

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Department of the Treasury
Internal Revenue Service

▶ 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.

A For the 2020 calendar year, or tax year beginning **JAN 1, 2021** and ending **JAN 31, 2021**

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 COMMUNITY GENERAL HEALTH PARTNERS, INC. Doing business as NOVANT HEALTH THOMASVILLE MEDICA Number and street (or P.O. box if mail is not delivered to street address) Room/suite 2085 FRONTIS PLAZA BLVD City or town, state or province, country, and ZIP or foreign postal code WINSTON SALEM, NC 27103 F Name and address of principal officer: CARL ARMATO SAME AS C ABOVE	D Employer identification number 56-0636250 E Telephone number 336-718-2803 G Gross receipts \$ 10,445,172. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. See instructions H(c) Group exemption number ▶
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: 1929 M State of legal domicile: NC

Part I Summary

	1	Briefly describe the organization's mission or most significant activities: SEE SCHEDULE O		
Activities & Governance	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	19
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	16
	5	Total number of individuals employed in calendar year 2020 (Part V, line 2a)	5	730
	6	Total number of volunteers (estimate if necessary)	6	53
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	7b	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 4,694,781.	Current Year 10,867.
	9	Program service revenue (Part VIII, line 2g)	109,296,702.	10,352,379.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	19,414.	2,466.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	996,050.	79,460.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	115,006,947.	10,445,172.
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	235,112.
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)	42,517,302.	4,079,720.
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)	66,324,477.	4,627,316.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	109,076,891.	8,707,036.	
19	Revenue less expenses. Subtract line 18 from line 12	5,930,056.	1,738,136.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year 97,078,773.	End of Year 0.
	21	Total liabilities (Part X, line 26)	15,373,430.	0.
	22	Net assets or fund balances. Subtract line 21 from line 20	81,705,343.	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 FRED HARGETT, EVP & CFO Type or print name and title	Date
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 address ▶ PREPARED BY A NON-PAID PREPARER Firm's EIN ▶ Phone no.

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 2020)

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. COMMUNITY GENERAL HEALTH PARTNERS, INC.	Taxpayer identification number (TIN) 56-0636250
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. 2085 FRONTIS PLAZA BLVD	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. WINSTON SALEM, NC 27103	

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 990-T (corporation)	07
Form 990-BL	02	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

• The books are in the care of ▶ **KAREN DAUGHERTY 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 **21**, 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 **21**, and ending **JANUARY 31**, 20 **21**.

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-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$
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	\$
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	\$

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

If "Yes," describe these new services on Schedule O.

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

If "Yes," describe these changes on Schedule O.

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

Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 7,839,921. including grants of \$ 0.) (Revenue \$ 10,358,627.)

CONSISTENT WITH THE ORGANIZATION'S EXEMPT PURPOSE, COMMUNITY GENERAL HEALTH PARTNERS, INC (CGHP) PROMOTED THE HEALTH AND WELL-BEING OF THE INHABITANTS OF THE COMMUNITY IN WHICH THE ORGANIZATION OPERATED, SERVING ALL MEMBERS OF THE COMMUNITY REGARDLESS OF THEIR ABILITY TO PAY. IN JANUARY 2021, CGHP 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 7,839,921.

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> ?		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 Revenue Procedure 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>		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 22-38 covering various organizational requirements.

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 1a-1c regarding Form 1096, Forms W-2G, and backup withholding rules.

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

		Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
	2a		730
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	X	
	Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
b	If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year		
	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12		
	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
	10b		
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders		
	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
	11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
	12b		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.		
	13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
	13b		
c	Enter the amount of reserves on hand		
	13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O		
	14b		
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.		X
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.		X

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		
	1a 19		
b	Enter the number of voting members included on line 1a, above, who are independent		
	1b 16		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	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	
b	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.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
b	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?		
10b			
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?		X
b	Describe in 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	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
12c			
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
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
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
b	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?		
16b			

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.
 Own website Another's website 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 **▶**
KAREN DAUGHERTY - 336-718-2803
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 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 and/or Box 7 of Form 1099-MISC) 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 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)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(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) BAREFOOT, SAMUEL CHAIR	0.20 0.00	X		X				0.	0.	0.
(2) BRODY, JEFFREY MD TRUSTEE	0.20 0.00	X						0.	0.	0.
(3) CAILLAT, ALEXANDRE MD TRUSTEE	0.20 0.00	X						0.	0.	0.
(4) CLIFTON, DAVID TRUSTEE	0.20 0.00	X						0.	0.	0.
(5) CRAVER, KELLY SEC	0.20 0.00	X		X				0.	0.	0.
(6) DAVIS, MARK DDS TRUSTEE	0.20 0.00	X						0.	0.	0.
(7) FORIEST, BRYANT TRUSTEE	0.20 0.00	X						0.	0.	0.
(8) HOLT, DONNIE VICE CHAIR	0.20 0.00	X		X				0.	0.	0.
(9) JOHNSON, MONIQUE TRUSTEE	0.20 0.00	X						0.	0.	0.
(10) JUNCADELLA, BEATRIZ TRUSTEE	0.20 0.00	X						0.	0.	0.
(11) LEONARD, THOMAS TRUSTEE	0.20 0.00	X						0.	0.	0.
(12) MARKS, PHILLIP MD TRUSTEE	0.20 0.00	X						0.	0.	0.
(13) MCCLURE, FRED TRUSTEE	0.20 0.00	X						0.	0.	0.
(14) MORRIS, PAULINE TRUSTEE	0.20 0.00	X						0.	0.	0.
(15) ORMAN, JED TRUSTEE	0.20 0.00	X						0.	0.	0.
(16) OWEN, LAURA TRUSTEE	0.20 0.00	X						0.	0.	0.
(17) PERDUE, LARRY TRUSTEE	0.20 0.00	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)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(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			
(18) PIOTTI, WILLIAM TRUSTEE	0.20 0.00	X						0.	0.	0.
(19) RAMSAY, DAVID MD TRUSTEE	0.20 0.00	X						0.	0.	0.
(20) WARD, LARRY TRUSTEE	0.20 0.00	X						0.	0.	0.
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					
	e Government grants (contributions)	1e	10,867.				
	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			10,867.			
Program Service Revenue	2 a NET PATIENT REVENUE	Business Code	622110	10,342,633.	10,342,633.		
	b PHARMACY		446110	9,746.	9,746.		
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f			10,352,379.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			2,466.		2,466.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	6a	(i) Real	952.			
			(ii) Personal				
	b Less: rental expenses	6b		0.			
	c Rental income or (loss)	6c		952.			
	d Net rental income or (loss)			952.		952.	
	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 CHILD DEVELOPMENT CENTER	Business Code	624410	45,872.		45,872.	
	b CAFETERIA MEALS		722514	26,388.		26,388.	
	c MISCELLANEOUS		900099	6,248.	6,248.		
	d All other revenue						
	e Total. Add lines 11a-11d			78,508.			
12 Total revenue. See instructions			10,445,172.	10,358,627.	0.	75,678.	

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	3,182,451.	2,991,503.	190,948.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	109,189.	102,638.	6,551.	
9 Other employee benefits	589,428.	554,063.	35,365.	
10 Payroll taxes	198,652.	186,733.	11,919.	
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.)	1,074,810.	1,051,514.	23,296.	
12 Advertising and promotion	225.	225.		
13 Office expenses	23,796.	16,689.	7,107.	
14 Information technology	88,019.	86,929.	1,090.	
15 Royalties				
16 Occupancy	80,353.	74,726.	5,627.	
17 Travel	178.	178.		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials ...				
19 Conferences, conventions, and meetings	70.	70.		
20 Interest	55,263.	55,263.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	264,834.	241,840.	22,994.	
23 Insurance	32,105.	30,032.	2,073.	
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 BAD DEBT	1,016,484.	1,016,484.		
b MEDICAL SUPPLIES	678,120.	678,120.		
c CORPORATE SUPPORT	541,344.		541,344.	
d PHARMACEUTICALS	410,289.	410,289.		
e All other expenses	361,426.	342,625.	18,801.	
25 Total functional expenses. Add lines 1 through 24e	8,707,036.	7,839,921.	867,115.	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)		(B)
		Beginning of year		End of year
Assets	1 Cash - non-interest-bearing	5,777.	1	0.
	2 Savings and temporary cash investments		2	0.
	3 Pledges and grants receivable, net		3	0.
	4 Accounts receivable, net	18,624,596.	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	1,669,143.	7	0.
	8 Inventories for sale or use	2,566,919.	8	0.
	9 Prepaid expenses and deferred charges	71,000.	9	0.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 0.		
	b Less: accumulated depreciation	10b 0.	25,137,597.	10c 0.
	11 Investments - publicly traded securities		11	0.
	12 Investments - other securities. See Part IV, line 11	1,107,523.	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	47,896,218.	15	0.
16 Total assets. Add lines 1 through 15 (must equal line 33)	97,078,773.	16	0.	
Liabilities	17 Accounts payable and accrued expenses	11,980,554.	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	3,392,876.	25	0.
	26 Total liabilities. Add lines 17 through 25	15,373,430.	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	81,705,343.	27	0.
	28 Net assets with donor restrictions		28	
	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	81,705,343.	32	0.
	33 Total liabilities and net assets/fund balances	97,078,773.	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	10,445,172.
2	Total expenses (must equal Part IX, column (A), line 25)	2	8,707,036.
3	Revenue less expenses. Subtract line 2 from line 1	3	1,738,136.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	81,705,343.
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	-83,443,479.
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

- 1 Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
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:
 Separate basis Consolidated basis Both consolidated and separate basis
- b Were the organization's financial statements audited by an independent accountant?
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:
 Separate basis Consolidated basis 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?
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 Single Audit Act and OMB Circular A-133?
- 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

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form 990 (2020)

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) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(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) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(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 2020 (line 6, column (f), divided by line 11, column (f))	14	%
15 Public support percentage from 2019 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2020. 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 - 2019. 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 - 2020. 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 - 2019. 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) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(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) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(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 in 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 2020 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2019 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2020 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2019 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2020. 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 - 2019. 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 in line 12 on 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 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</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 in 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 in 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 in lines 11b and 11c below, the governing body of a supported organization?		
b A family member of a person described in line 11a above?		
c A 35% controlled entity of a person described in 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 in 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 in 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>			
2a			
2b			
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>			
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 (<i>explain in detail in Part VI</i>):		
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 2020 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-2020	(iii) Distributable Amount for 2020
1 Distributable amount for 2020 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2020 (reasonable cause required - <i>explain in Part VI</i>). See instructions.			
3 Excess distributions carryover, if any, to 2020			
a From 2015			
b From 2016			
c From 2017			
d From 2018			
e From 2019			
f Total of lines 3a through 3e			
g Applied to underdistributions of prior years			
h Applied to 2020 distributable amount			
i Carryover from 2015 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2020 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2020 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2020, 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 2020. 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 2021. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2016			
b Excess from 2017			
c Excess from 2018			
d Excess from 2019			
e Excess from 2020			

Schedule A (Form 990 or 990-EZ) 2020

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2020

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 COMMUNITY GENERAL HEALTH PARTNERS, INC.	Employer identification number 56-0636250
--	---

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 or 990-EZ) 2020**

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%;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">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?														

Yes 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) 2017	(b) 2018	(c) 2019	(d) 2020	(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)).

	(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		3,368.
j Total. Add lines 1c through 1i			3,368.
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 expenditure 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.

PART II-B, LINE 1, LOBBYING ACTIVITIES:

LINE 1I

ESTIMATE BASED ON PRIOR YEAR OF DUES PAID TO CERTAIN ORGANIZATIONS

WHICH INCLUDE A PORTION RELATED TO LOBBYING ACTIVITIES.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2020

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, question 20.
- ▶ Attach to Form 990.
- ▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Name of the organization **COMMUNITY GENERAL HEALTH PARTNERS, INC.** Employer identification number **56-0636250**

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 type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>300</u> %	<input checked="" type="checkbox"/>	
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 type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		<input checked="" type="checkbox"/>
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)			792,648.	0.	792,648.	10.31%
b Medicaid (from Worksheet 3, column a)			1501112.	1245994.	255,118.	3.32%
c Costs of other means-tested government programs (from Worksheet 3, column b)			12,032.	5,413.	6,619.	.09%
d Total. Financial Assistance and Means-Tested Government Programs			2305792.	1251407.	1054385.	13.72%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			5,420.	6.	5,414.	.07%
f Health professions education (from Worksheet 5)			37,911.	0.	37,911.	.49%
g Subsidized health services (from Worksheet 6)			1199157.	612,243.	586,914.	7.63%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			4,851.	0.	4,851.	.06%
j Total. Other Benefits			1247339.	612,249.	635,090.	8.25%
k Total. Add lines 7d and 7j			3553131.	1863656.	1689475.	21.97%

Part V Facility Information

Section A. Hospital Facilities

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

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 CGHP DBA NH THOMASVILLE MEDICAL CENTER
207 OLD LEXINGTON ROAD
THOMASVILLE, NC 27360
WWW.NOVANTHEALTH.ORG
H0112

Table with 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: X, X, , , , , X, , ,

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 THOMASVILLE 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 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>19</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>19</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 THOMASVILLE 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)		

Schedule H (Form 990) 2020

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group NOVANT HEALTH THOMASVILLE 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 THOMASVILLE 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?		X
	If "Yes," explain in Section C.		
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?	X	
	If "Yes," explain in Section C.		

Schedule H (Form 990) 2020

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 THOMASVILLE MEDICAL CENTER:

PART V, SECTION B, LINE 3E:

SEVERAL SOCIAL, BEHAVIORAL, AND CLINICAL HEALTH NEEDS WERE IDENTIFIED 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 ACCORDING TO THE YEARS OF POTENTIAL LIFE LOST 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. THE PRIORITIZED IDENTIFIED HEALTH NEEDS AND SUPPORTING DATA ARE THEN REVIEWED AND DELIBERATED UPON FURTHER BY THE BOARD. AN IMPLEMENTATION PLAN IS CREATED FOR CERTAIN OF THE PRIORITIZED, IDENTIFIED HEALTH NEEDS AND ASSESSED REGULARLY THROUGHOUT THE COMMUNITY HEALTH NEEDS ASSESSMENT LIFE CYCLE. COMMUNITY PARTNERS WHO ARE CURRENTLY DOING THE WORK ARE IDENTIFIED AS POTENTIAL PARTNERS FOR COLLABORATION ON THOSE IDENTIFIED NEEDS THAT ARE NOT PART OF THE IMPLEMENTATION PLAN.

NOVANT HEALTH THOMASVILLE 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 REPRESENTATIVES INCLUDING, BUT NOT LIMITED TO, REPRESENTATIVES OF CITY AND COUNTY GOVERNMENT INCLUDING HEALTH DEPARTMENTS, COMMUNITY-BASED ORGANIZATIONS, FOUNDATIONS, CHURCHES, COLLEGES/UNIVERSITIES, COMMUNITY COALITIONS AND OTHER SOCIAL SERVICE AGENCIES. INPUT WAS GATHERED THROUGH COMMUNITY

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.

MEETINGS, 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.

NOVANT HEALTH THOMASVILLE MEDICAL CENTER

PART V, SECTION B, LINE 7B

[HTTPS://WWW.NOVANTHEALTH.ORG/HOME/ABOUT-US/COMMUNITY-ENGAGEMENT/OUR-IMPACT.ASPX](https://www.novanthealth.org/home/about-us/community-engagement/our-impact.aspx)

NOVANT HEALTH THOMASVILLE MEDICAL CENTER

PART V, SECTION B, LINE 10A

[HTTPS://WWW.NOVANTHEALTH.ORG/HOME/ABOUT-US/COMMUNITY-ENGAGEMENT/OUR-IMPACT.ASPX](https://www.novanthealth.org/home/about-us/community-engagement/our-impact.aspx)

NOVANT HEALTH THOMASVILLE 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

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.

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, AND KEY STRENGTHS 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 AND CONSISTENT ACROSS COMMUNITIES. 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. IT WAS DETERMINED THAT THERE ARE OTHER RESOURCES IN THE COMMUNITY THAT CAN MORE APPROPRIATELY ADDRESS THESE NEEDS BASED ON SCOPE OF SERVICES AND SKILL SET. FOR MORE DETAILED INFORMATION, REFER TO THE PUBLICLY AVAILABLE IMPLEMENTATION PLAN AVAILABLE ON THE WEBSITE; REFER TO THE URL GIVEN PREVIOUSLY FOR THE POSTING OF THE PLAN.

NOVANT HEALTH THOMASVILLE 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

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.

CHARITY CARE.

NOVANT HEALTH THOMASVILLE MEDICAL CENTER:

PART V, LINE 16A, FAP WEBSITE:

[HTTPS://WWW.NOVANTHEALTH.ORG/HOME/PATIENTS--VISITORS/YOUR-HEALTHCARE-COSTS/FINANCIAL-ASSISTANCE-FOR-THE-UNINSURED.ASPX](https://www.novanthealth.org/home/patients--visitors/your-healthcare-costs/financial-assistance-for-the-uninsured.aspx)

NOVANT HEALTH THOMASVILLE MEDICAL CENTER:

PART V, LINE 16B, FAP APPLICATION:

[HTTPS://WWW.NOVANTHEALTH.ORG/PORTALS/92/NOVANT_HEALTH/DOCUMENTS/PATIENTS_VISITORS/FINANCIAL_SERVICES/FINANCIAL%20ASSISTANCE%20APPLICATIONS/2019/FINANCIAL_ASSISTANCE/FAA_APP_ENGLISH.PDF](https://www.novanthealth.org/portals/92/novant_health/documents/patients_visitors/financial_services/financial%20assistance%20applications/2019/financial_assistance/faa_app_english.pdf)

NOVANT HEALTH THOMASVILLE MEDICAL CENTER:

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

[HTTPS://WWW.NOVANTHEALTH.ORG/PORTALS/92/NOVANT_HEALTH/DOCUMENTS/PATIENTS_VISITORS/FINANCIAL_SERVICES/FINANCIAL%20ASSISTANCE%20APPLICATIONS/2019/PLAIN_LANGUAGE/NOVANT%20HEALTH%20ACUTE%20PLS%20ENGLISH.PDF](https://www.novanthealth.org/portals/92/novant_health/documents/patients_visitors/financial_services/financial%20assistance%20applications/2019/plain_language/novant%20health%20acute%20pls%20english.pdf)

NOVANT HEALTH THOMASVILLE MEDICAL CENTER:

PART V, SECTION B, LINE 24:

IT IS POSSIBLE FOR A FINANCIAL ASSISTANCE POLICY (FAP) ELIGIBLE PATIENT TO BE CHARGED AN AMOUNT EQUAL TO THE GROSS CHARGE FOR A NON-EMERGENCY OR NON-MEDICALLY NECESSARY SERVICE. HOWEVER, IF THE SERVICE IS DEEMED AN EMERGENCY OR A MEDICAL NECESSITY, THEN THE FAP ELIGIBLE PATIENT WOULD NOT BE CHARGED FOR CARE AND WOULD NOT RECEIVE A BILL ONCE FAP ELIGIBILITY HAD

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.

BEEN ESTABLISHED.

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 (e.g., 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/HOME/ABOUT-US/COMMUNITY-ENGAGEMENT/OUR-IMPACT.ASPX>.

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 HOSPITAL 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 2021, CGHP 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 \$1,016,484.

PART II, COMMUNITY BUILDING ACTIVITIES:

THE ORGANIZATION'S COMMUNITY BUILDING ACTIVITIES ADDRESSES THE UNDERLYING CAUSES OF HEALTH PROBLEMS AND IMPACTS THE HEALTH OF OUR COMMUNITY THROUGH PARTNERSHIPS WITH LOCAL AGENCIES DEDICATED TO IMPROVING THE LIVES OF ALL INDIVIDUALS. OUTREACH INCLUDES PROVIDING SUPPORT 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 OUTREACH METHODS WE ARE ABLE TO SUCCESSFULLY WORK TOWARDS BRIDGING THE GAP OF NEED WITHIN OUR IDENTIFIED IMPACTED COMMUNITIES.

PART III, LINE 2:

IMPLICIT PRICE CONCESSIONS (ANALOGOUS TO 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 VI Supplemental Information (Continuation)

PART III, LINE 8:

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:

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

THE ORGANIZATION'S BILLING AND COLLECTIONS POLICY DOES EXPLAIN ACTIONS 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 COMPRISED OF COMMUNITY BENEFIT PROFESSIONALS. 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 REPRESENTING THE MEDICALLY UNDERSERVED, UNITED WAY, 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 PARTNERSHIPS WITH OTHER COMMUNITY ORGANIZATIONS WE ARE ABLE TO DRAW INFERENCE OF THE NEEDS NOT MET WITHIN THE IMMEDIATE COMMUNITIES WE SERVE, AND MEET OR EXCEED THOSE COMMUNITY MEMBER'S NEEDS. IN ADDITION TO ADDRESSING NEEDS IDENTIFIED THROUGH THE CHNA, EACH HOSPITAL MAY RESPOND TO REQUESTS FOR SPECIFIC COMMUNITY BENEFIT ACTIVITIES OR PROGRAMS FROM PUBLIC AGENCIES OR COMMUNITY GROUPS. ORGANIZATIONAL

Part VI Supplemental Information (Continuation)

PARTNERSHIPS ESTABLISHED BY THE COMMUNITY BENEFIT DEPARTMENT ARE OFTEN LEVERAGED TO ADDRESS NEEDS THAT WERE IDENTIFIED IN THE CHNA, BUT WERE UNADDRESSED BY THE FACILITY IMPLEMENTATION PLAN.

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

Part VI Supplemental Information (Continuation)

PATIENTS.

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

COMMUNITY GENERAL HEALTH PARTNERS, INC. DBA NOVANT HEALTH THOMASVILLE MEDICAL CENTER

THE ORGANIZATION DEFINES ITS COMMUNITY BY ITS PRIMARY SERVICE AREA. THE PRIMARY SERVICE AREA FOR NOVANT HEALTH THOMASVILLE MEDICAL CENTER IS DEFINED BY THE ZIP CODES THAT REPRESENT MORE THAN 75% OF THE HOSPITAL'S IN-PATIENT POPULATION. THIS INCLUDES THE CITIES OF LEXINGTON AND THOMASVILLE, BOTH IN DAVIDSON COUNTY, NORTH CAROLINA, AND THE CITY OF TRINITY IN RANDOLPH COUNTY, NORTH CAROLINA.

THE SECONDARY SERVICE AREA OF NOVANT HEALTH THOMASVILLE MEDICAL CENTER

Part VI Supplemental Information (Continuation)

COVERS THE SAME GEOGRAPHIC AREA, ENCOMPASSING DAVIDSON AND RANDOLPH COUNTIES. THOUGH THERE TWO COUNTIES IN THE NOVANT HEALTH THOMASVILLE MEDICAL CENTER PRIMARY SERVICE AREAS, 93% OF THE PATIENTS IN THE PRIMARY SERVICE AREA RESIDE IN DAVIDSON COUNTY, WHILE 89% OF THE PATIENTS IN THE PRIMARY AND SECONDARY SERVICE AREAS RESIDE IN DAVIDSON COUNTY.

DAVIDSON COUNTY IS MORE RURAL IN NATURE. IT HAS 18 MUNICIPALITIES, INCLUDING THOMASVILLE, THE MOST POPULATED CITY, AND LEXINGTON, THE COUNTY SEAT. BASED ON 2018 ESTIMATES, DAVIDSON COUNTY HAD 166,614 RESIDENTS, WHICH IS A 2.3% INCREASE SINCE THE 2010 U.S. CENSUS. DAVIDSON COUNTY'S RATE OF GROWTH WAS SMALLER THAN THE NORTH CAROLINA'S GROWTH RATE IN COMPARISON TO 2017 AND REMAINS SMALLER IN 2010-2020 AND 2020-2030 GROWTH PROJECTIONS.

CHILDREN UNDER 18 MAKE UP 21.9% OF THE POPULATION IN DAVIDSON COUNTY, WHILE SENIORS MAKE UP 18.2% OF THE POPULATION. OVER THE NEXT 15 YEARS, THE SENIOR POPULATION IN DAVIDSON COUNTY IS PROJECTED TO STEADILY INCREASE. THIS TREND MAY PUT A STRAIN ON HEALTHCARE SERVICES IN DAVIDSON COUNTY BECAUSE HEALTH CARE FOR OLDER PERSONS IS DIFFERENT FROM THAT PROVIDED TO OTHER AGE GROUPS IN SEVERAL RESPECTS: GREATER RESOURCE DEMANDS, THE INTERTWINING OF PROFESSIONAL HEALTH SERVICES WITH SOCIAL SERVICES, THE FREQUENT OCCURRENCE OF IMPORTANT ETHICAL CONUNDRUMS, AND A HIGHER PREVALENCE OF PHYSICAL AND MENTAL DISABILITIES.

NONWHITE MINORITIES CURRENTLY MAKE UP 20.0% OF THE RACIAL DEMOGRAPHIC IN DAVIDSON COUNTY. THE SPECIFIC POPULATION GROUPS (ETHNIC AND CULTURAL) ARE AS FOLLOWS: WHITE NON-HISPANIC 79.7%; BLACK/AFRICAN-AMERICAN 9.9%; HISPANIC OR LATINO 7.3%; OTHER 3.1%.

Part VI Supplemental Information (Continuation)

ACCORDING TO THE US CENSUS BUREAU DATA, THE MEDIAN HOUSEHOLD INCOME LEVEL WAS \$45,806. THE POVERTY RATE FOR DAVIDSON COUNTY IS 15.8%.

THERE ARE TWO NONPROFIT ACUTE CARE HOSPITALS IN THE COMMUNITY, ONE OF WHICH IS THE ORGANIZATION.

STATISTICAL INFORMATION 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 ORGANIZATION'S MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT AT:

HTTPS://WWW.NOVANTHEALTH.ORG/HOME/ABOUT-US/COMMUNITY-ENGAGEMENT/OUR-IMPACT.ASPX.

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 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

Part VI Supplemental Information (Continuation)

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 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

Part VI Supplemental Information (Continuation)

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/HOME/ABOUT-US/COMMUNITY-ENGAGEMENT/OUR-IMPACT.ASPX](https://www.novanthealth.org/home/about-us/community-engagement/our-impact.aspx).

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 HOSPITAL ASSOCIATION REPORTING GUIDELINES.

PART VI, LINE 6: AFFILIATED HEALTH CARE SYSTEM

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 CAROLINA, SOUTH CAROLINA, AND VIRGINIA. EACH HOSPITAL

Part VI Supplemental Information (Continuation)

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/HOME/ABOUT-US/COMMUNITY-ENGAGEMENT/OUR-IMPACT.ASPX](https://www.novanthealth.org/home/about-us/community-engagement/our-impact.aspx). 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 HOSPITAL 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 CAROLINA, SOUTH CAROLINA, AND VIRGINIA AND FIVE 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, 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 HOSPITAL ASSOCIATION REPORTING GUIDELINES WITH THE NORTH CAROLINA MEDICAL CARE COMMISSION AS PART OF THE DOCUMENTATION REQUIRED FOR THE ISSUANCE OF TAX EXEMPT BOND

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

FINANCING.

Multiple horizontal lines for supplemental information.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2020

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization: **COMMUNITY GENERAL HEALTH PARTNERS, INC.**
 Employer identification number: **56-0636250**

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
1b		
2		
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) 2020

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.

SCHEDULE J, PART I, LINE 3

IN JANUARY 2021, 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, WE ARE NOT REPORTING COMPENSATION FOR ANYONE LISTED IN PART VII.

SCHEDULE N
(Form 990 or 990-EZ)

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 990-EZ.
- ▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2020

Open to Public Inspection

Name of the organization **COMMUNITY GENERAL HEALTH PARTNERS, INC.** Employer identification number **56-0636250**

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	01/31/21	23,505.	ACTUAL	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	ACCOUNTS RECEIVABLE	01/31/21	19,242,648.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	NOTES AND LOANS RECEIVABLE	01/31/21	1,644,522.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	INVENTORIES FOR SALE OR USE	01/31/21	2,628,249.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	INVESTMENT IN AFFILIATES	01/31/21	1,107,846.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	PROPERTY, PLANT AND EQUIPMENT	01/31/21	24,500,192.	BOOK VALUE	56-1376950	NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	501(C)(3)
	OTHER	01/31/21	46,966,820.	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 Form 990-EZ.

Schedule N (Form 990 or 990-EZ) 2020

LHA

032151 11-11-20

SCHEDULE O
(Form 990 or 990-EZ)

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 990-EZ.

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

OMB No. 1545-0047

2020

Open to Public
Inspection

Name of the organization

COMMUNITY GENERAL HEALTH PARTNERS, INC.

Employer identification number

56-0636250

FORM 990, PART I, DOING BUSINESS AS:

NOVANT HEALTH THOMASVILLE MEDICAL CENTER

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

COMMUNITY GENERAL HEALTH PARTNERS INC. ("CGHP"), DOING BUSINESS AS

NOVANT HEALTH THOMASVILLE MEDICAL CENTER, 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. NOVANT

HEALTH CONSISTS OF MORE THAN 1,600 PHYSICIANS AND OVER 29,000 EMPLOYEES

WHO MAKE HEALTHCARE REMARKABLE AT NEARLY 700 LOCATIONS, INCLUDING 15

MEDICAL CENTERS AND HUNDREDS OF OUTPATIENT FACILITIES AND PHYSICIAN

CLINICS. HEADQUARTERED IN WINSTON SALEM, NC, NOVANT HEALTH IS COMMITTED

TO MAKING HEALTHCARE REMARKABLE FOR PATIENTS AND COMMUNITIES, SERVING

MORE THAN FIVE MILLION PATIENTS ANNUALLY.

CGHP OPERATES NOVANT HEALTH THOMASVILLE MEDICAL CENTER, WHICH IS A

146-BED HOSPITAL OFFERING A WIDE RANGE OF INPATIENT AND OUTPATIENT

SERVICES, BIRTHING ROOMS AND AN EMERGENCY DEPARTMENT. THE HOSPITAL

FIRST OPENED AS CITY MEMORIAL HOSPITAL OF THOMASVILLE IN JULY 1930 WITH

31 BEDS. NOW, MORE THAN 90 YEARS LATER, IT IS A STATE-OF-THE-ART

MEDICAL CENTER THAT OFFERS RESIDENTS OF DAVIDSON COUNTY QUALITY CARE.

IN 1997, IT BECAME THE FIRST HOSPITAL OF ITS KIND TO JOIN NOVANT

HEALTH.

Name of the organization COMMUNITY GENERAL HEALTH PARTNERS, INC.	Employer identification number 56-0636250
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IN JANUARY 2021, CGHP 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.

COMMUNITY BENEFIT REPORT

THE COMMUNITY BENEFIT REPORT, REFERRED TO AS A COMMUNITY IMPACT REPORT, PREPARED BY NOVANT HEALTH IS A SYSTEM-WIDE REPORT THAT INCLUDES QUALITATIVE AND QUANTITATIVE INFORMATION. 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 HOSPITAL 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.

2021 COMMUNITY BENEFIT REPORT WAS NOT COMPILED AT THE TIME THIS TAX RETURN WAS FILED. FOR THE MOST RECENT COMMUNITY BENEFIT REPORT PLEASE VISIT [HTTPS://WWW.NOVANTHEALTH.ORG/HOME/ABOUT-US/COMMUNITY-ENGAGEMENT/OUR-IMPACT.ASPX](https://www.novanthealth.org/home/about-us/community-engagement/our-impact.aspx).

FORM 990, PART III, LINE 1: MISSION, VISION, AND VALUES
MISSION
NOVANT HEALTH EXISTS TO IMPROVE THE HEALTH OF COMMUNITIES, ONE PERSON AT A TIME.

Name of the organization COMMUNITY GENERAL HEALTH PARTNERS, INC.	Employer identification number 56-0636250
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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 BY SHOWING THEM 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.

-PERSONAL EXCELLENCE: WE STRIVE TO GROW PERSONALLY AND PROFESSIONALLY, AND WE APPROACH EACH SERVICE OPPORTUNITY WITH A POSITIVE, FLEXIBLE ATTITUDE. HONESTY AND PERSONAL INTEGRITY GUIDE ALL THAT 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.

OUR PEOPLE

AT NOVANT HEALTH, PEOPLE ARE OUR BUSINESS. WE TREAT EACH OTHER WITH RESPECT AND COMPASSION. WE EMBRACE THE DIFFERENCES IN OUR STRENGTHS WHILE FOSTERING AN ENVIRONMENT OF INCLUSION, EMPOWERMENT, INSPIRATION AND COURAGE. WE ALWAYS REMEMBER, OUR BUSINESS IS THE CARE OF ALL PEOPLE, STARTING WITH OUR TEAM MEMBERS.

Name of the organization COMMUNITY GENERAL HEALTH PARTNERS, INC.	Employer identification number 56-0636250
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OUR PROMISE TO PATIENTS

WE ARE MAKING YOUR HEALTHCARE EXPERIENCE REMARKABLE. WE WILL BRING YOU WORLD-CLASS CLINICIANS, CARE AND TECHNOLOGY - WHEN AND WHERE YOU NEED THEM. WE ARE REINVENTING THE HEALTHCARE EXPERIENCE TO BE SIMPLER, MORE CONVENIENT AND MORE AFFORDABLE, SO THAT YOU CAN FOCUS ON GETTING BETTER AND STAYING HEALTHY.

FORM 990, PART III, LINE 3, CHANGES IN PROGRAM SERVICES:

IN JANUARY 2021, COMMUNITY GENERAL HEALTH PARTNERS, INC. 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 VI, SECTION A, LINE 4:

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

ARTICLES OF CONVERSION, WHICH WERE FILED IN JANUARY 2021, 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). MEMBER HAS SOLE VOTING AUTHORITY IN ALL MATTERS, AND RESERVES CERTAIN POWERS TO NOVANT HEALTH, INC.

FORM 990, PART VI, SECTION A, LINE 7A: ELECTION OF MEMBERS AND THEIR RIGHTS

NOVANT HEALTH, INC. ELECTS THE BOARD MEMBERS OF COMMUNITY GENERAL HEALTH

Name of the organization COMMUNITY GENERAL HEALTH PARTNERS, INC.	Employer identification number 56-0636250
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PARTNERS.

FORM 990, PART VI, SECTION A, LINE 7B: DECISIONS SUBJECT TO APPROVAL OF MEMBERS

NOVANT HEALTH, INC. HAS CERTAIN RESERVED POWERS, SUCH AS APPROVAL OF AMENDMENTS TO THE ARTICLES AND BYLAWS OF THE CORPORATION, AND TO ADOPT CERTAIN POLICIES WHICH SHALL BE IMPLEMENTED BY THE CORPORATION BOARD.

FORM 990, PART VI, SECTION B, LINE 11B:

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

SINCE THIS IS A SHORT PERIOD RETURN, NO FORMAL REVIEW WILL BE CONDUCTED.

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 DELIBERATIONS AND VOTE.

Name of the organization COMMUNITY GENERAL HEALTH PARTNERS, INC.	Employer identification number 56-0636250
---	--

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 2021, 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, WE ARE 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	237,063.
MANAGEMENT AND GENERAL EXPENSES	8,277.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	245,340.

Name of the organization COMMUNITY GENERAL HEALTH PARTNERS, INC.	Employer identification number 56-0636250
---	--

CONTRACTED SERVICES:

PROGRAM SERVICE EXPENSES	112,512.
MANAGEMENT AND GENERAL EXPENSES	12,180.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	124,692.

COLLECTION SERVICE:

PROGRAM SERVICE EXPENSES	0.
MANAGEMENT AND GENERAL EXPENSES	2,811.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	2,811.

RECRUITMENT:

PROGRAM SERVICE EXPENSES	442.
MANAGEMENT AND GENERAL EXPENSES	28.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	470.

PROFESSIONAL PHYSICIAN SERVICES:

PROGRAM SERVICE EXPENSES	562,894.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	562,894.

FOOD SERVICE:

PROGRAM SERVICE EXPENSES	138,603.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.

Name of the organization COMMUNITY GENERAL HEALTH PARTNERS, INC.	Employer identification number 56-0636250
--	---

TOTAL EXPENSES **138,603.**

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A **1,074,810.**

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

CONVERSION TO SMLLC OF NOVANT HEALTH, INC. **-83,443,479.**

**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

2020

Open to Public Inspection

Name of the organization **COMMUNITY GENERAL HEALTH PARTNERS, INC.** Employer identification number **56-0636250**

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 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
COMMUNITY GENERAL HOSPITAL FOUNDATION, INC. - 56-1828629, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	COMMUNITY GENERAL HEALTH PARTNERS, INC.	X	

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

Schedule R (Form 990) 2020

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
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
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
PERSONAL CARE SERVICES - 54-1291284 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 10	PRINCE WILLIAM HEALTH SYSTEM		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
PRESBYTERIAN MEDICAL CARE CORPORATION - 56-1376368, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC		X
PRINCE WILLIAM HEALTH SYSTEM - 54-1278944 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 12C, III-FI	NOVANT HEALTH UVA HEALTH SYSTEM		X
PRINCE WILLIAM HOSPITAL - 54-0696355 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 3	PRINCE WILLIAM HEALTH SYSTEM		X
PWHS FOUNDATION - 54-1307595 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 7	PRINCE WILLIAM HEALTH SYSTEM		X

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
ROWAN HEALTH SERVICES CORPORATION - 56-1424814, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 12C, III-FI	NOVANT HEALTH, INC.		X
ROWAN REGIONAL MEDICAL CENTER AUXILIARY - 23-7022472, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 10	ROWAN REGIONAL MEDICAL CENTER, INC.		X
ROWAN REGIONAL MEDICAL CENTER FOUNDATION, INC. - 56-1424818, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 7	ROWAN REGIONAL MEDICAL CENTER, INC.		X
ROWAN REGIONAL MEDICAL CENTER, INC. - 56-0547479, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	ROWAN HEALTH SERVICES CORPORATION		X
SELF INSURANCE FUND - NOVANT HEALTH, INC. - 58-1867242, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 12C, III-FI	NOVANT HEALTH, INC.		X
THE PRESBYTERIAN HOSPITAL - 56-0554230 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	NORTH CAROLINA	501(C)(3)	LINE 3	NOVANT HEALTH SOUTHERN PIEDMONT REGION, LLC		X
CULPEPER MEMORIAL HOSPITAL, INC. - 54-0622371, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 3	NOVANT HEALTH UVA HEALTH SYSTEM		X
NOVANT HEALTH UVA HEALTH SYSTEM - 81-0868533 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103	HEALTHCARE	VIRGINIA	501(C)(3)	LINE 12A, I	NOVANT HEALTH, INC.		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	COMMUNITY GENERAL HEALTH PARTNERS, INC.	C CORP			100%	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?

	Yes	No
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)		X
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Dividends from related organization(s)		X
g Sale of assets to related organization(s)		X
h Purchase of assets from related organization(s)		X
i Exchange of assets with related organization(s)		X
j Lease of facilities, equipment, or other assets to related organization(s)		X
k Lease of facilities, equipment, or other assets from related organization(s)		X
l Performance of services or membership or fundraising solicitations for related organization(s)		X
m Performance of services or membership or fundraising solicitations by related organization(s)	X	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	X	
o Sharing of paid employees with related organization(s)	X	
p Reimbursement paid to related organization(s) for expenses	X	
q Reimbursement paid by related organization(s) for expenses		X
r Other transfer of cash or property to related organization(s)	X	
s Other transfer of cash or property from related organization(s)		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)				



NORTH CAROLINA

Department of the Secretary of State

To all whom these presents shall come, Greetings:

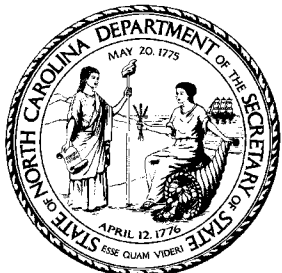
I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF ORGANIZATION

OF

NOVANT HEALTH THOMASVILLE MEDICAL CENTER, LLC

the original of which was filed in this office on the 29th day of January, 2021.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 29th day of January, 2021.

Elaine F. Marshall

Secretary of State

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 Thomasville 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: Community General Health Partners, Inc. 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:

PO Box 789
Thomasville, NC 27360
Davidson 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, 2021 at 11:59:59 P.M.

[Signature Page Follows]

This is the 28th day of January, 2021.

NOVANT HEALTH, INC., as organizer

By: 

Name: Fred Harscott

Title: EVP & CFO

[Articles of Organization Including Articles of Conversion – Community General Health Partners, Inc.]

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

- A. Novant Health Thomasville 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.

**Novant Health, Inc.
and Affiliates**

**Consolidated Financial Statements and
Supplemental Information
December 31, 2020 and 2019**

Novant Health, Inc. and Affiliates
Index
December 31, 2020 and 2019

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Report of Independent Auditors

To the Board of Trustees of
Novant Health, Inc.

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, 2020 and 2019, and the related consolidated statements of operations and changes in net assets and of cash flows for the years then ended.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Novant Health, Inc. and Affiliates as of December 31, 2020 and 2019, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases and the manner in which it accounts for restricted cash in 2019. Our opinion is not modified with respect to this matter.

Pricewaterhouse Coopers LLP

March 29, 2021

Novant Health, Inc. and Affiliates
Consolidated Balance Sheets
December 31, 2020 and 2019

<i>(in thousands of dollars)</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 711,822	\$ 402,536
Accounts receivable, net	670,736	610,470
Short-term investments	330,742	195,619
Current portion of assets limited as to use	42,674	71,021
Receivable for settlement with third-party payors	25,109	16,231
Other current assets	259,254	230,875
Total current assets	2,040,337	1,526,752
Assets limited as to use	234,676	213,478
Long-term investments	2,984,671	2,507,709
Property and equipment, net	2,400,069	2,320,419
Right-of-use assets, net	493,354	493,865
Intangible assets and goodwill, net	310,047	313,974
Investments in affiliates	54,954	79,284
Deferred tax asset	5,317	6,646
Other assets	128,253	113,916
Total assets	\$ 8,651,678	\$ 7,576,043
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 54,848	\$ 57,119
Short-term borrowings	149,592	88,176
Accounts payable	277,310	207,414
Accrued liabilities	682,673	423,091
Current portion of operating lease liabilities	88,796	88,369
Estimated third-party payor settlements	87,982	36,362
Total current liabilities	1,341,201	900,531
Long-term debt, net of current portion	1,275,987	1,283,939
Deferred tax liability	5,194	5,223
Operating lease liabilities, net of current portion	418,011	422,326
Derivative financial instruments	51,803	43,897
Employee benefits and other liabilities	589,583	333,605
Total liabilities	3,681,779	2,989,521
Commitments and contingencies		
Net assets		
Without donor restrictions - attributable to Novant Health	4,805,811	4,420,971
Without donor restrictions - noncontrolling interests	79,252	80,819
Total net assets without donor restrictions	4,885,063	4,501,790
With donor restrictions	84,836	84,732
Total net assets	4,969,899	4,586,522
Total liabilities and net assets	\$ 8,651,678	\$ 7,576,043

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, 2020 and 2019

<i>(in thousands of dollars)</i>	2020	2019
Operating revenues and other support		
Net patient service revenues	\$ 5,052,794	\$ 5,055,436
Other revenue	<u>629,981</u>	<u>379,509</u>
Total operating revenues and other support	<u>5,682,775</u>	<u>5,434,945</u>
Operating expenses		
Salaries and employee benefits	3,083,108	3,023,877
Supplies and other	2,073,090	1,910,059
Depreciation and amortization expense	260,051	266,233
Interest expense	<u>78,022</u>	<u>79,292</u>
Total operating expenses	<u>5,494,271</u>	<u>5,279,461</u>
Operating income	188,504	155,484
Non-operating income		
Investment income	201,823	378,547
Loss on extinguishment of debt	(6,208)	-
Income tax expense	(505)	(7,358)
Other net periodic pension costs	<u>(1,459)</u>	<u>(3,191)</u>
Excess of revenues over expenses	<u>\$ 382,155</u>	<u>\$ 523,482</u>
Other changes in net assets without donor restrictions		
Cumulative effect of change in accounting principle	-	20,589
Change in funded status of defined benefit plans	(878)	(2,233)
Unrealized gain on derivative financial instruments	3,180	3,374
Other changes in net assets without donor restrictions	<u>(1,184)</u>	<u>(4,789)</u>
Increase in net assets without donor restrictions	<u>383,273</u>	<u>540,423</u>
Net assets with donor restrictions		
Contributions and investment income	11,740	13,295
Net assets released from restrictions for operations	<u>(11,636)</u>	<u>(6,096)</u>
Increase in net assets with donor restrictions	<u>104</u>	<u>7,199</u>
Increase in total net assets	<u>383,377</u>	<u>547,622</u>
Net assets, beginning of year	<u>4,586,522</u>	<u>4,038,900</u>
Net assets, end of year	<u>\$ 4,969,899</u>	<u>\$ 4,586,522</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, 2020 and 2019

(in thousands of dollars)

	2020	2019
Cash flows from operating activities		
Increase in net assets	\$ 383,377	\$ 547,622
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation, amortization and accretion	259,735	266,287
Loss on extinguishment of debt	6,208	-
Gain on sale of consolidated entities	(6,500)	(38,521)
Cumulative effect of change in accounting principle	-	(20,589)
Actuarial loss on pension and postretirement benefits	1,253	936
Change in funded status of defined benefit plans	878	2,233
Share of earnings in affiliates, net of distributions	17,196	4,282
Net realized and unrealized gains on assets limited as to use and investments	(164,305)	(327,494)
Change in fair value of interest rate swaps	7,906	7,527
Contributions restricted for capital	(1,468)	(7,825)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(92,662)	(80,345)
Accounts payable and accrued liabilities	178,105	13,025
Medicare advanced payments	373,718	-
Third-party payor settlements	42,742	(2,176)
Deferred taxes, net	1,300	3,374
Other assets and liabilities, net	15,704	(15,450)
Net cash provided by operating activities	<u>1,023,187</u>	<u>352,886</u>
Cash flows from investing activities		
Capital expenditures	(372,021)	(413,369)
Proceeds from sales of long-term investments	1,910,189	965,892
Purchase of long-term investments	(2,278,671)	(904,147)
Proceeds from sales of short-term investments	341,485	665,036
Purchase of short-term investments	(477,778)	(373,458)
Proceeds from sale of property and equipment	2,821	3,844
Proceeds from sale of consolidated entities	8,500	34,143
Investments in unconsolidated affiliates, net	(2,516)	(21,033)
Other investing activities	(1,388)	(1,715)
Net cash used in investing activities	<u>(869,379)</u>	<u>(44,807)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(288,136)	(268,643)
Proceeds from long-term debt	264,165	-
Net proceeds from issuance of bonds deposited with trustee	-	212,700
Proceeds from repurchase agreements, net	61,124	-
Proceeds from sale of accounts receivable	32,109	40,024
Proceeds from revolving credit facility	675,000	31,800
Payments on revolving credit facility	(675,000)	-
Other financing activities	4,559	7,758
Net cash provided by financing activities	<u>73,821</u>	<u>23,639</u>
Net increase in cash, cash equivalents and restricted cash	<u>227,629</u>	<u>331,718</u>
Cash, cash equivalents and restricted cash		
Beginning of year	<u>634,049</u>	<u>302,331</u>
End of year	<u>\$ 861,678</u>	<u>\$ 634,049</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, 2020 and 2019

(in thousands of dollars)

	2020	2019
Supplemental disclosure of cash flow information		
Interest paid	\$ 74,806	\$ 71,211
Income taxes paid	2,945	2,220
Supplemental disclosure of noncash financing and investing activities		
Property and equipment financed through current liabilities	37,090	59,048

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:

	2020	2019
Cash and cash equivalents	\$ 711,822	\$ 402,536
Restricted cash included in assets limited as to use:		
Bond proceeds	18,180	48,520
Nonqualified plans	10,791	6,778
Other	12,152	3,492
Cash and cash equivalents included in long-term investments	<u>108,733</u>	<u>172,723</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 861,678</u>	<u>\$ 634,049</u>

In July 2019, Novant Health issued Series 2019 A bonds. The following amounts were noncash and investing activities related to this transaction.

Face value of Series 2019 A bonds	\$ 306,985
Premium received on issuance of 2019 A bonds	20,583
Repayment of line of credit	(112,300)
Debt issuance costs	<u>(2,568)</u>
Net proceeds from issuance of bonds deposited with trustee	<u>\$ 212,700</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, 2020 and 2019

(in thousands of dollars)

1. Reporting Entity

Novant Health, Inc. (“Novant Health” or the “Company”) is a nonprofit, integrated health care network of physician clinics, outpatient facilities and hospitals that serves patients and communities in North Carolina, Virginia and South Carolina. The Novant Health network consists of over 1,600 physicians and 29,000 team members at nearly 700 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, serving more than 5 million patients annually. Novant Health and its affiliates serve their communities with programs including health education, home health care, prenatal clinics, community clinics and immunization services.

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.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands of dollars)

Restricted Cash

Effective January 1, 2019, the Company adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-18, “*Statement of Cash Flows (Topic 230)*” using the retrospective transition method. This guidance requires that the consolidated statements of cash flows explain the change during the period in the total of cash, cash equivalents and restricted cash.

Novant Health holds cash that is restricted by the Company to purchase investments, pay participants in the Company’s nonqualified plan and fund expenditures on certain capital projects which were financed by the issuance of the Series 2019 A bonds. Restricted cash balances were \$149,856 and \$231,513 as of December 31, 2020 and 2019, respectively, and are classified as long-term, consistent with the nature of their intended use based on the restrictions.

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

Effective January 1, 2019, the Company adopted FASB ASU 2016-02, “Leases (Topic 842)” using the modified retrospective transition approach as of the period of adoption. There was a cumulative effect adjustment to net assets without donor restrictions of \$20,589 as a result of the adoption.

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, deferred lease income 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.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands of dollars)

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 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, 2020 and 2019, the Company did not hold any long-term investments that were accounted for 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.

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 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 excess of revenues over expenses.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands of dollars)

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 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.

Under the terms of the 1984 deed in which the Forsyth County Board of County Commissioners conveyed the assets of Forsyth Memorial Hospital (the “Hospital”) to Novant Health, Novant Health is required to operate the Hospital as a community general hospital open to the general public, and if Novant Health is dissolved, a successor nonprofit corporation approved by the Forsyth County Board of County Commissioners must carry out the terms and conditions of this conveyance. If these terms are not met, all ownership rights to the Hospital shall revert to the County, including the buildings and land together with the personal property and equipment associated with the Hospital with a net book value of approximately \$247,160 at December 31, 2020.

Gifts of long-lived assets such as land, buildings or equipment are excluded from 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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

(in thousands of dollars)

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. 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. GAAP prescribes a two-step process for testing for goodwill impairments after applying the qualitative assessment. 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 potential for impairment of goodwill exists. The goodwill impairment is determined by allocating the current fair value of the reporting unit among the assets and liabilities based on a purchase price allocation methodology as if the reporting unit was being acquired in a business combination. The fair value of the goodwill is implied from this allocation and compared to the carrying value with an impairment loss recognized if the carrying value is greater than the implied fair value.

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, insurance receivables, deferred rent income, prepaid pension costs and the cash surrender value of insurance policies.

Compensated Absences

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

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands of dollars)

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.

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 income, income tax expense and other net periodic pension costs.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands of dollars)

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"), provides a new 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. There can be no assurance that this program will not be discontinued or materially modified. During 2020, Novant Health received \$186,180 and paid \$81,360 for GAP. During 2019, Novant Health received \$154,659 and paid \$79,850 for GAP.

The consolidated statements of operations and changes in net assets include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses include cumulative effect of change in accounting principle, change in funded status of defined benefit plans and unrealized gain on derivative financial instruments that apply hedge accounting.

Other Revenue

Other revenue consists primarily of revenue from CARES Act 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, gains on sales 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.

Reclassifications

Certain balances in the prior fiscal year have been reclassified to conform to the presentation adopted in the current fiscal year.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands of dollars)

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 for the year ended December 31, 2020. 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.

In response to the effect of COVID-19 on Novant Health's operating results and in accordance with the provisions of FASB ASC 350 Intangibles— Goodwill and Other and FASB ASC 360 Property, Plant and Equipment, the Company reviewed its long-lived and intangible assets for indicators of impairment. While COVID-19 did adversely impact Novant Health's operating results, the Company does not believe that the effects are significant enough or of a long enough duration to indicate impairment as of and for the year ended December 31, 2020. Novant Health will continue to assess potential indicators of impairment in all future periods.

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 2020, Novant Health received \$240,224 of CARES Act funding, of which \$205,924 was recognized as other operating revenue in the consolidated statement of operations and changes in net assets. The remaining \$34,300 is included in estimated third-party payor settlements on the consolidated balance sheet 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, with repayment to occur based upon the terms and conditions of the program. These payments are included in accrued liabilities and employee benefits and other liabilities on the consolidated balance sheet as of December 31, 2020.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands of dollars)

Employer Payroll Tax Deferrals

Under the provisions of the CARES Act, employers are 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 has \$76,318 of payroll tax deferrals that are included in accrued liabilities and employee benefits and other liabilities on the consolidated balance sheet as of December 31, 2020.

4. Organizational Changes

Formation of Joint Ventures

In February 2019, the Company purchased 50% of the outstanding units of a company that operates two radiation oncology centers for \$16,600. This investment is being accounted for using the equity method.

In March 2019, the Company contributed its ownership interest in two imaging centers in South Carolina to a new joint venture. In addition to a 20% interest in the new joint venture, Novant Health received cash of \$12,985 and recorded a gain of \$6,731 which is included in other revenue in the consolidated statements of operations and changes in net assets. This investment is being accounted for using the equity method.

In April 2019, Novant Health UVA Health System, a subsidiary of the Company, contributed its ownership interest in two ambulatory surgical centers to a new legal entity and sold 51% of that entity to a third party. In exchange, the Company received cash of \$5,761 and recorded a gain of \$8,488 which is included in other revenue in the consolidated statements of operations and changes in net assets.

Divestiture of Imaging Centers

In December 2020, MedQuest, Inc., a subsidiary of the Company, sold the stock of three imaging centers. In exchange, the Company received cash of \$8,500 and recorded a gain of \$6,500 which is included in other revenue in the consolidated statements of operations and changes in net assets.

Divestiture of Retail Pharmacy Business

In October 2019, Novant Health entered into a retail health care collaboration agreement with Walgreens Co. ("Walgreens"). As part of this transaction, the Company sold its retail pharmacy business to Walgreens. The Company received cash of \$7,407 and recorded a gain of \$4,162 which is included in other revenue in the consolidated statements of operations and changes in net assets.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(in thousands of dollars)

Divestiture of Clinical Engineering Business

In December 2019, Novant Health sold its clinical engineering business to TRIMEDX Holdings, LLC ("TRIMEDX"). Novant Health received cash of \$9,650 and a 0.9% interest in TRIMEDX. TRIMEDX assumed existing contracts for clinical engineering and maintenance services for Novant Health. As a result of this transaction, the Company recorded a gain of \$19,140 which is included in other revenue in the consolidated statements of operations and changes in net assets.

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 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.

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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.

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 2020 and 2019.

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, 2020 and 2019, additional revenue of \$25,900 and \$33,000, 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, 2020 and 2019.

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

	December 31, 2020		
	Acute Care Facilities	Outpatient Locations	Total
Medicare	\$ 1,089,219	\$ 440,236	\$ 1,529,455
Medicaid	392,724	86,309	479,033
Managed care	1,882,339	962,752	2,845,091
Other	112,754	37,764	150,518
Self-pay	23,425	25,272	48,697
Total	\$ 3,500,461	\$ 1,552,333	\$ 5,052,794

	December 31, 2019		
	Acute Care Facilities	Outpatient Locations	Total
Medicare	\$ 1,055,759	\$ 443,436	\$ 1,499,195
Medicaid	356,830	81,944	438,774
Managed care	1,934,796	991,300	2,926,096
Other	108,717	35,137	143,854
Self-pay	17,960	29,557	47,517
Total	\$ 3,474,062	\$ 1,581,374	\$ 5,055,436

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, 2020, the factored notes and the related liabilities were \$54,001 and \$67,548, respectively. As of December 31, 2019, the factored notes and the related liabilities were \$54,761 and \$68,594, respectively.

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Other Revenue

In addition to net patient service revenue, Novant Health also recognizes revenue related to other, non-patient related transactions. These transactions primarily include revenue from CARES Act funds, retail pharmacy revenue, revenue from management services agreements, revenue from pay-for-performance contracts, gains on sales of consolidated entities and rental income. 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 straight-line basis over the lease term.

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 \$179,072 and \$152,295 for the years ended December 31, 2020 and 2019, 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 \$3,596 and \$2,111 for the years ended December 31, 2020 and 2019, respectively.

7. Other Current Assets

Other current assets consist of the following at December 31:

	2020	2019
Inventory	\$ 118,718	\$ 92,335
Prepays	54,157	48,632
Other receivables	86,379	89,908
	<u>\$ 259,254</u>	<u>\$ 230,875</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:

	2020	2019
Certificates of deposit	\$ 10,619	\$ 10,550
Fixed income - corporate and other	10,967	-
Fixed income - government securities	<u>309,156</u>	<u>185,069</u>
	<u>\$ 330,742</u>	<u>\$ 195,619</u>

Assets Limited as to Use

The designation of assets limited as to use at December 31 is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Under general and professional liability funding arrangement held by trustee	\$ 12,645	\$ 22,140	\$ 11,125	\$ 39,099
Held by bond trustee	18,180	-	48,520	-
Designated by board to service benefit plans	<u>11,849</u>	<u>212,536</u>	<u>11,376</u>	<u>174,379</u>
	<u>\$ 42,674</u>	<u>\$ 234,676</u>	<u>\$ 71,021</u>	<u>\$ 213,478</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, 2020			
	At Fair Value	On Equity Method	At NAV	Total
Cash and cash equivalents	\$ 108,733	\$ -	\$ -	\$ 108,733
U.S. equities	124,134	-	582,987	707,121
International equities	17,878	-	413,327	431,205
Fixed income - government securities	574,936	-	-	574,936
Fixed income - corporate and other	5,448	94,326	-	99,774
Hedge funds	-	422,110	-	422,110
Private equity	-	152,126	-	152,126
Emerging markets	33,370	-	199,253	232,623
Real estate and other	57,469	198,574	-	256,043
	<u>\$ 921,968</u>	<u>\$ 867,136</u>	<u>\$ 1,195,567</u>	<u>\$ 2,984,671</u>

	December 31, 2019			
	At Fair Value	On Equity Method	At NAV	Total
Cash and cash equivalents	\$ 172,723	\$ -	\$ -	\$ 172,723
U.S. equities	501,509	14,449	113,756	629,714
International equities	315,949	-	99,741	415,690
Fixed income - government securities	251,315	-	-	251,315
Fixed income - corporate and other	12,343	77,585	-	89,928
Hedge funds	-	420,336	-	420,336
Private equity	-	80,236	-	80,236
Emerging markets	2,499	-	184,853	187,352
Real estate and other	70,832	189,583	-	260,415
	<u>\$ 1,327,170</u>	<u>\$ 782,189</u>	<u>\$ 398,350</u>	<u>\$ 2,507,709</u>

Long-term investments carried at NAV may be redeemed or liquidated only after giving notice to the fund manager. The notice period ranges from daily to 120 days. These investments have been reported at NAV by each fund as a practical expedient to estimate their fair value. Novant Health has the ability to redeem its interests at or within 120 days of the financial statement date.

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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 14.1% and 16.8% of total long-term investments held at December 31, 2020 and 2019, 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, 2020 and 2019, Novant Health had future commitments of \$343,566 and \$286,635, respectively, for which capital calls had not been exercised.

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

	2020	2019
Income		
Interest and dividend income	\$ 37,518	\$ 51,053
Net realized gains	37,347	70,638
Net unrealized gains	<u>126,958</u>	<u>256,856</u>
	<u>\$ 201,823</u>	<u>\$ 378,547</u>

Investment income is shown net of related expenses on the consolidated statements of operations and changes in net assets. Investment related administrative expenses were \$7,629 and \$8,474 for the years ended December 31, 2020 and 2019, respectively.

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Liquidity and Availability

As of December 31, 2020 and 2019, Novant Health has working capital of \$699,136 and \$626,221, respectively.

Financial assets at year-end:	2020	2019
Cash and cash equivalents	\$ 711,822	\$ 402,536
Accounts receivable, net	670,736	610,470
Short-term investments	330,742	195,619
Assets limited as to use	277,350	284,499
Receivable for settlement with third-party payors	25,109	16,231
Other current assets	86,379	89,908
Long-term investments	2,984,671	2,507,709
Other assets	37,665	36,384
Total financial assets	\$ 5,124,474	\$ 4,143,356
Less amounts not available:		
Long-term investments with liquidity horizons greater than one year	459,562	364,292
Assets limited as to use	277,350	284,499
Donor restricted funds	84,836	84,732
Financial assets not available to be used within one year	\$ 821,748	\$ 733,523
Financial assets available to meet general expenditures within one year	\$ 4,302,726	\$ 3,409,833

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 \$950,000 line of credit, as discussed in Note 16, *Long-Term Debt*. As of December 31, 2020, \$950,000 was available on the line of credit. As of December 31, 2020, the Company was in compliance with financial covenants as discussed in Note 16, *Long-Term Debt*.

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.

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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, 2020 and 2019, 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.

During 2020 and 2019, there were no transfers between Level 1 and 2.

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The following table summarizes fair value measurements, by level, at December 31, 2020 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	\$ -	\$ 10,619	\$ -	\$ 10,619
Fixed income - corporate and other	-	10,967	-	10,967
Fixed income - government securities	-	309,156	-	309,156
Total short-term investments	-	330,742	-	330,742
Assets limited as to use:				
Cash and cash equivalents	41,123	-	-	41,123
U.S. equities	176,795	-	-	176,795
International equities	6,306	-	-	6,306
Fixed income - government securities	18,474	22,701	-	41,175
Fixed income - corporate and other	564	11,387	-	11,951
Total assets limited as to use	243,262	34,088	-	277,350
Long-term investments:				
Cash and cash equivalents	108,733	-	-	108,733
U.S. equities	111,772	-	12,362	124,134
International equities	17,878	-	-	17,878
Fixed income - government securities	-	574,936	-	574,936
Fixed income - corporate and other	5,243	205	-	5,448
Emerging markets	33,370	-	-	33,370
Other exchange traded funds	57,469	-	-	57,469
Total long-term investments	334,465	575,141	12,362	921,968
Total assets at fair value	\$ 577,727	\$ 939,971	\$ 12,362	\$ 1,530,060
Liabilities				
Accrued liabilities	\$ 11,654	\$ -	\$ -	\$ 11,654
Derivative financial instruments	-	51,803	-	51,803
Deferred compensation liabilities	198,519	-	-	198,519
Total liabilities at fair value	\$ 210,173	\$ 51,803	\$ -	\$ 261,976

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The following table summarizes fair value measurements, by level, at December 31, 2019 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	\$ -	\$ 10,550	\$ -	\$ 10,550
Fixed income - government securities	-	185,069	-	185,069
Total short-term investments	-	195,619	-	195,619
Assets limited as to use:				
Cash and cash equivalents	58,790	-	-	58,790
U.S. equities	153,694	-	-	153,694
International equities	5,698	-	-	5,698
Fixed income - government securities	16,102	34,924	-	51,026
Fixed income - corporate and other	884	14,407	-	15,291
Total assets limited as to use	235,168	49,331	-	284,499
Long-term investments:				
Cash and cash equivalents	172,723	-	-	172,723
U.S. equities	501,509	-	-	501,509
International equities	314,943	1,006	-	315,949
Fixed income - government securities	-	251,315	-	251,315
Fixed income - corporate and other	10,101	2,242	-	12,343
Emerging markets	2,499	-	-	2,499
Other exchange traded funds	70,832	-	-	70,832
Total long-term investments	1,072,607	254,563	-	1,327,170
Total assets at fair value	\$ 1,307,775	\$ 499,513	\$ -	\$ 1,807,288
Liabilities				
Accrued liabilities	\$ 11,182	\$ -	\$ -	\$ 11,182
Derivative financial instruments	-	43,897	-	43,897
Deferred compensation liabilities	169,355	-	-	169,355
Total liabilities at fair value	\$ 180,537	\$ 43,897	\$ -	\$ 224,434

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The table below sets forth a summary of the changes in the fair value of the Level 3 investment for the year ended December 31, 2020:

	U.S. Equities
Balance at December 31, 2019	\$ -
Transfer in of Level 3 investment	9,650
Unrealized gain	<u>2,712</u>
Balance at December 31, 2020	<u>\$ 12,362</u>

During 2020, the Company transferred \$9,650 from investments in affiliates to long-term investments as it was determined that the investment was to be held for the long-term and our primary objective is capital appreciation of the preferred stock.

10. Property and Equipment

Property and equipment consists of the following at December 31:

	2020	2019
Land and land improvements	\$ 409,302	\$ 394,550
Leasehold improvements	267,520	229,822
Buildings and building improvements	2,388,551	2,170,658
Equipment	2,101,953	1,999,027
Software	539,339	530,326
Construction-in-progress	<u>155,046</u>	<u>254,306</u>
	5,861,711	5,578,689
Less: Accumulated depreciation	<u>(3,461,642)</u>	<u>(3,258,270)</u>
	<u>\$ 2,400,069</u>	<u>\$ 2,320,419</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 2020 or 2019.

Depreciation expense for the years ended December 31, 2020 and 2019 was \$257,293 and \$263,471, respectively. Construction contracts of approximately \$324,209 exist for the expansion of existing hospitals and facility renovations. At December 31, 2020, the remaining commitment on these contracts was \$66,810.

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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	2020	2019
Assets:			
Operating lease assets		\$ 486,099	\$ 493,405
Finance lease assets		7,255	460
Total leased assets		<u>\$ 493,354</u>	<u>\$ 493,865</u>
Liabilities:			
Operating lease liabilities			
Current		\$ 88,796	\$ 88,369
Long-term		418,011	422,326
Total operating lease liabilities		<u>506,807</u>	<u>510,695</u>
Finance lease liabilities			
Current	Current portion of long-term debt	857	147
Long-term	Long-term debt, net of current portion	6,467	283
Total finance lease liabilities		<u>7,324</u>	<u>430</u>
Total lease liabilities		<u>\$ 514,131</u>	<u>\$ 511,125</u>

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 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.

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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.

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

	<u>2020</u>	<u>2019</u>
Operating leases ⁽¹⁾	\$ 106,690	\$ 100,556
Variable lease expense ⁽¹⁾	11,735	10,354
Finance lease expense:		
Amortization of leased assets	492	174
Interest on lease liabilities	<u>47</u>	<u>24</u>
	<u>\$ 118,964</u>	<u>\$ 111,108</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>2020</u>	<u>2019</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 102,015	\$ 96,147
Operating cash flows for finance leases	441	201
Financing cash flows for finance leases	47	24

The Company entered into agreements to obtain right-of-use assets that created lease liabilities which resulted in noncash operating activities of \$59,384 and noncash financing and investing activities of \$7,288 for the year ended December 31, 2020.

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Future maturities of lease liabilities at December 31, 2020 are presented in the following table:

	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2021	\$ 97,860	\$ 957	\$ 98,817
2022	90,463	892	91,355
2023	79,118	895	80,013
2024	66,250	857	67,107
2025	56,317	860	57,177
Thereafter	<u>171,191</u>	<u>3,270</u>	<u>174,461</u>
Total lease payments	561,199	7,731	568,930
Less: Imputed interest	<u>(54,392)</u>	<u>(407)</u>	<u>(54,799)</u>
Total lease obligations	506,807	7,324	514,131
Less: Current obligations	<u>(88,796)</u>	<u>(857)</u>	<u>(89,653)</u>
Long-term lease obligations	<u>\$ 418,011</u>	<u>\$ 6,467</u>	<u>\$ 424,478</u>

At December 31, 2020, the weighted average remaining lease term for operating leases is 7.2 years and the weighted average discount rate is 2.6%. For finance leases, the weighted average remaining lease term is 8.6 years and the weighted average discount rate is 1.5%.

Novant Health is also a lessor and sublessor of real estate under operating leases. At December 31, 2020 and 2019, \$12,283 and \$11,572, 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, 2020 and 2019 was \$11,106 and \$10,331, 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.

At December 31, 2020 and 2019, land and buildings with a net book value of \$14,888 and \$16,623, respectively, were leased to various unrelated health care organizations, with terms ranging from six months to five years. These assets are included in property and equipment, net on the consolidated balance sheets.

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 42 years with options to extend for the additional terms of five years each to 64 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

2021	\$	7,982
2022		7,124
2023		4,892
2024		3,326
2025		2,697
Thereafter		129,778
	<u>\$</u>	<u>155,799</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, 2020			
Unamortized intangible assets			
Certificates of need	\$ 67,311	\$ -	\$ 67,311
Total unamortized intangible assets	67,311	-	67,311
Amortized intangible assets			
Business relationships	44,840	(22,550)	22,290
Corporate trade name and other intangibles	25,724	(8,713)	17,011
Total amortized intangible assets	70,564	(31,263)	39,301
Total intangible assets	<u>\$ 137,875</u>	<u>\$ (31,263)</u>	<u>\$ 106,612</u>
Balance at December 31, 2019			
Unamortized intangible assets			
Certificates of need	\$ 67,363	\$ -	\$ 67,363
Total unamortized intangible assets	67,363	-	67,363
Amortized intangible assets			
Business relationships	45,181	(20,776)	24,405
Corporate trade name and other intangibles	25,624	(7,451)	18,173
Total amortized intangible assets	70,805	(28,227)	42,578
Total intangible assets	<u>\$ 138,168</u>	<u>\$ (28,227)</u>	<u>\$ 109,941</u>

Amortization expense related to intangible assets was \$2,728 and \$2,733 for the years ended December 31, 2020 and 2019, respectively. Estimated annual amortization expense for intangible assets for the years 2021 through 2023 is \$2,728 per year and \$2,715 for 2024 and 2025.

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

	2020	2019
As of January 1		
Goodwill, net of accumulated amortization	\$ 241,596	\$ 244,587
Accumulated impairment losses	<u>(37,563)</u>	<u>(37,563)</u>
	204,033	207,024
Disposals	<u>(598)</u>	<u>(2,991)</u>
	<u>203,435</u>	<u>204,033</u>
As of the end of the period		
Goodwill, net of accumulated amortization	240,540	241,596
Accumulated impairment losses	<u>(37,105)</u>	<u>(37,563)</u>
	<u>\$ 203,435</u>	<u>\$ 204,033</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. No impairment charges to amortizable intangible assets were recorded as a result of this review in 2020 or 2019. 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.

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13. Investments in Affiliates

Novant Health has noncontrolling interests in eighteen healthcare related entities. The Company's ownership interests in the entities range from 8.0% to 51.0%. These investments are accounted for using either the equity method or a measurement alternative.

A summary of investments, ownership percentages, investment amounts and the Company's share of earnings for the years ended December 31, 2020 and 2019 is as follows:

Investee	% Ownership		Investment Balance		Share of Earnings of Investee	
	2020	2019	2020	2019	2020	2019
Advanced Services	23%	23%	\$ 5,253	\$ 25,405	\$ 10,697	\$ 1,926
Radiation Oncology Centers of the Carolinas LLC	50%	50%	15,981	16,217	3,014	2,169
Novant Health Rehabilitation Hospital	50%	50%	15,626	13,416	2,210	128
Providence Plaza LLC	30%	30%	4,636	4,596	280	259
Provider-Lead Patient-Centered Care of NC	9%	9%	1,600	1,600	-	-
Other	Various	Various	11,858	18,050	1,484	(2,357)
			<u>\$ 54,954</u>	<u>\$ 79,284</u>	<u>\$ 17,685</u>	<u>\$ 2,125</u>

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

	2020	2019
Assets	\$ 194,936	\$ 901,009
Liabilities	106,797	722,570
Equity	88,139	178,439
Total revenue	141,066	245,401
Total expenses	82,328	240,501
Net income	58,738	4,900
Novant Health's share of net income	17,685	2,125

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14. Other Assets

Other assets consist of the following at December 31:

	2020	2019
Notes receivable and other	\$ 70,764	\$ 56,320
Cash surrender value of insurance policies	32,681	28,914
Deferred rent income	12,283	11,572
Pledges receivable	4,984	7,470
Reinsurance receivables	7,541	8,660
Prepaid pension costs	-	980
	<u>\$ 128,253</u>	<u>\$ 113,916</u>

15. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2020	2019
Accrued compensation	\$ 335,863	\$ 289,969
Medicare advanced payments, current portion	173,385	-
Payroll taxes and withholdings	39,754	5,467
Interest	6,562	8,303
Postretirement benefit liability	1,267	1,450
Pension liability	-	321
Other accrued liabilities	80,650	72,542
Self-insurance		
Employee medical claims liability	27,472	29,001
Malpractice and workers' compensation liability	17,720	16,038
	<u>\$ 682,673</u>	<u>\$ 423,091</u>

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16. Long-Term Debt

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

	2020	2019
Tax-exempt revenue bonds	\$ 775,575	\$ 1,059,390
Taxable revenue bonds	<u>250,000</u>	<u>250,000</u>
Total bonds	1,025,575	1,309,390
Taxable term loan	264,165	-
Finance lease obligations and other notes payable	<u>19,648</u>	<u>15,901</u>
	1,309,388	1,325,291
Unamortized premium or discount, net	27,622	24,809
Unamortized debt issuance costs, net	<u>(6,175)</u>	<u>(9,042)</u>
	1,330,835	1,341,058
Less: Current maturities	<u>(54,848)</u>	<u>(57,119)</u>
	<u>\$ 1,275,987</u>	<u>\$ 1,283,939</u>

Tax-Exempt Revenue Bonds

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

	2020	2019
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 and B 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	256,495	263,675
Series 2010 A Current Interest Term Bonds and Serial Bonds, bearing interest at rates ranging from 4.0% to 5.3% payable semi-annually and maturing through 2043; principal payments begin in 2023	-	264,165
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	77,095	89,565
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	<u>135,000</u>	<u>135,000</u>
	<u>\$ 775,575</u>	<u>\$ 1,059,390</u>

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In 2003, Novant Health entered into a new Master Trust Indenture (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, generally ranging from 0.0% to 2.0%, 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 and a minimum number of days cash on hand. As of December 31, 2020 and 2019, 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 installments over three years is required. As a result, the Company has classified \$36,818 of the 2004 bonds as current at December 31, 2020 and 2019.

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 2019, Novant Health issued \$306,985 of Series 2019 A bonds through the North Carolina Medical Care Commission. Proceeds of the bonds were used to refund outstanding balances on the revolving credit facility, pay expenses of issuing the bonds and to finance and reimburse Novant Health for expenses related to constructing and equipping additions and renovations to several acute care facilities and constructing a new acute care facility, Novant Health Mint Hill Medical Center.

On November 1, 2020, Novant Health called the Series 2010 A bonds and repaid them at face value using the proceeds of the Taxable Term Loan.

Taxable Revenue Bonds

On September 23, 2009, Novant Health issued \$350,000 of taxable fixed rate bonds (the “2009 A Bonds”). \$250,000 of these bonds bore interest at a rate of 5.85% and matured in 2019. The remaining \$100,000 of these bonds matured in 2014. Proceeds of the 2009 A Bonds were used to refinance a portion of the Company’s revolving credit facility in January 2010.

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On April 23, 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.

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.

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

2021	\$ 18,030
2022	20,330
2023	26,514
2024	25,639
2025	21,132
Thereafter	<u>1,197,743</u>
	<u>\$ 1,309,388</u>

Novant Health capitalized \$5,437 and \$3,795 of interest in 2020 and 2019, respectively.

Revolving Credit Facility

On June 13, 2013, Novant Health entered into a \$200,000 Senior Revolving Credit Facility. In March 2017, the Senior Revolving Credit Facility was amended and is available through March 27, 2022. At December 31, 2019, \$200,000 was available for borrowing. In April 2020, the Senior Revolving Credit Facility was terminated. On April 1, 2020, Novant Health entered into a \$950,000 Revolving Credit Agreement which is available until September 30, 2021. Borrowings bear interest at variable rates. At December 31, 2020, \$950,000 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.

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17. Short-Term Borrowings

Short-term borrowings consist 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 equal to approximately 98% of the fair value of the securities to be repurchased during January 2021 at interest rates ranging from 0.25% to 3.00%. At December 31, 2020 and 2019, the fair value amounts outstanding were \$149,592 and \$88,176, respectively. The interest rate on the outstanding balances at December 31, 2020 is 0.22%. The maturity dates of the agreements are under two weeks.

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 \$77,095. 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 \$56,100 and \$20,995 notional amounts, respectively. The swaps have been designated as cash flow hedges and are carried 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 after hedge accounting was discontinued. This expense is included in interest expense in the consolidated statements of operations and changes in net assets for the years ended December 31:

	2020	2019
Change in fair value of non-hedged interest rate swaps	\$ (7,906)	\$ (7,527)
Reclassification of net assets into earnings	(3,180)	(3,374)
	<u>\$ (11,086)</u>	<u>\$ (10,901)</u>

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19. Employee Benefits and Other Liabilities

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

	2020	2019
Medicare advanced payments	\$ 200,333	\$ -
Deferred compensation liabilities	198,519	169,355
Employee benefits and other	119,796	83,388
Self-insurance malpractice and workers' compensation, net of current portion	44,139	54,545
Deferred gains	3,451	3,531
Postretirement benefit liability, net of current portion	20,955	20,518
Pension liability, net of current portion	2,390	2,268
	<u>\$ 589,583</u>	<u>\$ 333,605</u>

20. Income Taxes

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

	2020	2019
Current tax expense (benefit)		
Federal	\$ (892)	\$ 5,286
State	97	1,450
	<u>(795)</u>	<u>6,736</u>
Deferred tax expense (benefit)		
Federal	1,422	767
State	(122)	(145)
	<u>1,300</u>	<u>622</u>
	<u>\$ 505</u>	<u>\$ 7,358</u>

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The components of deferred taxes are as follows:

	2020	2019
Deferred tax assets		
Loss carryforwards	\$ 16,493	\$ 17,757
Deferred charge for intercompany transfer	5,329	6,655
Allowance for doubtful accounts	954	1,056
Accrued expenses	3,748	3,525
Future deductions- operating leases	3,360	2,639
Total deferred tax assets	<u>29,884</u>	<u>31,632</u>
Deferred tax liabilities		
Intangible assets	(5,840)	(6,141)
Property and equipment	(564)	(1,070)
Right-of-use assets	(3,295)	(2,579)
Other	(1,087)	-
Total deferred tax liabilities	<u>(10,786)</u>	<u>(9,790)</u>
Valuation allowance	<u>(18,975)</u>	<u>(20,419)</u>
Net deferred tax asset	<u>\$ 123</u>	<u>\$ 1,423</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 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, 2020 and 2019, management has determined that based on all available evidence, a valuation allowance of \$18,975 and \$20,419, respectively, is appropriate.

As of December 31, 2020, the Company had approximately \$73,426 of federal and \$54,585 of state loss carryforwards available to reduce taxable income. \$66,943 of the loss carryforwards expire through 2038 and the remainder do not expire. In addition, at December 31, 2020, the Company had approximately \$11,030 of federal and \$2,815 of state contribution carryforwards available to reduce taxable income.

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

	2020	2019
Federal taxes	\$ 530	\$ 6,053
State income taxes	(25)	1,305
	<u>\$ 505</u>	<u>\$ 7,358</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, 2020 and 2019.

21. Employee Benefit Plans and Other Postretirement Benefit Plans

Certain Novant Health affiliates participate in the Pension Restoration Plan of Novant Health, Inc. (the "Novant Plan"), a noncontributory defined benefit pension plan covering substantially all the affiliates' employees of record as of December 1998. Participation is limited to vested employees as of December 31, 1998. Effective January 1, 2008, and July 1, 2009, the Company assumed two noncontributory defined benefit plans, the Pension Plan for the Employees of Rowan Regional Medical Center (the "Rowan Plan") and the Prince William Hospital Corporation Cash Balance Pension Plan (the "Prince William Plan"), respectively. Participation in the Rowan Plan was closed to new entrants and the accrued benefits were frozen as of December 31, 2003. Participation in the Prince William Plan was closed to new entrants and the accrued benefits were frozen as of April 1, 2010. The assets of the plans are primarily invested in fixed income securities (both U.S. government and corporate debt) and cash and cash equivalents.

In 2018, the Novant Health Board of Trustees decided to terminate the Novant Plan, the Rowan Plan and the Prince William Plan. During 2019, all assets were transferred from the plans as either lump sum payments to participants or to an insurance company for current and future annuity payments. As a result of the termination, the Company recorded an additional expense in other net periodic pension costs in the consolidated statements of operations and changes in net assets of \$2,480. Also during 2019, the Company provided additional funding of \$16,146 to the 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.

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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 age and service requirements, and if they are eligible for retirement benefits. Novant Health has the right to modify or terminate these benefits.

Information regarding benefit obligations, plan assets, funded status, expected cash flows and net periodic benefit cost follows within this footnote.

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2020	2019	2020	2019
Change in benefit obligations				
Projected benefit obligation at beginning of year	\$ 2,589	\$ 282,482	\$ 21,968	\$ 20,140
Service cost	22	20	89	83
Interest cost	62	5,647	623	791
Actuarial (gain) loss	(35)	17,989	727	1,688
Assumption changes	-	(496)	4	4
Settlements	-	(290,901)	-	-
Benefits paid	(248)	(12,152)	(1,189)	(738)
Projected benefit obligation at end of year	<u>\$ 2,390</u>	<u>\$ 2,589</u>	<u>\$ 22,222</u>	<u>\$ 21,968</u>

The assumption changes for 2020 and 2019 are primarily due to changes in the discount rate.

The weighted-average assumptions used to determine end of year benefit obligations are as follows:

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2020	2019	2020	2019
Discount rate	1.85% - 2.25%	2.80% - 3.00%	1.70% - 2.35%	2.70% - 3.10%
Health care cost trend on covered charges	N/A	N/A	6.75% in 2021 grading to 4.50% in 2026	7.25% in 2020 grading to 4.50% in 2026

Assumed health care cost trend rates may have an impact on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would not have a significant effect on the amounts reported as of December 31, 2020.

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	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2020	2019	2020	2019
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 980	\$ 267,511	\$ -	\$ -
Actual return on plan assets	-	23,695	-	-
Employer contributions	248	16,333	1,189	738
Settlements	(980)	(290,901)	-	-
Benefits paid	(248)	(12,152)	(1,189)	(738)
Plan expenses	-	(3,506)	-	-
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ 980</u>	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2019, all of the Company's pension plan assets are cash and were valued using Level 1 measurements.

Funded Status

The funded status of the plans recognized in the consolidated balance sheets and the amounts recognized in net assets without donor restrictions as of December 31 are as follows:

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2020	2019	2020	2019
End of Year				
Fair value of plan assets at end of year	\$ -	\$ 980	\$ -	\$ -
Benefit obligation at end of year	2,390	2,589	22,222	21,968
Funded status	<u>\$ (2,390)</u>	<u>\$ (1,609)</u>	<u>\$ (22,222)</u>	<u>\$ (21,968)</u>

Amount recognized in the balance sheets

Prepaid benefit cost at measurement date	\$ -	\$ 980	\$ -	\$ -
Accrued benefit cost	(1,884)	(2,066)	(24,084)	(21,000)
Change in net assets without donor restrictions	(506)	(523)	1,862	(968)
	<u>\$ (2,390)</u>	<u>\$ (1,609)</u>	<u>\$ (22,222)</u>	<u>\$ (21,968)</u>

Amounts recognized in net assets

Net actuarial loss (gain)	\$ 506	\$ 523	\$ (1,862)	\$ 968
	<u>\$ 506</u>	<u>\$ 523</u>	<u>\$ (1,862)</u>	<u>\$ 968</u>

Other changes in plan assets and benefit

Net (gain) loss	\$ (36)	\$ 378	\$ 727	\$ 1,688
Amortization of net loss	19	72	168	95
Total recognized in net assets	<u>\$ (17)</u>	<u>\$ 450</u>	<u>\$ 895</u>	<u>\$ 1,783</u>

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
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(in thousands of dollars)

At the end of 2020 and 2019, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets within the defined benefit pension plans were as follows:

	2020	2019
Projected benefit obligation	\$ 2,390	\$ 2,589
Accumulated benefit obligation	2,390	2,589
Fair value of plan assets	-	980

Cash Flows

The Company does not plan to make any contributions to its defined benefit pension plans in 2021. The Company expects to make contributions to the supplemental retirement income plans of approximately \$4,086 for the 2021 fiscal year.

The following assumed benefit payments, which reflect expected future service, as appropriate, and were used in the calculation of projected benefit obligations, are estimated to be paid as follows:

	Defined Benefit Plans	Postretirement Healthcare Benefit Plans
Expected benefit payments		
2021	\$ 188	\$ 1,266
2022	410	1,227
2023	176	1,253
2024	164	1,269
2025	158	1,276
2026–2030	656	6,204

The components of net periodic benefit cost as of December 31 are as follows:

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2020	2019	2020	2019
Service cost	\$ 22	\$ 20	\$ 89	\$ 83
Interest cost	62	5,647	623	791
Estimated return on plan assets	-	(4,179)	-	-
Recognized net actuarial loss (gain)	942	1,027	(168)	(95)
Net periodic benefit cost	<u>\$ 1,026</u>	<u>\$ 2,515</u>	<u>\$ 544</u>	<u>\$ 779</u>
Total recognized in net periodic benefit cost and net assets without donor restrictions	<u>\$ 1,009</u>	<u>\$ 2,965</u>	<u>\$ 1,439</u>	<u>\$ 2,562</u>

The components of net periodic pension and postretirement benefit costs other than the service component are included in non-operating income on the consolidated statements of operations and changes in net assets.

Novant Health, Inc. and Affiliates
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December 31, 2020 and 2019

(in thousands of dollars)

Amounts expected to be amortized from net assets without donor restrictions into net periodic benefit cost during the year ending December 31, 2021 are as follows:

	Defined Benefit Plans	Postretirement Healthcare Benefit Plans
Actuarial net loss	\$ 30	\$ 128

The weighted-average assumptions used to determine net periodic benefit cost were as follows:

	Defined Benefit Plans		Postretirement Healthcare Benefit Plans	
	2020	2019	2020	2019
Discount rate	2.80% - 3.00%	3.90% - 4.16%	2.70% - 3.10%	3.85% - 4.15%
Expected return on plan assets	N/A	3.00%	N/A	N/A
Health care cost trend on covered charges	N/A	N/A	7.25% in 2020 grading to 4.50% in 2026	8.0% in 2019 grading to 5.0% in 2025

In developing the expected return on plan assets, the Company considers the plan assets' historical actual return, targeted asset allocations and the anticipated future economic environment and long-term performance of individual asset classes, based on the Company's investment strategy. While appropriate consideration is given to recent and historical investment performance, the assumption represents management's best estimate of the long-term prospective return.

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 \$87,444 and \$91,159 in 2020 and 2019, 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 \$282,126 in 2020 and \$291,370 in 2019.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

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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, 2019	\$ 3,961,367	\$ 3,877,651	\$ 83,716
Excess of revenues over expenses	523,482	522,280	1,202
Cumulative effect of change in accounting principle	20,589	20,589	-
Change in funded status of defined benefit plans	(2,233)	(2,233)	-
Unrealized gain on derivative financial instruments	3,374	3,374	-
Other changes in net assets without donor restrictions	(4,789)	(690)	(4,099)
Balance at December 31, 2019	4,501,790	4,420,971	80,819
Excess (deficit) of revenues over expenses	382,155	382,401	(246)
Change in funded status of defined benefit plans	(878)	(878)	-
Unrealized gain on derivative financial instruments	3,180	3,180	-
Other changes in net assets without donor restrictions	(1,184)	137	(1,321)
Balance at December 31, 2020	\$ 4,885,063	\$ 4,805,811	\$ 79,252

23. Net Assets with Donor Restrictions

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

	2020	2019
Buildings and equipment	\$ 41,777	\$ 44,801
Clinical care, research and academic	27,651	25,271
Charity care	6,841	5,263
Other	8,567	9,397
	<u>\$ 84,836</u>	<u>\$ 84,732</u>

Novant Health, Inc. and Affiliates
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(in thousands of dollars)

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, 2020 and 2019, undiscounted professional and general liability loss reserves of \$61,859 and \$70,583, respectively, are included in current liabilities and employee benefits and other liabilities on the consolidated balance sheets. Expenses related to these plans amounted to \$19,181 and \$19,208 in 2020 and 2019, respectively.

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, 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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

(in thousands of dollars)

At December 31, 2020, 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 \$29,545. These guarantees extend until October 2026 based on the payment schedule of the underlying agreements. At December 31, 2020, \$985 has been recorded in the consolidated balance sheet for the Company's obligations under these guarantees.

26. Concentrations of Credit Risk

Novant Health provides services primarily to the residents of various counties within North Carolina, South Carolina and Virginia 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:

	2020	2019
Medicare	28.8%	25.2%
Medicaid	4.7%	4.9%
Other third-party payors	62.3%	65.1%
Patients	4.2%	4.8%
	<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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

(in thousands of dollars)

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, 2020			
	Health Care Services		Support Services	
	Acute Care Facilities	Outpatient Locations	General & Administrative	Total
Salaries and employee benefits	\$ 1,414,131	\$ 1,333,086	\$ 335,891	\$ 3,083,108
Supplies and other	1,332,862	595,005	145,223	2,073,090
Depreciation and amortization expense	147,261	46,507	66,283	260,051
Interest expense	62,744	8,390	6,888	78,022
Other non-operating expenses	(42)	2,349	5,865	8,172
Total expenses	\$ 2,956,956	\$ 1,985,337	\$ 560,150	\$ 5,502,443

	December 31, 2019			
	Health Care Services		Support Services	
	Acute Care Facilities	Outpatient Locations	General & Administrative	Total
Salaries and employee benefits	\$ 1,405,372	\$ 1,341,217	\$ 277,288	\$ 3,023,877
Supplies and other	1,299,805	484,741	125,513	1,910,059
Depreciation and amortization expense	147,450	41,930	76,853	266,233
Interest expense	55,729	8,855	14,708	79,292
Other non-operating expenses	(38)	2,017	8,570	10,549
Total expenses	\$ 2,908,318	\$ 1,878,760	\$ 502,932	\$ 5,290,010

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

(in thousands of dollars)

28. Subsequent Events

On February 1, 2021, a wholly owned subsidiary of Novant Health, Inc. purchased substantially all of the assets of New Hanover Regional Medical Center 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 purchased assets also include 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. New Hanover Regional Medical Center includes 800 licensed beds and is the primary referral hospital in the region, with specialty centers in cardiac, cancer, obstetrics, trauma, vascular surgery, intensive care, rehabilitation and psychiatry. The total purchase price paid for the acquisition was \$1,500,000, plus adjustments for cash and working capital. 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. The Revolving Credit Agreement is fully drawn as of the date these financial statements were issued. The purchase price allocation for this acquisition has not been finalized.

In January 2021, Novant Health signed a non-binding letter of intent with The Rector and Visitors of the University of Virginia, on behalf of its Medical Center. The purpose of the letter of intent is to proceed with discussing a potential sale of Novant Health's 60% ownership interest in Novant Health UVA Health System. The terms of the potential transaction have not yet been finalized.

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through March 29, 2021, the day the consolidated financial statements were issued.

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 is effective for Novant Health on January 1, 2022. The adoption of this guidance would only impact Novant Health's consolidated financial statements in situations where there is impairment of a reporting unit.

Novant Health, Inc. and Affiliates
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(in thousands of dollars)

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40), Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. This guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The guidance also requires that the capitalized costs be expensed over the term of the hosting arrangement and that the expense and cash flows of the capitalized expense be presented in the same place on the statements of operations and statements of cash flows, respectively. Similarly, the capitalized costs are required to be presented on the balance sheets in the same line item that a prepayment of the fees of the associated hosting arrangement would be presented. This guidance was effective for Novant Health on January 1, 2020 and is being applied prospectively to all implementation costs incurred after the date of adoption. Implementation of this guidance did not have a significant impact on the consolidated financial statements of Novant Health.

In May 2019, the FASB issued ASU 2019-06, *Intangibles - Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topics 958)*. This guidance extends certain private company alternatives to not-for-profit entities, allowing the amortization of goodwill on a straight-line basis over ten years or less. If this accounting alternative is elected, an accounting policy election must also be made to test goodwill at either the entity level or the reporting unit level. Goodwill is required to be tested for impairment when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. An election is also allowed on a prospective basis to subsume into goodwill and amortize customer-related intangible assets that are not capable of being sold or licensed independently and all noncompete agreements. If this election is adopted, the election to amortize goodwill must also be adopted. Novant Health has not elected these alternatives at this time.

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. Expedients are provided for cash flow hedging relationships and fair value hedging relationships. These provisions are available until December 31, 2022. 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.

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 as of December 31, 2020 and for the year then ended and our report thereon appears on pages 1 and 2 of this document. 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, 2020 and the supplemental schedule of cost of community benefit programs for the year ended December 31, 2020 appearing on pages 54 – 60 (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. 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 consolidating information is not intended to present the financial position, results of operations and cash flows of the individual companies, and accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies. 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, and accordingly, we do not express an opinion or provide any assurance on it.

PricewaterhouseCoopers LLP

March 29, 2021

Novant Health, Inc. and Affiliates
Schedule of Cost of Community Benefit Programs (unaudited)
December 31, 2020

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:

	2020
Traditional charity care	\$ 179,072
Unpaid cost of Medicare	649,878
Unpaid cost of Medicaid	136,041
Community benefit programs	53,442
	<u>\$ 1,018,433</u>

As discussed in Note 2 in the accompanying consolidated financial statements, Novant Health received supplemental Medicaid payments during 2020. These amounts are included in the community benefit amount for 2020.

Novant Health, Inc. and Affiliates
Consolidating Balance Sheet
December 31, 2020

<i>(in thousands of dollars)</i>	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 556,179	\$ 155,643	\$ -	\$ 711,822
Accounts receivable, net	580,439	90,297	-	670,736
Short-term investments	330,582	160	-	330,742
Current portion of assets limited as to use	30,029	12,645	-	42,674
Receivable for settlement with third-party payors	21,129	3,980	-	25,109
Other current assets	234,386	42,033	(17,165)	259,254
Total current assets	1,752,744	304,758	(17,165)	2,040,337
Assets limited as to use	203,681	30,995	-	234,676
Long-term investments	2,640,842	343,829	-	2,984,671
Property and equipment, net	2,059,045	341,024	-	2,400,069
Operating lease right-of-use assets, net	520,722	57,319	(84,687)	493,354
Intangible assets and goodwill, net	61,164	248,883	-	310,047
Investments in affiliates	95,496	28,597	(69,139)	54,954
Deferred tax asset	-	5,317	-	5,317
Other assets	114,987	14,067	(801)	128,253
Total assets	<u>\$ 7,448,681</u>	<u>\$ 1,374,789</u>	<u>\$ (171,792)</u>	<u>\$ 8,651,678</u>
Liabilities and Net Assets				
Current liabilities				
Current portion of long-term debt	\$ 53,968	\$ 880	\$ -	\$ 54,848
Short-term borrowings	149,300	292	-	149,592
Accounts payable	257,409	31,387	(11,486)	277,310
Accrued liabilities	592,148	93,854	(3,329)	682,673
Operating lease liabilities	86,057	11,857	(9,118)	88,796
Estimated third-party payor settlements	78,411	9,571	-	87,982
Due to (from) related organizations	(247,392)	247,392	-	-
Total current liabilities	969,901	395,233	(23,933)	1,341,201
Long-term debt, net of current portion	1,262,576	13,411	-	1,275,987
Deferred tax liability	-	5,194	-	5,194
Operating lease liabilities, net of current portion	449,276	45,038	(76,303)	418,011
Derivative financial instruments	51,803	-	-	51,803
Employee benefits and other liabilities	548,888	40,695	-	589,583
Total liabilities	3,282,444	499,571	(100,236)	3,681,779
Net assets				
Without donor restrictions - attributable to Novant Health	4,164,059	769,155	(127,403)	4,805,811
Without donor restrictions - noncontrolling interests	-	23,405	55,847	79,252
Total net assets without donor restrictions	4,164,059	792,560	(71,556)	4,885,063
With donor restrictions	2,178	82,658	-	84,836
Total net assets	4,166,237	875,218	(71,556)	4,969,899
Total liabilities and net assets	<u>\$ 7,448,681</u>	<u>\$ 1,374,789</u>	<u>\$ (171,792)</u>	<u>\$ 8,651,678</u>

See accompanying notes to consolidating supplemental schedules.

Novant Health, Inc.
Consolidating Statement of Operations
Year Ended December 31, 2020

<i>(in thousands of dollars)</i>	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues and other support				
Net patient service revenues	\$ 4,498,761	\$ 554,033	\$ -	\$ 5,052,794
Other revenue	<u>433,191</u>	<u>269,259</u>	<u>(72,469)</u>	<u>629,981</u>
Total operating revenues and other support	<u>4,931,952</u>	<u>823,292</u>	<u>(72,469)</u>	<u>5,682,775</u>
Operating expenses				
Salaries and employee benefits	2,770,074	319,369	(6,335)	3,083,108
Supplies and other	1,670,067	473,352	(70,329)	2,073,090
Depreciation and amortization expense	215,959	44,092	-	260,051
Interest expense	<u>68,688</u>	<u>9,334</u>	<u>-</u>	<u>78,022</u>
Total operating expenses	<u>4,724,788</u>	<u>846,147</u>	<u>(76,664)</u>	<u>5,494,271</u>
Operating income (loss)	207,164	(22,855)	4,195	188,504
Non-operating income (expense)				
Investment income	181,492	20,331	-	201,823
Loss on extinguishment of debt	(6,208)	-	-	(6,208)
Income tax (expense) benefit	1,782	(2,287)	-	(505)
Other net periodic pension costs	<u>(1,466)</u>	<u>7</u>	<u>-</u>	<u>(1,459)</u>
Excess (deficit) of revenues over expenses	<u>\$ 382,764</u>	<u>\$ (4,804)</u>	<u>\$ 4,195</u>	<u>\$ 382,155</u>

See accompanying notes to consolidating supplemental schedules.

Novant Health, Inc.
Combined Group Combining Balance Sheet
December 31, 2020

<i>(in thousands of dollars)</i>	Obligated Group	Restricted Affiliates	Eliminations	Combined Group Total
Assets				
Current assets				
Cash and cash equivalents	\$ 486,401	\$ 69,778	\$ -	\$ 556,179
Accounts receivable, net of allowance for doubtful accounts	488,177	92,262	-	580,439
Short-term investments	330,582	-	-	330,582
Current portion of assets limited as to use	30,029	-	-	30,029
Receivable for settlement with third-party payors	9,016	12,113	-	21,129
Other current assets	177,893	56,493	-	234,386
Total current assets	1,522,098	230,646	-	1,752,744
Assets limited as to use	202,985	696	-	203,681
Long-term investments	2,640,842	-	-	2,640,842
Property and equipment, net	1,482,695	576,350	-	2,059,045
Operating lease right-of-use assets, net	267,190	253,532	-	520,722
Intangible assets and goodwill, net	49,242	11,922	-	61,164
Investments in affiliates	186,667	(4,518)	(86,653)	95,496
Other assets	107,694	23,952	(16,659)	114,987
Total assets	\$ 6,459,413	\$ 1,092,580	\$ (103,312)	\$ 7,448,681
Liabilities and Net Assets				
Current liabilities				
Current portion of long-term debt	\$ 50,731	\$ 3,237	\$ -	\$ 53,968
Short-term borrowings	149,300	-	-	149,300
Accounts payable	235,397	22,012	-	257,409
Accrued liabilities	396,944	195,204	-	592,148
Operating lease liabilities	41,776	44,281	-	86,057
Estimated third-party payor settlements	49,728	28,683	-	78,411
Due to (from) related organizations	(538,654)	291,262	-	(247,392)
Total current liabilities	385,222	584,679	-	969,901
Long-term debt, net of current portion	1,120,766	158,469	(16,659)	1,262,576
Operating lease liabilities, net of current portion	234,241	215,035	-	449,276
Derivative financial instruments	51,803	-	-	51,803
Employee benefits and other liabilities	466,491	82,397	-	548,888
Total liabilities	2,258,523	1,040,580	(16,659)	3,282,444
Net assets				
Without donor restrictions - attributable to Novant Health	4,200,890	49,822	(86,653)	4,164,059
With donor restrictions	-	2,178	-	2,178
Total net assets	4,200,890	52,000	(86,653)	4,166,237
Total liabilities and net assets	\$ 6,459,413	\$ 1,092,580	\$ (103,312)	\$ 7,448,681

See accompanying notes to consolidating supplemental schedules.

Novant Health, Inc.
Combined Group Combining Statement of Operations
Year Ended December 31, 2020

<i>(in thousands of dollars)</i>	Obligated Group	Restricted Affiliates	Eliminations	Combined Group Total
Operating revenues and other support				
Net patient service revenues	\$ 2,734,776	\$ 1,763,985	\$ -	\$ 4,498,761
Other revenue	292,073	169,197	(28,079)	433,191
Total operating revenues and other support	<u>3,026,849</u>	<u>1,933,182</u>	<u>(28,079)</u>	<u>4,931,952</u>
Operating expenses				
Salaries and employee benefits	1,531,409	1,238,665	-	2,770,074
Supplies and other	1,065,513	632,633	(28,079)	1,670,067
Depreciation and amortization expense	134,344	81,615	-	215,959
Interest expense	44,372	24,316	-	68,688
Total operating expenses	<u>2,775,638</u>	<u>1,977,229</u>	<u>(28,079)</u>	<u>4,724,788</u>
Operating income (loss)	251,211	(44,047)	-	207,164
Non-operating income (expense)				
Investment income	181,421	71	-	181,492
Loss on extinguishment of debt	(6,208)	-	-	(6,208)
Income tax benefit	1,778	4	-	1,782
Other net periodic pension costs	(325)	(1,141)	-	(1,466)
Excess (deficit) of revenues over expenses	<u>\$ 427,877</u>	<u>\$ (45,113)</u>	<u>\$ -</u>	<u>\$ 382,764</u>

See accompanying notes to consolidating supplemental schedules.

Novant Health, Inc.
Notes to Consolidating or Combining Supplemental Schedules
December 31, 2020

1. Consolidated Financial Statements Reporting Entity

Novant Health, Inc. (“Novant Health” or the “Company”) is a nonprofit, integrated health care network of physician clinics, outpatient facilities and hospitals that serves patients and communities in North Carolina, Virginia and South Carolina. Novant Health consists of over 1,600 physicians and 29,000 team members at nearly 700 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, serving more than 5 million patients annually. Novant Health and its affiliates serve their communities with programs including health education, home health care, prenatal clinics, community clinics and immunization services.

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.

Novant Health, Inc.
Notes to Consolidating or Combining Supplemental Schedules
December 31, 2020

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 twelve of its affiliates as Restricted Affiliates. Seven of these Restricted Affiliates, Medical Park Hospital, Inc. d/b/a Novant Health Medical Park Hospital, Community General Health Partners, Inc. d/b/a 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, Prince William Hospital Corporation d/b/a Novant Health UVA Prince William Medical Center, and Prince William Health System, operate, or maintain a significant investment in, hospitals. The other five Restricted Affiliates, Carolina Medcorp 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.