

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Form 990

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public.
Go to www.irs.gov/Form990 for instructions and the latest information.

2022

Open to Public Inspection

A For the 2022 calendar year, or tax year beginning **JAN 1, 2023** and ending **JAN 31, 2023**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input checked="" type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization PRESBYTERIAN MEDICAL CARE CORP.		D Employer identification number 56-1376368
	Doing business as NOVANT HEALTH MATTHEWS MEDICAL C		E Telephone number 336-277-2411
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	G Gross receipts \$ 22,497,521.
	2085 FRONTIS PLAZA BLVD		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	City or town, state or province, country, and ZIP or foreign postal code WINSTON SALEM, NC 27103		H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No
F Name and address of principal officer: CARL ARMATO SAME AS C ABOVE		If "No," attach a list. See instructions	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: WWW.NOVANTHEALTH.ORG			
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			L Year of formation: 1983
			M State of legal domicile: NC

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: SEE SCHEDULE O		
	2 Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	16
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5 Total number of individuals employed in calendar year 2022 (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	131
	7 a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 1,534,431.	Current Year 155,795.
	9 Program service revenue (Part VIII, line 2g)	269,704,577.	22,264,074.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	204,364.	18,167.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	877,473.	59,485.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	272,320,845.	22,497,521.
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	452,310.
14 Benefits paid to or for members (Part IX, column (A), line 4)		0.	0.
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		83,387,671.	7,786,552.
16a Professional fundraising fees (Part IX, column (A), line 11e)		0.	0.
b Total fundraising expenses (Part IX, column (D), line 25)		0.	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)		146,158,603.	12,682,169.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	229,998,584.	20,468,721.	
19 Revenue less expenses. Subtract line 18 from line 12	42,322,261.	2,028,800.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 892,898,438.	End of Year 0.
	21 Total liabilities (Part X, line 26)	39,291,957.	0.
	22 Net assets or fund balances. Subtract line 21 from line 20	853,606,481.	0.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer GEOFFREY GARDNER, CFO		Date		
	Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name THIS TAX RETURN	Firm's EIN		Phone no.	
Firm's address PREPARED BY A NON-PAID PREPARER					

May the IRS discuss this return with the preparer shown above? See instructions Yes No

Application for Automatic Extension of Time To File an Exempt Organization Return

(Rev. January 2022)

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**
▶ **Go to www.irs.gov/Form8868 for the latest information.**

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print	Name of exempt organization or other filer, see instructions. <u>PRESBYTERIAN MEDICAL CARE CORP.</u>	Taxpayer identification number (TIN) <u>56-1376368</u>
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. <u>2085 FRONTIS PLAZA BLVD</u>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <u>WINSTON SALEM, NC 27103</u>	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12
Form 990-T (corporation)	07		

• The books are in the care of ▶ 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103

Telephone No. ▶ 336-718-2803 Fax No. ▶ _____

- If the organization does not have an office or place of business in the United States, check this box ▶
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the whole group, check this box . . . ▶ . If it is for part of the group, check this box . . . ▶ and attach a list with the names and TINs of all members the extension is for.

1 I request an automatic 6-month extension of time until DECEMBER 15, 20 23, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year 20 ____ or

▶ tax year beginning JANUARY 1, 20 23, and ending JANUARY 30, 20 23.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-TE and Form 8879-TE for payment instructions.

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [X]

1 Briefly describe the organization's mission: SEE SCHEDULE O

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [X] Yes [] No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

4a (Code:) (Expenses \$ 15,196,060. including grants of \$ 0.) (Revenue \$ 22,272,312.) PRESBYTERIAN MEDICAL CARE CORPORATION ("PMCC"), DOING BUSINESS AS NOVANT HEALTH MATTHEWS MEDICAL CENTER, WAS DEDICATED TO SUPPORTING THE HEALTH AND WELFARE OF THE RESIDENTS OF THE COMMUNITIES SERVED BY THE ORGANIZATION. PMCC MAINTAINED AN OPEN DOOR POLICY, ACCEPTING ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. IN JANUARY 2023, PMCC CONVERTED TO A LIMITED LIABILITY COMPANY WHOLLY OWNED BY NOVANT HEALTH, INC., A TAX-EXEMPT HEALTHCARE ORGANIZATION, AND ALL CONTINUING OPERATIONS ARE REPORTED ON THE NOVANT HEALTH, INC.'S FORM 990.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe on Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 15,196,060.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? See instructions	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X, as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>		X
b Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i> See instructions		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 22 through 38 regarding grants, compensation, tax-exempt bonds, excess benefits, and controlled entities.

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V []

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 1a, 1b, and 1c regarding Form 1096, Forms W-2G, and backup withholding rules.

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

Table with columns for question number, question text, and Yes/No response boxes. Includes questions 2a through 17 regarding employee reporting, tax returns, unrelated business income, foreign accounts, prohibited transactions, and charitable contributions.

Part VI Governance, Management, and Disclosure. For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members... 16; 1b Enter the number of voting members included... 11; 2 Did any officer, director, trustee, or key employee have a family relationship... X; 3 Did the organization delegate control over management duties... X; 4 Did the organization make any significant changes to its governing documents... X; 5 Did the organization become aware during the year of a significant diversion of the organization's assets... X; 6 Did the organization have members or stockholders... X; 7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body... X; 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body... X; 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body... X; b Each committee with authority to act on behalf of the governing body... X; 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O... X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates... X; 10b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? X; 11b Describe on Schedule O the process, if any, used by the organization to review this Form 990.; 12a Did the organization have a written conflict of interest policy? If "No," go to line 13 X; 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? X; 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe on Schedule O how this was done X; 13 Did the organization have a written whistleblower policy? X; 14 Did the organization have a written document retention and destruction policy? X; 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? a The organization's CEO, Executive Director, or top management official X; b Other officers or key employees of the organization X; 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? X; 16b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? X

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed NC
18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. [X] Own website [] Another's website [X] Upon request [] Other (explain on Schedule O)
19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, address, and telephone number of the person who possesses the organization's books and records
WENDI STOCKSTILL - 336-277-2411
2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- See the instructions for the order in which to list the persons above.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID VOELLINGER MD TRUSTEE	0.20 0.00	X						0.	0.	0.
(2) SAAD EHTISHAM PRESIDENT	0.20 0.20	X		X				0.	0.	0.
(3) KIMBERLY CASE MD TRUSTEE	0.20 0.00	X						0.	0.	0.
(4) KATE HATCHER MD TRUSTEE	0.20 0.20	X						0.	0.	0.
(5) DANIEL COTTINGHAM TRUSTEE	0.20 0.20	X						0.	0.	0.
(6) JONI DAVIS TRUSTEE	0.20 0.20	X						0.	0.	0.
(7) KANDI DEITEMEYER EDD VICE CHAIR	0.20 0.20	X		X				0.	0.	0.
(8) LINDA FARTHING SECRETARY	0.20 0.20	X		X				0.	0.	0.
(9) TALIA GOLDMAN TRUSTEE	0.20 0.20	X						0.	0.	0.
(10) JAMES JOHNSON MD TRUSTEE	0.20 0.20	X						0.	0.	0.
(11) THADDEUS JONES TRUSTEE	0.20 0.20	X						0.	0.	0.
(12) MICHELLE LEE TREASURER	0.20 0.20	X		X				0.	0.	0.
(13) JOHN LEWIS TRUSTEE	0.20 0.20	X						0.	0.	0.
(14) LUIS LOBO TRUSTEE	0.20 0.20	X						0.	0.	0.
(15) JANELLE LYONS TRUSTEE	0.20 0.20	X						0.	0.	0.
(16) JAMES TAYLOR CHAIR	0.20 0.20	X		X				0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
1b Subtotal							0.	0.	0.	
c Total from continuation sheets to Part VII, Section A							0.	0.	0.	
d Total (add lines 1b and 1c)							0.	0.	0.	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization 0

	Yes	No
3 Did the organization list any former officer, director, trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>		X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
NONE		

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization 0

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c						
	d Related organizations	1d	155,795.					
	e Government grants (contributions)	1e						
	f All other contributions, gifts, grants, and similar amounts not included above ...	1f						
	g Noncash contributions included in lines 1a-1f	1g	\$					
	h Total. Add lines 1a-1f							155,795.
Program Service Revenue	2 a NET PATIENT REVENUE	Business Code	622110	22,254,144.	22,254,144.			
	b PHARMACY		621111	9,930.	9,930.			
	c							
	d							
	e							
	f All other program service revenue							
	g Total. Add lines 2a-2f				22,264,074.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			18,167.			18,167.	
	4 Income from investment of tax-exempt bond proceeds							
	5 Royalties							
	6 a Gross rents	6a	(i) Real	3,594.				
			(ii) Personal					
	b Less: rental expenses ...	6b		0.				
	c Rental income or (loss)	6c		3,594.				
	d Net rental income or (loss)				3,594.			3,594.
	7 a Gross amount from sales of assets other than inventory	7a	(i) Securities					
			(ii) Other					
	b Less: cost or other basis and sales expenses	7b						
	c Gain or (loss)	7c						
d Net gain or (loss)								
8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	8a							
b Less: direct expenses	8b							
c Net income or (loss) from fundraising events								
9 a Gross income from gaming activities. See Part IV, line 19	9a							
b Less: direct expenses	9b							
c Net income or (loss) from gaming activities								
10 a Gross sales of inventory, less returns and allowances	10a							
b Less: cost of goods sold	10b							
c Net income or (loss) from sales of inventory								
Miscellaneous Revenue	11 a CAFETERIA MEALS	Business Code	722514	47,653.			47,653.	
	b MISCELLANEOUS REVENUE		900099	8,238.	8,238.			
	c							
	d All other revenue							
	e Total. Add lines 11a-11d				55,891.			
12 Total revenue. See instructions				22,497,521.	22,272,312.	0.	69,414.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX X

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 ...				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	6,162,748.	5,854,613.	308,135.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	280,764.	266,725.	14,039.	
9 Other employee benefits	910,479.	864,955.	45,524.	
10 Payroll taxes	432,561.	410,933.	21,628.	
11 Fees for services (nonemployees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Sch O.)	2,366,440.	2,288,747.	77,693.	
12 Advertising and promotion	3,770.	3,770.		
13 Office expenses	48,922.	33,492.	15,430.	
14 Information technology	168,973.	164,227.	4,746.	
15 Royalties				
16 Occupancy	350,985.	322,937.	28,048.	
17 Travel	1,002.	952.	50.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials ...				
19 Conferences, conventions, and meetings	835.	793.	42.	
20 Interest	212,562.	212,562.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	685,024.	622,366.	62,658.	
23 Insurance	139,651.	127,670.	11,981.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
a CORPORATE SUPPORT	4,576,984.		4,576,984.	
b MEDICAL SUPPLIES	1,769,454.	1,766,090.	3,364.	
c CONTRACT LABOR	1,476,867.	1,403,024.	73,843.	
d REPAIRS AND MAINTENANCE	347,066.	343,271.	3,795.	
e All other expenses _____	533,634.	508,933.	24,701.	
25 Total functional expenses. Add lines 1 through 24e	20,468,721.	15,196,060.	5,272,661.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	396.	1	0.
	2 Savings and temporary cash investments		2	0.
	3 Pledges and grants receivable, net		3	0.
	4 Accounts receivable, net	39,301,241.	4	0.
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	0.
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	0.
	7 Notes and loans receivable, net	4,516,170.	7	0.
	8 Inventories for sale or use	6,694,197.	8	0.
	9 Prepaid expenses and deferred charges	189,896.	9	0.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 0.		
	b Less: accumulated depreciation	10b 88,467,665.	10c	0.
	11 Investments - publicly traded securities		11	0.
	12 Investments - other securities. See Part IV, line 11	-3,118,304.	12	0.
	13 Investments - program-related. See Part IV, line 11		13	0.
	14 Intangible assets		14	0.
	15 Other assets. See Part IV, line 11	756,847,177.	15	0.
16 Total assets. Add lines 1 through 15 (must equal line 33)	892,898,438.	16	0.	
Liabilities	17 Accounts payable and accrued expenses	25,771,427.	17	0.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	13,520,530.	25	0.
	26 Total liabilities. Add lines 17 through 25	39,291,957.	26	0.
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions	853,606,481.	27	0.
	28 Net assets with donor restrictions	0.	28	0.
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds		29	
	30 Paid-in or capital surplus, or land, building, or equipment fund		30	
	31 Retained earnings, endowment, accumulated income, or other funds		31	
	32 Total net assets or fund balances	853,606,481.	32	0.
33 Total liabilities and net assets/fund balances	892,898,438.	33	0.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	22,497,521.
2	Total expenses (must equal Part IX, column (A), line 25)	2	20,468,721.
3	Revenue less expenses. Subtract line 2 from line 1	3	2,028,800.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	853,606,481.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	-855,635,281.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	0.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:			
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	X	
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:			
<input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F?	X	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits	X	

Form 990 (2022)

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2022 (line 6, column (f), divided by line 11, column (f))	14	%
15 Public support percentage from 2021 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2022. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test - 2021. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2022. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2021. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2022 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2021 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2022 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2021 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2022. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2021. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box on line 12 of Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer lines 3b and 3c below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described on lines 11b and 11c below, the governing body of a supported organization?		
b A family member of a person described on line 11a above?		
c A 35% controlled entity of a person described on line 11a or 11b above? <i>If "Yes" to line 11a, 11b, or 11c, provide detail in Part VI.</i>		
11a		
11b		
11c		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove officers, directors, or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i>		
1		
2		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		
1		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
3 By reason of the relationship described on line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		
1		
2		
3		

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a governmental entity (see instructions).			
2 Activities Test. Answer lines 2a and 2b below.			
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>	Yes	No	
b Did the activities described on line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>			
3 Parent of Supported Organizations. Answer lines 3a and 3b below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>If "Yes" or "No" provide details in Part VI.</i>			
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>			
2a			
2b			
3a			
3b			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). See instructions.
 All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	1
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3
4	Amounts paid to acquire exempt-use assets	4
5	Qualified set-aside amounts (prior IRS approval required - <i>provide details in Part VI</i>)	5
6	Other distributions (<i>describe in Part VI</i>). See instructions.	6
7	Total annual distributions. Add lines 1 through 6.	7
8	Distributions to attentive supported organizations to which the organization is responsive (<i>provide details in Part VI</i>). See instructions.	8
9	Distributable amount for 2022 from Section C, line 6	9
10	Line 8 amount divided by line 9 amount	10

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2022	(iii) Distributable Amount for 2022
1 Distributable amount for 2022 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2022 (reasonable cause required - <i>explain in Part VI</i>). See instructions.			
3 Excess distributions carryover, if any, to 2022			
a From 2017			
b From 2018			
c From 2019			
d From 2020			
e From 2021			
f Total of lines 3a through 3e			
g Applied to underdistributions of prior years			
h Applied to 2022 distributable amount			
i Carryover from 2017 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2022 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2022 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2022, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, <i>explain in Part VI</i> . See instructions.			
6 Remaining underdistributions for 2022. Subtract lines 3h and 4b from line 1. For result greater than zero, <i>explain in Part VI</i> . See instructions.			
7 Excess distributions carryover to 2023. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2018			
b Excess from 2019			
c Excess from 2020			
d Excess from 2021			
e Excess from 2022			

Schedule B
(Form 990)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Attach to Form 990 or Form 990-PF.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2022

Name of the organization

PRESBYTERIAN MEDICAL CARE CORP.

Employer identification number

56-1376368

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990).

Name of organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	<hr/> <hr/> <hr/>	\$ <u>155,795.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	

Name of organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this info. once.) \$ _____
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE C
(Form 990)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2022

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527
Complete if the organization is described below. Attach to Form 990 or Form 990-EZ.
Go to www.irs.gov/Form990 for instructions and the latest information.

If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (See separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (See separate instructions), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political campaign activity expenditures \$ _____
- 3 Volunteer hours for political campaign activities

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities \$ _____
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b \$ _____
- 4 Did the filing organization file Form 1120-POL for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule C (Form 990) 2022

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B Check if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grassroots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 70%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e.													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.													
Over \$17,000,000	\$1,000,000.													
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a. If zero or less, enter -0-														
i Subtract line 1f from line 1c. If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?	<input type="checkbox"/> Yes	<input type="checkbox"/> No												

4-Year Averaging Period Under Section 501(h)
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?	X		
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? ..		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		709.
j Total. Add lines 1c through 1i			709.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	
a Current year	2a
b Carryover from last year	2b
c Total	2c
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditures next year?	4
5 Taxable amount of lobbying and political expenditures. See instructions	5

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (See instructions); and Part II-B, line 1. Also, complete this part for any additional information.

LINE 1A

THERE IS LIMITED ENGAGEMENT OF THE BOARD.

LINE 1I

DUES PAID TO CERTAIN ORGANIZATIONS WHICH INCLUDE A PORTION RELATED TO LOBBYING ACTIVITIES.

**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

Complete if the organization answered "Yes" on Form 990, Part IV, question 20a.
Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2022

Open to Public
Inspection

Name of the organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	<input checked="" type="checkbox"/>	
b If "Yes," was it a written policy?	<input checked="" type="checkbox"/>	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year: <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:	<input checked="" type="checkbox"/>	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>300</u> %		
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:		<input checked="" type="checkbox"/>
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?		<input checked="" type="checkbox"/>
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		<input checked="" type="checkbox"/>
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization make it available to the public?	<input checked="" type="checkbox"/>	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			654,094.	0.	654,094.	3.20%
b Medicaid (from Worksheet 3, column a)			1910612.	1946967.	0.	.00%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total. Financial Assistance and Means-Tested Government Programs			2564706.	1946967.	654,094.	3.20%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			17,932.	0.	17,932.	.09%
f Health professions education (from Worksheet 5)			123,097.	0.	123,097.	.60%
g Subsidized health services (from Worksheet 6)			295,661.	250,245.	45,416.	.22%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits			436,690.	250,245.	186,445.	.91%
k Total. Add lines 7d and 7j			3001396.	2197212.	840,539.	4.11%

Part II Community Building Activities. Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development			5,588.	0.	5,588.	.00%
3 Community support			4,467.	0.	4,467.	.00%
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development			5,138.	0.	5,138.	.00%
9 Other						
10 Total			15,193.		15,193.	.00%

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1 X	
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2 0.	
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 0.	
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.		

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5 3,144,307.
6 Enter Medicare allowable costs of care relating to payments on line 5	6 3,365,436.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7 -221,129.
8 Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other	

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year?	9a X	
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	X

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians - see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 MATTHEWS SURGERY CENTER, LLC	HEALTHCARE	50.00%	.00%	50.00%

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest - see instructions)

How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility):

1 PMCC DBA NH MATTHEWS MEDICAL CENTER
1500 MATTHEWS TOWNSHIP PARKWAY
MATTHEWS, NC 28105
WWW.NOVANTHEALTH.ORG
H0270

Table with 10 columns: Licensed hospital, gen. medical & surgical, Children's hospital, Teaching hospital, Critical access hospital, Research facility, ER-24 hours, ER-other, Other (describe), Facility reporting group. Row 1 contains 'X' marks in the first three and seventh columns.

Part V Facility Information (continued)

Section B. Facility Policies and Practices

(complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group: NOVANT HEALTH MATTHEWS MEDICAL CENTER

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>22</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input type="checkbox"/> Hospital facility's website (list url):		
b <input checked="" type="checkbox"/> Other website (list url): <u>SEE SECTION C</u>		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>22</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a If "Yes," (list url): <u>SEE SECTION C</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group: NOVANT HEALTH MATTHEWS MEDICAL CENTER

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	X	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>300</u> % and FPG family income limit for eligibility for discounted care of <u>0</u> %		
b <input type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input type="checkbox"/> Medical indigency		
e <input checked="" type="checkbox"/> Insurance status		
f <input type="checkbox"/> Underinsurance status		
g <input checked="" type="checkbox"/> Residency		
h <input checked="" type="checkbox"/> Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	X	
15 Explained the method for applying for financial assistance?	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
16 Was widely publicized within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE SECTION C</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE SECTION C</u>		
c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE SECTION C</u>		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations		
j <input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group: NOVANT HEALTH MATTHEWS MEDICAL CENTER

	Yes	No
17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment?	X	
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?		X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs (if not, describe in Section C)		
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C)		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C)		
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C)		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	X	
If "No," indicate why:		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d <input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information *(continued)*

Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)

Name of hospital facility or letter of facility reporting group: NOVANT HEALTH MATTHEWS MEDICAL CENTER

		Yes	No
22	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care:		
a	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d	<input checked="" type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C.	23	X
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C.	24	X

Schedule H (Form 990) 2022

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

NOVANT HEALTH MATTHEWS MEDICAL CENTER

PART V, SECTION B, LINE 3E:

VARIOUS SOCIAL, BEHAVIORAL, AND CLINICAL HEALTH NEEDS WERE IDENTIFIED THROUGH PRIMARY AND SECONDARY DATA IN THE NEEDS ASSESSMENT. ONCE THE HEALTH NEEDS WERE IDENTIFIED, SURVEYS AND COMMUNITY MEETINGS WERE CONDUCTED IN WHICH THE VARIOUS COMMUNITY STAKEHOLDERS RANKED THE HEALTH ISSUES BASED ON AVAILABLE DATA INCLUDING SEVERITY OF NEED AND MAGNITUDE OF IMPACT. THE INFORMATION GATHERED WAS THEN MATRIXED AND SCORED IN ORDER TO RANK THE FOCUS AREAS AND PRIORITIZE THE IDENTIFIED HEALTH NEEDS, BASED ON CAREFUL CONSIDERATION OF ESTIMATED FEASIBILITY AND EFFECTIVENESS OF POSSIBLE INTERVENTIONS. THE PRIORITIZED IDENTIFIED HEALTH NEEDS AND SUPPORTING DATA ARE THEN REVIEWED AND DELIBERATED UPON FURTHER BY THE BOARD BEFORE FINAL APPROVAL. AN IMPLEMENTATION PLAN WAS CREATED FOR THE PRIORITIZED HEALTH NEEDS AND PROGRESS TOWARD MEETING IMPLEMENTATION PLAN GOALS IS ASSESSED REGULARLY THROUGHOUT THE COMMUNITY HEALTH NEEDS ASSESSMENT LIFE CYCLE. COMMUNITY PARTNERS WHO ARE CURRENTLY SERVING COMMUNITY NEEDS ARE IDENTIFIED AS POTENTIAL PARTNERS FOR COLLABORATION ON THOSE IDENTIFIED NEEDS THAT ARE NOT PART OF THE IMPLEMENTATION PLAN.

NOVANT HEALTH MATTHEWS MEDICAL CENTER:

PART V, SECTION B, LINE 5: WHILE CONDUCTING THE CHNA, THE HOSPITAL FACILITY(IES) SOLICITED INPUT FROM, AND CONSULTED WITH, A VARIETY OF COMMUNITY MEMBERS AND REPRESENTATIVES INCLUDING, BUT NOT LIMITED TO, REPRESENTATIVES OF CITY AND COUNTY GOVERNMENT INCLUDING HEALTH

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

DEPARTMENTS, COMMUNITY-BASED ORGANIZATIONS, FOUNDATIONS, CHURCHES,
COLLEGES/UNIVERSITIES, COMMUNITY COALITIONS AND OTHER SOCIAL SERVICE
AGENCIES. INPUT WAS GATHERED THROUGH A COMMUNITY SURVEY (DISTRIBUTED
THROUGH A VARIETY OF PARTNERS, METHODS AND CHANNELS), COMMUNITY MEETINGS
AND/OR FOCUS GROUPS, STAKEHOLDER'S INTERVIEWS, AND SOLICITED THROUGH
WRITTEN COMMENTS THROUGHOUT THE SURVEY PERIOD UNTIL THE FINAL COMMUNITY
PRIORITY SETTING MEETING(S) AND/OR SURVEY. THE SCOPE OF EXPERTISE WAS
BROAD AND INCLUDED SUCH AREAS AS PUBLIC HEALTH, MINORITY POPULATIONS,
HEALTH DISPARITIES, AND SOCIAL SERVICES. DATA DERIVED FROM THESE EXERCISES
IS BOTH QUANTITATIVE AND QUALITATIVE IN SCOPE.

FOR MORE DETAILED INFORMATION, INCLUDING RELEVANT DATES FOR SOLICITING
CHNA DATA AND FEEDBACK, REFER TO THE PUBLICLY AVAILABLE CHNA AND
IMPLEMENTATION PLAN AVAILABLE ON THE WEBSITE, VIA THE URL PROVIDED FOR THE
POSTING OF THE PLAN.

NOVANT HEALTH MATTHEWS MEDICAL CENTER
PART V, SECTION B, LINE 7B
[HTTPS://WWW.NOVANTHEALTH.ORG/ABOUT/COMMUNITY/COMMUNITY-HEALTH-NEEDS/](https://www.novanthealth.org/about/community/community-health-needs/)

NOVANT HEALTH MATTHEWS MEDICAL CENTER
PART V, SECTION B, LINE 10A
[HTTPS://WWW.NOVANTHEALTH.ORG/ABOUT/COMMUNITY/COMMUNITY-HEALTH-NEEDS/](https://www.novanthealth.org/about/community/community-health-needs/)

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

NOVANT HEALTH MATTHEWS MEDICAL CENTER:

PART V, SECTION B, LINE 11:

THE HOSPITAL FACILITY(IES) IS/ARE A PART OF NOVANT HEALTH, AN INTEGRATED NOT-FOR-PROFIT HEALTH SYSTEM. AS SUCH, NOVANT HEALTH INCLUDES MULTIPLE HOSPITAL FACILITIES AND HAS ENGAGED IN CHNAS FOR ALL OF THE COMMUNITIES BEING SERVED. THE FACILITY'S CHNA IDENTIFIED MULTIPLE NEEDS FOR THE COMMUNITY SERVED. THE NEEDS IDENTIFIED WERE REVIEWED AND PRIORITIZED BY THE CHNA RESOURCE GROUP AND SUBSEQUENTLY BY EACH FACILITY'S BOARD. THEY EVALUATED EACH DOCUMENTED NEED AND ITS INTERSECTION WITH THE ORGANIZATION'S VISION, COMMITMENTS, KEY STRENGTHS AND AVAILABLE RESOURCES BEFORE FURTHER PRIORITIZING THE HEALTH NEEDS AND AGREEING UPON THE TOP HEALTH PRIORITIES TO BE ADDRESSED. WHERE POSSIBLE, WE HAVE LEVERAGED THE SYSTEM'S STRENGTHS AND RESOURCES TO BEST ADDRESS THOSE NEEDS THAT ARE HIGHEST IN PRIORITY BASED ON SCOPE, SEVERITY, HEALTH DISPARITIES ASSOCIATED WITH THE NEED, AND THE ESTIMATED FEASIBILITY AND EFFECTIVENESS OF POSSIBLE INTERVENTIONS. NOVANT HEALTH AND EACH OF ITS HOSPITAL FACILITIES HAVE ADOPTED AND EXECUTED AN IMPLEMENTATION STRATEGY THAT ADDRESSES THE PRIORITIZED COMMUNITY HEALTH NEEDS FROM THE CHNAS. THE IMPLEMENTATION STRATEGIES OUTLINE THE PLAN THAT THE HOSPITAL FACILITY(IES) WILL UNDERTAKE TO MEET THOSE HEALTH NEEDS IN EACH OF ITS COMMUNITIES. CERTAIN NEEDS THAT WERE IDENTIFIED BY THE CHNA HAVE NOT BEEN ADDRESSED. CERTAIN OF THE NEEDS NOT ADDRESSED FALL OUTSIDE OF THE SCOPE OF TRADITIONAL HEALTHCARE (I.E. DENTAL WORK, VIOLENCE PREVENTION) AND OTHERS ARE CANDIDATES FOR COLLABORATIVE WORK AND HAVE OTHER RESOURCES IN THE COMMUNITY THAT CAN MORE APPROPRIATELY ADDRESS THESE NEEDS BASED ON SCOPE OF SERVICES AND EXPERTISE.

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

FOR MORE DETAILED INFORMATION, REFER TO THE PUBLICLY AVAILABLE CHNA AND IMPLEMENTATION PLAN AVAILABLE ON THE WEBSITE, VIA THE URL PROVIDED FOR THE POSTING OF THE PLAN.

NOVANT HEALTH MATTHEWS MEDICAL CENTER:

PART V, SECTION B, LINE 13H:

OTHER ELIGIBILITY CRITERIA EXPLAINED IN THE FAP INCLUDE THE FOLLOWING:

FREE CARE IS ONLY APPLICABLE TO MEDICALLY NECESSARY SERVICES; PROVIDER BASED PHYSICIAN CLINICS REQUIRE THAT PATIENTS MUST HAVE BEEN TREATED BY AN AFFILIATED MEDICAL GROUP PRIMARY CARE PHYSICIAN WITHIN THE PREVIOUS THREE YEARS; PATIENTS MUST BE UNABLE TO ACCESS ENTITLEMENT PROGRAMS; PATIENTS WITH SPECIAL CIRCUMSTANCES SUCH AS BANKRUPTCY MAY ALSO BE ELIGIBLE FOR CHARITY CARE.

NOVANT HEALTH MATTHEWS MEDICAL CENTER:

PART V, LINE 16A, FAP WEBSITE:

[HTTPS://WWW.NOVANTHEALTH.ORG/FOR-PATIENTS/BILLING--INSURANCE/FINANCIAL-ASSISTANCE/](https://www.novanthealth.org/for-patients/billing--insurance/financial-assistance/)

PART V, LINE 16B, FAP APPLICATION:

[HTTPS://WWW.NOVANTHEALTH.ORG/GLOBALASSETS/BUTTONS-AND-DOCUMENTS-CTASLINKS/DOCUMENTS-PDFS/FAQ_APP_ENGLISH.PDF](https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/faq_app_english.pdf)

PART V, LINE 16C, FAP PLAIN LANGUAGE SUMMARY:

[HTTPS://WWW.NOVANTHEALTH.ORG/GLOBALASSETS/BUTTONS-AND-DOCUMENTS-CTASLINKS/DOCUMENTS-PDFS/NOVANT-HEALTH-ACUTE-PLS-ENGLISH.PDF](https://www.novanthealth.org/globalassets/buttons-and-documents-ctaslinks/documents-pdfs/novant-health-acute-pls-english.pdf)

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

Multiple horizontal lines for providing supplemental information.

Part VI Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8, and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (for example, open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART I, LINE 3C:

OTHER CRITERIA BESIDES INCOME AND FPG USED IN DETERMINING ELIGIBILITY FOR FREE CARE INCLUDE: (1) RESIDENCY - PATIENTS MUST RESIDE WITHIN THE SERVICE AREA OF THE HOSPITAL; (2) THE KIND OF SERVICE PROVIDED - ONLY MEDICALLY NECESSARY SERVICES ARE COVERED; (3) PATIENT STATUS - IN PROVIDER BASED PHYSICIAN CLINICS, PATIENTS MUST HAVE BEEN TREATED BY AN AFFILIATED MEDICAL GROUP PRIMARY CARE PHYSICIAN WITHIN THE PREVIOUS THREE YEARS; AND (4) ACCESS TO HEALTH CARE COVERAGE - PATIENTS MUST BE UNABLE TO ACCESS EMPLOYER SPONSORED HEALTH PLANS OR ENTITLEMENT PROGRAMS. LASTLY, THE PATIENT MUST BE WITHOUT SUBSTANTIAL LIQUID ASSETS (I.E. CASH-ON-HAND). ASSETS SUCH AS HOUSES, CARS, PENALIZED RETIREMENT SAVINGS FUNDS, ETC. ARE NOT CONSIDERED LIQUID ASSETS. SUBSTANTIAL ASSETS ARE DEFINED AS ENOUGH CASH-ON-HAND TO COVER THE MEDICAL EXPENSES WITHOUT PLACING A HARDSHIP ON THE PATIENT. PATIENTS WITH SPECIAL CIRCUMSTANCES SUCH AS BANKRUPTCY MAY ALSO BE ELIGIBLE FOR CHARITY CARE; DETERMINATION IS MADE ON A CASE BY CASE BASIS UNDER THESE CIRCUMSTANCES.

Part VI Supplemental Information (Continuation)

PART I, LINE 6A

THE ORGANIZATION IS A PART OF NOVANT HEALTH, AN INTEGRATED NOT-FOR-PROFIT HEALTH SYSTEM. THE COMMUNITY BENEFIT REPORT, REFERRED TO AS A COMMUNITY IMPACT REPORT, IS PREPARED BY A RELATED ORGANIZATION. NOVANT HEALTH, INC. IS THE PARENT COMPANY AND PRODUCES A COMMUNITY BENEFIT REPORT REPRESENTING THE HEALTH SYSTEM AS A WHOLE. THE REPORT CAN BE FOUND AT [HTTPS://WWW.NOVANTHEALTH.ORG/ABOUT/COMMUNITY/COMMUNITY-HEALTH-NEEDS/](https://www.novanthealth.org/about/community/community-health-needs/).

PLEASE NOTE THAT THE NUMERIC DATA IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HEALTHCARE ASSOCIATION REPORTING GUIDELINES. IT SHOULD NOT BE RELIED UPON AS THE ORGANIZATION'S FORM 990, SCHEDULE H COMMUNITY BENEFIT REPORT, ITS COMMUNITY HEALTH NEEDS ASSESSMENT OR COMMUNITY BENEFIT IMPLEMENTATION STRATEGY.

PART I, LINE 7:

COSTS REPORTED IN THE TABLE FOR CHARITY CARE AND CERTAIN OTHER COMMUNITY BENEFITS AMOUNTS ARE CALCULATED USING AN ENTITY SPECIFIC COST TO CHARGE RATIO BASED ON WORKSHEET 2 (CCR).

IN JANUARY 2023, PMCC CONVERTED TO A LIMITED LIABILITY COMPANY WHOLLY OWNED BY NOVANT HEALTH, INC, A TAX-EXEMPT HEALTHCARE ORGANIZATION, AND ALL ITS CONTINUING OPERATIONS ARE REPORTED ON THE NOVANT HEALTH, INC.'S FORM 990. AT THE TIME THE SHORT YEAR RETURN WAS FILED, INFORMATION FOR PART I, LINE 7 WAS NOT FINALIZED; THEREFORE, ESTIMATE BASED ON PRIOR YEAR RETURN WAS UTILIZED.

Part VI Supplemental Information (Continuation)

PART I, LN 7 COL(F)

THE AMOUNT OF BAD DEBT REMOVED FROM TOTAL EXPENSES (DENOMINATOR) WAS \$0.

PART II, COMMUNITY BUILDING ACTIVITIES:

THE ORGANIZATION'S COMMUNITY BUILDING ACTIVITIES ADDRESS THE UNDERLYING CAUSES OF HEALTH PROBLEMS AND IMPACT THE HEALTH OF OUR COMMUNITY THROUGH PARTNERSHIPS WITH LOCAL AGENCIES DEDICATED TO IMPROVING THE LIVES OF ALL INDIVIDUALS. WE PROVIDE FINANCIAL SUPPORT AND OTHER RESOURCES TO ORGANIZATIONS SUCH AS LOCAL YMCA'S, UNITED WAY PARTNER AGENCIES, CHAMBERS OF COMMERCE AND OTHER LOCAL COMMUNITY ORGANIZATIONS, ASSISTING WITH COMMUNITY AND COUNTY COALITIONS, AND PROVIDING EDUCATION SEMINARS AND TRAINING FOR COMMUNITY WORKFORCES. THROUGH THESE PARTNERSHIPS AND OUTREACH METHODS WE ARE ABLE TO SUCCESSFULLY BRIDGE THE GAP OF NEED FOR RESOURCES BEYOND TRADITIONAL HEALTHCARE SERVICES WITHIN THE COMMUNITIES WE SERVE.

PART III, LINE 2:

IMPLICIT PRICE CONCESSIONS (FORMERLY LABELED BAD DEBT EXPENSE) ARE DETERMINED BASED ON MANAGEMENT'S ASSESSMENT OF CONTRACTUAL AGREEMENTS, DISCOUNT POLICIES, AND HISTORICAL EXPERIENCE.

PART III, LINE 4:

THE ORGANIZATION'S IMPLICIT PRICE CONCESSIONS (FORMERLY LABELED BAD DEBT EXPENSE, AT COST) ON LINE 2 IS CALCULATED USING THE SAME METHODOLOGY AS CHARITY CARE AND OTHER COMMUNITY BENEFITS USING AN ENTITY SPECIFIC COST TO CHARGE RATIO (CCR). FOOTNOTE 2 (ACCOUNTS RECEIVABLE) ON PAGE 8 OF THE AUDITED FINANCIAL STATEMENTS DESCRIBES PRICE CONCESSIONS.

PART III, LINE 8:

Part VI Supplemental Information (Continuation)

THE METHODOLOGY USED TO DETERMINE THE MEDICARE ALLOWABLE COSTS REPORTED IN THE ORGANIZATION'S MEDICARE COST REPORT AS REFLECTED IN THE AMOUNT REPORTED IN PART III, LINE 6 IS DETERMINED BY FOLLOWING THE MEDICARE PRINCIPLES OF ALLOWABLE COSTS. COST FOR THE OVERHEAD DEPARTMENTS ARE STEPPED DOWN TO THE REMAINING COST CENTERS BASED ON STATISTICS FOR EACH OVERHEAD COST CENTER. ONCE THE STEP-DOWN PROCESS IS COMPLETE, A COST TO CHARGE RATIO ("CCR") IS DEVELOPED FOR EACH COST CENTER. THE CCR IS THEN APPLIED TO THE MEDICARE REVENUE BY COST CENTER AND TOTALED.

IT SHOULD BE NOTED THAT THE MEDICARE COST REPORTS DO NOT ADDRESS ANY MANAGED CARE MEDICARE REVENUES, COSTS, OR RELATED SHORTFALL. THE TOTAL REVENUES REPORTED AS RECEIVED FROM MEDICARE IN LINE 5 OF SECTION B ARE ONLY REPRESENTATIVE OF MEDICARE FEE FOR SERVICE PAYMENTS RECEIVED. THE ALLOWABLE COSTS ON LINE 6 ARE SIGNIFICANTLY LOWER THAN THE ACTUAL EXPENDITURES. AS SUCH, THE SHORTFALL IS UNDERESTIMATED.

EVERY HOSPITAL TREATS MEDICARE PATIENTS. SOME HOSPITALS ARE LOCATED IN HIGH MEDICARE POPULATION AREAS; OTHERS PROVIDE SERVICES DISPROPORTIONATELY USED BY MEDICARE PATIENTS. MEDICARE RATES AND NUMBERS OF MEDICARE PATIENTS ARE NOT NEGOTIATED. AS REIMBURSEMENT RATES DECLINE RELATIVE TO COSTS OF CARE, HOSPITALS CONTINUE TO SERVE THE MEDICARE POPULATION. WITHOUT THIS SERVICE THESE PATIENTS WOULD BECOME AN OBLIGATION ON THE GOVERNMENT. ANY UNREIMBURSED COSTS OF THIS CARE ARE A COMMUNITY BENEFIT PROVIDED BY THE HOSPITAL TO THE COMMUNITY AND GOVERNMENT.

PART III, LINE 9B:

THE ORGANIZATION'S BILLING AND COLLECTIONS POLICY DOES EXPLAIN ACTIONS

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

AGAINST PATIENTS WHO HAVE OUTSTANDING DELINQUENT AMOUNTS, BUT THE POLICY DOES NOT CONTAIN PROVISIONS FOR COLLECTION PRACTICES AGAINST PATIENTS WHO ARE ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY (FAP) BECAUSE FAP ELIGIBLE PATIENTS RECEIVE 100% FREE CARE AND THEREFORE DO NOT RECEIVE BILLS ONCE FAP ELIGIBILITY HAS BEEN ESTABLISHED.

PART VI, LINE 2: NEEDS ASSESSMENT

THE ORGANIZATION IS PART OF NOVANT HEALTH, AN INTEGRATED NOT-FOR-PROFIT HEALTH SYSTEM, WHICH HAS A COMMUNITY ENGAGEMENT DEPARTMENT THAT FACILITATES COMMUNITY BENEFIT ACROSS THE SYSTEM. THE COMMUNITY ENGAGEMENT DEPARTMENT IS RESPONSIBLE FOR COORDINATING THE PREPARATION OF THE COMMUNITY HEALTH NEEDS ASSESSMENTS (CHNA) FOR EACH HOSPITAL WITHIN THE SYSTEM, INCLUDING THE CHNAS REPORTED IN PART V, SECTION B. EACH HOSPITAL AND THE COMMUNITY ENGAGEMENT DEPARTMENT WORK TOGETHER TO IDENTIFY ORGANIZATIONS AND RESOURCES WITHIN ITS COMMUNITY THAT CONTRIBUTE TO THE PROCESS. THESE ORGANIZATIONS AND RESOURCES INCLUDE PUBLIC HEALTH DEPARTMENTS, LOCAL COMMUNITY COALITIONS AND CLINICS REPRESENTING THE MEDICALLY UNDERSERVED, UNITED WAY, YMCAS, LOCAL UNIVERSITIES, ETC. COMMUNITY HEALTH ASSESSMENTS PREPARED BY OTHER ORGANIZATIONS IN THE COMMUNITY ARE USED IN COMBINATION WITH INTERNAL HOSPITAL DATA AND INFORMATION COLLECTED FROM LOCAL AGENCIES TO PREPARE THE HOSPITAL'S CHNA. THROUGH DATA AND COMMUNITY PARTNERSHIPS, WE ARE ABLE TO ASSESS UNMET NEEDS AND WORK TO DIRECTLY SUPPORT OUR COMMUNITIES AND OUR PARTNERS IN ADDRESSING THOSE NEEDS. ORGANIZATIONAL PARTNERSHIPS ESTABLISHED BY THE COMMUNITY ENGAGEMENT DEPARTMENT ARE OFTEN LEVERAGED TO ADDRESS NEEDS THAT WERE IDENTIFIED IN THE CHNA, BUT WERE NOT PRIORITIZED BY THE FACILITY IMPLEMENTATION PLAN. IN ADDITION TO ADDRESSING NEEDS IDENTIFIED THROUGH

Part VI Supplemental Information (Continuation)

THE CHNA, EACH HOSPITAL MAY RESPOND TO REQUESTS FOR SPECIFIC COMMUNITY BENEFIT ACTIVITIES OR PROGRAMS FROM PUBLIC AGENCIES OR COMMUNITY GROUPS.

PART VI, LINE 3: PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

THE ORGANIZATION IS COMMITTED TO PROVIDING OUTSTANDING HEALTHCARE TO ALL MEMBERS OF OUR COMMUNITIES, REGARDLESS OF THEIR ABILITY TO PAY. OUR FINANCIAL COUNSELING TEAMS ARE CONSTANTLY WORKING WITH THE PATIENTS WITHIN OUR COMMUNITIES TO UNDERSTAND THEIR NEEDS AND ENSURE THAT OUR POLICIES AND PROCESSES ADDRESS THESE NEEDS. WE ALSO MAINTAIN CONTRACTS WITH MEDICAID ELIGIBILITY VENDORS AND THESE TEAMS OFFER ADDITIONAL SUPPORT IN PROCESSING AND ASSESSING HOW WE SERVE THE FINANCIAL NEEDS OF OUR PATIENTS.

BASED ON THE ASSESSMENTS OF OUR COMMUNITIES, THE ORGANIZATION HAS DEVELOPED FINANCIAL ASSISTANCE POLICIES AND PROGRAMS THAT ADDRESS THE FINANCIAL NEEDS OF OUR PATIENTS. WE PRIDE OURSELVES ON THE TRANSPARENCY OF OUR PROGRAMS AND THE EDUCATION WE OFFER OUR PATIENTS AROUND OUR FINANCIAL ASSISTANCE POLICIES. OUR PROGRAMS ARE DOCUMENTED ON OUR WEBSITE, ALONG WITH CONTACT INFORMATION FOR OUR FINANCIAL COUNSELORS. ADDITIONALLY, OUR PROGRAMS ARE DOCUMENTED ON PATIENT FLYERS THROUGHOUT THE ORGANIZATION'S FACILITIES AND PHYSICIAN OFFICES. OUR PATIENT ACCESS SPECIALISTS, FINANCIAL COUNSELORS AND BUSINESS OFFICE TEAMS WORK WITH ALL ELIGIBLE PATIENTS TO EDUCATE THEM ON THE VARIOUS OPTIONS AVAILABLE VIA OUR FINANCIAL ASSISTANCE PROGRAMS OR GOVERNMENT SPONSORED CARE. THEY ALSO REFERENCE OUR FINANCIAL ASSISTANCE POLICY IN ALL CONVERSATIONS RELATED TO PATIENTS BILLS. FINALLY, WE WORK WITH LOCAL AREA FREE HEALTH CLINICS AND OTHER CHARITABLE ORGANIZATIONS TO PROVIDE CONTINUATION OF CARE FOR THEIR PATIENTS.

Part VI Supplemental Information (Continuation)

IN ADDITION TO OUR FINANCIAL COUNSELING PROCESSES USED TO IDENTIFY CHARITY CARE PATIENTS, OUR COLLECTIONS PROCESSES WITHIN OUR BUSINESS OFFICES ALSO HELP IDENTIFY PATIENTS WHO ARE ALREADY ELIGIBLE FOR CHARITY OR WHO MAY BE ELIGIBLE BASED ON THEIR STATUS WITHIN THE FEDERAL POVERTY GUIDELINES ("FPG"). WE UTILIZE PREVIOUSLY SUBMITTED PATIENT DOCUMENTATION AND CREDIT AGENCY REPORTED FPG FOR DETERMINATION. SUPPORTING DOCUMENTS ARE VALID 6 MONTHS FROM THE DATE OF SUBMISSION.

OUR POLICIES ARE CONSIDERED FLUID AND ARE UPDATED FREQUENTLY BASED ON LOCAL AND NATIONAL MARKET STANDARDS AND NATIONAL ECONOMIC CONDITIONS. ANY UPDATES TO OUR POLICIES REQUIRE MULTI-LEVEL LEADERSHIP APPROVAL AND ARE ULTIMATELY APPROVED BY THE ORGANIZATION'S BOARD.

PART VI, LINE 4: COMMUNITY INFORMATION

PRESBYTERIAN MEDICAL CARE CORPORATION DBA NOVANT HEALTH MATTHEWS MEDICAL CENTER

THE PRIMARY SERVICE AREA IS DEFINED BY THE ZIP CODES THAT REPRESENT AT LEAST 75% OF THE HOSPITAL'S IN-PATIENT POPULATION.

THE PRIMARY SERVICE AREA (PSA) INCLUDES MECKLENBURG, UNION AND LANCASTER COUNTIES. 47% OF PATIENTS IN THE PSA RESIDE IN UNION COUNTY, AND 50% OF PATIENTS IN THE PSA RESIDE IN MECKLENBURG COUNTY. 38% OF PATIENTS OVERALL RESIDE IN THE PRIMARY AND SECONDARY SERVICE AREAS OF UNION COUNTY AND 45.5% OF PATIENTS OVERALL RESIDE IN THE PRIMARY AND SECONDARY SERVICE AREAS OF MECKLENBURG COUNTY.

Part VI Supplemental Information (Continuation)

MECKLENBURG COUNTY REPRESENTS THE HIGHEST POPULATION OF POTENTIALLY UNDERSERVED, LOW-INCOME AND MINORITY INDIVIDUALS FROM THE PRIMARY SERVICE AREA, BUT DEMOGRAPHIC DATA IS INCLUDED FROM UNION AND MECKLENBURG COUNTIES.

ACCORDING TO THE VIZIENT VULNERABILITY INDEX RELEASED IN JANUARY 2022, PATIENTS ADMITTED TO NOVANT HEALTH MATTHEWS MEDICAL CENTER EXPERIENCE THE MOST PROFOUND SOCIAL RISKS IF THEY LIVE IN ZIP CODES 28216, 28205, 28213, 28215, 29720, AND 28212. THESE ZIP CODES EXPERIENCE DISPROPORTIONATELY HIGH SOCIAL RISKS WHEN COMPARED TO THEIR COUNTERPART NEIGHBORHOODS. AREAS OF PARTICULAR CONCERN INCLUDE ACCESS TO HEALTHCARE, HOUSING, POVERTY, AND FOOD INSECURITY.

UNION COUNTY HAS A POPULATION OF 243,648 COMPARED TO THE MECKLENBURG COUNTY POPULATION OF 1,122,276. NORTH CAROLINA HAS A TOTAL POPULATION OF 10,551,162.

IN MECKLENBURG COUNTY:

- 56.6% OF THE POPULATION IS WHITE, 33.3% IS BLACK/AFRICAN AMERICAN, 14.1% IS HISPANIC, AND 6.5% IS ASIAN
- 12.2% OF THE POPULATION UNDER 65 DOES NOT HAVE HEALTH INSURANCE
- THE MEDIAN INCOME IS \$69,240
- THE POVERTY RATE IS 11%
- THE LEADING CAUSES OF DEATH ARE CANCER AND HEART DISEASE
- THE UNEMPLOYMENT RATE IS 4.8%
- FOOD HARDSHIP IS AT 94.5% IN ZIP CODE 28208, 76.4% IN ZIP CODE 28217,

Part VI Supplemental Information (Continuation)

AND 72.6% IN ZIP CODE 28216 COMPARED TO 7% IN ZIP CODE 28277

IN UNION COUNTY:

- 80.2% OF THE POPULATION IS WHITE, 12.6% IS BLACK/AFRICAN AMERICAN, 12% IS HISPANIC, AND 4.2% IS ASIAN

- 10.8% OF THE POPULATION UNDER 65 DOES NOT HAVE HEALTH INSURANCE

- THE MEDIAN INCOME IS \$82,557

- THE POVERTY RATE IS 7%

- THE LEADING CAUSES OF DEATH ARE CANCER AND HEART DISEASE

- THE UNEMPLOYMENT RATE IS 4.6%

- 7.3% OF THE OVERALL POPULATION OF UNION COUNTY IS FACING FOOD HARDSHIP

DATA FOR THE CHNA WAS GATHERED FROM VARIOUS STATE AND FEDERAL SOURCES, BUT PRIMARILY THE US CENSUS BUREAU. SPECIFIC REFERENCES AND OTHER SUPPORTING INFORMATION CAN BE FOUND IN THE MOST RECENT CHNA HERE:

[HTTPS://WWW.NOVANTHEALTH.ORG/ABOUT/COMMUNITY/COMMUNITY-HEALTH-NEEDS/](https://www.novanthealth.org/about/community/community-health-needs/)

PART VI, LINE 5: PROMOTION OF COMMUNITY HEALTH

THE ORGANIZATION FURTHERS ITS EXEMPT PURPOSES BY DOING THE FOLLOWING:

1. ADOPTING A FINANCIAL ASSISTANCE POLICY;

2. REMAINING CERTIFIED BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TO PROVIDE SERVICES TO ALL BENEFICIARIES OF MEDICARE, MEDICAID, AND OTHER GOVERNMENT PAYMENT PROGRAMS, AND PROVIDING SERVICES IN A NONDISCRIMINATORY

Part VI Supplemental Information (Continuation)

MANNER TO SUCH BENEFICIARIES;

3. OPERATING A FULL-TIME EMERGENCY ROOM WHICH IS OPEN TO AND ACCEPTS ALL PERSONS, REGARDLESS OF THEIR ABILITY TO PAY;

4. MAINTAINING AN OPEN MEDICAL STAFF, SUBJECT TO EXCLUSIVE CONTRACTS FOR HOSPITAL-BASED SERVICES SUCH AS ANESTHESIOLOGY, RADIOLOGY, PATHOLOGY, HOSPITALIST, AND EMERGENCY DEPARTMENT SERVICES, TO THE EXTENT AN EXCLUSIVE CONTRACT FOR THOSE SERVICES IS REQUIRED TO OBTAIN PROPER STAFFING COVERAGE OR TO PERMIT A MORE EFFICIENT DELIVERY OF THOSE SERVICES WITHIN THE HOSPITAL FACILITY;

5. MAINTAINING A GOVERNING BOARD CONSISTING PRIMARILY OF A BROAD CROSS-SECTION OF LEADERS IN THE COMMUNITY;

6. ADOPTING AND APPLYING A CONFLICT OF INTEREST POLICY, WHICH APPLIES TO THE GOVERNING BOARD AND ORGANIZATION OFFICERS;

7. PROVIDING HEALTH EDUCATION LECTURES AND WORKSHOPS;

8. PROVIDING HEALTH FAIRS, EDUCATION ON SPECIFIC DISEASES OR CONDITIONS, AND HEALTH PROMOTION AND WELLNESS PROGRAMS TO THE COMMUNITIES IT SERVES;

9. PROVIDING SUPPORT GROUPS AND SELF HELP PROGRAMS TO THE COMMUNITIES IT SERVES;

10. PROVIDING COMMUNITY-BASED CLINICAL SERVICES, INCLUDING WITHOUT LIMITATION, HEALTH SCREENINGS AND CLINICS FOR UNINSURED OR UNDERINSURED

Part VI Supplemental Information (Continuation)

PERSONS TO THE COMMUNITIES IT SERVES;

11. PROVIDING HEALTHCARE SUPPORT SERVICES, INCLUDING WITHOUT LIMITATION, INFORMATION AND REFERRAL TO COMMUNITY SERVICES, CASE MANAGEMENT OF UNDERINSURED AND UNINSURED PERSONS, TELEPHONE INFORMATION SERVICES AND ASSISTANCE TO ENROLL IN PUBLIC PROGRAMS, SUCH AS STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP) AND MEDICAID TO THE COMMUNITIES IT SERVES;

12. PROVIDING SUBSIDIZED HEALTH SERVICES AND CLINICAL PROGRAMS TO THE COMMUNITIES IT SERVES;

13. PROVIDING CASH AND IN-KIND CONTRIBUTIONS TO NONPROFIT COMMUNITY HEALTHCARE ORGANIZATIONS IN THE COMMUNITIES IT SERVES; AND

14. GENERALLY PROMOTING THE HEALTH, WELLNESS, AND WELFARE OF THE COMMUNITIES IT SERVES BY PROVIDING QUALITY HEALTHCARE SERVICES AT REASONABLE COST.

PLEASE SEE THE NOVANT HEALTH COMMUNITY BENEFIT REPORT, LOCATED AT [HTTPS://WWW.NOVANTHEALTH.ORG/ABOUT/COMMUNITY/COMMUNITY-HEALTH-NEEDS/](https://www.novanthealth.org/about/community/community-health-needs/).

PLEASE NOTE THAT THE NUMERIC INFORMATION IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HEALTHCARE ASSOCIATION REPORTING GUIDELINES.

PART VI, LINE 6: AFFILIATED HEALTH CARE SYSTEM

Part VI Supplemental Information (Continuation)

THE ORGANIZATION IS AN INTEGRAL PART OF NOVANT HEALTH, A NOT-FOR-PROFIT INTEGRATED GROUP OF HOSPITALS, PHYSICIAN CLINICS, OUTPATIENT CENTERS AND OTHER HEALTHCARE SERVICE PROVIDERS. NOVANT HEALTH IS RANKED AS ONE OF OUR NATION'S TOP 20 INTEGRATED HEALTHCARE SYSTEMS - CARING FOR PATIENTS AND COMMUNITIES IN NORTH AND SOUTH CAROLINA. EACH HOSPITAL PROVIDES SUBSTANTIAL COMMUNITY BENEFIT TO THE COMMUNITY IT SERVES, AS REPORTED INDIVIDUALLY ON EACH HOSPITAL'S FORM 990, SCHEDULE H. THE COMMUNITY BENEFIT OF THE SYSTEM AS A WHOLE IS DOCUMENTED IN A SYSTEM-WIDE COMMUNITY BENEFIT REPORT, LOCATED AT [HTTPS://WWW.NOVANTHEALTH.ORG/ABOUT/COMMUNITY/COMMUNITY-HEALTH-NEEDS/](https://www.novanthealth.org/about/community/community-health-needs/).

PLEASE NOTE THAT THE NUMERIC INFORMATION IN THIS REPORT IS NOT BASED UPON THE FORM 990, SCHEDULE H CRITERIA, BUT RATHER IT HAS BEEN PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HEALTHCARE ASSOCIATION REPORTING GUIDELINES. IT SHOULD NOT BE RELIED UPON AS THE ORGANIZATION'S FORM 990, SCHEDULE H COMMUNITY BENEFIT REPORT, ITS COMMUNITY HEALTH NEEDS ASSESSMENT OR COMMUNITY BENEFIT IMPLEMENTATION STRATEGY. THERE ARE SIGNIFICANT COMMUNITY BENEFIT ACTIVITIES WITHIN NOVANT HEALTH WHICH MAY NOT BE REPORTABLE ON A SCHEDULE H BECAUSE THEY ARE NOT CONDUCTED BY AN ENTITY WHICH OWNS OR OPERATES A HOSPITAL.

IN ADDITION TO HOSPITALS, NOVANT HEALTH INCLUDES A PHYSICIAN ORGANIZATION WITH PRACTICES IN NORTH AND SOUTH CAROLINA, AND SIX HOSPITAL FOUNDATIONS WHICH SUPPORT AND ENHANCE THE ACTIVITIES IN THOSE HOSPITALS' COMMUNITIES. FURTHER, NOVANT HEALTH INCLUDES AMBULATORY SURGERY CENTERS, IMAGING CENTERS, REHABILITATION CENTERS, AND OTHER OUTPATIENT FACILITIES; ALL DEDICATED TO PROMOTING THE HEALTH OF THEIR RESPECTIVE COMMUNITIES.

Part VI Supplemental Information (Continuation)

PART VI, LINE 7: STATE FILING OF COMMUNITY BENEFIT REPORT

NOVANT HEALTH, INC. FILES A SYSTEM-WIDE COMMUNITY BENEFIT REPORT

PREPARED IN ACCORDANCE WITH THE NORTH CAROLINA HEALTHCARE ASSOCIATION

REPORTING GUIDELINES WITH THE NORTH CAROLINA MEDICAL CARE COMMISSION AS

PART OF THE DOCUMENTATION REQUIRED FOR THE ISSUANCE OF TAX EXEMPT BOND

FINANCING.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees
Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
Attach to Form 990.
Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2022

Open to Public
Inspection

Name of the organization

PRESBYTERIAN MEDICAL CARE CORP.

Employer identification number

56-1376368

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in or receive payment from a supplemental nonqualified retirement plan?
- c** Participate in or receive payment from an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2022

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC and/or 1099-NEC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINE 3:

IN JANUARY 2023, THE ORGANIZATION CONVERTED TO A LIMITED LIABILITY COMPANY WHOLLY OWNED BY NOVANT HEALTH, INC, A TAX-EXEMPT HEALTHCARE ORGANIZATION, AND ALL CONTINUING OPERATIONS ARE REPORTED ON THE NOVANT HEALTH, INC.'S FORM 990. SINCE THIS IS A SHORT YEAR RETURN IN WHICH THERE IS NO CALENDAR YEAR THAT ENDS WITH OR WITHIN THE SHORT YEAR, THE ORGANIZATION IS NOT REPORTING COMPENSATION FOR ANYONE LISTED IN PART VII.

SCHEDULE N
(Form 990)

Department of the Treasury
Internal Revenue Service

Liquidation, Termination, Dissolution, or Significant Disposition of Assets

Complete if the organization answered "Yes" on Form 990, Part IV, lines 31 or 32, or Form 990-EZ, line 36.

Attach certified copies of any articles of dissolution, resolutions, or plans.

Attach to Form 990 or Form 990-EZ.

Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2022

Open to Public
Inspection

Name of the organization

PRESBYTERIAN MEDICAL CARE CORP.

Employer identification number

56-1376368

Part I **Liquidation, Termination, or Dissolution.** Complete this part if the organization answered "Yes" on Form 990, Part IV, line 31, or Form 990-EZ, line 36. Part I can be duplicated if additional space is needed.

1	(a) Description of asset(s) distributed or transaction expenses paid	(b) Date of distribution	(c) Fair market value of asset(s) distributed or amount of transaction expenses	(d) Method of determining FMV for asset(s) distributed or transaction expenses	(e) EIN of recipient	(f) Name and address of recipient	(g) IRC section of recipient(s) (if tax-exempt) or type of entity
	CASH	01/31/23	27,882.	ACTUAL	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	ACCOUNTS RECEIVABLE	01/31/23	37,383,029.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	NOTES AND LOANS RECEIVABLE	01/31/23	4,434,024.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	INVENTORIES FOR SALE OR USE	01/31/23	6,306,083.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	PROPERTY, PLANT AND EQUIPMENT	01/31/23	87,822,331.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	OTHER	01/31/23	758,621,693.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)

2 Did or will any officer, director, trustee, or key employee of the organization:

- a Become a director or trustee of a successor or transferee organization?
- b Become an employee of, or independent contractor for, a successor or transferee organization?
- c Become a direct or indirect owner of a successor or transferee organization?
- d Receive, or become entitled to, compensation or other similar payments as a result of the organization's liquidation, termination, or dissolution?
- e If the organization answered "Yes" to any of the questions on lines 2a through 2d, provide the name of the person involved and explain in Part III.

	Yes	No
2a		X
2b		X
2c		X
2d		X

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule N (Form 990) 2022

Part I Liquidation, Termination, or Dissolution (continued)

Note: If the organization distributed all of its assets during the tax year, then Form 990, Part X, column (B), line 16 (Total assets), and line 26 (Total liabilities), should equal -0-.

	Yes	No
3 Did the organization distribute its assets in accordance with its governing instrument(s)? If "No," describe in Part III	X	
4a Is the organization required to notify the attorney general or other appropriate state official of its intent to dissolve, liquidate, or terminate?		X
b If "Yes," did the organization provide such notice?		
5 Did the organization discharge or pay all of its liabilities in accordance with state laws?	X	
6a Did the organization have any tax-exempt bonds outstanding during the year?		X
b If "Yes" to line 6a, did the organization discharge or defease all of its tax-exempt bond liabilities during the tax yr in accordance with the Internal Revenue Code and state laws?		
c If "Yes" on line 6b, describe in Part III how the organization defeased or otherwise settled these liabilities. If "No" on line 6b, explain in Part III.		

Part II Sale, Exchange, Disposition, or Other Transfer of More Than 25% of the Organization's Assets. Complete this part if the organization answered "Yes" on Form 990, Part IV, line 32, or Form 990-EZ, line 36. Part II can be duplicated if additional space is needed.

1	(a) Description of asset(s) distributed or transaction expenses paid	(b) Date of distribution	(c) Fair market value of asset(s) distributed or amount of transaction expenses	(d) Method of determining FMV for asset(s) distributed or transaction expenses	(e) EIN of recipient	(f) Name and address of recipient	(g) IRC section of recipient(s) (if tax-exempt) or type of entity

	Yes	No
2 Did or will any officer, director, trustee, or key employee of the organization:		
a Become a director or trustee of a successor or transferee organization?		
b Become an employee of, or independent contractor for, a successor or transferee organization?		
c Become a direct or indirect owner of a successor or transferee organization?		
d Receive, or become entitled to, compensation or other similar payments as a result of the organization's significant disposition of assets?		
e If the organization answered "Yes" to any of the questions on lines 2a through 2d, provide the name of the person involved and explain in Part III.		

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
Attach to Form 990 or Form 990-EZ.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2022

Open to Public
Inspection

Name of the organization

PRESBYTERIAN MEDICAL CARE CORP.

Employer identification number

56-1376368

FORM 990, ITEM C, DOING BUSINESS AS:

NOVANT HEALTH MATTHEWS MEDICAL CENTER

FORM 990, PI, L1: ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES

PRESBYTERIAN MEDICAL CARE CORPORATION, DOING BUSINESS AS NOVANT HEALTH

MATTHEWS MEDICAL CENTER ("NHMMC"), WAS AN INTEGRAL PART OF THE NOVANT

HEALTH SYSTEM (COLLECTIVELY KNOWN AS "NOVANT HEALTH"), A NOT-FOR-PROFIT

INTEGRATED GROUP OF HOSPITALS, PHYSICIAN CLINICS, OUTPATIENT CENTERS

AND OTHER HEALTHCARE SERVICE PROVIDERS.

THE NOVANT HEALTH NETWORK CONSISTS OF MORE THAN 1,800 PHYSICIANS AND

OVER 35,000 TEAM MEMBERS THAT PROVIDE CARE AT NEARLY 800 LOCATIONS,

INCLUDING 15 MEDICAL CENTERS AND HUNDREDS OF OUTPATIENT FACILITIES AND

PHYSICIAN CLINICS. HEADQUARTERED IN WINSTON SALEM, NORTH CAROLINA,

NOVANT HEALTH IS COMMITTED TO MAKING HEALTHCARE REMARKABLE FOR PATIENTS

AND COMMUNITIES PROVIDING NEARLY SIX MILLION PATIENT VISITS ANNUALLY.

NOVANT HEALTH MATTHEWS MEDICAL CENTER IS A 157-BED HOSPITAL OFFERING A

WIDE RANGE OF SERVICES IN CARDIOVASCULAR, SURGERY, MATERNITY, CANCER,

HOSPICE AND PALLIATIVE CARE, OUTPATIENT AND HIGH-LEVEL DIAGNOSTIC

CAPABILITIES. SINCE OPENING ITS DOORS IN 1994, NOVANT HEALTH MATTHEWS

MEDICAL CENTER HAS PROVIDED QUALITY CARE TO THE COMMUNITIES OF EASTERN

MECKLENBURG COUNTY AND ADJACENT UNION COUNTY IN NC. FROM A FULL RANGE

OF HOSPITAL-BASED SERVICES TO COMMUNITY PROGRAMS EXTENDING FAR BEYOND

OUR WALLS, NOVANT HEALTH MATTHEWS MEDICAL CENTER CONTINUALLY PURSUES

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990) 2022

232211 10-28-22

Name of the organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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ITS MISSION OF IMPROVING THE HEALTH OF OUR COMMUNITIES, ONE PERSON AT A TIME.

IN JANUARY 2023, PRESBYTERIAN MEDICAL CARE CORPORATION CONVERTED TO A LIMITED LIABILITY COMPANY WHOLLY OWNED BY NOVANT HEALTH, INC, A TAX-EXEMPT HEALTHCARE ORGANIZATION, AND ALL CONTINUING OPERATIONS ARE REPORTED ON THE NOVANT HEALTH, INC.'S FORM 990.

FORM 990, PART III, LINE 1: MISSION, VISION, AND VALUES

MISSION

NOVANT HEALTH EXISTS TO IMPROVE THE HEALTH OF OUR COMMUNITIES, ONE PERSON AT A TIME.

VISION

WE, THE NOVANT HEALTH TEAM, WILL DELIVER THE MOST REMARKABLE PATIENT EXPERIENCE, IN EVERY DIMENSION, EVERY TIME.

VALUES

-COMPASSION: WE TREAT OUR CUSTOMERS AND THEIR FAMILIES, STAFF AND OTHER HEALTHCARE PROVIDERS AS FAMILY MEMBERS WITH KINDNESS, PATIENCE, EMPATHY AND RESPECT.

-DIVERSITY AND INCLUSION: WE RECOGNIZE THAT EVERY PERSON IS DIFFERENT, EACH SHAPED BY UNIQUE LIFE EXPERIENCES. THIS ENABLES US TO BETTER UNDERSTAND EACH OTHER AND OUR CUSTOMERS. BY ENGAGING THE STRENGTHS AND TALENTS OF EACH TEAM MEMBER, WE ENSURE A STRONG ORGANIZATION CAPABLE OF PROVIDING REMARKABLE HEALTHCARE TO OUR PATIENTS, FAMILIES AND COMMUNITIES.

Name of the organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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-PERSONAL EXCELLENCE: WE STRIVE TO GROW PERSONALLY AND PROFESSIONALLY AND APPROACH EACH SERVICE OPPORTUNITY WITH A POSITIVE, FLEXIBLE ATTITUDE. HONESTY AND PERSONAL INTEGRITY GUIDE ALL WE DO.

-TEAMWORK: THE NEEDS AND EXPECTATIONS OF ANY ONE CUSTOMER ARE GREATER THAN WHAT ONE PERSON'S SERVICE EFFORTS CAN SATISFY. WE SUPPORT EACH OTHER SO THAT TOGETHER AS A TEAM, WE CAN BE SUCCESSFUL IN THE EYE OF THE CUSTOMER AS A QUALITY SERVICE PROVIDER.

-COURAGE: WE ACT BOLDLY IN MAKING THE CHANGES NECESSARY TO ACHIEVE OUR MISSION, VISION AND PROMISE OF DELIVERING REMARKABLE HEALTHCARE.

-SAFETY: WE EMBRACE A CULTURE IN WHICH "FIRST, DO NO HARM" IS THE FOUNDATION OF REMARKABLE HEALTHCARE. OUR WORK ENVIRONMENT IS ONE OF OPEN COMMUNICATION, HIGH-RELIABILITY, AND A RELENTLESS QUEST TOWARD ZERO EVENTS OF PREVENTABLE HARM.

OUR PEOPLE

WE ARE AN INCLUSIVE TEAM OF PURPOSE-DRIVEN PEOPLE INSPIRED AND UNITED BY OUR PASSION TO CARE FOR EACH OTHER, OUR PATIENTS AND OUR COMMUNITIES. WE ALWAYS REMEMBER, OUR BUSINESS IS THE CARE OF ALL PEOPLE, STARTING WITH OUR TEAM MEMBERS.

OUR PROMISE

WE ARE RELENTLESSLY PURSUING REMARKABLE CARE EVERY DAY - SO YOU CAN EXPECT THE COMPASSIONATE, EXPERT, PERSONAL EXPERIENCE YOU DESERVE.

FORM 990, PART III, LINE 3, CHANGES IN PROGRAM SERVICES: IN JANUARY 2023, PRESBYTERIAN MEDICAL CARE CORP. CONVERTED TO A LIMITED LIABILITY COMPANY WHOLLY OWNED BY NOVANT HEALTH, INC., A TAX-EXEMPT HEALTHCARE ORGANIZATION, AND ALL CONTINUING OPERATIONS ARE REPORTED ON

Name of the organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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THE NOVANT HEALTH, INC.'S FORM 990.

FORM 990, PART VI, SECTION A, LINE 4: SIGNIFICANT CHANGES TO GOVERNING DOCUMENTS

ARTICLES OF CONVERSION, WHICH WERE FILED IN JANUARY 2023, HAVE BEEN ATTACHED TO THIS FORM 990.

FORM 990, PART VI, SECTION A, LINE 6: CLASSES OF MEMBERS OR STOCKHOLDERS THE CORPORATION IS A NONPROFIT CORPORATION WITH MEMBERS (OR A MEMBER).

NOVANT HEALTH, INC. IS THE SOLE MEMBER OF NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC AND NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC IS THE SOLE MEMBER OF PRESBYTERIAN MEDICAL CARE CORPORATION. THE CORPORATE POWERS OF PRESBYTERIAN MEDICAL CARE CORPORATION AND THE AUTHORITY OF ITS TRUSTEES AND OFFICERS IS SUBJECT TO THE CONTROL OF NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC AND ITS SOLE MEMBER NOVANT HEALTH, INC TO THE EXTENT SUCH CONTROL IS SPECIFICALLY DESIGNATED IN THE ARTICLES OF INCORPORATION AND BYLAWS OF NOVANT HEALTH, INC AND IN THE ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT OF NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC.

FORM 990, PART VI, SECTION A, LINE 7A: ELECTION OF MEMBERS AND THEIR RIGHTS THE BOARD MEMBERS OF THE GOVERNING BODY OF PRESBYTERIAN MEDICAL CARE CORP. ARE THE SAME AS THOSE OF THE NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC; THE BOARD IS APPOINTED BY NOVANT HEALTH, INC.

Name of the organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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FORM 990, PART VI, SECTION A, LINE 7B: DECISIONS SUBJECT TO APPROVAL OF MEMBERS

THE BOARD OF NOVANT HEALTH, INC. APPROVES CHANGES MADE TO THE PRESBYTERIAN MEDICAL CARE CORPORATION BYLAWS.

FORM 990, PART VI, SECTION B, LINE 11: ORGANIZATION'S PROCESS TO REVIEW FORM 990

NO FORMAL REVIEW OF THE ORGANIZATION'S FORM 990 WAS CONDUCTED BY THE GOVERNING BODY PRIOR TO FILING FOR THE SHORT TAX YEAR ENDED JANUARY 31, 2023. FUTURE INFORMATION REGARDING THE OPERATIONS OF THIS ORGANIZATION WILL BE REPORTED ON FORM 990 OF NOVANT HEALTH, INC., WHICH IS REVIEWED ANNUALLY BY ITS GOVERNING BODY.

FORM 990, PART VI, SECTION B, LINE 12C: MONITORING AND ENFORCEMENT OF COI
THE ORGANIZATION'S TRUSTEE CONFLICT OF INTEREST POLICY APPLIES TO ALL TRUSTEES, PRINCIPAL OFFICERS OR MEMBERS OF A COMMITTEE WITH BOARD DELEGATED POWERS INCLUDING ANY APPLICABLE DISREGARDED ENTITIES. ALL TRUSTEES ARE SENT AN ANNUAL DISCLOSURE QUESTIONNAIRE. THE TRUSTEE ANNUAL DISCLOSURE QUESTIONNAIRES ARE REVIEWED BY THE COMPLIANCE DEPARTMENT. WITH RESPECT TO PARTICULAR TRANSACTIONS THAT COME BEFORE THE BOARD, THE CONFLICT OF INTEREST POLICY WOULD BE FOLLOWED. THE POTENTIAL CONFLICT OF INTEREST WOULD BE DISCLOSED BY THE BOARD MEMBER BEFORE A VOTE ON THE TRANSACTION AND THE REST OF THE BOARD WOULD DETERMINE WHETHER A CONFLICT OF INTEREST EXISTS. IF THE REST OF THE BOARD DETERMINED THAT A CONFLICT OF INTEREST EXISTED THEN THE BOARD MEMBER WITH THE CONFLICT OF INTEREST WOULD NOT PARTICIPATE IN THE

Name of the organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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DELIBERATIONS AND VOTE.

FORM 990, PART VI, SECTION C, LINE 19: GOVERNING DOCUMENTS DISCLOSURE
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTAINING ALL ORGANIZATIONS
IN THE NOVANT HEALTH SYSTEM ARE POSTED TO THE NOVANT HEALTH WEBSITE. THE
GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE TO
THE PUBLIC.

FORM 990, PART VII, SECTION B: INDEPENDENT CONTRACTORS
IN JANUARY 2023, THE ORGANIZATION CONVERTED TO A LIMITED LIABILITY
COMPANY WHOLLY OWNED BY NOVANT HEALTH, INC, A TAX-EXEMPT HEALTHCARE
ORGANIZATION, AND ALL CONTINUING OPERATIONS ARE REPORTED ON THE NOVANT
HEALTH, INC.'S FORM 990. SINCE THIS IS A SHORT YEAR RETURN IN WHICH
THERE IS NO CALENDAR YEAR THAT ENDS WITH OR WITHIN THE SHORT YEAR, THE
ORGANIZATION IS NOT REPORTING THE HIGHEST COMPENSATED INDEPENDENT
CONTRACTORS ON THIS RETURN (BECAUSE SUCH PERSONS ARE DETERMINED
ACCORDING TO COMPENSATION RECEIVED IN THE CALENDAR YEAR ENDING WITH OR
WITHIN THE TAX YEAR FOR WHICH THE RETURN IS FILED).

FORM 990, PART IX, LINE 11G, OTHER FEES:

OUTSIDE SERVICES:

PROGRAM SERVICE EXPENSES	473,337.
MANAGEMENT AND GENERAL EXPENSES	27,141.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	500,478.

Name of the organization PRESBYTERIAN MEDICAL CARE CORP.	Employer identification number 56-1376368
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CONTRACTED SERVICES:

PROGRAM SERVICE EXPENSES	344,433.
MANAGEMENT AND GENERAL EXPENSES	38,270.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	382,703.

COLLECTION SERVICE:

PROGRAM SERVICE EXPENSES	0.
MANAGEMENT AND GENERAL EXPENSES	12,282.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	12,282.

PROFESSIONAL PHYSICIAN SERVICES:

PROGRAM SERVICE EXPENSES	1,099,455.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	1,099,455.

FOOD SERVICE:

PROGRAM SERVICE EXPENSES	371,522.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	371,522.

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A	2,366,440.
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FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

CONVERSION TO SMLLC OF NOVANT HEALTH, INC.	-855,635,281.
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**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships
Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2022

**Open to Public
Inspection**

Name of the organization **PRESBYTERIAN MEDICAL CARE CORP.** Employer identification number **56-1376368**

Part I Identification of Disregarded Entities. Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
AUXILIARY OF FORSYTH MEMORIAL HOSPITAL - 56-0862112, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 10	FORSYTH MEMORIAL HOSPITAL, INC.		X
BRUNSWICK NOVANT MEDICAL CENTER FOUNDATION - 27-4616751, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	BRUNSWICK COMMUNITY HOSPITAL, LLC		X
CAROLINA HEALTHCARE ASSOCIATES, INC. - 56-2049697, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER,		X
CAROLINA MEDICORP ENTERPRISES, INC. - 58-1466368, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 10	NOVANT MEDICAL GROUP, INC.		X

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule R (Form 990) 2022

SEE PART VII FOR CONTINUATIONS

Part II Continuation of Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization?	
						Yes	No
COMMUNITY GENERAL HOSPITAL FOUNDATION, INC. - 56-1828629, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	NOVANT HEALTH THOMASVILLE MEDICAL CENTER,		X
FORSYTH MEDICAL CENTER FOUNDATION - 56-2120959, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	FORSYTH MEMORIAL HOSPITAL, INC.		X
FORSYTH MEMORIAL HOSPITAL, INC. - 56-0928089 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH TRIAD REGION, LLC		X
FOUNDATION HEALTH SYSTEMS CORP. - 56-1373175 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 10	NOVANT HEALTH, INC.		X
MEDICAL PARK HOSPITAL, INC. - 56-1340424 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH TRIAD REGION, LLC		X
NEW HANOVER REGIONAL MEDICAL CENTER FOUNDATION, INC. - 56-1752396, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 12A, I	NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER,		X
NHRMC HOME CARE - 35-2379154 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 10	PENDER MEMORIAL HOSPITAL, INC.		X
NOVANT HEALTH, INC. - 56-1376950 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	N/A		X
NOVANT MEDICAL GROUP, INC. - 58-1728803 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NMG SERVICES, LLC		X
PENDER MEMORIAL HOSPITAL, INC. - 56-0653348 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER,		X
PRESBYTERIAN HOSPITAL FOUNDATION - 58-1413074, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC		X
ROWAN REGIONAL MEDICAL CENTER AUXILIARY - 23-7022472, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 10	NOVANT HEALTH ROWAN MEDICAL CENTER, LLC		X

Part III Identification of Related Organizations Taxable as a Partnership. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV Identification of Related Organizations Taxable as a Corporation or Trust. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
ADEPT HEALTH, INC. - 56-2226937 2085 FRONTIS PLAZA BLVD. WINSTON SALEM, NC 27103	ADMIN SERVICES	NC	N/A	C CORP	N/A	N/A	N/A		X
CHOICEHEALTH, INC. - 56-1896065 2085 FRONTIS PLAZA BLVD. WINSTON SALEM, NC 27103	MANAGED CARE	NC	N/A	C CORP	N/A	N/A	N/A		X
COMMUNICARE, INC. - 56-1952950 2085 FRONTIS PLAZA BLVD. WINSTON SALEM, NC 27103	RENTAL REAL ESTATE	NC	N/A	C CORP	N/A	N/A	N/A		X
KERNERSVILLE MEDICAL CENTER PARK OWNERS' ASSOCIATION - 47-1511401, 2085 FRONTIS PLAZA BLVD., WINSTON SALEM, NC 27103	RENTAL REAL ESTATE	NC	N/A	C CORP	N/A	N/A	N/A		X
MEDQUEST, INC. & SUBSIDIARIES - 22-3860764 3480 PRESTON RIDGE RD., STE 600 ALPHARETTA, GA 30005	DIAGNOSTIC IMAGING	DE	N/A	C CORP	N/A	N/A	N/A		X

Part V Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note: Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		X
1b		X
1c	X	
1d		X
1e		X
1f		X
1g		X
1h		X
1i		X
1j	X	
1k	X	
1l		X
1m	X	
1n		X
1o		X
1p	X	
1q		X
1r		X
1s		X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R. See instructions.

PART II, IDENTIFICATION OF RELATED TAX-EXEMPT ORGANIZATIONS:

NAME OF RELATED ORGANIZATION:

CAROLINA HEALTHCARE ASSOCIATES, INC.

DIRECT CONTROLLING ENTITY: NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER, LLC

NAME OF RELATED ORGANIZATION:

COMMUNITY GENERAL HOSPITAL FOUNDATION, INC.

DIRECT CONTROLLING ENTITY: NOVANT HEALTH THOMASVILLE MEDICAL CENTER, LLC

NAME OF RELATED ORGANIZATION:

NEW HANOVER REGIONAL MEDICAL CENTER FOUNDATION, INC.

DIRECT CONTROLLING ENTITY: NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER, LLC

NAME OF RELATED ORGANIZATION:

PENDER MEMORIAL HOSPITAL, INC.

DIRECT CONTROLLING ENTITY: NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER, LLC

Electronic Filing PDF Attachment

Novant Health, Inc. and Affiliates

**Consolidated Financial Statements and
Supplemental Information
December 31, 2022 and 2021**

Novant Health, Inc. and Affiliates
Index
December 31, 2022 and 2021

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Report of Independent Auditors

To the Board of Trustees of Novant Health, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Novant Health, Inc. and Affiliates (the “Company”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations, changes in 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Pricewaterhouse Coopers LLP

March 30, 2023

Novant Health, Inc. and Affiliates
Consolidated Balance Sheets
December 31, 2022 and 2021

(in thousands of dollars)

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 643,997	\$ 795,602
Accounts receivable, net	902,323	896,263
Short-term investments	234,253	411,440
Current portion of assets limited as to use	28,832	40,627
Receivable for settlement with third-party payors	13,985	16,315
Other current assets	645,001	343,152
Total current assets	<u>2,468,391</u>	<u>2,503,399</u>
Assets limited as to use	239,778	299,263
Long-term investments	3,029,968	3,514,345
Property and equipment, net	3,004,232	2,883,230
Right-of-use assets, net	477,247	520,111
Intangible assets and goodwill, net	645,420	854,249
Investments in affiliates	267,532	53,954
Deferred tax asset	2,658	3,980
Other assets	131,583	135,879
Total assets	<u>\$ 10,266,809</u>	<u>\$ 10,768,410</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 61,219	\$ 54,637
Short-term borrowings	277	124,518
Accounts payable	369,603	312,751
Accrued liabilities	762,340	810,460
Current portion of operating lease liabilities	106,950	106,774
Estimated third-party payor settlements	59,531	80,207
Total current liabilities	<u>1,359,920</u>	<u>1,489,347</u>
Long-term debt, net of current portion	2,589,153	2,610,282
Deferred tax liability	19,551	5,201
Operating lease liabilities, net of current portion	388,638	429,628
Derivative financial instruments	13,191	39,260
Employee benefits and other liabilities	382,721	466,152
Total liabilities	<u>4,753,174</u>	<u>5,039,870</u>
Commitments and contingencies		
Net assets		
Without donor restrictions - attributable to Novant Health	5,413,189	5,630,943
Without donor restrictions - noncontrolling interests	5,059	6,675
Total net assets without donor restrictions	<u>5,418,248</u>	<u>5,637,618</u>
With donor restrictions	95,387	90,922
Total net assets	<u>5,513,635</u>	<u>5,728,540</u>
Total liabilities and net assets	<u>\$ 10,266,809</u>	<u>\$ 10,768,410</u>

The accompanying notes are an integral part of these consolidated financial statements.

Novant Health, Inc. and Affiliates
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2022 and 2021

(in thousands of dollars)

	2022	2021
Operating revenues and other support		
Net patient service revenues	\$ 6,652,892	\$ 6,811,318
Other revenue	899,218	584,828
Total operating revenues and other support	<u>7,552,110</u>	<u>7,396,146</u>
Operating expenses		
Salaries and employee benefits	4,250,720	3,924,166
Supplies and other	2,773,908	2,685,642
Depreciation and amortization expense	330,308	339,633
Impairment charge	62,981	-
Interest expense	65,984	77,696
Total operating expenses	<u>7,483,901</u>	<u>7,027,137</u>
Operating income	68,209	369,009
Non-operating income (expense)		
Investment (loss) income	(251,112)	452,815
Loss on extinguishment of debt	-	(4,456)
Income tax expense	(38,753)	(4,793)
Other net periodic pension costs	(1,183)	(576)
(Deficit) excess of revenues over expenses	<u>\$ (222,839)</u>	<u>\$ 811,999</u>
Other changes in net assets without donor restrictions		
Deconsolidation of Novant Health UVA Health System	-	(60,185)
Change in funded status of defined benefit plans	4,664	1,206
Amortization of deferred loss on derivative financial instruments	2,778	2,984
Other changes in net assets without donor restrictions	(3,973)	(3,449)
(Decrease) increase in net assets without donor restrictions	<u>(219,370)</u>	<u>752,555</u>
Net assets with donor restrictions		
Assumption of net assets with donor restrictions from acquisition	-	20,364
Deconsolidation of Novant Health UVA Health System	-	(3,749)
Contributions and investment income	14,777	31,722
Net assets released from restrictions for operations	(10,312)	(42,251)
Increase in net assets with donor restrictions	<u>4,465</u>	<u>6,086</u>
(Decrease) increase in total net assets	(214,905)	758,641
Net assets, beginning of period	<u>5,728,540</u>	<u>4,969,899</u>
Net assets, end of period	<u>\$ 5,513,635</u>	<u>\$ 5,728,540</u>

The accompanying notes are an integral part of these consolidated financial statements.

Novant Health, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(in thousands of dollars)

	2022	2021
Cash flows from operating activities		
(Decrease) increase in total net assets	\$ (214,905)	\$ 758,641
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization and accretion	330,291	340,303
(Gain) loss on sale of consolidated entities	(241,452)	29,682
Impairment charge	62,981	-
Change in net assets due to sale of consolidated affiliate	-	63,934
Loss on extinguishment of debt	-	4,456
Actuarial loss on pension and postretirement benefits	609	1,162
Change in funded status of defined benefit plans	(4,664)	(1,206)
Share of earnings in affiliates, net of distributions	8,336	12,153
Net realized and unrealized losses (gains) on assets limited as to use and investments	302,918	(401,591)
Change in fair value of interest rate swaps	(26,069)	(12,543)
Contributions restricted for capital	(1,585)	(11,743)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(27,584)	(147,043)
Accounts payable and accrued liabilities	126,082	(10,076)
Medicare advanced repayments	(174,883)	(70,228)
Long-term liabilities	(53,630)	89,462
Other current assets	(64,401)	(15,578)
Third-party payor settlements	(18,346)	(1,712)
Deferred taxes, net	16,220	1,344
Other assets and liabilities, net	7,259	(18,105)
Net cash provided by operating activities	<u>27,177</u>	<u>611,312</u>
Cash flows from investing activities		
Capital expenditures	(466,327)	(288,021)
Proceeds from sales of long-term investments	1,811,190	1,603,097
Purchases of long-term investments	(1,701,165)	(1,571,345)
Proceeds from sales of short-term investments	760,857	543,419
Purchases of short-term investments	(581,223)	(627,104)
Proceeds from sale of property and equipment	3,405	17,800
(Payments)/proceeds from sale of consolidated entities, net of cash disposed	(20,088)	115,905
Acquisition of business, net of cash acquired	-	(1,509,769)
Investments in unconsolidated affiliates	(3,366)	(11,631)
Other investing activities	(3,861)	(1,663)
Net cash used in investing activities	<u>(200,578)</u>	<u>(1,729,312)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Novant Health, Inc. and Affiliates
Consolidated Statements of Cash Flows, continued
Years Ended December 31, 2022 and 2021

(in thousands of dollars)

	2022	2021
Cash flows from financing activities		
Principal payments on long-term debt	(17,971)	(16,151)
Proceeds from long-term debt	-	1,491,682
Payments on repurchase agreements, net	(124,300)	(25,000)
Proceeds from sale of accounts receivable	20,312	28,408
Contributions from consolidated affiliate	-	54,544
Extinguishment of bonds	-	(145,228)
Proceeds from revolving credit facility	2,000	1,600,000
Payments on revolving credit facility	-	(1,600,000)
Other financing activities	3,077	8,533
	<u>(116,882)</u>	<u>1,396,788</u>
Net cash (used in) provided by financing activities	(116,882)	1,396,788
Net (decrease) increase in cash, cash equivalents and restricted cash	(290,283)	278,788
Cash, cash equivalents and restricted cash		
Beginning of period	<u>1,140,466</u>	<u>861,678</u>
End of period	<u>\$ 850,183</u>	<u>\$ 1,140,466</u>

	2022	2021
Supplemental disclosure of cash flow information		
Interest paid	\$ 92,781	\$ 82,960
Income taxes paid	1,873	5,203
Supplemental disclosure of noncash financing and investing activities		
Property and equipment financed through current liabilities	52,299	49,719
Investments in affiliates acquired in sale of business	218,548	-

The following table reconciles cash and cash equivalents on the consolidated balance sheets to cash, cash equivalents and restricted cash on the consolidated statements of cash flows:

	2022	2021
Cash and cash equivalents	\$ 643,997	\$ 795,602
Restricted cash included in assets limited as to use:		
Bond proceeds	10	9,989
Nonqualified plans	9,357	8,967
Transition stabilization escrow (footnote 4)	55,135	62,757
Other	10,484	13,045
Cash and cash equivalents included in long-term investments	<u>131,200</u>	<u>250,106</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 850,183</u>	<u>\$ 1,140,466</u>

The accompanying notes are an integral part of these consolidated financial statements.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(in thousands of dollars)

1. Reporting Entity

Novant Health, Inc. (“Novant Health” or the “Company”) is a not-for-profit integrated system of 15 medical centers and more than 1,800 physicians in over 800 locations, as well as numerous outpatient surgery centers, medical plazas, rehabilitation programs, diagnostic imaging centers and community health outreach programs. Novant Health’s more than 35,000 team members and physician partners care for patients and communities in North Carolina, South Carolina and Georgia.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of all affiliates controlled by Novant Health. All intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Significant estimates include, but are not limited to, accounts receivable price concessions, third-party payor settlements, goodwill and intangible asset valuation and subsequent recoverability, useful lives of intangible assets and property and equipment and medical and professional liability and other self-insurance accruals related assumptions.

Fair Value of Financial Instruments

The fair value of financial instruments approximates the carrying amount reported in the consolidated balance sheets for cash and cash equivalents, investments other than alternatives, assets limited as to use and interest rate swaps. More information can be found in Note 9, *Fair Value Measurements*.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding amounts limited as to use by board designation, donors or trustees and certain amounts that are reported as long-term investments.

Restricted Cash

Novant Health holds cash that is restricted by the Company to purchase investments, pay participants in the Company’s nonqualified plan, make payments related to the transition stabilization fund and fund expenditures with proceeds of the Series 2019 A bonds. Restricted cash balances were \$206,186 and \$344,864 as of December 31, 2022 and 2021, respectively, and are classified as current or long-term, consistent with the nature of their intended use based on the restrictions.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(in thousands of dollars)

Accounts Receivable

Accounts receivable consist primarily of amounts owed by various governmental agencies, insurance companies and patients. Novant Health manages these receivables by regularly reviewing the accounts and contracts and by recording appropriate price concessions. Amounts the Company receives for treatment of patients covered by governmental programs and third-party payors as well as directly from patients are subject to both explicit and implicit price concessions. The Company estimates these price concessions using contractual agreements, discount policies and historical experience. Novant Health records price concessions in the period of service based on the analysis and consideration of these factors.

Leases

Novant Health leases property and equipment under finance and operating leases and determines if an arrangement is a lease at the inception of the contract. Right-of-use assets represent the Company's right to use the underlying assets for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the leases. For leases with terms greater than 12 months, the related right-of-use assets and liabilities are recorded at the present value of lease payments over the term. Many of the Company's leases include rental escalation clauses and renewal options that are factored into our determination of lease payments when appropriate. The Company uses its estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of the lease payment.

Other Current Assets

Other current assets include inventories (which primarily consist of hospital and medical supplies and pharmaceuticals), prepaid expenses and other receivables. Inventory costs are determined primarily using the average cost method and are stated at the lower of cost or net realizable value.

Investments

Debt investments are classified as trading securities. All debt investments are designated as trading at the time of acquisition. Unrealized gains and losses on debt and equity investments are included in (deficit) excess of revenues over expenses, unless the income or loss is restricted by donor or law. Long-term investments are classified as noncurrent assets as the Company does not expect to use these funds to meet its current liabilities.

Investments in equity and debt securities with readily determinable fair values are measured at fair value based on prices obtained on active markets or exchanges. The Company also invests in alternative and private equity investments through funds structured as limited partnerships, limited liability companies ("LLC's") and corporations. These investments are recorded using the equity method, with the values provided by the respective partnership, LLC or corporation based on market value or other estimates that require varying degrees of judgment. The Company also has certain investments that are reported at Net Asset Value ("NAV") as permitted under GAAP. Novant Health believes the NAV reported at the end of the period is representative of the price we would receive if we sold the investment. For all of the Company's long-term investments, the related earnings are reported as investment income in the consolidated statements of operations and changes in net assets. At December 31, 2022 and 2021, the Company held \$36,239 and \$30,233, respectively, of long-term investments that were accounted for at cost less impairment with adjustments made for

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(in thousands of dollars)

any observable price changes resulting from an orderly transaction for the identical or a similar investment of the same issuer.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the investment balances included in the consolidated financial statements.

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees, the transition stabilization fund and assets designated for specific purposes by the Board of Trustees.

Derivatives

The Company selectively enters into interest rate protection agreements to mitigate changes in interest rates on variable rate borrowings. The notional amounts of such agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to loss. None of these agreements are used for speculative or trading purposes.

Derivatives are recognized on the consolidated balance sheets at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. The Company formally documents the hedging relationships at inception of the contract for derivative transactions, including identifying the hedge instruments and hedged items, as well as the risk management objectives and strategies for entering into the hedge transaction. At inception and on a quarterly basis thereafter, the Company assesses the effectiveness of derivatives used to hedge transactions. If a cash flow hedge is deemed highly effective, the change in fair value is recorded as a change in net assets without donor restrictions. The change in fair value of derivatives that do not qualify for hedge accounting is recognized in (deficit) excess of revenues over expenses.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized over the life of the lease or the useful life of the asset, whichever is shorter.

Following is a summary of the estimated useful lives used in computing depreciation:

Buildings	30–40 years
Machinery and equipment	3–15 years
Software	3–10 years
Furniture and fixtures	7–14 years

Maintenance and repairs of property and equipment are expensed in the period incurred. Replacements or improvements that increase the estimated useful life of an asset are capitalized. The Company also capitalizes the cost of software developed for internal use. Assets that are sold, retired

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

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(in thousands of dollars)

or otherwise disposed of are removed from the respective asset cost and accumulated depreciation accounts and any gain or loss is included in the results of operations.

Gifts of long-lived assets such as land, buildings or equipment are excluded from (deficit) excess of revenues over expenses and are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies. Intangible assets generally represent the acquisition date fair value of certain rights or relationships obtained in such business acquisitions.

The Company considers certificates of need, which are required by certain states prior to the acquisition of high cost capital items, to be indefinite-lived intangible assets. The Company also has intangible assets with identifiable useful lives related to business acquisitions. These assets include business relationships and corporate trade names. In accordance with GAAP, the Company amortizes the cost of these intangible assets over their estimated useful lives.

Following is a summary of the estimated useful lives used in computing amortization:

Business relationships	26 years
Corporate trade name	29 years

On an annual basis, Novant Health tests goodwill and indefinite-lived assets for impairment. Novant has elected to evaluate goodwill triggering events at the end of each reporting period. If it is more likely than not that the indefinite-lived asset is impaired, additional testing for impairment is required.

GAAP prescribes that impairment for indefinite-lived intangibles is evaluated by comparing the fair value of the asset with its carrying amount. If the carrying amount exceeds the fair value, an impairment loss is recognized as the amount of that excess.

Impairment tests are performed at the reporting unit level for units that have goodwill. If it is more likely than not that the fair value of the reporting unit exceeds the carrying value of the reporting unit, additional impairment testing is not required. If it is more likely than not that the carrying value of the reporting unit exceeds the fair value of the reporting unit, additional testing for impairment is required. The first step is to determine if the carrying value of the reporting unit with goodwill is less than the related fair value of the reporting unit. The fair value of the reporting unit is determined through use of discounted cash flow methods and/or market based multiples of earnings and sales methods. If the carrying value of the reporting unit is less than the fair value of the reporting unit, the goodwill is not considered impaired. If the carrying value is greater than the fair value, the goodwill is considered impaired and an impairment charge is recorded for the amount by which the

Novant Health, Inc. and Affiliates

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(in thousands of dollars)

carrying value exceeds the fair value of the reporting unit.

Investments in Affiliates

Investments in entities which Novant Health does not control, but in which it has a substantial ownership interest and can exercise significant influence, are accounted for using the equity method. Investments for which the Company does not have the ability to exercise significant influence are accounted for at fair value or, if fair value is not readily determinable, at cost less impairment with adjustments made for any observable price changes resulting from an orderly transaction for the identical or a similar investment of the same issuer.

Other Assets

Other assets consist of notes and pledges receivable, reinsurance receivables, deferred rent income and the cash surrender value of insurance policies.

Compensated Absences

The Company's employees earn paid time off at varying rates depending on years of service. Paid time off accumulates up to certain limits, at which time no additional hours can be earned. Provided this hourly limit is not met, employees can continue to accumulate hours and time can be carried over to future years. Accrued paid time off is included in accrued liabilities on the Company's consolidated balance sheets.

Pension and Postretirement Benefit Plans

Novant Health's defined benefit plans are measured using actuarial techniques that reflect management's assumptions for discount rate, investment returns on plan assets, salary increases, expected retirement, mortality, employee turnover and future increases in healthcare costs. The discount rate (which is required to be the rate at which the projected benefit obligation could be effectively settled as of the measurement date) is determined with the assistance of actuaries, who calculate the yield on a theoretical portfolio of high-grade corporate bonds (rated Aa or better) with cash flows that are designed to match expected benefit payments in future years. The expected rate of return is a judgmental matter which is reviewed on an annual basis and revised as appropriate.

The accounting guidance related to employers' accounting for defined benefit pension and other postretirement plans requires recognition in the consolidated balance sheets of the funded status of these plans. The Company uses mark-to-market accounting and immediately recognizes changes in the fair value of plan assets and actuarial gains or losses in operating results annually in the fourth quarter. The remaining components of pension and postretirement healthcare expense, primarily service and interest costs and the expected return on plan assets, are recorded on a quarterly basis.

Self-Insurance Reserves

The Company is self-insured for certain employee health benefit options, workers' compensation and malpractice. These costs are accounted for on an accrual basis to include estimates of future payments for claims incurred.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(in thousands of dollars)

Net Assets

Net assets without donor restrictions include undesignated amounts as well as amounts designated by the board for a specific purpose. Net assets with donor restrictions are held by related foundations and consist primarily of amounts contributed to foundations by donors with purpose restrictions. The Company also has net assets with donor restrictions that are perpetual in nature. Earnings on these assets are available for use as specified by the donors.

Contributions Received

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or the condition is met. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions, which is included in other operating revenue. Donor-restricted contributions whose restrictions are met within the same year as received are reported as net assets without donor restrictions in the accompanying consolidated financial statements.

Statement of Operations

All activities of Novant Health deemed by management to be ongoing, major and central to the provision of healthcare services are reported as operating revenues and expenses. Other activities are deemed to be non-operating and include investment (loss) income, loss on extinguishment of debt, income tax expense and other net periodic pension costs.

Novant Health receives supplemental Medicaid payments from the state of North Carolina through a federally approved disproportionate share program ("Medicaid DSH"). During 2012, the federal government approved an amendment to the Medicaid DSH plan. This amendment, referred to as the Medicaid Gap Assessment Program ("GAP"), provided a funding model whereby hospitals are assessed an amount based on a percentage of their costs and are then paid supplemental amounts in an effort to reduce Medicaid losses. Novant Health records GAP payments received as net patient service revenue and GAP assessments paid as supplies and other on the consolidated statements of operations and changes in net assets. These supplemental payments are recognized in income when earned, if reasonably estimable and deemed collectible. During 2021, Novant Health received \$154,925 and paid \$70,659 for GAP. On July 1, 2021, the state of North Carolina implemented a Medicaid Managed Care program. As part of this initiative, Medicaid recipients began receiving Medicaid services through newly established Medicaid Managed Care health plans. This program also included changes to the way providers are reimbursed for inpatient Medicaid services provided to patients. Hospitals began receiving hospital-specific base rates for inpatient services and GAP payments were eliminated. Hospitals throughout the state of North Carolina, including Novant Health hospitals, continue to pay an assessment in order to help fund this program. Novant Health paid \$123,657 in Medicaid Managed Care assessments in 2022 and \$40,566 in 2021.

The consolidated statements of operations and changes in net assets include (deficit) excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from (deficit) excess of revenues over expenses include the deconsolidation of Novant Health UVA Health

Novant Health, Inc. and Affiliates

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(in thousands of dollars)

System, change in funded status of defined benefit plans and amortization of deferred loss on derivative financial instruments that apply hedge accounting.

Other Revenue

Other revenue consists primarily of revenue from provider relief funds, earnings from investments in affiliates accounted for using the equity method of accounting, retail pharmacy revenue, revenue from management services agreements, revenue from pay-for-performance contracts, gain (loss) on sale of consolidated entities and rental income.

Income Taxes

Novant Health is classified as a nonprofit organization pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on revenue earned from its tax-exempt purposes. Novant Health also operates various for-profit subsidiaries which operate in service lines that are complementary to the Company's tax-exempt purpose. Income from activities that are determined by IRS regulations to be unrelated to the tax-exempt purposes as well as income from activities of for-profit subsidiaries of the Company are subject to federal and state taxation.

The Company provides for income taxes using the asset and liability method. This approach recognizes the amount of federal, state and local taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequences of events recognized in the consolidated financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates in the period in which such laws or rates are enacted. A valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient future taxable income.

3. COVID-19 Pandemic

In December 2019, a novel strain of coronavirus, known as COVID-19, was first detected. The virus spread worldwide and on March 11, 2020, the World Health Organization designated the COVID-19 outbreak as a global pandemic. The spread of COVID-19 and the ensuing response of federal, state and local authorities resulted in a reduction in our patient volumes and also adversely impacted net patient service revenues as well as total operating expenses. During the years ended December 31, 2022 and 2021, the COVID-19 pandemic continued to negatively impact patient volumes and operating expenses at certain times during the period. Federal, state and local authorities have taken several actions designed to assist healthcare providers in providing care to COVID-19 and other patients to mitigate the adverse economic impact of the COVID-19 pandemic.

CARES Act Funding

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law on March 27, 2020. The CARES Act provides relief funds to hospitals and other healthcare providers on the front lines of the COVID-19 response. These funds are to be used to support healthcare related expenses or lost revenues attributable to COVID-19. During 2022 and 2021, Novant Health received \$22,674 and \$21,151 of CARES Act funding. For the years ended December 31, 2022 and 2021, \$31,099 and \$30,385 were recognized as other operating revenue in the consolidated statements of operations and changes in net assets, respectively. As of December 31, 2022 and 2021,

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

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(in thousands of dollars)

\$12,692 and \$21,117, respectively, are included in estimated third-party payor settlements on the consolidated balance sheets and may be recorded as revenue in future periods or refunded, subject to certain terms and conditions and ongoing regulatory clarifications.

Medicare Accelerated and Advanced Payment Program

In April 2020, the Company requested funds under the Centers for Medicare and Medicaid Services' Accelerated and Advanced Payment ("MAP") Program designed to increase cash flow to Medicare providers and suppliers impacted by COVID-19. The MAP program allows eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. Novant Health received \$373,718 of MAP payments during 2020, with repayment to occur based upon the terms and conditions of the program. Repayment of these funds began in April 2021 and continued through February 2023. At December 31, 2022 and 2021, funds of \$91,145 and \$266,028, respectively, have not been repaid. This liability is included in accrued liabilities and employee benefits and other liabilities on the consolidated balance sheets as of December 31, 2022 and 2021.

Employer Payroll Tax Deferrals

Under the provisions of the CARES Act, in 2020, employers were allowed to defer payment of the employer share of the Social Security tax they otherwise are responsible for submitting to the federal government with respect to their employees. Employers generally are responsible for paying a 6.2 percent tax on employee wages. The provision required that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021, and the other half by December 31, 2022. The Company paid their remaining obligation of \$35,989 during 2022.

4. Organizational Changes

Sale of Ownership Interest in Novant Health UVA Health System

On May 18, 2021, Novant Health entered into an agreement to withdraw as a member of the Novant Health UVA Health System (the "JOC"). Closing of the transactions contemplated in the Withdrawal Agreement occurred on July 1, 2021, at which time Novant Health ceased to be a member of the JOC. During 2021, the JOC contributed \$237,773 in operating revenues and other support and \$5,656 in operating income. Novant Health received \$237,810, of which \$54,544 related to debt defeasance and \$183,266 was in exchange for the sale. The sale resulted in a loss of \$29,682 which is included in other revenue in the consolidated statements of operations and changes in net assets for the year ended December 31, 2021.

Acquisition of New Hanover Regional Medical Center

On February 1, 2021, a wholly owned subsidiary of Novant Health, Inc. purchased substantially all of the assets of New Hanover Regional Medical Center ("NHRMC") located in Wilmington, NC as well as certain assets of New Hanover County used by New Hanover Regional Medical Center in the delivery of health care services. The purchase also includes ownership interest or board control of the subsidiaries of New Hanover Regional Medical Center, most significantly, its physician practices which provide patient care at 55 locations. NHRMC includes 800 licensed beds and is the primary referral hospital in the region, with specialty centers in cardiac, cancer, obstetrics, trauma, vascular surgery,

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(in thousands of dollars)

intensive care, rehabilitation and psychiatry. The total purchase price paid for the acquisition was \$1,557,094. In order to finance the transaction, on January 29, 2021, Novant Health amended its Revolving Credit Agreement to increase the borrowing limit to \$1,600,000 and extend the maturity date to July 29, 2022. On April 8, 2021, Novant Health issued \$1,500,000 of taxable fixed rate bonds and subsequently used the proceeds of these bonds to pay down \$1,493,000 of the outstanding balance on the Revolving Credit Agreement.

The Company recognized the fair value of NHRMC and its subsidiaries in its consolidated balance sheet and included its operations in its consolidated statement of operations and changes in net assets beginning February 1, 2021. Accounting guidance requires that the purchase price be allocated to the assets acquired and liabilities assumed.

Below is the impact of acquired assets and assumed liabilities as of February 1, 2021:

Cash and cash equivalents	\$	47,325
Accounts receivable		168,723
Other current assets		86,008
Assets limited as to use		200,000
Long-term investments		21,444
Property and equipment		783,790
Right-of-use assets		54,419
Goodwill (included in intangible assets and goodwill)		481,130
Corporate trade name (included in intangible assets and goodwill)		93,000
Certificate of need (included in intangible assets and goodwill)		15,000
Investments in affiliates		2,836
Other assets		9
Total assets acquired	\$	<u>1,953,684</u>
Accounts payable		69,982
Accrued liabilities		40,949
Current portion of operating lease liabilities		13,610
Estimated third-party payor settlements		7,317
Operating lease liabilities, net of current portion		40,855
Employee benefits and other liabilities		203,513
Total liabilities assumed	\$	<u>376,226</u>
Net assets with donor restrictions assumed	\$	<u>20,364</u>
Total consideration	\$	<u>1,557,094</u>

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The transaction included the creation of a \$200,000 transition stabilization fund, funded by New Hanover County to provide for payment of certain wind down expenses of NHRMC. As these expenses relate to the activities and liabilities excluded from the purchase, the assets are shown as assets limited as to use and are offset by a liability included in accrued liabilities and employee benefits and other liabilities on the consolidated balance sheet as of December 31, 2022 and 2021, respectively.

NHRMC contributed \$1,390,932 of operating revenues and other support and \$(29,999) of operating loss for the year ended December 31, 2021.

The following table provides certain unaudited pro forma information for Novant Health, Inc. as if the NHRMC acquisition had occurred at the beginning of the year ended December 31, 2021:

	Year Ended December 31,
	2021
Operating revenues and other support	\$ 7,511,920
Operating income	348,817

Sale of Imaging Centers

On December 31, 2022, the Company sold its economic interests in its North Carolina imaging operations as well as the business that provided management services of imaging operations to Novant Health and others. In exchange, Novant Health received a 50.1% ownership interest in Novant Health-Norfolk LLC and a 30% ownership interest in Norfolk Management Services LLC, and \$229,828 in cash proceeds. The newly formed entities own the economic interest in and oversee management of the imaging centers. The cash was received in January 2023 and is included in other current assets on the consolidated balance sheets as of December 31, 2022. The transaction resulted in a gain of \$241,452, which is included in other revenue on the consolidated statements of operations and changes in net assets for the year ended December 31, 2022. The transaction also resulted in an impairment charge of \$62,981 related to certain intangible assets which became impaired as of the date of the sale.

5. Revenue Recognition and Accounts Receivable

Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which Novant Health 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. Generally, the Company bills the patient and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. Novant Health believes that this method provides a faithful depiction of the transfer of services over the term of the performance

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obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care services. The Company measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Company does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the practical expedient provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amounts of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These performance obligations are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Novant Health 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 Novant Health's policies and/or implicit price concessions provided to uninsured patients. The Company determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Company determines its estimate of implicit price concessions based on historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. For services provided under Medicare and Medicaid programs, inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per diagnosis. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, certain outpatient services and defined capital and medical education costs related to beneficiaries are paid based on a cost reimbursement methodology. Outpatient services are paid at a prospectively determined rate. Physician services are paid based upon established fee schedules. Novant Health is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Novant Health and audits thereof by the fiscal intermediary. Payment arrangements with commercial insurance carriers include 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 interpretation. 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 Novant Health'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 Company. In addition, the contracts the Company has with commercial payors also provide for retroactive audit and review of claims.

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Cost report settlements under reimbursement agreements with Medicare and Medicaid for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical experience. Estimated settlements are adjusted in future periods as final settlements are determined. There is a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments arising from a change in the transaction price were not significant in 2022 and 2021.

Generally patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Novant Health also provides services to uninsured patients. The transaction price for both uninsured patients as well as insured patients with deductibles and coinsurance is estimated based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. For the years ended December 31, 2022 and 2021, additional revenue of \$9,800 and \$22,700, respectively, 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 results of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense is reported as a component of supplies and other in the consolidated statements of operations and changes in net assets and was not significant for the years ended December 31, 2022 and 2021.

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The composition of net patient service revenues by payor and type of service is as follows:

	December 31, 2022		
	Acute Care	Outpatient	Total
	Facilities	Locations	
Medicare	\$ 1,624,372	\$ 593,886	\$ 2,218,258
Medicaid	505,037	121,322	626,359
Managed care	2,245,043	1,161,802	3,406,845
Other	300,491	42,321	342,812
Self-pay	29,103	29,515	58,618
Total	\$ 4,704,046	\$ 1,948,846	\$ 6,652,892

	December 31, 2021		
	Acute Care	Outpatient	Total
	Facilities	Locations	
Medicare	\$ 1,657,504	\$ 572,878	\$ 2,230,382
Medicaid	575,198	115,475	690,673
Managed care	2,447,157	1,144,611	3,591,768
Other	192,804	46,970	239,774
Self-pay	23,771	34,950	58,721
Total	\$ 4,896,434	\$ 1,914,884	\$ 6,811,318

Novant Health 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 Company's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Company does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Novant Health has a program of factoring certain patient receivables with recourse to a third-party. Novant Health is obligated to repurchase factored receivables upon occurrence of certain conditions of the program. Accordingly, the Company accounts for the factoring as a secured borrowing. The factored receivables are recorded at their estimated net realizable value and are shown as other assets in the consolidated balance sheets. An offsetting liability, representing Novant Health's potential recourse for these receivables, is part of employee benefits and other liabilities in the consolidated balance sheets. As of December 31, 2022, the factored notes and the related liabilities were \$45,588 and \$57,004, respectively. As of December 31, 2021, the factored notes and the related liabilities were \$49,435 and \$61,813, respectively.

Other Revenue

In addition to net patient service revenue, Novant Health also recognizes revenue from other transactions. Revenue from these transactions is recognized when obligations under the terms of the respective contract are satisfied and is measured as the amount of consideration the Company expects to receive from those services. The Company recognizes rental income in accordance with GAAP on a

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straight-line basis over the lease term. Other revenue is comprised of the following for the years ended December 31:

	2022	2021
Pharmacy revenue	\$ 381,243	\$ 310,195
Gain (loss) on sale of consolidated entities	241,452	(29,682)
Pay-for-performance contracts	76,680	85,389
Provider relief funds	31,099	30,385
Management services agreements	25,367	15,620
Equity in earnings of affiliates	6,300	(4,062)
Rental income	8,929	9,955
Other miscellaneous revenues	128,148	167,028
	<u>\$ 899,218</u>	<u>\$ 584,828</u>

6. Charity Care and Community Benefit

In accordance with Novant Health's mission to improve the health of its communities one person at a time, Novant Health facilities accept patients regardless of their ability to pay. At acute facilities, uninsured patients qualify for a full write-off of their bills if their household income is at or below 300% of the federal poverty level. Novant Health also offers a catastrophic discount for patients with an account balance greater than \$5, flexible payment plans, and discounts for uninsured patients who do not qualify for the charity care program. In addition to these programs for hospitals, Novant Health physician groups and outpatient centers also have charity care programs to assist patients in need. The Company's approximate cost of providing care to indigent patients was \$212,556 and \$192,780 for the years ended December 31, 2022 and 2021, respectively. Novant Health estimates the costs of providing traditional charity care using each facility's estimated ratio of costs to charges. Funds received from gifts or grants to subsidize charity services provided were \$12,006 and \$12,678 for the years ended December 31, 2022 and 2021, respectively.

7. Other Current Assets

Other current assets consist of the following at December 31:

	2022	2021
Inventory	\$ 164,948	\$ 159,792
Prepays	74,288	78,237
Receivable from sale of imaging centers	229,828	-
Other receivables	175,937	105,123
	<u>\$ 645,001</u>	<u>\$ 343,152</u>

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8. Assets Limited as to Use and Investments

Short-Term Investments

Novant Health holds certain investments that are short-term in nature and have original maturity dates ranging from three to twelve months. Short-term investments consist of the following at December 31:

	2022	2021
Certificates of deposit	\$ 10,681	\$ 10,623
Fixed income - government securities	<u>223,572</u>	<u>400,817</u>
	<u>\$ 234,253</u>	<u>\$ 411,440</u>

Assets Limited as to Use

The designation of assets limited as to use is as follows:

	2022		2021	
	Current Portion	Long-Term Portion	Current Portion	Long-Term Portion
Under general and professional liability funding arrangement held by trustee	\$ 5,421	\$ 1,395	\$ 9,111	\$ 6,477
Transition stabilization fund	7,000	48,135	8,000	54,757
Held by bond trustee	10	-	9,989	-
Designated by board to service benefit plans	<u>16,401</u>	<u>190,248</u>	<u>13,527</u>	<u>238,029</u>
	<u>\$ 28,832</u>	<u>\$ 239,778</u>	<u>\$ 40,627</u>	<u>\$ 299,263</u>

Assets limited as to use are invested primarily in cash and cash equivalents and corporate, U.S. government and U.S. agency debt obligations.

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Long-Term Investments

Investments are reported at either fair value, the equity method of accounting or at NAV as a practical expedient. The composition of long-term investments is as follows:

	December 31, 2022			
	At Fair Value	On Equity Method	At NAV	Total
Cash and cash equivalents	\$ 131,200	\$ -	\$ -	\$ 131,200
U.S. equities	340,236	-	381,772	722,008
International equities	129,369	-	223,698	353,067
Fixed income - government securities	604,190	-	-	604,190
Fixed income - corporate and other	23,015	113,334	-	136,349
Hedge funds	-	288,113	-	288,113
Private equity	-	386,877	-	386,877
Emerging markets	1,856	-	105,733	107,589
Real estate and other	105,170	195,405	-	300,575
	<u>\$ 1,335,036</u>	<u>\$ 983,729</u>	<u>\$ 711,203</u>	<u>\$ 3,029,968</u>

	December 31, 2021			
	At Fair Value	On Equity Method	At NAV	Total
Cash and cash equivalents	\$ 250,106	\$ -	\$ -	\$ 250,106
U.S. equities	162,840	-	549,615	712,455
International equities	7,520	-	468,586	476,106
Fixed income - government securities	577,741	-	-	577,741
Fixed income - corporate and other	28,153	86,122	-	114,275
Hedge funds	-	473,291	-	473,291
Private equity	-	309,150	-	309,150
Emerging markets	1,523	-	208,621	210,144
Real estate and other	139,715	251,362	-	391,077
	<u>\$ 1,167,598</u>	<u>\$ 1,119,925</u>	<u>\$ 1,226,822</u>	<u>\$ 3,514,345</u>

Long-term investments carried at net asset value ("NAV") represent interests in private investment companies that do not trade in an active market and may be redeemed or liquidated only after giving notice to the investment company, with notice periods ranging from daily to 120 days. The investments are held in U.S. and international equities and emerging markets. The Company has elected to value the investments using NAV as reported by the investment company without adjustment, unless it is probable that the investment will be sold at a value significantly different than the reported NAV. At December 31, 2022 and 2021 we have not made any adjustments to the NAVs

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reported by the investment companies. The Company has the ability to redeem its interests at or within 120 days of the financial statement date.

The Company's investments in hedge funds include funds structured as limited partnerships, LLCs and corporations. These funds are domiciled in the U.S. and foreign jurisdictions and are managed by investment managers subject to oversight by various countries' regulators. The underlying assets of the hedge funds vary widely in risk and liquidity. Overall, the hedge fund holdings of the Company are expected to provide improved diversification to the Company's broader portfolio.

The Company's investments in hedge funds represent 9.5% and 13.5% of total long-term investments held at December 31, 2022 and 2021, respectively. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments) and nondisclosure of portfolio composition.

Novant Health is obligated under certain investment agreements to periodically advance additional funding up to specified levels. As of December 31, 2022 and 2021, Novant Health had future commitments of \$402,226 and \$350,903, respectively, for which capital calls had not been exercised.

Investment (loss) income for assets limited as to use and investments is comprised of the following for the years ended December 31:

	2022	2021
(Loss) Income		
Interest and dividend income	\$ 51,806	\$ 51,224
Net realized gains	32,775	322,620
Net unrealized (losses) gains	<u>(335,693)</u>	<u>78,971</u>
	<u>\$ (251,112)</u>	<u>\$ 452,815</u>

Investment (loss) income is shown net of related expenses on the consolidated statements of operations and changes in net assets. Investment related administrative expenses were \$7,358 and \$7,636 for the years ended December 31, 2022 and 2021, respectively.

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Liquidity and Availability

As of December 31, 2022 and 2021, Novant Health has working capital of \$1,121,262 and \$1,014,052, respectively.

Financial assets at year-end:	2022	2021
Cash and cash equivalents	\$ 643,997	\$ 795,602
Accounts receivable, net	902,323	896,263
Short-term investments	234,253	411,440
Assets limited as to use	268,610	339,890
Receivable for settlement with third-party payors	13,985	16,315
Other current assets	405,765	105,123
Long-term investments	3,029,968	3,514,345
Other assets	45,781	47,136
Total financial assets	<u>\$ 5,544,682</u>	<u>\$ 6,126,114</u>
Less amounts not available:		
Long-term investments with liquidity horizons greater than one year	806,625	696,697
Assets limited as to use	268,610	339,890
Donor restricted funds	95,387	90,922
Financial assets not available to be used within one year	<u>\$ 1,170,622</u>	<u>\$ 1,127,509</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,374,060</u>	<u>\$ 4,998,605</u>

As part of the Company's liquidity management plan, cash in excess of daily requirements is invested in either money market funds, short-term investments or long-term investments. Investment decisions are made based on anticipated liquidity needs, such that financial assets are available as general expenditures, liabilities and other obligations come due. Additionally, Novant Health maintains a line of credit, as discussed in Note 16, *Long-Term Debt*. As of December 31, 2022, \$248,000 was available on the line of credit. As of December 31, 2022, the Company was in compliance with financial covenants as discussed in Note 16, *Long-Term Debt*.

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9. Fair Value Measurements

Novant Health categorizes, for disclosure purposes, assets and liabilities measured at fair value in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Novant Health follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date. Investments classified in this level generally include exchange traded equity securities, futures, pooled short-term investment funds, options and exchange traded mutual funds.

Level 2: Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including fixed income government obligations; asset-backed securities; certificates of deposit; derivatives; as well as certain U.S. and international equities which are not traded on an active exchange.

Level 3: Pricing inputs are generally unobservable for the assets and liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of the fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities.

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets. Novant Health uses techniques consistent with the market approach and income approach for measuring the fair value of its Level 2 assets and liabilities. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted).

The degree of judgement exercised in determining fair value is greatest for securities categorized in Level 3. Inputs used in estimating the fair value of Level 3 investments include earnings metrics and a valuation multiple. Assumptions used, due to lack of observable inputs, may significantly impact the fair value of the investment.

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As of December 31, 2022 and 2021, the Level 1 and Level 2 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

Certificates of deposit

The fair value of certificates of deposit is based on cost plus accrued interest. Significant observable inputs include security cost, maturity and relevant short-term interest rates.

U.S. equities, international equities, emerging markets and other exchange traded funds

The fair value of investments in U.S. equities, international equities, emerging markets and other exchange traded funds are primarily determined using either quoted prices in active markets or the calculated net asset value. The values for underlying investments are fair value estimates determined by external fund managers based on operating results, balance sheet stability, growth and other business and market sector fundamentals. The investments in Level 2 may be redeemed or liquidated on a daily basis with no notice.

Fixed income and debt securities

The fair value of investments in fixed income and debt securities is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads and security specific characteristics, such as early redemption options.

Derivatives

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, credit spreads, volatilities and maturity.

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The following table summarizes fair value measurements, by level, at December 31, 2022 for all financial assets and liabilities measured at fair value on a recurring basis in the consolidated financial statements:

	Fair Value Measurements at Reporting Date Using			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Short-term investments:				
Certificates of deposit	\$ -	\$ 10,681	\$ -	\$ 10,681
Fixed income - government securities	-	223,572	-	223,572
Total short-term investments	-	234,253	-	234,253
Assets limited as to use:				
Cash and cash equivalents	74,986	-	-	74,986
U.S. equities	171,944	-	-	171,944
International equities	5,757	-	-	5,757
Fixed income - government securities	9,183	5,190	-	14,373
Fixed income - corporate and other	-	1,550	-	1,550
Total assets limited as to use	261,870	6,740	-	268,610
Long-term investments:				
Cash and cash equivalents	131,200	-	-	131,200
U.S. equities	303,997	-	36,239	340,236
International equities	129,369	-	-	129,369
Fixed income - government securities	-	604,190	-	604,190
Fixed income - corporate and other	22,047	968	-	23,015
Emerging markets	1,856	-	-	1,856
Other exchange traded funds	105,170	-	-	105,170
Total long-term investments	693,639	605,158	36,239	1,335,036
Total assets at fair value	\$ 955,509	\$ 846,151	\$ 36,239	\$ 1,837,899
Liabilities				
Accrued liabilities	\$ 16,401	\$ -	\$ -	\$ 16,401
Derivative financial instruments	-	13,191	-	13,191
Deferred compensation liabilities	195,452	-	-	195,452
Total liabilities at fair value	\$ 211,853	\$ 13,191	\$ -	\$ 225,044

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The following table summarizes fair value measurements, by level, at December 31, 2021 for all financial assets and liabilities measured at fair value on a recurring basis in the consolidated financial statements:

	Fair Value Measurements at Reporting Date Using			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets				
Short-term investments:				
Certificates of deposit	\$ -	\$ 10,623	\$ -	\$ 10,623
Fixed income - government securities	-	400,817	-	400,817
Total short-term investments	-	411,440	-	411,440
Assets limited as to use:				
Cash and cash equivalents	94,758	-	-	94,758
U.S. equities	211,620	-	-	211,620
International equities	7,153	-	-	7,153
Fixed income - government securities	11,093	10,462	-	21,555
Fixed income - corporate and other	131	4,673	-	4,804
Total assets limited as to use	324,755	15,135	-	339,890
Long-term investments:				
Cash and cash equivalents	250,106	-	-	250,106
U.S. equities	132,607	-	30,233	162,840
International equities	7,520	-	-	7,520
Fixed income - government securities	975	576,766	-	577,741
Fixed income - corporate and other	28,000	153	-	28,153
Emerging markets	1,523	-	-	1,523
Other exchange traded funds	139,715	-	-	139,715
Total long-term investments	560,446	576,919	30,233	1,167,598
Total assets at fair value	\$ 885,201	\$ 1,003,494	\$ 30,233	\$ 1,918,928
Liabilities				
Accrued liabilities	\$ 13,527	\$ -	\$ -	\$ 13,527
Derivative financial instruments	-	39,260	-	39,260
Deferred compensation liabilities	234,257	-	-	234,257
Total liabilities at fair value	\$ 247,784	\$ 39,260	\$ -	\$ 287,044

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The table below sets forth a summary of the changes in the fair value of the Level 3 investments for the years ended December 31, 2022 and 2021:

	U.S. Equities
Balance at December 31, 2021	\$ 30,233
New investments	2,679
Distribution received	-
Unrealized gain	<u>3,327</u>
Balance at December 31, 2022	<u>\$ 36,239</u>
Balance at December 31, 2020	\$ 12,362
New investments	16,501
Distribution received	(2,027)
Unrealized gain	<u>3,397</u>
Balance at December 31, 2021	<u>\$ 30,233</u>

During 2022 and 2021, there were no transfers between levels.

10. Property and Equipment

Property and equipment consists of the following at December 31:

	2022	2021
Land and land improvements	\$ 434,102	\$ 413,167
Leasehold improvements	552,948	571,760
Buildings and building improvements	2,682,209	2,599,209
Equipment	1,873,427	1,899,791
Software	613,316	620,015
Construction-in-progress	<u>395,381</u>	<u>186,120</u>
	6,551,383	6,290,062
Less: Accumulated depreciation	<u>(3,547,151)</u>	<u>(3,406,832)</u>
	<u>\$ 3,004,232</u>	<u>\$ 2,883,230</u>

Novant Health reviews long-lived assets for recoverability as required when events and changes in circumstances indicate that its carrying value may not be recoverable. No impairment charges were recorded in 2022 or 2021.

Depreciation expense for the years ended December 31, 2022 and 2021 was \$324,787 and \$333,471, respectively. Construction contracts of approximately \$894,087 exist for the construction of new

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hospitals and facilities, expansion of existing hospitals and facility renovations. At December 31, 2022, the remaining commitment on these contracts was \$487,476.

11. Leases

Novant Health leases property and equipment under non-cancellable agreements. The following table presents the components of our right-of-use assets and liabilities related to leases and their classification as of December 31:

Component of Lease Balances	Classification in Consolidated Balance Sheets	2022	2021
Assets:			
Operating lease assets		\$ 469,914	\$ 512,989
Finance lease assets		7,333	7,122
Total leased assets		\$ 477,247	\$ 520,111
Liabilities:			
Operating lease liabilities			
Current		\$ 106,950	\$ 106,774
Long-term		388,638	429,628
Total operating lease liabilities		495,588	536,402
Finance lease liabilities			
Current	Current portion of long-term debt	1,578	1,248
Long-term	Long-term debt, net of current portion	6,280	6,317
Total finance lease liabilities		7,858	7,565
Total lease liabilities		\$ 503,446	\$ 543,967

Novant Health's operating leases are primarily for real estate, including off-campus outpatient facilities, medical office buildings and corporate and other administrative offices, as well as medical and office equipment. Novant Health's finance leases consist of a real estate lease and several medical equipment leases. Real estate lease agreements typically have initial terms of five to ten years and equipment lease agreements typically have initial terms of three years. Leases with an initial term of 12 months or less ("short-term leases") are not recorded in the consolidated balance sheets.

Real estate leases may include one or more options to renew, with renewals that can extend the lease term from five to ten years. The exercise of lease renewal options is at the Company's sole discretion. In general, renewal options are not considered to be reasonably likely to be exercised, therefore, renewal options are generally not recognized as part of right-of-use assets and lease liabilities. Certain leases also include options to purchase the leased property. The useful lives of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The majority of medical equipment leases have terms of three

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years with a bargain purchase option that is reasonably certain of exercise; therefore, these assets are depreciated over their useful life, typically ranging from five to seven years.

Certain lease agreements for real estate include payments based on actual common area maintenance expenses and/or include rental payments adjusted periodically for inflation. These variable lease payments are recognized in supplies and other in the consolidated statements of operations and changes in net assets but are not included in the right-of-use asset or liability balances in our consolidated balance sheets. Lease agreements do not contain any material residual value guarantees, restrictions or covenants.

Novant Health has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all asset classes except major movable equipment. Novant Health changed the election for major movable equipment in 2022, however, this change did not materially impact the consolidated financial statements.

The following table presents certain information related to lease expense for finance and operating leases for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Operating leases ⁽¹⁾	\$ 129,442	\$ 125,226
Variable lease expense ⁽¹⁾	12,451	12,402
Finance lease expense:		
Amortization of leased assets	1,393	1,226
Interest on lease liabilities	<u>176</u>	<u>170</u>
	<u>\$ 143,462</u>	<u>\$ 139,024</u>

⁽¹⁾ Expenses are included in supplies and other in the consolidated statements of operations and changes in net assets.

The following table presents supplemental cash flow information for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 127,355	\$ 121,228
Operating cash flows for finance leases	1,567	1,329
Financing cash flows for finance leases	176	170

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Future maturities of lease liabilities at December 31, 2022 are presented in the following table:

	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2023	\$ 118,138	\$ 1,731	\$ 119,869
2024	102,644	1,736	104,380
2025	85,350	1,277	86,627
2026	71,738	1,145	72,883
2027	53,461	769	54,230
Thereafter	119,100	1,585	120,685
Total lease payments	550,431	8,243	558,674
Less: Imputed interest	(54,843)	(385)	(55,228)
Total lease obligations	495,588	7,858	503,446
Less: Current obligations	(106,950)	(1,578)	(108,528)
Long-term lease obligations	<u>\$ 388,638</u>	<u>\$ 6,280</u>	<u>\$ 394,918</u>

At December 31, 2022, the weighted average remaining lease term for operating leases is 6.2 years and the weighted average discount rate is 2.5%. For finance leases, the weighted average remaining lease term is 5.7 years and the weighted average discount rate is 2.3%.

Novant Health is also a lessor and sublessor of real estate under operating leases. At December 31, 2022 and 2021, \$13,160 and \$12,506, respectively, of deferred rent was recorded in the consolidated balance sheets as a component of other assets. Lease income for the years ended December 31, 2022 and 2021 was \$8,929 and \$9,955, respectively, which is included in other revenue in the consolidated statements of operations and changes in net assets. Most of the Company's leases include operating expenses such as utilities and maintenance costs in rent charges. However, variable rent income is not material. The Company has elected the practical expedient that allows lessors to not separate lease and non-lease components by class of underlying asset for all asset classes. The combined component is accounted for under lease accounting guidance.

Although the Company leases and subleases a small amount of building space to non-affiliated medical practices, the significant leases consist of long-term ground leases classified as operating leases with remaining terms from 43 years with options to extend for the additional terms of five years each to 60 years with no options to extend.

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The future undiscounted cash flows to be received from these leases are as follows:

Years Ending December 31	
2023	\$ 5,679
2024	5,202
2025	4,692
2026	4,470
2027	4,317
Thereafter	116,649
	<u>\$ 141,009</u>

12. Intangible Assets and Goodwill

Intangible assets consist of the following at December 31:

	<u>Gross Intangible</u>	<u>Accumulated Amortization</u>	<u>Net Intangible</u>
Balance at December 31, 2022			
Unamortized intangible assets			
Certificates of need	\$ 34,818	\$ -	\$ 34,818
Total unamortized intangible assets	34,818	-	34,818
Amortized intangible assets			
Business relationships	658	(293)	365
Corporate trade name and other intangibles	96,556	(7,673)	88,883
Total amortized intangible assets	97,214	(7,966)	89,248
Total intangible assets	<u>\$ 132,032</u>	<u>\$ (7,966)</u>	<u>\$ 124,066</u>
Balance at December 31, 2021			
Unamortized intangible assets			
Certificates of need	\$ 73,688	\$ -	\$ 73,688
Total unamortized intangible assets	73,688	-	73,688
Amortized intangible assets			
Business relationships	44,299	(23,757)	20,542
Corporate trade name and other intangibles	109,753	(10,139)	99,614
Total amortized intangible assets	154,052	(33,896)	120,156
Total intangible assets	<u>\$ 227,740</u>	<u>\$ (33,896)</u>	<u>\$ 193,844</u>

Amortization expense related to intangible assets was \$5,632 and \$5,540 for the periods ended December 31, 2022 and 2021, respectively. Estimated annual amortization expense for intangible assets is \$3,386 per year for 2023 through 2027.

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The following table summarizes the changes in the carrying amount of goodwill for the years ended December 31:

	2022	2021
As of January 1		
Goodwill, net of accumulated amortization	\$ 692,555	\$ 235,585
Accumulated impairment losses	<u>(32,150)</u>	<u>(32,150)</u>
	660,405	203,435
Additions	-	481,129
Disposals	<u>(139,051)</u>	<u>(24,159)</u>
	<u>521,354</u>	<u>660,405</u>
As of the end of the period		
Goodwill, net of accumulated amortization	551,203	692,555
Accumulated impairment losses	<u>(29,849)</u>	<u>(32,150)</u>
	<u>\$ 521,354</u>	<u>\$ 660,405</u>

Novant Health reviews long-lived assets for recoverability as required when events and changes in circumstances indicate that its carrying value may not be recoverable. The Company tests goodwill and indefinite-lived assets for impairment on an annual basis. Impairment tests presume stable or improving results at certain Novant Health reporting units which are based on the implementation of programs and initiatives that are designed to achieve projected results. If these projections are not met, or in the future negative trends occur which would impact our future outlook, further impairments of goodwill and other intangible assets may occur. Future restructuring of our markets that could potentially change our reporting units could also result in future impairments of goodwill.

At December 31, 2022, the change in the structure of Novant Health's involvement in its imaging business triggered an evaluation of impairment for certain reporting units. Based on the projected cash flow, certificate of need, business relationships and corporate trade name and other intangible assets were determined to be fully impaired and \$62,981 of impairment charges were recorded. No impairment charges to goodwill were recorded as a result of our review in 2022.

13. Investments in Affiliates

Novant Health has noncontrolling interests in 27 healthcare related entities. The Company's ownership interests in the entities range from 10.0% to 51.0%. These investments are accounted for using either the equity method or a measurement alternative.

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A summary of investments, ownership percentages, investment amounts and the Company's share of earnings for the years ended December 31, 2022 and 2021 is as follows:

Investee	% Ownership		Investment Balance		Share of Earnings of Investee	
	2022	2021	2022	2021	2022	2021
Novant Health-Norfolk LLC	50%	0%	\$ 149,010	\$ -	\$ -	\$ -
Norfolk Management Services LLC	30%	0%	69,538	-	-	-
Advanced Services	23%	23%	4,187	4,319	(132)	1,403
Radiation Oncology Centers of the Carolinas LLC	50%	50%	16,227	16,265	2,632	2,860
Novant Health Rehabilitation Hospital	50%	50%	18,006	18,104	2,003	2,478
Providence Plaza LLC	30%	30%	4,721	4,692	327	325
Other	Various	Various	5,843	10,574	(2,578)	(11,128)
			<u>\$ 267,532</u>	<u>\$ 53,954</u>	<u>\$ 2,252</u>	<u>\$ (4,062)</u>

The following table presents summarized financial information related to investments in the above noncontrolled entities as of December 31:

	2022	2021
Assets	\$ 759,574	\$ 199,941
Liabilities	172,682	94,462
Equity	586,892	105,479
Total revenue	113,961	95,516
Total expenses	109,885	96,136
Net income	4,076	(620)
Novant Health's share of net income	2,252	(4,062)

14. Other Assets

Other assets consist of the following at December 31:

	2022	2021
Notes receivable and other	\$ 67,328	\$ 71,135
Cash surrender value of insurance policies	35,664	37,011
Deferred rent income	13,160	12,507
Pledges receivable	10,117	10,125
Reinsurance receivables	5,314	5,101
	<u>\$ 131,583</u>	<u>\$ 135,879</u>

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15. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2022	2021
Accrued compensation	\$ 431,902	\$ 371,861
Medicare advanced payments, current portion	91,145	224,835
Payroll taxes and withholdings	10,986	44,138
Interest	13,499	13,224
Postretirement benefit liability	1,350	1,292
Other accrued liabilities	156,772	105,420
Self-insurance		
Employee medical claims liability	46,900	34,688
Malpractice and workers' compensation liability, current portion	9,786	15,002
	<u>\$ 762,340</u>	<u>\$ 810,460</u>

16. Long-Term Debt

Following is a summary of long-term debt at December 31:

	2022	2021
Tax-exempt revenue bonds	\$ 609,150	\$ 625,300
Taxable revenue bonds	1,750,000	1,750,000
Total bonds	<u>2,359,150</u>	<u>2,375,300</u>
Taxable term loan	264,165	264,165
Finance lease obligations and other notes payable	16,282	16,236
Borrowings on revolving credit facility	2,000	-
	<u>2,641,597</u>	<u>2,655,701</u>
Unamortized premium or discount, net	22,003	22,686
Unamortized debt issuance costs, net	<u>(13,228)</u>	<u>(13,468)</u>
	2,650,372	2,664,919
Less: Current maturities	<u>(61,219)</u>	<u>(54,637)</u>
	<u>\$ 2,589,153</u>	<u>\$ 2,610,282</u>

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Tax-Exempt Revenue Bonds

Novant Health has tax-exempt financing agreements through conduit issuers. These bonds are comprised of the following at December 31:

	2022	2021
Series 2019 A Current Interest Term Bonds, bearing interest at rates ranging from 3.1% to 4.0% payable semi-annually with mandatory redemption beginning in 2047	\$ 306,985	\$ 306,985
Series 2013 A Current Interest Term Bonds and Serial Bonds, bearing interest at rates ranging from 3.125% to 5.0% payable semi-annually and maturing through 2046; principal payments began in 2014	116,575	119,210
Series 2008 A, B and C Variable Rate Demand Bonds, bearing interest at variable rates payable monthly and maturing through 2028; principal payments began in 2009	50,590	64,105
Series 2004 A and B Variable Rate Demand Bonds, bearing interest at variable rates payable monthly and maturing through 2034; principal payments begin in 2025	135,000	135,000
	<u>\$ 609,150</u>	<u>\$ 625,300</u>

In 2003, Novant Health entered into a new Master Trust Indenture that was amended in October 2021 (the "Agreement"). The Agreement authorizes the creation of a Combined Group, which consists of the members of the Obligated Group and the Restricted Affiliates. Novant Health and two of its affiliates that operate tertiary care hospitals, Novant Health Forsyth Medical Center and Novant Health Presbyterian Medical Center, are the members of the Obligated Group. The members of the Obligated Group are jointly and severally liable for the payment of all obligations under the Agreement. The Company's Restricted Affiliates, which include certain other subsidiaries of the Company, are not directly obligated to pay obligations under the Agreement, but the members of the Obligated Group have covenanted in the Agreement to cause the Restricted Affiliates to provide funds to the members of the Obligated Group to pay obligations under the Agreement. All bonds issued by Novant Health are collateralized by the Obligated Group.

The bond agreements provide for early redemption periods of the bonds prior to mandatory redemption, subject to a premium in certain circumstances, as defined in the agreements. In accordance with the bond indenture agreements, the bonds are general, unsecured obligations of Novant Health. The bond indentures require Novant Health to cause the Restricted Affiliates to comply with certain covenants, including the maintenance of a minimum debt service coverage ratio. As of December 31, 2022 and 2021, Novant Health is in compliance with these bond covenants.

The Series 2004 A and B Variable Rate Demand Bonds are collateralized by a standby purchase agreement ("SBPA") issued by JP Morgan Chase Bank National Association. The SBPA expires April 1, 2025. If the SBPA should be used to fund tenders due to a failed remarketing, repayment in quarterly

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installments over three years is required. As a result, the Company has classified \$36,818 of the 2004 bonds as current at December 31, 2022 and 2021.

In March 2011, the documents related to the Series 2008 A, B and C Variable Rate Demand Bonds were amended to allow the conversion of the bonds to bank direct purchase index floating rate bonds. In December 2017, the Series 2008 A, B, and C Variable Rate Demand Bonds were refinanced. Subsequent to the refinancing, the direct purchase agreements have a term of seven years and will expire in December 2024.

In July 2021, the Series 2013 B bonds were defeased with cash in conjunction with Novant Health's withdrawal from Novant Health UVA Health System. The transaction resulted in a loss of \$4,456 including the write off of \$4,436 in unamortized bond premiums and \$796 in unamortized issuance costs. The bonds were called on November 1, 2022.

Taxable Revenue Bonds

In April 2013, Novant Health issued \$250,000 of taxable fixed rate bonds (the "2013 C Bonds"). The 2013 C Bonds bear interest at a rate of 4.37% and mature in 2043. Proceeds of the 2013 C Bonds were used for eligible purposes, including the refinancing of long-term debt.

In April 2021, Novant Health issued \$1,500,000 of taxable fixed rate bonds (the "2021 A Bonds"). The 2021 A Bonds bear interest at rates ranging from 2.67% to 3.32% and mature in 2036, 2051 and 2061. Proceeds of the 2021 A Bonds were used for eligible purposes, including the refinancing of long-term debt. The taxable revenue bonds are subject to the same covenant requirements that are included in the bond agreements for the tax-exempt revenue bonds.

Taxable Term Loan

In March 2020, Novant Health entered into an agreement to borrow \$264,165. The loan bears interest at a fixed rate with principal payments due annually beginning in 2023 through the maturity date of April 1, 2030. The proceeds were used to call the Series 2010 A bonds and repay them at face value on November 1, 2020.

Other Long-Term Debt

Other long-term debt consists of a promissory note related to the redemption of a membership interest and various loans and notes on buildings and finance leases, bearing interest at rates ranging from 0.81% to 12.15%. Scheduled maturities of all long-term debt are as follows:

Years Ending December 31

2023	\$ 24,403
2024	20,355
2025	20,293
2026	18,930
2027	19,937
Thereafter	<u>2,537,679</u>
	<u>\$ 2,641,597</u>

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Novant Health capitalized \$3,451 and \$1,765 of interest in 2022 and 2021, respectively.

Revolving Credit Facility

In April 2020, Novant Health entered into a \$950,000 Revolving Credit Agreement (“2020 Revolving Credit Agreement”). Effective January 29, 2021, the Senior Revolving Credit agreement was amended to increase the borrowing limit to \$1,600,000 and extend the maturity date to July 29, 2022. The full available amount was borrowed to fund the acquisition of New Hanover Regional Medical Center’s assets. The proceeds of the issuance of the Series 2021 A Bonds were used to pay down \$1,493,000 of the outstanding balance. The remaining balance was paid with cash. In April 2021, the available balance was reduced to \$300,000.

On July 1, 2022, Novant Health entered into a \$250,000 Revolving Credit Agreement and terminated the 2020 Revolving Credit Agreement. Borrowings bear interest at variable rates. At December 31, 2022, \$248,000 was available for borrowing.

Debt Issuance Costs

Unamortized debt issuance costs are presented in the consolidated balance sheets as a direct deduction from the carrying value of the associated debt. Debt issuance costs are amortized using the effective interest method over the life of the related debt agreements and instruments.

17. Short-Term Borrowings

In 2021, short-term borrowings consisted primarily of securities repurchase transactions. Securities repurchase transactions are conducted by the Company under a standardized securities industry master agreement, amended to suit the specificities of each respective counter-party. These agreements generally provide detail as to the nature of the transaction, including provisions for payment netting, established parameters concerning the ownership and custody of the collateral securities, including the right to substitute collateral during the term of the agreement, and provide for remedies in the event of default by either party. The Company’s securities repurchase agreements are accounted for as a secured borrowing and are reported in the consolidated balance sheets as short-term borrowings.

The Company posts collateral in the form of U.S. treasury, agency securities and treasury inflation protected securities and receives an amount ranging from 94% to 98% of the fair value of the securities which were repurchased during January 2022 at interest rates ranging from 0.25% to 3.00%. At December 31, 2021, the fair value of the amount of securities repurchase transactions outstanding was \$124,518; there were none outstanding as of December 31, 2022.

18. Interest Rate Swaps

As of August 18, 2008, concurrent with the 2008 bond issuance, Novant Health entered into two interest rate swap agreements to hedge the variable interest rates of the 2008 bonds. The swaps are based on an aggregate notional amount of \$50,590. Novant Health receives a variable rate which is tied to 68% of LIBOR, and pays a fixed rate of 3.679% and 3.621% for the \$36,100 and \$14,490 notional amounts, respectively. The swaps have been designated as cash flow hedges and are carried

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on the consolidated balance sheets at fair value. In the fourth quarter of 2018, the hedging relationship ceased to be highly effective and hedge accounting was discontinued.

In July 2006, Novant Health entered into a floating-to-fixed swap agreement with a notional amount of \$135,000 and a term of 28 years to hedge the floating rate 2004 bonds. Novant Health receives a variable rate which is tied to 64.8% of LIBOR plus 12 basis points and pays a fixed interest rate of 3.8%. The swap has been designated as a cash flow hedge and is carried on the consolidated balance sheets at fair value. In the first quarter of 2019, the hedge relationship ceased to be highly effective and hedge accounting was discontinued.

Novant Health records interest rate swaps at fair value. These swaps are presented as derivative financial instruments in the consolidated balance sheets.

The following table summarizes the expense for derivatives which is included in interest expense in the consolidated statements of operations and changes in net assets for the years ended December 31:

	2022	2021
Change in fair value of non-hedged interest rate swaps	\$ 26,069	\$ 12,543
Amortization of deferred loss	(2,778)	(2,984)
	<u>\$ 23,291</u>	<u>\$ 9,559</u>

19. Employee Benefits and Other Liabilities

Employee benefits and other liabilities consist of the following at December 31:

	2022	2021
Deferred compensation liabilities	\$ 195,452	\$ 234,257
Employee benefits and other	62,117	69,695
Transition stabilization fund	48,135	54,757
Medicare advanced payments, net of current portion	-	41,193
Self-insurance malpractice and workers' compensation, net of current portion	39,746	42,515
Deferred gains	22,786	4,276
Postretirement benefit liability, net of current portion	14,485	19,459
	<u>\$ 382,721</u>	<u>\$ 466,152</u>

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20. Income Taxes

The provision for federal and state income taxes is as follows:

	2022	2021
Current tax expense		
Federal	\$ 22,112	\$ 2,957
State	964	550
	<u>23,076</u>	<u>3,507</u>
Deferred tax expense		
Federal	12,992	1,209
State	2,685	77
	<u>15,677</u>	<u>1,286</u>
	<u>\$ 38,753</u>	<u>\$ 4,793</u>

The components of deferred taxes are as follows:

	2022	2021
Deferred tax assets		
Loss carryforwards	\$ 15,075	\$ 15,370
Deferred charge for intercompany transfer	2,851	4,074
Allowance for doubtful accounts	723	715
Accrued expenses	2,007	3,332
Future deductions- operating leases	1,665	3,092
Other	206	-
Total deferred tax assets	<u>22,527</u>	<u>26,583</u>
Deferred tax liabilities		
Intangible assets	(5,321)	(5,873)
Property and equipment	(4)	(85)
Right-of-use assets	(1,618)	(3,032)
Other	(14,349)	-
Total deferred tax liabilities	<u>(21,292)</u>	<u>(8,990)</u>
Valuation allowance	<u>(18,128)</u>	<u>(18,814)</u>
Net deferred tax liability	<u>\$ (16,893)</u>	<u>\$ (1,221)</u>

GAAP requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in

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which those temporary differences are deductible. In making this determination, management considers all available positive and negative evidence affecting specific deferred tax assets, including the Company's past and anticipated future performance, reversal of deferred tax liabilities, length of carryback and carryforward periods and implementation of tax planning strategies. Objective positive evidence is necessary to support a conclusion that a valuation allowance is not needed for all or a portion of deferred tax assets when significant negative evidence exists.

Cumulative losses in recent years are the most compelling form of negative evidence considered by management in this determination. For the years ended December 31, 2022 and 2021, management has determined that based on all available evidence, a valuation allowance of \$18,128 and \$18,814, respectively, is appropriate.

As of December 31, 2022, the Company had approximately \$68,390 of federal and \$35,308 of state loss carryforwards available to reduce taxable income. \$56,918 of the loss carryforwards expire through 2038 and the remainder do not expire. In addition, at December 31, 2022, the Company had approximately \$10,813 of federal contribution carryforwards available to reduce taxable income.

Income tax expense (benefit) reported in the consolidated statements of operations and changes in net assets is shown below:

	2022	2021
Federal taxes	\$ 35,104	\$ 4,166
State income taxes	<u>3,649</u>	<u>627</u>
	<u>\$ 38,753</u>	<u>\$ 4,793</u>

The Company is required to evaluate uncertain tax positions. This evaluation includes a quantification of tax risk in areas such as unrelated business taxable income and the taxation of our for-profit subsidiaries. This evaluation did not have a material effect on the Company's consolidated statements of operations and changes in net assets for the years ended December 31, 2022 and 2021.

21. Employee Benefit Plans and Other Postretirement Benefit Plans

Certain Novant Health affiliates have supplemental retirement income plans covering highly compensated employees. These are nonqualified plans which are not subject to ERISA funding requirements. As such, Novant Health intends only to fund the plans in amounts equivalent to the plans' annual benefit payments. During 2013, the Company implemented a new supplemental retirement income plan that covers certain highly compensated employees. This plan acts as a defined contribution plan and annual funding requirements are determined under provisions of the plan. Some of these plans are nonqualified deferred compensation plans which provide certain individuals meeting specific criteria with the ability to defer compensation. The assets of these plans, along with the associated liabilities, are recorded as current and long-term assets limited as to use, accrued liabilities, and employee benefits and other liabilities on the consolidated balance sheets.

Novant Health also provides fixed dollar amounts for health care and life insurance benefits to certain retired employees. Covered employees may become eligible for these benefits if they meet minimum

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age and service requirements, and if they are eligible for retirement benefits. Novant Health has the right to modify or terminate these benefits. The unfunded obligation in the consolidated balance sheets at December 31, 2022 and 2021 was \$15,835 and \$20,751, respectively. The expense associated with these plans totaled \$(3,846) for 2022 and \$(503) for 2021. The discount rate used in determining the benefit obligation ranged between 4.70% and 4.90% for 2022 and 2.10% and 2.65% for 2021. The health care costs increase trend rate used was 6.50% in 2022 and 6.25% in 2021. The health care cost increase trend rate is projected to gradually decline to 4.50% by 2027.

In addition to these plans, Novant Health sponsors a number of defined contribution plans. Contributions are determined under various formulas. Costs related to such plans amounted to \$115,294 and \$110,294 in 2022 and 2021, respectively.

Certain Novant Health consolidated affiliates participate in cafeteria plans which provide certain benefits, including basic medical and dental coverage, long-term disability benefits, reimbursement of supplemental dependent care expenses and group life insurance benefits. The affiliates contribute predetermined amounts for each full-time and part-time employee, which is allocated to the various benefit options in accordance with the participant's election. Affiliate contributions to these plans were approximately \$319,123 in 2022 and \$300,391 in 2021.

22. Net Assets without Donor Restrictions

The following table reconciles the carrying amounts of the Company's controlling interest and the noncontrolling interests for net assets without donor restrictions:

	<u>Total</u>	<u>Controlling Interest</u>	<u>Noncontrolling Interests</u>
Balance at January 1, 2021	\$ 4,885,063	\$ 4,805,811	\$ 79,252
Excess of revenues over expenses	811,999	811,409	590
Deconsolidation of Novant Health UVA Health System	(60,185)	582	(60,767)
Change in funded status of defined benefit plans	1,206	1,206	-
Amortization of deferred loss on derivative financial instruments	2,984	2,984	-
Other changes in net assets without donor restrictions	(3,449)	8,951	(12,400)
Balance at December 31, 2021	5,637,618	5,630,943	6,675
(Deficit) excess of revenues over expenses	(222,839)	(223,046)	207
Change in funded status of defined benefit plans	4,664	4,664	-
Amortization of deferred loss on derivative financial instruments	2,778	2,778	-
Other changes in net assets without donor restrictions	(3,973)	(2,150)	(1,823)
Balance at December 31, 2022	\$ 5,418,248	\$ 5,413,189	\$ 5,059

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands of dollars)

23. Net Assets with Donor Restrictions

Donor restricted net assets are available for the following purposes as of December 31:

	2022	2021
Buildings and equipment	\$ 17,760	\$ 19,278
Clinical care, research and academic	54,847	50,992
Charity care	9,657	7,965
Other	13,123	12,687
	<u>\$ 95,387</u>	<u>\$ 90,922</u>

24. Professional and General Liability Insurance Coverage

Novant Health is self-insured for professional and general liability exposures up to certain limits. The Company has umbrella policies in place above those limits. The provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims and claims incurred but not reported. Novant Health also participates in a self-insured program for workers' compensation and is self-insured for certain health benefits options. A portion of these self-insured professional liabilities is funded through a revocable trust fund operated by Novant Health. This fund was converted to claims-made status on January 1, 2020, and prior reported liabilities under this coverage were placed in run-off. Effective January 1, 2020, funding for self-insured professional liabilities are insured by Novant Health Casualty, LLC, a North Carolina domiciled insurance captive. Coverage terms and umbrella policies of the same or higher limits are in place for the captive. At December 31, 2022 and 2021, undiscounted professional and general liability loss reserves of \$49,532 and \$57,517, respectively, are included in current liabilities and employee benefits and other liabilities on the consolidated balance sheets. Expenses related to these plans amounted to \$22,203 and \$26,060 in 2022 and 2021, respectively.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands of dollars)

25. Commitments and Contingencies

The Company and its affiliates are presently involved in various personal injury, regulatory investigations, tort actions and other claims and assessments arising out of the normal course of business. The Company establishes separate legal reserves when such matters, other than those covered under the Company's self-insured programs, present loss contingencies that are both probable and estimable. Management believes that Novant Health has adequate legal defenses, self-insurance reserves and/or insurance coverage for these asserted claims, as well as any unasserted claims and does not believe these claims will have a material effect on the Company's operations or financial position. The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, protection of sensitive patient data, reimbursement for patient services and Medicare and Medicaid fraud and abuse. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

In August 2022, Novant Health (along with a number of other healthcare entities across the country) notified patients and regulatory authorities of an issue involving the configuration of a Meta (Facebook) pixel on its website and patient portal that had the potential to allow certain private information of patients to be shared with Meta. A Consolidated Class Action Complaint (consolidating five separate actions) was filed on November 18, 2022 in the United States District Court for the Middle District of North Carolina on behalf of patients whose private information was allegedly disclosed. Novant Health has filed a motion to dismiss the complaint in its entirety on multiple grounds, including the absence of any plausible allegation that plaintiffs' information was disclosed to anyone other than Meta and that Meta has or will misuse that information. The motion to dismiss is pending. An estimate of probable loss cannot be made at this time.

At December 31, 2022, the Company had guarantees for payment of the indebtedness and lease agreements of certain equity method investees. The maximum potential amount of future payments under these agreements was approximately \$22,898. These guarantees extend until October 2026 based on the payment schedule of the underlying agreements. At December 31, 2022, approximately \$400 has been recorded in the consolidated balance sheet for the Company's obligations under these guarantees.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands of dollars)

26. Concentrations of Credit Risk

Novant Health provides services primarily to the residents of various counties within North Carolina, South Carolina and Georgia without collateral or other proof of ability to pay. Most patients are local residents who are insured partially or fully under third-party payor arrangements.

The mix of receivables from patients and third-party payors at December 31 is as follows:

	2022	2021
Medicare	29.2%	27.2%
Medicaid	9.5%	8.9%
Other third-party payors	57.4%	59.8%
Patients	3.9%	4.1%
	<u>100.0%</u>	<u>100.0%</u>

Novant Health places the majority of its cash and investments with corporate and financial institutions. Novant Health maintains cash balances in excess of FDIC insured limits; however, the Company has not experienced any losses on such deposits.

27. Functional Expenses

Novant Health provides general health care services to residents within its geographic region. Novant Health's financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, amortization and interest and other occupancy costs, are allocated to a function based on a square footage or units of service basis. Allocated health care services costs not allocated on a units of service basis are generally allocated based on revenue. Expenses relating to providing these services are as follows:

	December 31, 2022			
	Health Care Services		Support Services	
	Acute Care Facilities	Outpatient Locations	General & Administrative	Total
Salaries and employee benefits	\$ 2,248,404	\$ 1,661,489	\$ 340,827	\$ 4,250,720
Supplies and other	1,783,748	705,784	284,376	2,773,908
Depreciation and amortization expense	209,783	109,708	73,798	393,289
Interest expense	51,780	6,677	7,527	65,984
Other non-operating expenses	(56)	(33,288)	(6,592)	(39,936)
Total expenses	<u>\$ 4,293,659</u>	<u>\$ 2,450,370</u>	<u>\$ 699,936</u>	<u>\$ 7,443,965</u>

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands of dollars)

	December 31, 2021			
	Health Care Services		Support Services	
	Acute Care Facilities	Outpatient Locations	General & Administrative	Total
Salaries and employee benefits	\$ 2,011,252	\$ 1,584,897	\$ 328,017	\$ 3,924,166
Supplies and other	1,781,874	664,654	239,114	2,685,642
Depreciation and amortization expense	206,522	51,345	81,766	339,633
Interest expense	60,841	7,748	9,107	77,696
Other non-operating expenses	(228)	1,884	8,169	9,825
Total expenses	<u>\$ 4,060,261</u>	<u>\$ 2,310,528</u>	<u>\$ 666,173</u>	<u>\$ 7,036,962</u>

28. Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through March 30, 2023, the day the consolidated financial statements were issued.

On February 28, 2023, Novant Health signed a definitive agreement to acquire Lake Norman Regional Medical Center, Davis Regional Medical Center and their related businesses, including physician clinic operations and outpatient services from subsidiaries of Community Health Systems, Inc. The transaction is subject to regulatory approvals and is expected to close later this year. The total purchase price payable at the closing of the transaction is \$320,000, subject to adjustment based on closing net working capital and the amount of any finance leases assumed.

29. Significant Recent Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*. The new guidance eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of the current goodwill impairment test) to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value (i.e., measure the charge based on the current Step 1). This guidance was effective for Novant Health on January 1, 2022. The adoption of this guidance will only impact Novant Health's consolidated financial statements in situations where there is impairment of a reporting unit.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)* and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 848"). This guidance provides relief from the application of certain guidance during the transition to alternative reference rates. Optional expedients are provided for contract modification that replace a reference rate affected by reference rate reform and related contemporaneous modifications. Exceptions are provided for changes to the critical terms of a hedging relationship due to reference rate reform.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands of dollars)

Expedients are provided for cash flow hedging relationships and fair value hedging relationships. These provisions were initially available until December 31, 2022, but in late 2022 were extended to December 31, 2024. Novant Health is currently evaluating the effect of reference rate reform on its contracts, but the availability of these expedients and exceptions is expected to reduce the impact of reference rate reform on the consolidated financial statements of Novant Health.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The guidance requires entities engaged in a business combination to recognize and measure contract assets acquired and contract liabilities assumed in accordance with ASC 606, *Revenue from Contracts with Customers*, rather than at fair value on the acquisition date. This guidance was effective for Novant Health on January 1, 2023. This guidance did not have a significant impact on the consolidated financial statements of Novant Health.

Other Financial Information



Report of Independent Auditors

To the Board of Trustees of Novant Health, Inc.

We have audited the consolidated financial statements of Novant Health, Inc. and its Affiliates (the "Company") as of and for the years ended December 31, 2022, and December 31, 2021, and have issued our report thereon dated March 30, 2023, which included an unmodified opinion on those consolidated financial statements. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating information as of and for the year ended December 31, 2022 and the supplemental schedule of cost of community benefit programs for the year ended December 31, 2022 appearing on pages 50-56 (collectively referred to herein as the "information" are presented for purposes of additional analysis and are not a required part of the consolidated financial statements nor are they intended to present the financial position, results of operation and cash flows of the individual entities. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information, excluding the schedule of cost of community benefit programs information marked "unaudited," has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, excluding the schedule of costs of community benefit programs information marked "unaudited," is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The schedule of costs of community benefit programs information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, accordingly, we do not express an opinion or provide any assurance on it.

Pricewaterhouse Coopers LLP

March 30, 2023

Novant Health, Inc. and Affiliates
Schedule of Cost of Community Benefit Programs (unaudited)
December 31, 2022

In addition to providing charity care to uninsured patients, Novant Health also provides services to beneficiaries of public programs and various other community health services intended to improve the health of the communities in which the Company operates. Novant Health uses the following four categories to identify the resources utilized for the care of persons who are underserved and for providing community benefit programs to the needy:

- Traditional charity care, which includes the cost of services provided to persons who cannot afford health care because of inadequate resources and who are uninsured.
- Unpaid cost of Medicare, which represents the unpaid cost of services provided to persons through the government program for individuals age 65 and older as well as those that qualify for federal disability benefits.
- Unpaid cost of Medicaid, which represents the unpaid cost of services provided to persons covered by the government program for medically indigent patients.
- Community benefit programs, which consist of the unreimbursed costs of certain programs and services for the general community, mainly for indigent patients but also for people with chronic health risks. Examples of these programs include health promotion and education, free clinics and screenings and other community services.

The net cost of providing care to indigent patients and community benefit programs is as follows:

	2022
Traditional charity care	\$ 212,556
Unpaid cost of Medicare	973,485
Unpaid cost of Medicaid	229,579
Community benefit programs	149,966
	<u>\$ 1,565,586</u>

Novant Health, Inc. and Affiliates
Consolidating Balance Sheet
December 31, 2022

<i>(in thousands of dollars)</i>	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 520,545	\$ 123,452	\$ -	\$ 643,997
Accounts receivable, net	827,599	74,724	-	902,323
Short-term investments	234,040	213	-	234,253
Current portion of assets limited as to use	23,411	5,421	-	28,832
Receivable for settlement with third-party payors	13,477	508	-	13,985
Other current assets	424,414	227,388	(6,801)	645,001
Total current assets	2,043,486	431,706	(6,801)	2,468,391
Assets limited as to use	233,988	5,790	-	239,778
Long-term investments	2,711,276	318,692	-	3,029,968
Property and equipment, net	2,693,249	310,983	-	3,004,232
Right-of-use assets, net	483,398	61,041	(67,192)	477,247
Intangible assets and goodwill, net	614,693	30,727	-	645,420
Investments in affiliates	1,682,113	215,713	(1,630,294)	267,532
Deferred tax asset	-	2,658	-	2,658
Other assets	113,257	20,242	(1,916)	131,583
Total assets	<u>\$ 10,575,460</u>	<u>\$ 1,397,552</u>	<u>\$ (1,706,203)</u>	<u>\$ 10,266,809</u>
Liabilities and Net Assets				
Current liabilities				
Current portion of long-term debt	\$ 56,227	\$ 4,992	\$ -	\$ 61,219
Short-term borrowings	-	277	-	277
Accounts payable	353,486	22,918	(6,801)	369,603
Accrued liabilities	653,153	109,187	-	762,340
Current portion of operating lease liabilities	100,694	15,290	(9,034)	106,950
Estimated third-party payor settlements	57,355	2,176	-	59,531
Due to (from) related organizations	(302,150)	302,150	-	-
Total current liabilities	918,765	456,990	(15,835)	1,359,920
Long-term debt, net of current portion	2,585,572	3,581	-	2,589,153
Deferred tax liability	-	19,551	-	19,551
Operating lease liabilities, net of current portion	401,361	47,367	(60,090)	388,638
Derivative financial instruments	13,191	-	-	13,191
Employee benefits and other liabilities	367,772	14,949	-	382,721
Total liabilities	4,286,661	542,438	(75,925)	4,753,174
Net assets				
Without donor restrictions - attributable to Novant Health	6,288,799	754,668	(1,630,278)	5,413,189
Without donor restrictions - noncontrolling interests	-	5,059	-	5,059
Total net assets without donor restrictions	6,288,799	759,727	(1,630,278)	5,418,248
With donor restrictions	-	95,387	-	95,387
Total net assets	6,288,799	855,114	(1,630,278)	5,513,635
Total liabilities and net assets	<u>\$ 10,575,460</u>	<u>\$ 1,397,552</u>	<u>\$ (1,706,203)</u>	<u>\$ 10,266,809</u>

Novant Health, Inc. and Affiliates
Consolidating Statement of Operations
Year Ended December 31, 2022

<i>(in thousands of dollars)</i>	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues				
Net patient service revenues	\$ 5,978,810	\$ 674,082	-	\$ 6,652,892
Other revenue	537,050	450,523	(88,355)	899,218
Total operating revenues	<u>6,515,860</u>	<u>1,124,605</u>	<u>(88,355)</u>	<u>7,552,110</u>
Operating expenses				
Salaries and employee benefits	3,799,855	454,220	(3,355)	4,250,720
Supplies and other	2,427,000	445,172	(98,264)	2,773,908
Depreciation and amortization expense	289,674	40,634	-	330,308
Impairment charge	42	62,939	-	62,981
Interest expense	57,183	8,801	-	65,984
Total operating expenses	<u>6,573,754</u>	<u>1,011,766</u>	<u>(101,619)</u>	<u>7,483,901</u>
Operating income (loss)	(57,894)	112,839	13,264	68,209
Non-operating income (expense)				
Investment loss	(226,191)	(24,921)	-	(251,112)
Income tax expense	(5,456)	(33,297)	-	(38,753)
Other net periodic pension (costs) benefit	(1,210)	27	-	(1,183)
Excess (deficit) of revenues over expenses	<u>\$ (290,751)</u>	<u>\$ 54,648</u>	<u>\$ 13,264</u>	<u>\$ (222,839)</u>

Novant Health, Inc. and Affiliates
Combined Group Combining Balance Sheet
December 31, 2022

<i>(in thousands of dollars)</i>	Obligated Group	Restricted Affiliates	Eliminations	Combined Group Total
Assets				
Current assets				
Cash and cash equivalents	\$ 406,199	\$ 114,346	\$ -	\$ 520,545
Accounts receivable, net	445,057	382,542	-	827,599
Short-term investments	234,040	-	-	234,040
Current portion of assets limited as to use	16,411	7,000	-	23,411
Receivable for settlement with third-party payors	5,478	7,999	-	13,477
Other current assets	267,205	157,209	-	424,414
Total current assets	1,374,390	669,096	-	2,043,486
Assets limited as to use				
Long-term investments	185,853	48,135	-	233,988
Property and equipment, net	2,711,276	-	-	2,711,276
Right-of-use assets, net	1,560,083	1,133,166	-	2,693,249
Intangible assets and goodwill, net	223,764	259,634	-	483,398
Investments in affiliates	19,787	594,906	-	614,693
Other assets	1,769,612	(846)	(86,653)	1,682,113
Other assets	95,995	17,262	-	113,257
Total assets	<u>\$ 7,940,760</u>	<u>\$ 2,721,353</u>	<u>\$ (86,653)</u>	<u>\$ 10,575,460</u>
Liabilities and Net Assets				
Current liabilities				
Current portion of long-term debt	\$ 54,884	\$ 1,343	\$ -	\$ 56,227
Accounts payable	244,362	109,124	-	353,486
Accrued liabilities	380,824	272,329	-	653,153
Current portions of operating lease liabilities	41,539	59,155	-	100,694
Estimated third-party payor settlements	27,323	30,032	-	57,355
Due to (from) related organizations	(807,023)	504,873	-	(302,150)
Total current liabilities	(58,091)	976,856	-	918,765
Long-term debt, net of current portion	2,579,531	6,041	-	2,585,572
Operating lease liabilities, net of current portion	194,565	206,796	-	401,361
Derivative financial instruments	13,191	-	-	13,191
Employee benefits and other liabilities	297,648	70,124	-	367,772
Total liabilities	<u>3,026,844</u>	<u>1,259,817</u>	<u>-</u>	<u>4,286,661</u>
Net assets				
Without donor restrictions - attributable to Novant Health	<u>4,913,916</u>	<u>1,461,536</u>	<u>(86,653)</u>	<u>6,288,799</u>
Total net assets	<u>4,913,916</u>	<u>1,461,536</u>	<u>(86,653)</u>	<u>6,288,799</u>
Total liabilities and net assets	<u>\$ 7,940,760</u>	<u>\$ 2,721,353</u>	<u>\$ (86,653)</u>	<u>\$ 10,575,460</u>

Novant Health, Inc. and Affiliates
Combined Group Combining Statement of Operations
Year Ended December 31, 2022

<i>(in thousands of dollars)</i>	Obligated Group	Restricted Affiliates	Eliminations	Combined Group Total
Operating revenues				
Net patient service revenues	\$ 2,910,862	\$ 3,067,948	\$ -	\$ 5,978,810
Other revenue	205,245	340,898	(9,093)	537,050
Total operating revenues	<u>3,116,107</u>	<u>3,408,846</u>	<u>(9,093)</u>	<u>6,515,860</u>
Operating expenses				
Salaries and employee benefits	1,782,806	2,017,049	-	3,799,855
Supplies and other	1,125,128	1,310,965	(9,093)	2,427,000
Depreciation and amortization expense	147,304	142,370	-	289,674
Impairment charge	42	-	-	42
Interest expense	28,236	28,947	-	57,183
Total operating expenses	<u>3,083,516</u>	<u>3,499,331</u>	<u>(9,093)</u>	<u>6,573,754</u>
Operating income (loss)	32,591	(90,485)	-	(57,894)
Non-operating income (expense)				
Investment (loss) income	(226,255)	64	-	(226,191)
Income tax expense	(5,400)	(56)	-	(5,456)
Other net periodic pension costs	(352)	(858)	-	(1,210)
Excess (deficit) of revenues over expenses	<u>\$ (199,416)</u>	<u>\$ (91,335)</u>	<u>\$ -</u>	<u>\$ (290,751)</u>

Novant Health, Inc. and Affiliates

Notes to Consolidating or Combining Supplemental Schedules

December 31, 2022

1. Reporting Entity

Novant Health, Inc. (“Novant Health” or the “Company”) is a not-for-profit integrated system of 15 medical centers and more than 1,800 physicians in over 800 locations, as well as numerous outpatient surgery centers, medical plazas, rehabilitation programs, diagnostic imaging centers and community health outreach programs. Novant Health’s more than 35,000 team members and physician partners care for patients and communities in North Carolina, South Carolina and Georgia.

2. Basis of Presentation and Summary of Significant Accounting Policies

Novant Health, Inc. Consolidating Balance Sheet and Consolidating Statement of Operations (which Combines the Information of the Combined Group and Unrestricted Affiliates)

The Total column reconciles to the consolidated financial statements of Novant Health, Inc. and includes the accounts of all affiliates controlled by Novant Health, Inc. The Total is comprised of the Combined Group (as described below, which is comprised of the Obligated Group and Restricted Affiliates) and the Unrestricted Affiliates, which represent affiliates not meeting the definition of the Obligated Group or Restricted Affiliates as defined below.

The Eliminations column represents the elimination of intercompany transactions and balances between the Combined Group and the Unrestricted Affiliates.

The consolidating balance sheet and consolidating statement of operations are otherwise prepared in accordance with accounting policies described in the accompanying notes to the consolidated financial statements. These schedules are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America, as a result of the exclusion of all required disclosures.

Combined Group Combining Balance Sheet and Statement of Operations

As noted in Note 16 to the consolidated financial statements, the Company is subject to a Master Trust Indenture (the “Agreement”) which authorizes the creation of a Combined Group, which consists of the members of the Obligated Group and the Restricted Affiliates.

The members of the Obligated Group are jointly and severally liable for the payment of all obligations under the Agreement. The members of the Obligated Group are Novant Health and its two affiliates that operate tertiary care hospitals, Forsyth Memorial Hospital, Inc. d/b/a Novant Health Forsyth Medical Center and The Presbyterian Hospital d/b/a Novant Health Presbyterian Medical Center, both of which are North Carolina nonprofit corporations. In the accompanying Combined Group combining balance sheet and combining statement of operations, the Obligated Group column presents information of the aforementioned entities.

Restricted Affiliates represent entities that are not directly obligated to pay obligations under the Agreement, but the members of the Obligated Group have covenanted in the Agreement to cause the Restricted Affiliates to provide funds to the members of the Obligated Group to pay obligations under the Agreement. The Company has designated eleven of its affiliates as Restricted Affiliates. Six of these Restricted Affiliates, Medical Park Hospital, Inc. d/b/a Novant Health Medical Park Hospital,

Novant Health, Inc. and Affiliates
Notes to Consolidating or Combining Supplemental Schedules
December 31, 2022

Novant Health Thomasville Medical Center, Presbyterian Medical Care Corp. d/b/a Novant Health Matthews Medical Center, Brunswick Community Hospital d/b/a Novant Health Brunswick Medical Center, Mint Hill Medical Center, LLC d/b/a Novant Health Mint Hill Medical Center, and Novant Health New Hanover Regional Medical Center, LLC, operate, or maintain a significant investment in, hospitals. The other five Restricted Affiliates, Carolina Medicorp Enterprises, Inc., Forsyth Medical Group, LLC, Foundation Health Systems Corp., Novant Medical Group, Inc. f/k/a Presbyterian Regional Healthcare Corp. and Salem Health Services, Inc., provide, or invest in subsidiaries or joint ventures which provide health care and ancillary services. All of the members of the Combined Group, except Salem Health Services, Inc., are exempt from federal and state income taxation.

The Eliminations column represents the elimination of intercompany transactions and balances between the Obligated Group and the Restricted Affiliates.

The Combined Group combining balance sheet and combining statement of operations are otherwise prepared in accordance with accounting policies described in the accompanying notes to the consolidated financial statements. These schedules are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America, as a result of the exclusion of all required disclosures.

State of North Carolina
Department of the Secretary of State

**ARTICLES OF ORGANIZATION
INCLUDING ARTICLES OF CONVERSION
OF A CHARITABLE OR RELIGIOUS CORPORATION**

Pursuant to §§ 57D-2-21, 57D-9-20 and 57D-9-22 of the General Statutes of North Carolina, the undersigned converting business entity does hereby submit these Articles of Organization Including Articles of Conversion for the purpose of forming a limited liability company pursuant to the conversion of a charitable or religious corporation.

1. The name of the limited liability company is: Novant Health Matthews Medical Center, LLC. The limited liability company is being formed pursuant to a conversion of a charitable or religious corporation.
2. The name of the converting business entity is: Presbyterian Medical Care Corp. and the organization and internal affairs of the converting business entity are governed by the laws of the state or country of North Carolina.

A plan of conversion has been approved by the converting business entity as required by law.

3. The converting business entity is a domestic nonprofit charitable or religious corporation.
4. The mailing address of the converting entity prior to the conversion is:

2085 Frontis Plaza Blvd.
Winston-Salem, NC 27103
Forsyth County

If different, the mailing address of the resulting business entity is: N/A

5. The **name** and **address** of each organizer executing these articles of organization is as follows:

Novant Health, Inc.
2085 Frontis Plaza Blvd.
Winston-Salem, NC 27103
Forsyth County

6. The name of the initial registered agent is: Corporation Service Company

7. The street address and county of the initial registered office of the limited liability company is:

2626 Glenwood Avenue, Suite 550
Raleigh, NC 27608
Wake County

8. If different, the mailing address of the initial registered office is: N/A

9. Principal Office Information:

The principal office telephone number: 336-718-2050

The street address and county of the principal office of the limited liability company is:

2085 Frontis Plaza Blvd.
Winston-Salem, NC 27103
Forsyth County

10. Any other provisions which the limited liability company elects to include (e.g., the purpose of the entity) are attached.

11. The **name** and **address** of the sole member of the LLC is:

Novant Health, Inc.
2085 Frontis Plaza Blvd.
Winston-Salem, NC 27103
Forsyth County

The sole member is a charitable or religious corporation as defined in N.C.G.S. §55A-1-40(4).

12. These articles will be effective upon filing, unless a future date is specified:
January 31, 2023 at 11:59:59 P.M.

[Signature Page Follows]

Exhibit A
Additional Provisions of the
Articles of Organization for
Novant Health Matthews Medical Center, LLC

- A. Novant Health Matthews Medical Center, LLC (the “Company”) is formed and shall be operated exclusively for charitable purposes. Notwithstanding any other provision of these articles, the Company shall not carry on any activities not permitted to be carried on (a) by an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”), or corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under Section 170(c)(2) of the Code, or corresponding section of any future federal tax code.
- B. The Company is organized exclusively:
- (a) To promote and advance charitable, educational and scientific purposes and to provide health care for the treatment of the sick, afflicted, infirm or injured persons through the erection (or lease), management and operation of a hospital, hospitals, other medical care or other ancillary facilities or through the creation and operation of another or other nonprofit entities.
 - (b) To do or provide for the doing of anything and everything necessary, expedient, incidental or appropriate to the operation of a hospital or provision of health care in all of its phases.
 - (c) To engage in any other lawful act or activity for which limited liability companies may be organized so long as the Company does not engage in any activity or activities not in furtherance of one or more tax exempt purposes as contemplated in Section 501(c)(3) of the Code.
- C. The Company is not organized for and shall not be operated for pecuniary gain or profit. No part of the net earnings of the Company shall inure to the benefit of or be distributable to its trustees, directors, managers, officers or other private persons, except that the Company shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above.
- D. No substantial part of the activities of the Company shall consist of carrying on propaganda, or otherwise attempting to influence legislation; nor shall it participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office; nor shall the Company engage in any activities that are unlawful under applicable federal, state or local laws.
- E. To the full extent from time to time permitted by law, no person who is serving or has served as a member or manager of the Company (including, without limitation, any person serving in the capacity as a director, advisor, manager or trustee on a board of directors, board of advisors, board of managers or board of trustees of the Company) shall be personally liable in any action for monetary damages for breach of his or her duty as a member or manager, whether such action is brought by or in the right of the Company or otherwise. Neither the amendment or repeal of this Paragraph E, nor the adoption of any provision of these Articles of Organization

inconsistent with this Paragraph E, shall eliminate or reduce the protection afforded by this Paragraph E to a member or manager of the Company with respect to any matter which occurred, or any cause of action, suit or claim, which but for this Paragraph E, would have accrued or arisen, prior to such amendment, repeal or adoption.

- F. Upon dissolution of the Company, after paying or making provisions for the payment of all liabilities and obligations of the Company and the establishment of any reserves therefor, all of the remaining assets shall be distributed to those of the Company's members that are organizations organized and operated exclusively for charitable, educational, religious or scientific purposes and qualify as exempt under Section 501(c)(3) of the Code; and in the event that no member of the Company is so qualified all of the remaining assets shall only be transferred to one or more organizations that are organizations organized and operated exclusively for charitable, educational, religious or scientific purposes and qualify as exempt under Section 501(c)(3) of the Code.