	1061216
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	30876820	37526917
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	33023743	39445217
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	33023743	39445217

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1447477	
(B) Participants	2a(1)(B)	2212406	
(C) Others (including rollovers)	2a(1)(C)	273030	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B), (C), and line 2a(2)	2a(3)		3932913
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	9224	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	37573	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		46797
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	843067	
(D) Total dividends. Add lines 2b(2)(A) , (B), and (C)	2b(2)(D)		843067
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		20634
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		4906131
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		9749542

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3112886	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		3112886
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		139
h Interest expense	2h		
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Recordkeeping fees.....	2i(3)	88817	
(4) IQPA audit fees.....	2i(4)	126226	
(5) Investment advisory and investment management fees	2i(5)		
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)		
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		215043
j Total expenses. Add all expense amounts in column (b) and enter total	2j		3328068

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		6421474
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **FORVIS LLP**

(2) EIN: **44-0160260**

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) ☐ This form is filed for a CCT, PSA, DCG or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)		☒	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)		☒	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		☒	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		☒	
e Was this plan covered by a fidelity bond?	☒		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		☒	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		☒	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	☒		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		☒	
l Has the plan failed to provide any benefit when due under the plan?		☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		☒	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		☒	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2023 This Form is Open to Public Inspection.
For calendar plan year 2023 or fiscal plan year beginning 01/01/2023 and ending 12/31/2023		
A Name of plan PIEDMONT HEALTH SERVICES, INC RETIREMENT PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PIEDMONT HEALTH SERVICES, INC		D Employer Identification Number (EIN) 56-0952737
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 13-3689044		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3 79
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2023 v. 230707		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:		
a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment)	14a	
b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14b	
c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14c	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:		
a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

19 If the total number of participants is 1,000 or more, complete lines (a) and (b):

a Enter the percentage of plan assets held as:

Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____%

High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:

☐ 0-5 years ☐ 5-10 years ☐ 10-15 years ☐ 15 years or more

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation. _____

Part VII	IRS Compliance Questions
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21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? ☐ Yes ☒ No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).

☐ Design-based safe harbor method

☐ "Prior year" ADP test

☐ "Current year" ADP test

☐ N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter 03 / 31 / 2017 (MM/DD/YYYY) and the Opinion Letter serial number J500863A.



Piedmont Health Services, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2023, and 2022





910 E. St. Louis Street, Suite 200 / Springfield, MO 65806

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forvis.com

Independent Auditor's Report

Board of Directors
Piedmont Health Services, Inc.
Chapel Hill, North Carolina

Opinion

We have audited the financial statements of Piedmont Health Services, Inc. (the "Organization"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Piedmont Health Services, Inc. as of December 31, 2023 and 2022, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization 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 Organization's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Organization'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 Organization'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.

FORVIS, LLP

Springfield, Missouri

May 29, 2024

Piedmont Health Services, Inc.
Balance Sheets
December 31, 2023 and 2022

Assets

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 22,719,454	\$ 24,335,455
Short-term investments	188,566	188,596
Patient accounts receivable	1,977,603	1,014,929
Grants and other receivables	1,236,514	909,756
Contributions receivable	405,967	815,871
Senior care receivable	229,483	196,562
Estimated amounts due from third-party payors	6,750,000	5,000,000
Pharmacy inventory	291,818	349,204
Prepaid expenses and other	931,658	416,822
Total current assets	34,731,063	33,227,195
Assets Limited As To Use		
Internally designated	5,685,601	5,371,330
Deferred compensation plan assets	1,484,652	1,164,716
	7,170,253	6,536,046
Property and Equipment, At Cost		
Land	1,574,286	1,574,286
Buildings and leasehold improvements	22,230,734	22,219,721
Equipment	5,668,977	5,708,889
Construction in progress	287,866	-
	29,761,863	29,502,896
Less accumulated depreciation	19,726,641	19,167,763
	10,035,222	10,335,133
Other Assets		
Right-of-use assets - operating leases	1,351,986	1,977,831
Right-of-use assets - finance leases	837,815	767,812
	2,189,801	2,745,643
Total assets	\$ 54,126,339	\$ 52,844,017

See Notes to Financial Statements

Liabilities and Net Assets

	2023	2022
Current Liabilities		
Notes payable to bank	\$ 250,586	\$ 250,586
Current maturities of long-term debt	299,220	299,220
Accounts payable	2,304,511	2,105,065
Accrued expenses	6,302,272	6,353,486
Current portion of operating lease liabilities	539,105	637,966
Current portion of finance lease liabilities	356,010	310,153
Estimated self-insurance costs	273,000	250,000
Deferred grant revenue	14,504	5,501
Other	146,623	173,170
Total current liabilities	10,485,831	10,385,147
Long-Term Debt	4,404,001	4,691,147
Deferred Compensation	1,484,652	1,164,716
Other Liabilities		
Operating lease liabilities	850,348	1,365,859
Finance lease liabilities	421,389	454,885
	1,271,737	1,820,744
Total liabilities	17,646,221	18,061,754
Net Assets		
Without donor restrictions – undesignated	30,160,074	28,922,702
Without donor restrictions – designated by the Board for working capital and capital acquisitions	5,685,601	5,371,330
Total net assets without donor restrictions	35,845,675	34,294,032
With donor restrictions	634,443	488,231
Total net assets	36,480,118	34,782,263
Total liabilities and net assets	\$ 54,126,339	\$ 52,844,017

Piedmont Health Services, Inc.
Statements of Operations
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues, Gains, and Other Support Without Donor Restrictions		
Patient service revenue	\$ 34,700,082	\$ 32,205,102
Senior care program – capitation revenue	28,782,179	26,989,986
Grant revenue	16,474,845	18,115,607
Contributions	53,155	65,514
Other	531,303	609,676
Net assets released from restrictions used for operations	220,710	1,301,980
Total revenues, gains, and other support without donor restrictions	80,762,274	79,287,865
Expenses and Losses		
Salaries and wages	39,054,666	36,483,594
Employee benefits	9,409,488	9,106,915
Purchased services and professional fees	12,331,687	11,051,819
Supplies and other	16,715,884	13,844,718
Rent	928,988	785,442
Depreciation and amortization	1,781,165	1,545,728
Interest	220,544	237,428
Gain on disposal of property and equipment	(1,582)	-
Total expenses and losses	80,440,840	73,055,644
Operating Income	321,434	6,232,221
Other Income		
Investment return, net	972,247	113,000
Total other income	972,247	113,000
Excess of Revenues Over Expenses	1,293,681	6,345,221
Grants for acquisition of property and equipment	257,962	974,544
Increase in Net Assets Without Donor Restrictions	\$ 1,551,643	\$ 7,319,765

Piedmont Health Services, Inc.
Statements of Changes in Net Assets
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Assets Without Donor Restrictions		
Excess of revenues over expenses	\$ 1,293,681	\$ 6,345,221
Grant for acquisition of property and equipment	<u>257,962</u>	<u>974,544</u>
Increase in net assets without donor restrictions	<u>1,551,643</u>	<u>7,319,765</u>
Net Assets With Donor Restrictions		
Contributions	366,922	1,034,640
Net assets released from restriction	<u>(220,710)</u>	<u>(1,301,980)</u>
Increase (decrease) in net assets with donor restrictions	<u>146,212</u>	<u>(267,340)</u>
Change in Net Assets	1,697,855	7,052,425
Net Assets, Beginning of Year	<u>34,782,263</u>	<u>27,729,838</u>
Net Assets, End of Year	<u><u>\$ 36,480,118</u></u>	<u><u>\$ 34,782,263</u></u>

Piedmont Health Services, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 1,697,855	\$ 7,052,425
Items not requiring (providing) operating cash flow		
Gain on disposal of property and equipment	(1,582)	-
Depreciation and amortization	1,781,165	1,545,728
Net loss on investments	30	375
Amortization included in interest expense	13,477	12,071
Noncash operating lease expense	680,184	702,793
Grants for acquisition of property and equipment	(257,962)	(974,544)
Accrued self-insurance costs	23,000	46,167
Changes in		
Patient and senior care program accounts receivable	(995,595)	344,467
Grants and other receivables	(204,720)	(263,667)
Contributions receivable	-	(612,838)
Estimated amounts due from and to third-party payors	(1,750,000)	(250,000)
Prepaid assets	(514,836)	(122,692)
Inventory and supplies	57,386	247,689
Accounts payable, accrued expenses, and contract liabilities	(28,474)	153,202
Operating lease liability	(647,645)	(613,502)
Deferred revenue	9,003	5,501
Net cash provided by (used in) operating activities	<u>(138,714)</u>	<u>7,273,175</u>
Investing Activities		
Purchase of property and equipment	(959,473)	(2,168,779)
Proceeds from sale of property and equipment	1,582	-
Net cash used in investing activities	<u>(957,891)</u>	<u>(2,168,779)</u>
Financing Activities		
Proceeds from grants for acquisition of property and equipment	545,828	974,544
Principal payments on long-term debt	(299,217)	(307,583)
Principal payments on finance lease liabilities	(451,736)	(366,631)
Net cash provided by (used in) financing activities	<u>(205,125)</u>	<u>300,330</u>

Piedmont Health Services, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	\$ (1,301,730)	\$ 5,404,726
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>29,706,785</u>	<u>24,302,059</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u><u>\$ 28,405,055</u></u>	<u><u>\$ 29,706,785</u></u>
Reconciliation of Cash, Cash Equivalents, and Restricted Cash to the Balance Sheets		
Cash and cash equivalents	\$ 22,719,454	\$ 24,335,455
Restricted cash	<u>5,685,601</u>	<u>5,371,330</u>
	<u><u>\$ 28,405,055</u></u>	<u><u>\$ 29,706,785</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 220,544	\$ 237,428
ROU assets obtained in exchange for new operating lease liabilities	33,273	-
ROU assets obtained in exchange for new finance lease liabilities	462,691	1,084,312
Property and equipment in accounts payable	211,141	60,982

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

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

Nature of Operations

Piedmont Health Services, Inc. (the “Organization”) is a federally qualified health center that primarily earns revenues by providing physician, specialist physician services, and related health care services and dental services through multiple locations in central North Carolina. The Organization also operates comprehensive senior care programs, also referred to as PACE (Program of All-Inclusive Care for the Elderly), at locations in Burlington and Pittsboro, North Carolina.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including assets limited as to use, are considered to be cash and cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of money market accounts with banks. At December 31, 2023, the Organization’s cash accounts exceeded federally insured limits by approximately \$26,036,900.

Equity Investments

The Organization measures equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in excess (deficiency) revenues over expenses. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Net Investment Return

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

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

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

Assets Limited As To Use

Assets limited as to use include (1) mutual funds held for deferred compensation, (2) assets held internally for employee health claims, and (3) assets set aside by the Board of Directors for future capital improvements or working capital over which the Board retains control and may at its discretion subsequently use for other purposes.

Patient Accounts Receivable

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

No material credit loss has been recognized for the years ended December 31, 2023 and 2022.

Contract Liabilities

Amounts received related to health care services that have not yet been provided to patients are contract liabilities. Contract liabilities consist of payments made by patients and third-party payors for services not yet performed.

Refund Liabilities

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

Pharmacy Inventory

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

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Property and Equipment

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

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

Building and leasehold improvements	5 – 21 years
Equipment	3 – 10 years

Certain property and equipment have been purchased with grant funds received from the U.S. Department of Health and Human Services. Such items may be reclaimed by the federal government if not used to further the grant's objectives.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset 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. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. The Organization records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the effective interest rate method.

Investment in Equity Investees

The Organization entered into a joint venture with the North Carolina Medical Society and other federally qualified health centers to purchase a membership interest in Carolina Complete Health Network, Inc. (CCHN). At December 31, 2023 and 2022, the Organization had a 6.64 percent membership interest. The Organization accounts for its investment in CCHN under the equity method of accounting.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Net Assets

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

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for working capital and capital acquisitions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Patient Service Revenue

Patient service revenue is recognized as the Organization satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization 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 Organization's policies, and implicit price concessions provided to uninsured patients.

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

Capitation Revenue

The Organization has agreements with both Medicare and Medicaid under the PACE (Program of All-Inclusive Care for the Elderly) program (Senior Care) to meet the health care needs of subscribing individuals through a coordinated care program. Under the PACE program, the Organization receives monthly capitation payments based on the number of subscribing patients and their health history, regardless of the services actually performed by the Organization. Revenues recorded under these arrangements represents the fixed, agreed-upon amounts as a result of the Organization's stand-ready performance obligation to provide health care services to qualified beneficiaries.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

The services covered under the PACE program extend beyond primary care services and include adult day primary care, dentistry, emergency, home and hospital care, lab and x-ray services, prescription drugs, physical and occupational therapy, and other health and care needs. The Organization bears the risk of providing this care as part of the monthly capitated payment they receive. The Organization does have a stop-loss policy for services provided to patients covered under the PACE program. The Organization recorded liabilities of \$1,580,325 and \$2,089,032 at December 31, 2023 and 2022, respectively, under the PACE program which is included in accrued expenses on the balance sheets.

340B Drug Pricing Program

The Organization participates in the 340B “Drug Pricing Program” which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Drug Discount Program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. The Organization receives benefits under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. The Organization operates an internal pharmacy to dispense the pharmaceuticals to its patients. Reported 340B revenue consists of the pharmacy reimbursements. Pharmacy net receipts, cost of goods sold, and other operating expenses are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Internal pharmacy net receipts	\$ 12,447,952	\$ 10,691,558
Internal pharmacy cost of goods sold	(8,721,484)	(7,125,124)
Internal pharmacy other operating expenses	(466,500)	(573,439)
Internal pharmacy net revenue	<u>\$ 3,259,968</u>	<u>\$ 2,992,994</u>

The 340B gross receipts are included in patient service revenue on the statements of operations and are recognized as revenue as the Organization satisfies performance obligations under its contracts with patients. The pharmacy cost of goods sold is included in supplies and other expense on the statement of operations. The net 340B revenue from this program is used in furtherance of the Organization’s mission.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Contributions

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

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

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

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

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Contributed Nonfinancial Assets

In addition to receiving cash contributions, the Organization receives in-kind contributions of pharmacy inventory. The Organization records the estimated fair value of certain in-kind donations as inventory or expense in its financial statements and similarly increase net assets with or without donor restrictions by a like amount.

Government Grant Revenue

Support funded by grants is generally considered a conditional contribution and recognized as the Organization meets the condition or conditions prescribed by the grant agreement, which is often the incurrence of qualifying expenditures. Grant agreements which are reimbursement for services provided may more appropriately be considered exchange transactions and recognized as patient service revenue. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

Excess of Revenues Over Expenses

The statement of operations include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions and grants of long-lived assets including assets acquired using contributions or grants which by donor or granting agency restriction were to be used for the purpose of acquiring such assets.

Self-Insurance

The Organization has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Organization has purchased insurance that limits its aggregate exposure to \$125,000 per person per year for individual claims and limits aggregate exposure to \$2,000,000.

Change in Accounting Principle

Effective January 1, 2023, the Organization adopted *ASU 2016-13, Financial Instruments - Credit Losses* (Topic 326), related to the impairment of financial instruments. This guidance, commonly referred to as current expected credit loss (CECL), changes impairment recognition to a model that is based on expected losses rather than incurred losses.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including patient accounts receivable, senior care receivable, and estimated amounts due from third-party payors. Upon adoption of the guidance on January 1, 2023, the Organization recognized no impact on net assets.

Note 2: Grant Revenue

The Organization is the recipient of a Consolidated Health Centers (CHC) grant from the U.S. Department of Health and Human Services. The general purpose of the grant is to provide expanded health care service delivery for the medically underserved population in the Organization's operating locations and surrounding areas. Terms of the grant generally provide for funding of the Organization's operations based on an approved budget.

Grant revenue is recognized as the Organization meets the conditions prescribed by the grant agreement, which requires incurring qualifying expenditures over the grant period. During the years ended December 31, 2023 and 2022, the Organization recognized \$8,989,586 and \$8,397,302, respectively, in CHC grant revenue. Funding for the grant year ended December 31, 2024, is authorized at \$8,334,672.

In addition to these grants, the Organization receives additional financial support from other federal, state, and private sources. Generally, such support requires compliance with terms and conditions specified in grant agreements and must be renewed on an annual basis.

Note 3: Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Organization 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 includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed and patient accounts receivable are due in full when billed. Revenue is recognized as performance obligations are satisfied.

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in our clinics. The Organization measures the performance obligation from commencement of a service to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the services.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to its patients and customers in a retail setting (for example, pharmaceuticals) and the Organization does not believe it is required to provide additional goods related to the patient. The Organization had no performed obligations considered unsatisfied or partially unsatisfied as of December 31, 2023 and 2022.

Transaction Price

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions which consist of contractual adjustments provided to third-party payors and discounts provided to uninsured patients in accordance with the Organization's sliding fee discount program policy, and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its sliding fee discount program policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with these classes of patients.

Third-Party Payors

The Organization is approved as a Federally Qualified Health Center (FQHC) with both Medicare and Medicaid reimbursement purposes. The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare. Covered FQHC services rendered to Medicare program beneficiaries are paid in accordance with provisions of Medicare's Prospective Payment System (PPS) for FQHCs. Medicare payments, including patient coinsurance, are paid on the lesser of the Organization's actual charge or the applicable PPS rate. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medicaid. Covered FQHC services rendered to Medicaid and Medicaid Managed Care Program (Managed Care) program beneficiaries are paid based on a cost reimbursement methodology. The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audit thereof by the Medicaid fiscal intermediary. Managed Care beneficiaries are administered Medicaid services and reimbursed by Health Plans. The program includes establishing payment structures that rewards better health outcomes, integration of physical and behavioral health, and investing in non-medical interventions aimed at reducing costs and improving the health of Medicaid beneficiaries. Under Managed Care, the state contracts with insurance companies called Health Plans. Insurance companies are paid a capitated rate which is pre-determined and set per person to provide health care services. Managed Care claims will still be settled at the cost reimbursable rate as determined after submission of the annual cost report.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Effective July 1, 2023, the state of North Carolina adopted a Medicaid State Plan Amendment authorizing an alternative payment methodology for Federally Qualified Health Centers (FQHCs) based on a Prospective Payment System (PPS). Through this methodology, FQHCs are reimbursed at a PPS rate per encounter that is recalculated every three years. The PPS rate will represent a final payment and there will no longer be a cost reimbursement settlement associated with claims after July 1, 2023.

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

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

Settlements with third-party payors for retroactive adjustments due to cost report or other 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 Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2023 and 2022.

Patient and Uninsured Payors

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. As required by Section 330 of the Public Health Service Act (42 U.S.C. §254b), the Organization also has established a sliding fee discount program and offers low-income patients a sliding fee discount from standard charges. The Organization 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, sliding fee discounts, and implicit price concessions based on historical collection experience.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended December 31, 2023 and 2022, no significant revenue was recognized due to changes in estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as credit loss.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances, such as 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 Organization expects to collect based on its collection history with those patients.

Refund Liabilities

From time to time, the Organization will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of December 31, 2023 and 2022, the Organization has a liability for refunds to third-party payors and patients recorded of \$528,208 and \$453,893 respectively, which is included in accounts payable on the balance sheets.

Revenue Composition

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors (for example, Medicare, Medicaid, managed care, or other insurance, patient) have different reimbursement and payment methodologies and service lines.

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

	2023	2022
Medicare	\$ 11,750,450	\$ 10,956,025
Medicaid	11,668,611	10,751,391
Other third-party payors	6,516,425	5,834,907
Self-pay	4,764,596	4,662,779
Total	<u>\$ 34,700,082</u>	<u>\$ 32,205,102</u>

Revenue from patients' deductibles and coinsurance are included in the categories presented above based on the primary payor.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

The composition of patient service revenue based on timing of revenue and recognition for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Timing of revenue and recognition		
Health care services transferred over time	\$ 22,252,131	\$ 21,513,544
Retail pharmacy and equipment sales at point in time	12,447,951	10,691,558
	<u>\$ 34,700,082</u>	<u>\$ 32,205,102</u>

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time the patient, or a third-party payor pays for that service will be one year or less.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC 320-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Contract Balances

The following table provides information about the Organization's receivables, contract assets, and contract liabilities from contracts with customers:

	2023	2022
Accounts receivable, beginning of year	\$ 1,014,929	\$ 1,307,467
Accounts receivable, end of year	1,977,603	1,014,929
Contract liabilities, beginning of year	-	153,618
Contract liabilities, end of year	-	-

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 4: Concentrations of Credit Risk

The Organization grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2023 and 2022, was:

	2023	2022
Medicare	24%	24%
Medicaid	52%	52%
Other third-party payors	18%	18%
Self-pay	6%	6%
	100%	100%

Note 5: Medical Malpractice Claims

The U.S. Department of Health and Human Services has deemed the Organization and its practicing medical professionals covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental, and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. In relation to services not covered under FTCA coverage, the Organization purchases primary and excess liability malpractice insurance under occurrence policies for certain services and other portions of the Organization not covered under FTCA. Management does not expect any claims to exceed malpractice insurance coverage.

Claims liabilities are to be determined without consideration of insurance recoveries. Expected recoveries are presented separately. Based upon the Organization's claim experience, no such accrual has been made for the Organization's medical malpractice cost for the years ended December 31, 2023 and 2022. However, because of the risk of providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 6: Contributions Receivable

Contributions receivable consisted of the following:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	<u>\$ 242,723</u>	<u>\$ 163,244</u>	<u>\$ 405,967</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	<u>\$ 787,500</u>	<u>\$ 28,371</u>	<u>\$ 815,871</u>

Note 7: Conditional Grants and Contributions

The Organization has received the following conditional promises to give at December 31, 2023 and 2022 that are not recognized in the financial statements:

	2023	2022
Conditional grant to give upon incurring allowable expenditures under the agreement	<u>\$ 30,502,110</u>	<u>\$ 14,890,346</u>

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 8: Investments and Investment Return

Assets Limited As To Use

Assets limited as to use at December 31, 2023 and 2022, include:

	2023	2022
Internally designated		
Cash for working capital and capital improvements	\$ 5,384,018	\$ 5,210,437
Cash for employee health claims	301,583	160,893
	<u>\$ 5,685,601</u>	<u>\$ 5,371,330</u>
Deferred compensation plan assets		
Balanced mutual funds	<u>\$ 1,484,652</u>	<u>\$ 1,164,716</u>

Other Investments

Other investments at December 31, 2023 and 2022, include:

	2023	2022
Short-term investments		
Equity securities	\$ 8,566	\$ 8,596
Certificate of deposit	180,000	180,000
	<u>\$ 188,566</u>	<u>\$ 188,596</u>

Total investment return is comprised of the following:

	2023	2022
Interest and dividend income	\$ 972,277	\$ 113,375
Unrealized loss on equity securities	<u>(30)</u>	<u>(375)</u>
	<u>\$ 972,247</u>	<u>\$ 113,000</u>

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 9: Investment in Equity Investees

Carolina Complete Health Network, Inc. – Equity Investee

The Organization entered into a joint venture with the North Carolina Medical Society and other federally qualified health centers to purchase 200 shares of Class P common stock, which represents a 6.64 percent membership interest in Carolina Complete Health Network, Inc. (CCHN). At December 31, 2023 and 2022, the Organization had a 6.64 percent membership interest. Unaudited financial position as of December 31, 2023 and 2022, and results of operations for the year then ended of CCHN is summarized below:

	2023	2022
Current assets	\$ 5,619,189	\$ 5,206,651
Total assets	6,095,384	5,483,968
Current liabilities	917,167	1,254,831
Total liabilities	5,904,424	13,084,203
Total stockholder's equity (deficit)	\$ 190,960	\$ (7,600,235)
Revenues	\$ 14,358,010	\$ 10,248,739
Net income (loss)	\$ 5,202,090	\$ (1,012,769)

Note 10: Notes Payable to Bank

The Organization has a \$1,500,000 revolving bank line of credit expiring November 28, 2024. At December 31, 2023 and 2022, there was \$250,586 borrowed against this line. The line is collateralized by substantially all of the Organization's equipment, inventory, and receivables. Interest varies with a minimum rate of 2.0 percent, is payable monthly, and was 7.34 percent at December 31, 2023.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

The Organization holds an irrevocable standby letter of credit in the amount of \$180,000 as required by the Organization's participation in the Piedmont Health Plus Program with the Center for Medicare and Medicaid Services (CMS) which began during the year ended December 31, 2022. Funds from the letter of credit are due to CMS as necessary based on terms and conditions within the participation agreement. The Organization's participation in this program was terminated during the year and the letter of credit expired January 1, 2024.

Note 11: Long-Term Debt

	2023	2022
Installment note payable (A)	\$ 4,733,696	\$ 5,032,913
Less unamortized debt issuance costs	30,475	42,546
Less current maturities	299,220	299,220
	<u>\$ 4,404,001</u>	<u>\$ 4,691,147</u>

- (A) Due date of October 15, 2029; payable \$24,935 monthly in principal, plus interest at 3.80 percent; secured by certain real estate. The loan agreement requires that the Organization comply with certain restrictive covenants including maximum loan to value and minimum debt service ratio.

Aggregate annual maturities of long-term debt at December 31, 2023, are:

2024	\$ 299,220
2025	299,220
2026	299,220
2027	299,220
2028	299,220
Thereafter	3,237,596
	<u>\$ 4,733,696</u>

Note 12: Employee Medical Insurance Claims

The Organization provides certain health care medical insurance coverage for all eligible employees under a self-insured plan. Under the terms of the insurance policy, the Organization is at risk for covered claims submitted. The Organization is reimbursed by the stop-loss carrier for individual claims in excess of \$125,000 per person per year. The Organization is indemnified for claims in excess of \$2,000,000 in the aggregate by the stop-loss insurance policy coverage.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 13: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purpose		
Access to care for the uninsured	\$ -	\$ 13,540
Drugs for indigent patients	40,015	110,144
Oral health program	301,267	358,288
Purchase of property, plant, and equipment	287,866	-
Other	5,295	6,259
	<u>\$ 634,443</u>	<u>\$ 488,231</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence or other events specified by donors.

	2023	2022
Satisfaction of purpose restrictions		
Access to care for the uninsured	\$ 13,540	\$ 112,828
Drugs for indigent patients	109,691	215,164
Oral health	96,515	41,712
Program qualification	-	884,966
Other	964	47,310
	<u>\$ 220,710</u>	<u>\$ 1,301,980</u>

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 14: Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Total financial assets		
Cash and cash equivalents	\$ 28,405,055	\$ 29,706,785
Investments	1,673,218	1,353,312
Patient accounts receivable	1,977,603	1,014,929
Grants and other receivables	1,236,514	909,756
Contributions receivable	405,967	815,871
Senior care receivable	229,483	196,562
Estimated amounts due from third-party payors	<u>6,750,000</u>	<u>5,000,000</u>
Total financial assets	<u>40,677,840</u>	<u>38,997,215</u>
Less amounts not available to be used within one year		
Deferred compensation plan assets	1,484,652	1,164,716
Certificate of deposit	<u>-</u>	<u>180,000</u>
Financial assets not available to be used within one year	<u>1,484,652</u>	<u>1,344,716</u>
Financial assets available to meet general expenditures within one year	<u>\$ 39,193,188</u>	<u>\$ 37,652,499</u>

The Organization has certain Board-designated assets limited to use for future capital expenditures and an operating reserve. These assets limited to use, which are more fully described in *Notes 1* and *8*, are available for general expenditures in the next year at the Board's discretion.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$1,500,000, which it could draw upon, which is described in *Note 10*.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 15: Functional Expenses

The Organization provides health care services primarily to residents within its geographic area. Certain costs attributable to more than one function have been allocated among the health care services and general and administrative functional expense classifications based on various methods including square footage and percent of time dedicated to each function. The following schedule presents the natural classification of expenses by function as follows for the years ended December 31, 2023 and 2022:

2023				
	Program Services		Support Services General and Administrative	Total
	Community Health Center	Senior Care		
Salaries and wages	\$ 20,609,874	\$ 7,073,592	\$ 11,371,200	\$ 39,054,666
Employee benefits	3,817,517	1,774,311	3,817,660	9,409,488
Purchased services and professional fees	1,383,126	10,383,286	565,275	12,331,687
Supplies and other	7,459,119	1,615,608	7,524,157	16,598,884
Rent	463,122	42,795	423,071	928,988
Depreciation and amortization	809,942	437,327	533,896	1,781,165
Interest	92,355	96,124	32,065	220,544
Gain on disposal of property and equipment	(1,582)	-	-	(1,582)
	<u>\$ 34,633,473</u>	<u>\$ 21,423,043</u>	<u>\$ 24,267,324</u>	<u>\$ 80,323,840</u>

2022				
	Program Services		Support Services General and Administrative	Total
	Community Health Center	PACE Program		
Salaries and wages	\$ 18,875,853	\$ 6,849,814	\$ 10,757,927	\$ 36,483,594
Employee benefits	2,431,077	2,244,934	4,430,904	9,106,915
Purchased services and professional fees	1,981,473	8,921,460	148,886	11,051,819
Supplies and other	6,305,691	1,539,590	5,999,437	13,844,718
Rent	219,265	48,173	518,004	785,442
Depreciation and amortization	892,481	472,389	180,858	1,545,728
Interest	106,469	104,486	26,473	237,428
	<u>\$ 30,812,309</u>	<u>\$ 20,180,846</u>	<u>\$ 22,062,489</u>	<u>\$ 73,055,644</u>

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 16: Retirement Plan

The Organization has a defined contribution pension plan covering substantially all employees who meet certain eligibility requirements. The amount contributed to the plan is equal to 3 percent of the employee's salary plus a match up to 3 percent of the employees' compensation. Retirement expense was \$1,500,291 and \$1,859,605 for the years ended December 31, 2023 and 2022, respectively.

Note 17: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

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

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2023 and 2022.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities. The Organization had no Level 2 or 3 securities at December 31, 2023 and 2022.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
December 31, 2023				
Equity securities	\$ 8,566	\$ 8,566	\$ -	\$ -
Balanced mutual funds	1,484,652	1,484,652	-	-
	<u>\$ 1,493,218</u>	<u>\$ 1,493,218</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2022				
Equity securities	\$ 8,596	\$ 8,596	\$ -	\$ -
Balanced mutual funds	1,164,716	1,484,652	-	-
	<u>\$ 1,173,312</u>	<u>\$ 1,493,248</u>	<u>\$ -</u>	<u>\$ -</u>

Note 18: Leases

Accounting Policies

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings and employee vehicles.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Organization has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of vehicles and other office equipment for the use of the Organization. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases

The Organization leases office space for treatment of patients and administrative uses that expire in various years through 2026. These leases generally contain renewal options for periods ranging from one to two years. Lease payments have an escalating fee schedule, which range from a 1.5 to 3 percent increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Organization has no material related-party leases. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2023 and 2022, are:

	<u>2023</u>	<u>2022</u>
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 392,687	\$ 316,500
Interest on lease liabilities	21,066	10,983
Operating lease cost	<u>680,184</u>	<u>702,793</u>
 Total lease cost	 <u><u>\$ 1,093,937</u></u>	 <u><u>\$ 1,030,276</u></u>

Other information

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows from finance leases	\$ 413,753	\$ 327,483
Financing cash flows from finance leases	451,736	319,274
Operating cash flows from operating leases	680,184	702,793
Right-of-use assets obtained in exchange for new operating lease liabilities	33,273	-
Right-of-use assets obtained in exchange for new finance lease liabilities	462,691	1,084,312
Weighted-average remaining lease term		
Finance leases	3.42 years	3.01 years
Operating leases	2.50 years	3.33 years
Weighted-average discount rate		
Finance leases	2.24%	1.27%
Operating leases	1.42%	1.33%

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Future minimum lease payments and reconciliation to the balance sheet at December 31, 2023, are as follows:

	Finance Leases	Operating Leases
2024	\$ 356,010	\$ 539,105
2025	160,891	569,410
2026	120,901	303,538
2027	83,120	-
2028	68,467	-
Thereafter	8,577	-
	<u>797,966</u>	<u>1,412,053</u>
Less interest	<u>20,567</u>	<u>22,600</u>
Lease liabilities	<u><u>\$ 777,399</u></u>	<u><u>\$ 1,389,453</u></u>

Note 19: Contributed Nonfinancial Assets

For the years ended December 31, 2023, and 2022, contributed nonfinancial assets recognized within the statement of operations included net assets released from restriction for operations in the amount of \$109,690 and \$215,164, respectively. The nonfinancial assets were recognized within revenue as the donor-imposed restrictions were met.

The contributed pharmaceuticals were used in providing patient care and were valued based on estimates of wholesale values that would be received for selling similar products.

Note 20: COVID-19 Pandemic and Relief Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

The extent of the COVID-19 pandemic's adverse effect on the Organization's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Organization's control and ability to forecast.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Because of these and other uncertainties, the Organization cannot estimate the length or severity of the effect of the pandemic on the Organization's business. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates, including estimated implicit price concessions related to uninsured patient accounts and potential impairments of long-lived assets.

Supplementary CARES Act Grants

In the spring of 2020, the Organization was awarded three additional federal grant awards with various budget periods through March and April 2021 from the *Health Center Coronavirus Aid, Relief, and Economic Security* (CARES) Act totaling \$2,886,109. Each grant award contains specific terms and conditions that must be followed when utilizing this funding. Grant revenue is recognized, and grant funds are drawn down, as the Organization meets the conditions prescribed by the grant agreements which require incurring qualifying expenditures over the grant period. During the years ended December 31, 2023 and 2022, the Organization recognized \$0 and \$192,395 in CARES Act grant funds, respectively. Grant revenue of \$2,693,714 was recognized in prior periods.

As part of the *American Rescue Plan* (ARP) Act, the Organization was awarded federal grant awards with various budget periods ranging from March 2021 through December 2024 totaling \$13,517,697. These awards have specific terms and conditions that must be followed when using the funds. Grant revenue is recognized, and grant funds are drawn down, as the Organization meets the conditions prescribed by the grant agreement which require incurring qualifying expenditures over the grant period. During the years ended December 31, 2023 and 2022, the Organization recognized \$3,814,703 and \$7,027,769 in ARP Act funds, respectively.

In September 2021, the Organization was the recipient of a federal grant totaling \$1,040,111 from the ARP Act Health Center Infrastructure Support program. As the Organization meets the conditions prescribed by the grant agreement which require incurring qualifying expenditures over the grant period, net assets with donor restrictions are recorded and grant funds are drawn down. When the assets for which the grant funds were restricted are placed into service, expirations of restrictions are reported. At December 31, 2023 and 2022, the Organization recognized \$257,962 and \$782,149 which is included in Grants for acquisition of property and equipment on the statement of operations.

Note 21: Significant Estimates and Concentrations

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

Grant Revenues

A concentration of revenues related to grant awards and other support is described in *Note 2*.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Variable Consideration

Estimates of variable consideration in determining the transaction price for patient service revenue as described in *Notes 1* and *3*.

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Note 5*.

Estimated Liability for Employee Health Care

Estimates related to the accrual for self-insurance claims are described in *Note 12*.

Collective Bargaining Agreements

In March 2022, a group of providers employed by the Organization voted and formed a union. As of the date of this report, the collective bargaining agreement related to the unionization is still in negotiations.

340B Drug Pricing Program

The Organization participates in the 340B Drug Pricing Program (340B Program) enabling the Organization to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. This program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits of these programs at healthcare organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to the financial statement amounts related to the 340B Program could occur in the near term.

General Litigation

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Organization's commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Piedmont Health Services, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Note 22: Subsequent Events

Subsequent events have been evaluated through May 29, 2024, which is the date the financial statements were available to be issued.

Piedmont Health Services, Inc. Retirement Plan
EIN No.: 56-0952737, Plan No. 001
Schedule H, Line 4i - Schedule of Assets
Plan Year Ending: 12/31/2023

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Par or Maturity Value	(d) CURRENT VALUE
*	State Street Bank & Trust Co.	Cash Reserve Account	\$ 62,704
	Prudential	Prudential Principal Prsvn Sep Acct	\$ 1,061,216
		Separate Accounts Total	\$ 1,061,216
	Allspring	Allspring Special Small Cap Val R6	\$ 32,342
	American Funds	American Funds EuroPacific Gr R6	\$ 118,146
	Harbor	Harbor Capital Appreciation Retment	\$ 548,985
	Metropolitan West	Metropolitan West Total Rturn Bd I	\$ 335,285
	MFS	MFS Mid Cap Gr R6	\$ 117,117
	MFS	MFS Mid Cap Val R6	\$ 173,365
	MFS	MFS Val R6	\$ 449,014
	Principal	Principal SmallCap Gr I R6	\$ 93,085
	Vanguard	Vanguard 500 Index Adm	\$ 4,021,902
	Vanguard	Vanguard Extended Market Index Adm	\$ 775,376
	Vanguard	Vanguard Target Retrmnt 2020	\$ 2,064,259
	Vanguard	Vanguard Target Retrmnt 2025	\$ 2,522,758
	Vanguard	Vanguard Target Retrmnt 2030	\$ 4,889,066
	Vanguard	Vanguard Target Retrmnt 2035	\$ 4,881,908
	Vanguard	Vanguard Target Retrmnt 2040	\$ 3,954,144
	Vanguard	Vanguard Target Retrmnt 2045	\$ 4,046,379
	Vanguard	Vanguard Target Retrmnt 2050	\$ 3,949,886
	Vanguard	Vanguard Target Retrmnt 2055	\$ 1,540,053
	Vanguard	Vanguard Target Retrmnt 2060	\$ 685,395
	Vanguard	Vanguard Target Retrmnt 2065 Inv	\$ 138,834
	Vanguard	Vanguard Target Retrmnt Inc	\$ 611,068
	Vanguard	Vanguard Total Bd Mkt Index Adm	\$ 1,010,249
	Vanguard	Vanguard Total Intl Stock Index Adm	\$ 568,301
		Mutual Funds Total	\$ 37,526,917
*	Participants	Notes Receivable with interest rates of 3.25% to 5.50%	\$ 792,904
		TOTAL PLAN ASSETS	\$ 39,443,741

* Indicates Party-In-Interest to the Plan