

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

2021

Open to Public Inspection

▶ 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 2021 calendar year, or tax year beginning **JAN 1, 2022** and ending **JAN 31, 2022**

| | | |
|---|---|---|
| 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 ROWAN REGIONAL MEDICAL CENTER, INC. Doing business as NOVANT HEALTH ROWAN MEDICAL CENT 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 56-0547479 E Telephone number 336-718-2803 G Gross receipts \$ 21,650,669. H(a) Is this a group return for subordinates? Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? Yes No If "No," attach a list. See instructions H(c) Group exemption number ▶ |
| I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527 | | L Year of formation: 1933 M State of legal domicile: NC |
| J Website: ▶ WWW.NOVANTHEALTH.ORG | | |
| K Form of organization: <input checked="" type="checkbox"/> Corporation Trust Association Other ▶ | | |

Part I Summary

| | | |
|---|--|---|
| 1 | Briefly describe the organization's mission or most significant activities: SEE SCHEDULE O | |
| 2 | Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. | |
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 17 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 15 |
| 5 | Total number of individuals employed in calendar year 2021 (Part V, line 2a) | 5 1590 |
| 6 | Total number of volunteers (estimate if necessary) | 6 62 |
| 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: 14,542,274. Current Year: 0. |
| | 9 Program service revenue (Part VIII, line 2g) | 287,346,485. 21,573,165. |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 421,583. 5,108. |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 2,282,922. 72,396. |
| | 12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 304,593,264. 21,650,669. |
| Expenses | 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 446,365. 6,375. |
| | 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) | 104,749,622. 8,774,723. |
| | 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) | 192,011,603. 16,836,691. | |
| 18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 297,207,590. 25,617,789. | |
| 19 Revenue less expenses. Subtract line 18 from line 12 | 7,385,674. -3,967,120. | |
| Net Assets or Fund Balances | 20 Total assets (Part X, line 16) | Beginning of Current Year: 153,430,759. End of Year: 0. |
| | 21 Total liabilities (Part X, line 26) | 108,570,682. 0. |
| | 22 Net assets or fund balances. Subtract line 21 from line 20 | 44,860,077. 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 THIS TAX RETURN PREPARED BY A NON-PAID PREPARER | Preparer's signature Date Check if self-employed PTIN 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

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. ROWAN REGIONAL MEDICAL CENTER, INC. | Taxpayer identification number (TIN) 56-0547479 |
| 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 1041-A | 08 |
| Form 4720 (individual) | 03 | Form 4720 (other than individual) | 09 |
| Form 990-PF | 04 | Form 5227 | 10 |
| Form 990-T (sec. 401(a) or 408(a) trust) | 05 | Form 6069 | 11 |
| Form 990-T (trust other than above) | 06 | Form 8870 | 12 |
| Form 990-T (corporation) | 07 | | |

KAREN DAUGHERTY

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

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

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

1 I request an automatic 6-month extension of time until **DECEMBER 15, 2022**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 ▶ calendar year _____ or
 ▶ tax year beginning **JAN 1, 2022**, and ending **JAN 31, 2022**.

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

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

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

SEE SCHEDULE O

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

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 \$ 21,509,800. including grants of \$ 6,375.) (Revenue \$ 21,577,339.)

CONSISTENT WITH THE ORGANIZATION'S EXEMPT PURPOSE, ROWAN REGIONAL MEDICAL CENTER, INC. (RRMC) 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 2022, RRMC 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 21,509,800.

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

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

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

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

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

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

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 17 | | |
| b | Enter the number of voting members included on line 1a, above, who are independent | | |
| | 1b 15 | | |
| 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? | | |
| 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 on Schedule O the process, if any, used by the organization to review this Form 990. | | |
| 12a | Did the organization have a written conflict of interest policy? If "No," go to line 13 | X | |
| 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 on Schedule O how this was done | X | |
| 13 | Did the organization have a written whistleblower policy? | X | |
| 14 | Did the organization have a written document retention and destruction policy? | X | |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | |
| a | The organization's CEO, Executive Director, or top management official | | X |
| b | Other officers or key employees of the organization | | X |
| | If "Yes" to line 15a or 15b, describe the process on 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? | | |

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 the instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations. See the instructions for the order in which to list the persons above.

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

| (A) Name and title | (B) Average hours per week (list any hours for related organizations below line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC) | (E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--------------------------------------|---|---|-----------------------|---------|--------------|------------------------------|--------|---|--|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) MISNER, GAVIN MD TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (2) BLABON, GARY PRES/ASST SEC | 0.20 0.00 | X | | X | | | | 0. | 0. | 0. |
| (3) CLINE, WAYNE MD TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (4) EVERETT, JOHN TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (5) HOOD, PERRY TREASURER | 0.20 0.00 | X | | X | | | | 0. | 0. | 0. |
| (6) JONES, BRUCE CHAIR | 0.20 0.00 | X | | X | | | | 0. | 0. | 0. |
| (7) LOCKLEAR, RICHARD TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (8) MALLET, BARBARA TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (9) PATTERSON, FRANCES VICE CHAIR | 0.20 0.00 | X | | X | | | | 0. | 0. | 0. |
| (10) PONDS, MARY SEC | 0.20 0.00 | X | | X | | | | 0. | 0. | 0. |
| (11) SMITH, DAVID TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (12) STEEN, FRED TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (13) STOREY, MATTHEW MD TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (14) VAN DER POEL, JACK TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (15) WAGONER, EDWARD TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (16) DORTON, LEIGHANNE MD TRUSTEE | 0.20 0.00 | X | | | | | | 0. | 0. | 0. |
| (17) GEGOREK, ELIA 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/1099-NEC) | (E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|---|---|-----------------------|---------|--------------|------------------------------|--------|---|--|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
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| 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 | | | | | |
| | 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 | | | | | | |
| Program Service Revenue | 2 a NET PATIENT REVENUE | Business Code | | | | | |
| | | 622110 | 21,560,308. | 21560308. | | | |
| | b PHARMACY | 446110 | 12,857. | 12,857. | | | |
| | c | | | | | | |
| | d | | | | | | |
| | e | | | | | | |
| | f All other program service revenue | | | | | | |
| g Total. Add lines 2a-2f | | | 21,573,165. | | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts) | | 5,108. | | | 5,108. | |
| | 4 Income from investment of tax-exempt bond proceeds | | | | | | |
| | 5 Royalties | | | | | | |
| | 6 a Gross rents | 6a | (i) Real | | | | |
| | | | (ii) Personal | 222. | | | |
| | | | | | | | |
| | b Less: rental expenses ... | 6b | 0. | | | | |
| | c Rental income or (loss) | 6c | 222. | | | | |
| | d Net rental income or (loss) | | | 222. | | 222. | |
| | 7 a Gross amount from sales of assets other than inventory | 7a | (i) Securities | | | | |
| | | | (ii) Other | | | | |
| | | | | | | | |
| | b Less: cost or other basis and sales expenses | 7b | | | | | |
| | c Gain or (loss) | 7c | | | | | |
| d Net gain or (loss) | | | | | | | |
| 8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 | 8a | | | | | | |
| | | | | | | | |
| b Less: direct expenses | 8b | | | | | | |
| c Net income or (loss) from fundraising events | | | | | | | |
| 9 a Gross income from gaming activities. See Part IV, line 19 | 9a | | | | | | |
| | | | | | | | |
| b Less: direct expenses | 9b | | | | | | |
| c Net income or (loss) from gaming activities | | | | | | | |
| 10 a Gross sales of inventory, less returns and allowances | 10a | | | | | | |
| | | | | | | | |
| b Less: cost of goods sold | 10b | | | | | | |
| c Net income or (loss) from sales of inventory | | | | | | | |
| Miscellaneous Revenue | 11 a CAFETERIA MEALS | Business Code | | | | | |
| | | 722514 | 68,000. | | | 68,000. | |
| | b MISCELLANEOUS INCOME | 900099 | 4,174. | 4,174. | | | |
| | c | | | | | | |
| | d All other revenue | | | | | | |
| e Total. Add lines 11a-11d | | | 72,174. | | | | |
| 12 Total revenue. See instructions | | | 21,650,669. | 21577339. | 0. | 73,330. | |

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 | 6,375. | 6,375. | | |
| 2 Grants and other assistance to domestic individuals. See Part IV, line 22 | | | | |
| 3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | | | | |
| 6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 6,905,353. | 6,560,084. | 345,269. | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 277,237. | 263,375. | 13,862. | |
| 9 Other employee benefits | 1,119,142. | 1,063,186. | 55,956. | |
| 10 Payroll taxes | 472,991. | 449,341. | 23,650. | |
| 11 Fees for services (nonemployees): | | | | |
| a Management | | | | |
| b Legal | | | | |
| c Accounting | | | | |
| d Lobbying | | | | |
| e Professional fundraising services. See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Sch O.) | 2,728,553. | 2,572,200. | 156,353. | |
| 12 Advertising and promotion | 13,394. | 13,394. | | |
| 13 Office expenses | 53,029. | 36,814. | 16,215. | |
| 14 Information technology | 159,735. | 159,735. | | |
| 15 Royalties | | | | |
| 16 Occupancy | 240,259. | 223,440. | 16,819. | |
| 17 Travel | 6,257. | 5,944. | 313. | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 795. | 755. | 40. | |
| 20 Interest | 379,228. | 379,228. | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 960,228. | 879,636. | 80,592. | |
| 23 Insurance | 117,797. | 102,451. | 15,346. | |
| 24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.) | | | | |
| a CORPORATE SUPPORT | 3,138,634. | 0. | 3,138,634. | |
| b CONTRACT LABOR | 2,940,464. | 2,793,441. | 147,023. | |
| c MEDICAL SUPPLIES | 2,669,202. | 2,668,548. | 654. | |
| d BAD DEBT | 1,767,327. | 1,764,831. | 2,496. | |
| e All other expenses | 1,661,789. | 1,567,022. | 94,767. | |
| 25 Total functional expenses. Add lines 1 through 24e | 25,617,789. | 21,509,800. | 4,107,989. | 0. |
| 26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. | | | | |
| Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) | | | | |

Part X Balance Sheet

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

| | | (A) Beginning of year | | (B) End of year |
|---|--|--------------------------|------------|--------------------|
| Assets | 1 Cash - non-interest-bearing | 95,000. | 1 | 0. |
| | 2 Savings and temporary cash investments | | 2 | 0. |
| | 3 Pledges and grants receivable, net | | 3 | 0. |
| | 4 Accounts receivable, net | 34,166,664. | 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 | 3,278,927. | 7 | 0. |
| | 8 Inventories for sale or use | 5,262,841. | 8 | 0. |
| | 9 Prepaid expenses and deferred charges | 517,654. | 9 | 0. |
| | 10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a 0. | | |
| | b Less: accumulated depreciation | 10b | 10c | 0. |
| | 11 Investments - publicly traded securities | | 11 | 0. |
| | 12 Investments - other securities. See Part IV, line 11 | | 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 | 1,623,082. | 15 | 0. |
| 16 Total assets. Add lines 1 through 15 (must equal line 33) | 153,430,759. | 16 | 0. | |
| Liabilities | 17 Accounts payable and accrued expenses | 29,816,408. | 17 | |
| | 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 | 78,754,274. | 25 | |
| | 26 Total liabilities. Add lines 17 through 25 | 108,570,682. | 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 | 44,610,801. | 27 | 0. |
| | 28 Net assets with donor restrictions | 249,276. | 28 | 0. |
| | Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33. | | | |
| | 29 Capital stock or trust principal, or current funds | | 29 | |
| | 30 Paid-in or capital surplus, or land, building, or equipment fund | | 30 | |
| | 31 Retained earnings, endowment, accumulated income, or other funds | | 31 | |
| | 32 Total net assets or fund balances | 44,860,077. | 32 | 0. |
| | 33 Total liabilities and net assets/fund balances | 153,430,759. | 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 | 21,650,669. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 25,617,789. |
| 3 | Revenue less expenses. Subtract line 2 from line 1 | 3 | -3,967,120. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A)) | 4 | 44,860,077. |
| 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 | -40,892,957. |
| 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 on 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 (2021)

SCHEDULE A
(Form 990)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the organization: **ROWAN REGIONAL MEDICAL CENTER, INC.** Employer identification number: **56-0547479**

Part I Reason for Public Charity Status. (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990).)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations

g Provide the following information about the supported organization(s).

| (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1-10 above (see instructions)) | (iv) Is the organization listed in your governing document? | | (v) Amount of monetary support (see instructions) | (vi) Amount of other support (see instructions) |
|------------------------------------|----------|---|---|----|---|---|
| | | | Yes | No | | |
| | | | | | | |
| | | | | | | |
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| | | | | | | |
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| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total | | | | | | |

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) 2017 | (b) 2018 | (c) 2019 | (d) 2020 | (e) 2021 | (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) 2017 | (b) 2018 | (c) 2019 | (d) 2020 | (e) 2021 | (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 2021 (line 6, column (f), divided by line 11, column (f)) | 14 | % |
| 15 Public support percentage from 2020 Schedule A, Part II, line 14 | 15 | % |
| 16a 33 1/3% support test - 2021. 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 - 2020. 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 - 2021. 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 - 2020. 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) 2017 | (b) 2018 | (c) 2019 | (d) 2020 | (e) 2021 | (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) 2017 | (b) 2018 | (c) 2019 | (d) 2020 | (e) 2021 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) | | | | | | |
| 13 Total support. (Add lines 9, 10c, 11, and 12.) | | | | | | |

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

Section C. Computation of Public Support Percentage

| | | |
|---|-----------|---|
| 15 Public support percentage for 2021 (line 8, column (f), divided by line 13, column (f)) | 15 | % |
| 16 Public support percentage from 2020 Schedule A, Part III, line 15 | 16 | % |

Section D. Computation of Investment Income Percentage

| | | |
|--|-----------|---|
| 17 Investment income percentage for 2021 (line 10c, column (f), divided by line 13, column (f)) | 17 | % |
| 18 Investment income percentage from 2020 Schedule A, Part III, line 17 | 18 | % |

19a 33 1/3% support tests - 2021. 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 - 2020. 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).</i> | | |
| 8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i> | | |
| 9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i> | | |
| b Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i> | | |
| c Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i> | | |
| 10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i> | | |
| b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i> | | |

Part IV Supporting Organizations (continued)

Table with 3 columns: Question, Yes, No. Row 11: Has the organization accepted a gift or contribution from any of the following persons? Sub-rows 11a, 11b, 11c.

Section B. Type I Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 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? Row 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?

Section C. Type II Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 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)?

Section D. All Type III Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 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? Row 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? Row 3: By reason of the relationship described on line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year?

Section E. Type III Functionally Integrated Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions). Sub-rows a, b, c. Row 2: Activities Test. Answer lines 2a and 2b below. Sub-rows a, b. Row 3: Parent of Supported Organizations. Answer lines 3a and 3b below. Sub-rows a, b.

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

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

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

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

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

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

| Section D - Distributions | | Current Year |
|---------------------------|--|--------------|
| 1 | Amounts paid to supported organizations to accomplish exempt purposes | 1 |
| 2 | Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity | 2 |
| 3 | Administrative expenses paid to accomplish exempt purposes of supported organizations | 3 |
| 4 | Amounts paid to acquire exempt-use assets | 4 |
| 5 | Qualified set-aside amounts (prior IRS approval required - provide details in Part VI) | 5 |
| 6 | Other distributions (describe in Part VI). 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 (provide details in Part VI). See instructions. | 8 |
| 9 | Distributable amount for 2021 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-2021 | (iii) Distributable Amount for 2021 |
|---|---|--|---|
| 1 | Distributable amount for 2021 from Section C, line 6 | | |
| 2 | Underdistributions, if any, for years prior to 2021 (reasonable cause required - explain in Part VI). See instructions. | | |
| 3 | Excess distributions carryover, if any, to 2021 | | |
| a | From 2016 | | |
| b | From 2017 | | |
| c | From 2018 | | |
| d | From 2019 | | |
| e | From 2020 | | |
| f | Total of lines 3a through 3e | | |
| g | Applied to underdistributions of prior years | | |
| h | Applied to 2021 distributable amount | | |
| i | Carryover from 2016 not applied (see instructions) | | |
| j | Remainder. Subtract lines 3g, 3h, and 3i from line 3f. | | |
| 4 | Distributions for 2021 from Section D, line 7: \$ | | |
| a | Applied to underdistributions of prior years | | |
| b | Applied to 2021 distributable amount | | |
| c | Remainder. Subtract lines 4a and 4b from line 4. | | |
| 5 | Remaining underdistributions for years prior to 2021, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions. | | |
| 6 | Remaining underdistributions for 2021. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions. | | |
| 7 | Excess distributions carryover to 2022. Add lines 3j and 4c. | | |
| 8 | Breakdown of line 7: | | |
| a | Excess from 2017 | | |
| b | Excess from 2018 | | |
| c | Excess from 2019 | | |
| d | Excess from 2020 | | |
| e | Excess from 2021 | | |

Schedule A (Form 990) 2021

Part VI

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Horizontal lines for supplemental information input.

SCHEDULE C
(Form 990)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2021

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 ROWAN REGIONAL MEDICAL CENTER, INC. | Employer identification number 56-0547479 |
|--|---|

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-. |
|----------|-------------|---------|---|--|
| | | | | |
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For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule C (Form 990) 2021

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? | | | <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | | | | | | | | |

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

| Lobbying Expenditures During 4-Year Averaging Period | | | | | |
|---|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2018 | (b) 2019 | (c) 2020 | (d) 2021 | (e) Total |
| 2a Lobbying nontaxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots nontaxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

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

| For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity. | (a) | | (b) |
|---|-----|----|--------|
| | Yes | No | Amount |
| 1 During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of: | | | |
| a Volunteers? | X | | |
| b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? .. | | X | |
| c Media advertisements? | | X | |
| d Mailings to members, legislators, or the public? | | X | |
| e Publications, or published or broadcast statements? | | X | |
| f Grants to other organizations for lobbying purposes? | | X | |
| g Direct contact with legislators, their staffs, government officials, or a legislative body? | | X | |
| h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | X | |
| i Other activities? | X | | 1,024. |
| j Total. Add lines 1c through 1i | | | 1,024. |
| 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 1A

THERE IS LIMITED ENGAGEMENT OF THE BOARD.

LINE 1I

DUES PAID TO CERTAIN ORGANIZATIONS WHICH INCLUDE A PORTION RELATED TO

Part IV Supplemental Information *(continued)*

LOBBYING ACTIVITIES.

Lined area for reporting lobbying activities.

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

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

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the organization: ROWAN REGIONAL MEDICAL CENTER, INC. Employer identification number: 56-0547479

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate value of contributions, grants, and end of year, and two Yes/No questions regarding donor property and grant fund usage.

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include purpose(s) of conservation easements, a table for lines 2a-2d (Total number, acreage, certified historic structures, and National Register listings), and questions about monitoring, expenses, and reporting.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include questions about reporting art and historical treasures, and a table for revenue and assets included in Form 990.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange program
 - e Other _____
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|---------------------------------|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

| | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|--|------------------|----------------|--------------------|----------------------|---------------------|
| 1a Beginning of year balance | 221,474. | 236,443. | 221,876. | 235,327. | 218,230. |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | 15,031. | 29,567. | -13,451. | 29,597. |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | 221,474. | 30,000. | 15,000. | | 12,500. |
| f Administrative expenses | | | | | |
| g End of year balance | | 221,474. | 236,443. | 221,876. | 235,327. |

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment .0000 %
 - b Permanent endowment .0000 %
 - c Term endowment .0000 %
- The percentages on lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|---|--------------------------|-------------------------------------|
| (i) Unrelated organizations | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (ii) Related organizations | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--------------------------|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land | | | | |
| b Buildings | | | | |
| c Leasehold improvements | | | | |
| d Equipment | | | | |
| e Other | | | | |

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) 0.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|----------------|---|
| (1) Financial derivatives | | |
| (2) Closely held equity interests | | |
| (3) Other | | |
| (A) | | |
| (B) | | |
| (C) | | |
| (D) | | |
| (E) | | |
| (F) | | |
| (G) | | |
| (H) | | |
| Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶ | | |

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

| (a) Description of investment | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|----------------|---|
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶ | | |

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|----------------|
| (1) | |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶ | |

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

| 1. (a) Description of liability | (b) Book value |
|---|----------------|
| (1) Federal income taxes | 0. |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶ | |

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ...

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include line numbers and a shaded area for calculations.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include line numbers and a shaded area for calculations.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART V, LINE 4: INTENDED USES FOR ENDOWMENT FUNDS

THE ENDOWMENT FUNDS ARE HELD FOR AFFILIATE HOSPITAL SERVICE COSTS RELATED TO VARIOUS CENTERS AT THE ACUTE CARE FACILITIES. DUE TO THE ENTITY'S CONVERSION TO A LIMITED LIABILITY COMPANY WHOLLY OWNED BY NOVANT HEALTH, INC., THE ENDOWMENT FUNDS ARE NOW REPORTED ON NOVANT HEALTH, INC.'S FORM 990.

**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

- ▶ 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.

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the organization **ROWAN REGIONAL MEDICAL CENTER, INC.** Employer identification number **56-0547479**

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 care</i> ? 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 care</i> ? 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) | | | 1123366. | 0. | 1123366. | 4.71% |
| b Medicaid (from Worksheet 3, column a) | | | 2963121. | 2746787. | 216,334. | .91% |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | 82,071. | 75,933. | 6,138. | .03% |
| d Total. Financial Assistance and Means-Tested Government Programs | | | 4168558. | 2822720. | 1345838. | 5.65% |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 15,245. | 0. | 15,245. | .06% |
| f Health professions education (from Worksheet 5) | | | 616,082. | 7,075. | 609,007. | 2.55% |
| g Subsidized health services (from Worksheet 6) | | | 1519433. | 1006512. | 512,921. | 2.15% |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 7,503. | 0. | 7,503. | .03% |
| j Total. Other Benefits | | | 2158263. | 1013587. | 1144676. | 4.79% |
| k Total. Add lines 7d and 7j | | | 6326821. | 3836307. | 2490514. | 10.44% |

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

Table with 7 columns: (a) Number of activities or programs (optional), (b) Persons served (optional), (c) Total community building expense, (d) Direct offsetting revenue, (e) Net community building expense, (f) Percent of total expense. Rows include Physical improvements and housing, Economic development, Community support, Environmental improvements, Leadership development and training for community members, Coalition building, Community health improvement advocacy, Workforce development, Other, and Total.

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

Table for Section A with columns for questions and Yes/No responses. Questions include: 1. Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? 2. Enter the amount of the organization's bad debt expense. 3. Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy.

Section B. Medicare

Table for Section B with columns for questions and Yes/No responses. Questions include: 5. Enter total revenue received from Medicare (including DSH and IME). 6. Enter Medicare allowable costs of care relating to payments on line 5. 7. Subtract line 6 from line 5. 8. Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit.

Section C. Collection Practices

Table for Section C with columns for questions and Yes/No responses. Questions include: 9a. Did the organization have a written debt collection policy during the tax year? 9b. If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance?

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

Table with 5 columns: (a) Name of entity, (b) Description of primary activity of entity, (c) Organization's profit % or stock ownership %, (d) Officers, directors, trustees, or key employees' profit % or stock ownership %, (e) Physicians' profit % or stock ownership %.

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 RRM DBA NH ROWAN MEDICAL CENTER
612 MOCKSVILLE AVENUE
SALISBURY, NC 28144
WWW.NOVANTHEALTH.ORG
H0040

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.

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 NH ROWAN MEDICAL CENTER

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

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

Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group NH ROWAN 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) 2021

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group NH ROWAN MEDICAL CENTER

| | Yes | No |
|---|----------|----------|
| <p>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?</p> | X | |
| <p>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:</p> <p>a <input type="checkbox"/> Reporting to credit agency(ies)</p> <p>b <input type="checkbox"/> Selling an individual's debt to another party</p> <p>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</p> <p>d <input type="checkbox"/> Actions that require a legal or judicial process</p> <p>e <input type="checkbox"/> Other similar actions (describe in Section C)</p> <p>f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted</p> | | |
| <p>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?</p> <p>If "Yes," check all actions in which the hospital facility or a third party engaged:</p> <p>a <input type="checkbox"/> Reporting to credit agency(ies)</p> <p>b <input type="checkbox"/> Selling an individual's debt to another party</p> <p>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</p> <p>d <input type="checkbox"/> Actions that require a legal or judicial process</p> <p>e <input type="checkbox"/> Other similar actions (describe in Section C)</p> | | X |
| <p>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):</p> <p>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)</p> <p>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)</p> <p>c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C)</p> <p>d <input checked="" type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C)</p> <p>e <input type="checkbox"/> Other (describe in Section C)</p> <p>f <input type="checkbox"/> None of these efforts were made</p> | | |

Policy Relating to Emergency Medical Care

| | | |
|--|----------|--|
| <p>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?</p> <p>If "No," indicate why:</p> <p>a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions</p> <p>b <input type="checkbox"/> The hospital facility's policy was not in writing</p> <p>c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)</p> <p>d <input type="checkbox"/> Other (describe in Section C)</p> | X | |
|--|----------|--|

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 NH ROWAN MEDICAL CENTER

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

Schedule H (Form 990) 2021

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.

NH ROWAN 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.

NH ROWAN 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 MEETINGS, STAKEHOLDER'S

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.

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.

NH ROWAN 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)

NH ROWAN 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)

NH ROWAN 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. CERTAIN OF THE NEEDS NOT ADDRESSED FALL OUTSIDE OF THE SCOPE OF TRADITIONAL HEALTHCARE (IE. DENTAL WORK) AND OTHERS ARE CANDIDATES FOR COLLABORATIVE WORK AND HAVE OTHER RESOURCES IN THE COMMUNITY THAT CAN MORE APPROPRIATELY ADDRESS THESE NEEDS BASED ON SCOPE OF SERVICES AND 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.

NH ROWAN 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

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.

YEARS; PATIENTS MUST BE UNABLE TO ACCESS ENTITLEMENT PROGRAMS; PATIENTS WITH SPECIAL CIRCUMSTANCES SUCH AS BANKRUPTCY MAY ALSO BE ELIGIBLE FOR CHARITY CARE.

NH ROWAN 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)

NH ROWAN MEDICAL CENTER

PART V, LINE 16B, FAP APPLICATION WEBSITE:

[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)

NH ROWAN MEDICAL CENTER

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

[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)

NH ROWAN 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

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.

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 BEEN ESTABLISHED.

Multiple horizontal lines for supplemental information.

Part V Facility Information (continued)

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

How many non-hospital health care facilities did the organization operate during the tax year? 5

| Name and address | Type of Facility (describe) |
|---|-----------------------------|
| 1 NH CANCER CENTER 229 MOCKSVILLE AVENUE SALISBURY, NC 28144 | CANCER CENTER |
| 2 NH IMAGING JULIAN ROAD 514 CORPORATE CIRCLE SALISBURY, NC 28147 | IMAGING CENTER |
| 3 NH JULIAN ROAD OUTPATIENT SURGERY 522 CORPORATE CIRCLE SALISBURY, NC 28147 | AMBULATORY SURGERY CENTER |
| 4 NH ROWAN HOSPICE & PALLATIVE CARE 1229 STATESVILLE BLVD SALISBURY, NC 28144 | HOME HEALTH |
| 5 NOVANT HEALTH CANCER INSTITUTE - ROWAN 631 MOCKSVILLE AVE. SUITE 1020 SALISBURY, NC 28144 | CANCER CENTER |
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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](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 HEALTHCARE ASSOCIATION REPORTING GUIDELINES. IT SHOULD NOT BE RELIED UPON AS THE ORGANIZATION'S FORM 990, SCHEDULE H COMMUNITY BENEFIT REPORT, ITS COMMUNITY HEALTH NEEDS ASSESSMENT OR COMMUNITY BENEFIT IMPLEMENTATION STRATEGY.

PART I, LINE 7:

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

IN JANUARY 2022, RRMCC 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 \$ 1,767,327.

PART II, COMMUNITY BUILDING ACTIVITIES:

THE ORGANIZATION'S COMMUNITY BUILDING ACTIVITIES ADDRESS 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 (FORMERLY LABELED BAD DEBT EXPENSE) ARE DETERMINED BASED ON MANAGEMENT'S ASSESSMENT OF CONTRACTUAL AGREEMENTS, DISCOUNT POLICIES, AND HISTORICAL EXPERIENCE.

PART III, LINE 4:

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

Part 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:

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

ROWAN REGIONAL MEDICAL CENTER, INC. DBA NOVANT HEALTH ROWAN MEDICAL CENTER

THE ORGANIZATION DEFINES ITS COMMUNITY BY ITS PRIMARY SERVICE AREA. THE PRIMARY SERVICE AREA FOR NOVANT HEALTH ROWAN MEDICAL CENTER IS DEFINED BY THE ZIP CODES THAT REPRESENT MORE THAN 75% OF THE HOSPITAL'S IN-PATIENT POPULATION. THE PRIMARY SERVICE AREAS INCLUDES THE CITIES OF CLEVELAND, CHINA GROVE, ROCKWELL, SALISBURY AND SPENCER, WHICH ARE LOCATED IN ROWAN COUNTY AND THE TOWN OF MOCKSVILLE WHICH IS LOCATED IN DAVIE COUNTY.

THE SECONDARY SERVICE AREA FOR NOVANT HEALTH ROWAN MEDICAL CENTER COVERS A THREE-COUNTY RADIUS, INCLUDING: CABARRUS, ROWAN, AND STANLY COUNTIES.

Part VI Supplemental Information (Continuation)

ROWAN COUNTY IS MORE URBAN IN NATURE. ROWAN COUNTY, WHICH CONSTITUTES THE VAST MAJORITY OF NOVANT HEALTH ROWAN MEDICAL CENTER'S PRIMARY SERVICE AREA AND DEFINED COMMUNITY, INCLUDES THE COUNTY SEAT OF SALISBURY. THE COUNTY IS LOCATED BETWEEN THE STATE'S LARGEST CITY, CHARLOTTE, AND ITS CAPITAL, RALEIGH. THE COUNTY COVERS 511.37 SQUARE MILE AREA, WITH AN AVERAGE OF 270.7 PERSONS PER SQUARE MILE BASED ON 2018 POPULATION ESTIMATES.

CHILDREN AND ADOLESCENTS MAKE UP JUST UNDER ONE-QUARTER (22.2%) OF THE POPULATION IN ROWAN COUNTY, WHILE SENIORS MAKE UP 17.1% OF THE POPULATION.

NON-WHITE MINORITIES CURRENTLY MAKE UP 28.3% OF THE RACIAL DEMOGRAPHIC IN ROWAN COUNTY. THE SPECIFIC POPULATION GROUPS (ETHNIC AND CULTURAL) ARE AS FOLLOWS: WHITE NON-HISPANIC 71.7%; BLACK/AFRICAN-AMERICAN 16.8%; HISPANIC OR LATINO 9.2%; OTHER 2.3%.

ACCORDING TO THE US CENSUS BUREAU DATA, THE MEDIAN HOUSEHOLD INCOME LEVEL WAS \$46,978. THE POVERTY RATE FOR ROWAN COUNTY IS 16.8%.

THE ORGANIZATION IS THE ONLY HOSPITAL IN THE COMMUNITY.

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.](https://www.novanthealth.org/home/about-us/community-engagement/our-impact.aspx)

Part VI Supplemental Information (Continuation)

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 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;

Part VI Supplemental Information (Continuation)

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 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.

Part VI Supplemental Information (Continuation)

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 HEALTHCARE 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 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 HEALTHCARE ASSOCIATION REPORTING GUIDELINES. IT SHOULD NOT BE RELIED UPON AS THE ORGANIZATION'S FORM 990, SCHEDULE H COMMUNITY BENEFIT REPORT, ITS COMMUNITY HEALTH NEEDS ASSESSMENT OR COMMUNITY BENEFIT IMPLEMENTATION STRATEGY. THERE ARE SIGNIFICANT COMMUNITY BENEFIT ACTIVITIES WITHIN NOVANT HEALTH WHICH MAY NOT BE

Part VI Supplemental Information (Continuation)

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 HEALTHCARE ASSOCIATION REPORTING GUIDELINES WITH THE NORTH CAROLINA MEDICAL CARE COMMISSION AS PART OF THE DOCUMENTATION REQUIRED FOR THE ISSUANCE OF TAX EXEMPT BOND FINANCING.

**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

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

OMB No. 1545-0047

2021

**Open to Public
Inspection**

Name of the organization **ROWAN REGIONAL MEDICAL CENTER, INC.** Employer identification number **56-0547479**

Part I General Information on Grants and Assistance

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? **Yes** **No**
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

| 1 (a) Name and address of organization or government | (b) EIN | (c) IRC section (if applicable) | (d) Amount of cash grant | (e) Amount of noncash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of noncash assistance | (h) Purpose of grant or assistance |
|---|----------------|--|---------------------------------|---|--|--|---|
| AMERICAN HEART ASSOCIATION, INC 7272 GREENVILLE AVENUE DALLAS, TX 75231 | 13-5613797 | 501(C)(3) | 6,375. | 0. | | | COMMUNITY OUTREACH |
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| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 1

3 Enter total number of other organizations listed in the line 1 table ▶ 0

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

Schedule I (Form 990) 2021

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of noncash assistance |
|---------------------------------|--------------------------|--------------------------|-----------------------------------|---|---------------------------------------|
| | | | | | |
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| | | | | | |

Part IV Supplemental Information. Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

PART I, LINE 2: PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS

THE FILING ORGANIZATION IS PART OF THE INTEGRATED HEALTHCARE SYSTEM OPERATED BY NOVANT HEALTH, INC. ("NOVANT HEALTH"), THE PARENT ORGANIZATION. NOVANT HEALTH'S BYLAWS AUTHORIZE IT TO ESTABLISH CERTAIN POLICIES FOR ALL OF ITS SUBSIDIARIES WITHIN THE SYSTEM. NOVANT HEALTH HAS ESTABLISHED A SYSTEM-WIDE CORPORATE POLICY WITH STANDARDIZED GUIDELINES THAT ARE TO BE USED IN REVIEWING THE ELIGIBILITY AND SELECTION OF GRANTEEES RECEIVING CERTAIN EXEMPT PURPOSE FUNDS. THE FILING ORGANIZATION MAINTAINS DOCUMENTATION OF THE ELIGIBILITY AND

Part IV Supplemental Information

SELECTION CRITERIA AND RECORDS OF THE AMOUNTS ARE MAINTAINED VIA THE
GENERAL LEDGER. FUNDS ARE GENERALLY NOT TRACKED AFTER BEING GRANTED, AS
THE ORIGINAL ELIGIBILITY AND SELECTION CRITERIA HAVE ALREADY BEEN MET.

Multiple horizontal lines for supplemental information.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the organization

ROWAN REGIONAL MEDICAL CENTER, INC.

Employer identification number

56-0547479

Part I Questions Regarding Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule J (Form 990) 2021

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

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

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

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

Part III Supplemental Information

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

PART I, LINE 3:

IN JANUARY 2022, 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)

Department of the Treasury
Internal Revenue Service

Liquidation, Termination, Dissolution, or Significant Disposition of Assets

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 31 or 32, or Form 990-EZ, line 36.
- ▶ Attach certified copies of any articles of dissolution, resolutions, or plans.
- ▶ Attach to Form 990 or Form 990-EZ.
- ▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the organization **ROWAN REGIONAL MEDICAL CENTER, INC.** Employer identification number **56-0547479**

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 | 01/31/22 | 51,497. | ACTUAL | 56-1376950 | NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 | 501(C)(3) |
| | ACCOUNTS RECEIVABLE | 01/31/22 | 32,942,622. | BOOK VALUE | 56-1376950 | NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 | 501(C)(3) |
| | NOTES AND LOANS RECEIVABLE | 01/31/22 | 3,255,349. | BOOK VALUE | 56-1376950 | NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 | 501(C)(3) |
| | INVENTORIES FOR SALE OR USE | 01/31/22 | 5,344,409. | BOOK VALUE | 56-1376950 | NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 | 501(C)(3) |
| | PROPERTY, PLANT AND EQUIPMENT | 01/31/22 | 108,187,411. | BOOK VALUE | 56-1376950 | NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 | 501(C)(3) |
| | OTHER | 01/31/22 | 1,882,357. | BOOK VALUE | 56-1376950 | NOVANT HEALTH, INC. 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 | 501(C)(3) |

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

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

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

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

Schedule N (Form 990) 2021

Part I Liquidation, Termination, or Dissolution *(continued)*

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

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

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

| 1 | (a) Description of asset(s) distributed or transaction expenses paid | (b) Date of distribution | (c) Fair market value of asset(s) distributed or amount of transaction expenses | (d) Method of determining FMV for asset(s) distributed or transaction expenses | (e) EIN of recipient | (f) Name and address of recipient | (g) IRC section of recipient(s) (if tax-exempt) or type of entity |
|----------|---|---------------------------------|--|---|-----------------------------|--|--|
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|----------|---|------------|-----------|
| | | Yes | No |
| 2 | Did or will any officer, director, trustee, or key employee of the organization: | | |
| a | Become a director or trustee of a successor or transferee organization? | | |
| b | Become an employee of, or independent contractor for, a successor or transferee organization? | | |
| c | Become a direct or indirect owner of a successor or transferee organization? | | |
| d | Receive, or become entitled to, compensation or other similar payments as a result of the organization's significant disposition of assets? | | |
| e | If the organization answered "Yes" to any of the questions on lines 2a through 2d, provide the name of the person involved and explain in Part III. ► | | |

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or Form 990-EZ.

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

OMB No. 1545-0047

2021

Open to Public
Inspection

Name of the organization

ROWAN REGIONAL MEDICAL CENTER, INC.

Employer identification number

56-0547479

FORM 990, ITEM C, DOING BUSINESS AS:

NOVANT HEALTH ROWAN MEDICAL CENTER

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

ROWAN REGIONAL MEDICAL CENTER, INC. DOING BUSINESS AS NOVANT HEALTH

ROWAN 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 OVER 2,300

PHYSICIANS AND OVER 35,000 TEAM MEMBERS WHO MAKE HEALTHCARE REMARKABLE

AT MORE THAN 800 LOCATIONS, INCLUDING 14 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 SIX MILLION

PATIENTS ANNUALLY.

NOVANT HEALTH ROWAN MEDICAL CENTER EXISTS TO IMPROVE THE HEALTH OF THE

COMMUNITIES THEY SERVE WITH A VISION OF PROVIDING A REMARKABLE PATIENT

EXPERIENCE IN EVERY DIMENSION, EVERY TIME. NOVANT HEALTH ROWAN MEDICAL

CENTER IS A 268-BED HOSPITAL OFFERING A WIDE RANGE OF SERVICES IN

EMERGENCY, MATERNITY, SURGERY, CANCER, REHABILITATION AND OTHER

SPECIALTY CARE.

IN JANUARY 2022, ROWAN REGIONAL MEDICAL CENTER, INC. CONVERTED TO A

LIMITED LIABILITY COMPANY WHOLLY OWNED BY NOVANT HEALTH, INC, A

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

Schedule O (Form 990) 2021

132211 11-11-21

| | |
|---|--|
| Name of the organization ROWAN REGIONAL MEDICAL CENTER, INC. | Employer identification number 56-0547479 |
|---|--|

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 HEALTHCARE ASSOCIATION REPORTING GUIDELINES. IT SHOULD NOT BE RELIED UPON AS THE ORGANIZATION'S FORM 990, SCHEDULE H COMMUNITY BENEFIT REPORT, ITS COMMUNITY HEALTH NEEDS ASSESSMENT OR COMMUNITY BENEFIT IMPLEMENTATION STRATEGY.

THE 2022 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 OUR COMMUNITIES, ONE PERSON AT A TIME.

VISION

| | |
|---|--|
| Name of the organization ROWAN REGIONAL MEDICAL CENTER, INC. | Employer identification number 56-0547479 |
|---|--|

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

VALUES

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

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

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

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

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

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

OUR PEOPLE

| | |
|---|--|
| Name of the organization ROWAN REGIONAL MEDICAL CENTER, INC. | Employer identification number 56-0547479 |
|---|--|

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

OUR PROMISE

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

FORM 990, PART III, LINE 3, CHANGES IN PROGRAM SERVICES:
IN JANUARY 2022, ROWAN REGIONAL MEDICAL CENTER, 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 2022, 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 CERTAIN RIGHTS SUBJECT TO THE RESERVED POWERS OF NOVANT HEALTH, INC.

| | |
|---|--|
| Name of the organization ROWAN REGIONAL MEDICAL CENTER, INC. | Employer identification number 56-0547479 |
|---|--|

FORM 990, PART VI, SECTION A, LINE 7A: ELECTION OF MEMBERS AND THEIR RIGHTS
THE BOARD OF NOVANT HEALTH, INC. APPOINTS THE BOARD OF THE ROWAN REGIONAL
MEDICAL CENTER, INC.

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

THE BOARD OF NOVANT HEALTH, INC. APPROVES CHANGES TO THE BYLAWS OF ROWAN
REGIONAL MEDICAL CENTER, INC.

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

| | |
|---|--|
| Name of the organization ROWAN REGIONAL MEDICAL CENTER, INC. | Employer identification number 56-0547479 |
|---|--|

DELIBERATIONS AND VOTE.

FORM 990, PART VI, SECTION C, LINE 19: GOVERNING DOCUMENTS DISCLOSURE

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTAINING ALL ORGANIZATIONS IN THE NOVANT HEALTH SYSTEM ARE POSTED TO THE NOVANT HEALTH WEBSITE. THE GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE TO THE PUBLIC.

FORM 990, PART VII, SECTION B: INDEPENDENT CONTRACTORS

IN JANUARY 2022, 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 | 711,878. |
| MANAGEMENT AND GENERAL EXPENSES | 106,743. |
| FUNDRAISING EXPENSES | 0. |
| TOTAL EXPENSES | 818,621. |

| | |
|---|--|
| Name of the organization ROWAN REGIONAL MEDICAL CENTER, INC. | Employer identification number 56-0547479 |
|---|--|

CONTRACTED SERVICES:

| | |
|---------------------------------|----------|
| PROGRAM SERVICE EXPENSES | 367,889. |
| MANAGEMENT AND GENERAL EXPENSES | 40,877. |
| FUNDRAISING EXPENSES | 0. |
| TOTAL EXPENSES | 408,766. |

COLLECTION SERVICE:

| | |
|---------------------------------|--------|
| PROGRAM SERVICE EXPENSES | 0. |
| MANAGEMENT AND GENERAL EXPENSES | 8,493. |
| FUNDRAISING EXPENSES | 0. |
| TOTAL EXPENSES | 8,493. |

CREDENTIALING FEES:

| | |
|---------------------------------|--------|
| PROGRAM SERVICE EXPENSES | 4,560. |
| MANAGEMENT AND GENERAL EXPENSES | 240. |
| FUNDRAISING EXPENSES | 0. |
| TOTAL EXPENSES | 4,800. |

PROFESSIONAL PHYSICIAN SERVICES:

| | |
|---------------------------------|------------|
| PROGRAM SERVICE EXPENSES | 1,103,140. |
| MANAGEMENT AND GENERAL EXPENSES | 0. |
| FUNDRAISING EXPENSES | 0. |
| TOTAL EXPENSES | 1,103,140. |

FOOD SERVICE:

| | |
|---------------------------------|----------|
| PROGRAM SERVICE EXPENSES | 384,733. |
| MANAGEMENT AND GENERAL EXPENSES | 0. |

| | |
|---|--|
| Name of the organization ROWAN REGIONAL MEDICAL CENTER, INC. | Employer identification number 56-0547479 |
|---|--|

FUNDRAISING EXPENSES 0.

TOTAL EXPENSES 384,733.

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A 2,728,553.

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

CONVERSION TO SMLLC OF NOVANT HEALTH, INC. -40,892,957.

**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

2021

Open to Public Inspection

Name of the organization **ROWAN REGIONAL MEDICAL CENTER, INC.** Employer identification number **56-0547479**

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 |
|--|-------------------------|---|---------------------|---------------------------|-------------------------------------|
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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 | NOVANT HEALTH THOMASVILLE MEDICAL CENTER, | | X |

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule R (Form 990) 2021

SEE PART VII FOR CONTINUATIONS

Part II Continuation of Identification of Related Tax-Exempt Organizations

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization? | |
|---|-------------------------|---|-------------------------------|---|---|--|----|
| | | | | | | Yes | No |
| 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 |
| 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 |
| 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 | |
| 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 |

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 |
| 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 |
| CAROLINA HEALTHCARE ASSOCIATES, INC. - 56-2049697, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103 | HEALTHCARE | NORTH CAROLINA | 501(C)(3) | LINE 3 | NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER, | | X |
| NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER FOUNDATION - 56-1752396, 2085 FRONTIS PLAZA BLVD, WINSTON SALEM, NC 27103 | HEALTHCARE | NORTH CAROLINA | 501(C)(3) | LINE 12A, I | NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER, | | X |
| PENDER MEMORIAL HOSPITAL, INC. - 56-0653348 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 | HEALTHCARE | NORTH CAROLINA | 501(C)(3) | LINE 3 | NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER, | | X |
| NEW HANOVER HOME CARE, INC - 35-2379154 2085 FRONTIS PLAZA BLVD WINSTON SALEM, NC 27103 | HEALTHCARE | NORTH CAROLINA | 501(C)(3) | LINE 10 | PENDER MEMORIAL HOSPITAL, INC. | | X |
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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 | |
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Part IV Identification of Related Organizations Taxable as a Corporation or Trust. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

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

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

| (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 |
| NOVANT HEALTH TRINOVA INSURANCE PROTECTED CELL, INC. - 81-2963143, 2085 FRONTIS PLAZA BLVD., WINSTON SALEM, NC 27103 | INSURANCE | NC | N/A | C CORP | N/A | N/A | N/A | | X |
| SALEM DIAGNOSTICS, INC. - 56-1513621 2085 FRONTIS PLAZA BLVD. WINSTON SALEM, NC 27103 | HEALTH RELATED | NC | N/A | C CORP | N/A | N/A | N/A | | X |
| SALEM HEALTH SERVICES, INC. - 56-1342654 2085 FRONTIS PLAZA BLVD. WINSTON SALEM, NC 27103 | HEALTH RELATED | NC | N/A | C CORP | N/A | N/A | N/A | | X |
| THE PARK AT MONROE PROPERTY OWNERS ASSOCIATION, INC. - 46-3910256, 2085 FRONTIS PLAZA BLVD., WINSTON SALEM, NC 27103 | RENTAL REAL ESTATE | NC | N/A | C CORP | N/A | N/A | N/A | | X |
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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) | | | | |

Part VI Unrelated Organizations Taxable as a Partnership. Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (e) Are all partners sec. 501(c)(3) orgs.? | | (f) Share of total income | (g) Share of end-of-year assets | (h) Dispropor- tionate 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 | | Yes | No | |
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Part VII Supplemental Information

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

PART II, IDENTIFICATION OF RELATED TAX-EXEMPT ORGANIZATIONS:

NAME OF RELATED ORGANIZATION:

COMMUNITY GENERAL HOSPITAL FOUNDATION, INC.

DIRECT CONTROLLING ENTITY: NOVANT HEALTH THOMASVILLE MEDICAL CENTER, LLC

NAME OF RELATED ORGANIZATION:

CAROLINA HEALTHCARE ASSOCIATES, INC.

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

NAME OF RELATED ORGANIZATION:

NOVANT HEALTH NEW HANOVER REGIONAL MEDICAL CENTER FOUNDATION

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

NAME OF RELATED ORGANIZATION:

PENDER MEMORIAL HOSPITAL, INC.

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

Electronic Filing PDF Attachment



NORTH CAROLINA

Department of the Secretary of State

To all whom these presents shall come, Greetings:

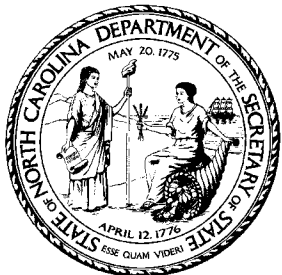
I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF ORGANIZATION

OF

NOVANT HEALTH ROWAN MEDICAL CENTER, LLC

the original of which was filed in this office on the 24th day of January, 2022.



Scan to verify online.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 24th day of January, 2022.

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 Rowan 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: Rowan Regional Medical Center, 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:

612 Mocksville Avenue
Salisbury, NC 28144
Rowan 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:

Rowan Health Services Corp.
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:

Rowan Health Services Corp.
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, 2022 at 11:57:59 P.M.

[Signature Page Follows]

This is the 21 day of January, 2022.

ROWAN HEALTH SERVICES CORP., as organizer

By:  _____
Name: Gary Blabon
Title: Assistant Secretary

[Articles of Organization Including Articles of Conversion – Rowan Regional Medical Center, Inc.]

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

- A. Novant Health Rowan 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, 2021 and 2020**

Novant Health, Inc. and Affiliates
Index
December 31, 2021 and 2020

| | Page(s) |
|--|----------------|
| Report of Independent Auditors | 1–2 |
| Consolidated Financial Statements | |
| Balance Sheets | 3 |
| Statements of Operations and Changes in Net Assets | 4 |
| Statements of Cash Flows | 5–6 |
| Notes to Consolidated Financial Statements..... | 7–50 |
| Report of Independent Auditors on Supplementary Information | 51 |
| Schedule of Cost of Community Benefit Programs..... | 52 |
| Consolidating Supplemental Schedules..... | 53–56 |
| Notes to Consolidating Supplemental Schedules..... | 57–58 |



Report of Independent Auditors

To the Board of Trustees of Novant Health, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Novant Health, Inc. and Affiliates (the “Company”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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



are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Pricewaterhouse Coopers LLP

March 28, 2022

Novant Health, Inc. and Affiliates
Consolidated Balance Sheets
December 31, 2021 and 2020

| <i>(in thousands of dollars)</i> | 2021 | 2020 |
|--|---------------|--------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 795,602 | \$ 711,822 |
| Accounts receivable, net | 896,263 | 670,736 |
| Short-term investments | 411,440 | 330,742 |
| Current portion of assets limited as to use | 40,627 | 42,674 |
| Receivable for settlement with third-party payors | 16,315 | 25,109 |
| Other current assets | 343,152 | 259,254 |
| Total current assets | 2,503,399 | 2,040,337 |
| Assets limited as to use | 299,263 | 234,676 |
| Long-term investments | 3,514,345 | 2,984,671 |
| Property and equipment, net | 2,883,230 | 2,400,069 |
| Right-of-use assets, net | 520,111 | 493,354 |
| Intangible assets and goodwill, net | 854,249 | 310,047 |
| Investments in affiliates | 53,954 | 54,954 |
| Deferred tax asset | 3,980 | 5,317 |
| Other assets | 135,879 | 128,253 |
| Total assets | \$ 10,768,410 | \$ 8,651,678 |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 54,637 | \$ 54,848 |
| Short-term borrowings | 124,518 | 149,592 |
| Accounts payable | 312,751 | 277,310 |
| Accrued liabilities | 810,460 | 682,673 |
| Current portion of operating lease liabilities | 106,774 | 88,796 |
| Estimated third-party payor settlements | 80,207 | 87,982 |
| Total current liabilities | 1,489,347 | 1,341,201 |
| Long-term debt, net of current portion | 2,610,282 | 1,275,987 |
| Deferred tax liability | 5,201 | 5,194 |
| Operating lease liabilities, net of current portion | 429,628 | 418,011 |
| Derivative financial instruments | 39,260 | 51,803 |
| Employee benefits and other liabilities | 466,152 | 589,583 |
| Total liabilities | 5,039,870 | 3,681,779 |
| Commitments and contingencies | | |
| Net assets | | |
| Without donor restrictions - attributable to Novant Health | 5,630,943 | 4,805,811 |
| Without donor restrictions - noncontrolling interests | 6,675 | 79,252 |
| Total net assets without donor restrictions | 5,637,618 | 4,885,063 |
| With donor restrictions | 90,922 | 84,836 |
| Total net assets | 5,728,540 | 4,969,899 |
| Total liabilities and net assets | \$ 10,768,410 | \$ 8,651,678 |

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, 2021 and 2020

| <i>(in thousands of dollars)</i> | 2021 | 2020 |
|---|---------------------|---------------------|
| Operating revenues and other support | | |
| Net patient service revenues | \$ 6,811,318 | \$ 5,052,794 |
| Other revenue | 584,828 | 629,981 |
| Total operating revenues and other support | <u>7,396,146</u> | <u>5,682,775</u> |
| Operating expenses | | |
| Salaries and employee benefits | 3,924,166 | 3,083,108 |
| Supplies and other | 2,685,642 | 2,073,090 |
| Depreciation and amortization expense | 339,633 | 260,051 |
| Interest expense | 77,696 | 78,022 |
| Total operating expenses | <u>7,027,137</u> | <u>5,494,271</u> |
| Operating income | 369,009 | 188,504 |
| Non-operating income (expense) | | |
| Investment income | 452,815 | 201,823 |
| Loss on extinguishment of debt | (4,456) | (6,208) |
| Income tax expense | (4,793) | (505) |
| Other net periodic pension costs | (576) | (1,459) |
| Excess of revenues over expenses | <u>\$ 811,999</u> | <u>\$ 382,155</u> |
| Other changes in net assets without donor restrictions | | |
| Deconsolidation of Novant Health UVA Health System | (60,185) | - |
| Change in funded status of defined benefit plans | 1,206 | (878) |
| Amortization of deferred loss on derivative financial instruments | 2,984 | 3,180 |
| Other changes in net assets without donor restrictions | (3,449) | (1,184) |
| Increase in net assets without donor restrictions | <u>752,555</u> | <u>383,273</u> |
| Net assets with donor restrictions | | |
| Assumption of net assets with donor restrictions from acquisition | 20,364 | - |
| Deconsolidation of Novant Health UVA Health System | (3,749) | - |
| Contributions and investment income | 31,722 | 11,740 |
| Net assets released from restrictions for operations | (42,251) | (11,636) |
| Increase in net assets with donor restrictions | <u>6,086</u> | <u>104</u> |
| Increase in total net assets | 758,641 | 383,377 |
| Net assets, beginning of period | <u>4,969,899</u> | <u>4,586,522</u> |
| Net assets, end of period | <u>\$ 5,728,540</u> | <u>\$ 4,969,899</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, 2021 and 2020

(in thousands of dollars)

| | 2021 | 2020 |
|---|--------------------|------------------|
| Cash flows from operating activities | | |
| Increase in net assets | \$ 758,641 | \$ 383,377 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities | | |
| Depreciation, amortization and accretion | 340,303 | 259,735 |
| Loss (gain) on sale of consolidated entities | 29,682 | (6,500) |
| Change in net assets due to sale of consolidated affiliate | 63,934 | - |
| Loss on extinguishment of debt | 4,456 | 6,208 |
| Actuarial loss on pension and postretirement benefits | 1,162 | 1,253 |
| Change in funded status of defined benefit plans | (1,206) | 878 |
| Share of earnings in affiliates, net of distributions | 12,153 | 17,196 |
| Net realized and unrealized gains on assets limited as to use and investments | (401,591) | (164,305) |
| Change in fair value of interest rate swaps | (12,543) | 7,906 |
| Contributions restricted for capital | (11,743) | (1,468) |
| Changes in operating assets and liabilities, net of assets acquired and liabilities assumed | | |
| Accounts receivable | (147,043) | (92,662) |
| Accounts payable and accrued liabilities | (10,076) | 178,105 |
| Medicare advanced (repayments) payments | (70,228) | 373,718 |
| Long-term liabilities | 89,462 | 54,624 |
| Other current assets | (15,578) | (28,406) |
| Third-party payor settlements | (1,712) | 42,742 |
| Deferred taxes, net | 1,344 | 1,300 |
| Other assets and liabilities, net | (18,105) | (10,514) |
| Net cash provided by operating activities | <u>611,312</u> | <u>1,023,187</u> |
| Cash flows from investing activities | | |
| Capital expenditures | (288,021) | (372,021) |
| Proceeds from sales of long-term investments | 1,603,097 | 1,910,189 |
| Purchase of long-term investments | (1,571,345) | (2,278,671) |
| Proceeds from sales of short-term investments | 543,419 | 341,485 |
| Purchase of short-term investments | (627,104) | (477,778) |
| Proceeds from sale of property and equipment | 17,800 | 2,821 |
| Proceeds from sale of consolidated entities, net of cash disposed | 115,905 | 8,500 |
| Acquisition of business, net of cash acquired | (1,509,769) | - |
| Investments in unconsolidated affiliates | (11,631) | (2,759) |
| Other investing activities | (1,663) | (1,145) |
| Net cash used in investing activities | <u>(1,729,312)</u> | <u>(869,379)</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, 2021 and 2020

(in thousands of dollars)

| | 2021 | 2020 |
|--|---------------------|-------------------|
| Cash flows from financing activities | | |
| Principal payments on long-term debt | (16,151) | (288,136) |
| Proceeds from long-term debt | 1,491,682 | 264,165 |
| (Payments on) proceeds from repurchase agreements, net | (25,000) | 61,124 |
| Proceeds from sale of accounts receivable | 28,408 | 32,109 |
| Contributions from consolidated affiliate | 54,544 | - |
| Extinguishment of bonds | (145,228) | - |
| Proceeds from revolving credit facility | 1,600,000 | 675,000 |
| Payments on revolving credit facility | (1,600,000) | (675,000) |
| Other financing activities | 8,533 | 4,559 |
| | <u>1,396,788</u> | <u>73,821</u> |
| Net cash provided by financing activities | 1,396,788 | 73,821 |
| Net increase in cash, cash equivalents and restricted cash | 278,788 | 227,629 |
| Cash, cash equivalents and restricted cash | | |
| Beginning of year | <u>861,678</u> | <u>634,049</u> |
| End of year | <u>\$ 1,140,466</u> | <u>\$ 861,678</u> |

| | 2021 | 2020 |
|--|-------------|-------------|
| Supplemental disclosure of cash flow information | | |
| Interest paid | \$ 82,960 | \$ 74,806 |
| Income taxes paid | 5,203 | 2,945 |
| Supplemental disclosure of noncash financing and investing activities | | |
| Property and equipment financed through current liabilities | 49,719 | 37,090 |

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:

| | 2021 | 2020 |
|---|---------------------|-------------------|
| Cash and cash equivalents | \$ 795,602 | \$ 711,822 |
| Restricted cash included in assets limited as to use: | | |
| Bond proceeds | 9,989 | 18,180 |
| Nonqualified plans | 8,967 | 10,791 |
| Transition stabilization escrow (footnote 4) | 62,757 | - |
| Other | 13,045 | 12,152 |
| Cash and cash equivalents included in long-term investments | <u>250,106</u> | <u>108,733</u> |
| Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | <u>\$ 1,140,466</u> | <u>\$ 861,678</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, 2021 and 2020

(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, South Carolina and Georgia. The Novant Health network consists of over 2,300 physicians and over 35,000 team members at more than 800 locations, including 14 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 6 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, 2021 and 2020

(in thousands of dollars)

Restricted Cash

Novant Health holds cash that is restricted by the Company to purchase investments, pay participants in the Company's nonqualified plan, make payments related to the transition stabilization fund and fund expenditures with proceeds of the Series 2019 A bonds. Restricted cash balances were \$344,864 and \$149,856 as of December 31, 2021 and 2020, respectively, and are classified as current or 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

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

Other Current Assets

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

Investments

Debt investments are classified as trading securities. All debt investments are designated as trading at the time of acquisition. Unrealized gains and losses on debt and equity investments are included in 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.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(in thousands of dollars)

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, 2021 and 2020, the Company held \$30,233 and \$12,362, respectively, of 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, the transition stabilization fund and assets designated for specific purposes by the Board of Trustees.

Derivatives

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

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

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(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 \$286,220 at December 31, 2021.

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, 2021 and 2020

(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. Novant has elected to evaluate goodwill triggering events at the end of each reporting period. If it is more likely than not that the indefinite-lived asset is impaired, additional testing for impairment is required. GAAP prescribes that impairment for indefinite-lived intangibles is evaluated by comparing the fair value of the asset with its carrying amount. If the carrying amount exceeds the fair value, an impairment loss is recognized as the amount of that excess.

Impairment tests are performed at the reporting unit level for units that have goodwill. If it is more likely than not that the fair value of the reporting unit exceeds the carrying value of the reporting unit, additional impairment testing is not required. If it is more likely than not that the carrying value of the reporting unit exceeds the fair value of the reporting unit, additional testing for impairment is required. 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, reinsurance receivables, deferred rent income 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, 2021 and 2020

(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.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(in thousands of dollars)

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, loss on extinguishment of debt, income tax expense and other net periodic pension costs.

Novant Health receives supplemental Medicaid payments from the state of North Carolina through a federally approved disproportionate share program ("Medicaid DSH"). During 2012, the federal government approved an amendment to the Medicaid DSH plan. This amendment, referred to as the Medicaid Gap Assessment Program ("GAP"), 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. During 2021, Novant Health received \$154,925 and paid \$70,659 for GAP. During 2020, Novant Health received \$186,180 and paid \$81,360 for GAP. On July 1, 2021, the state of North Carolina implemented a Medicaid Managed Care program. As part of this initiative, Medicaid recipients began receiving Medicaid services through newly established Medicaid Managed Care health plans. This program also included changes to the way providers are reimbursed for inpatient Medicaid services provided to patients. Hospitals began receiving hospital-specific base rates for inpatient services and GAP payments were eliminated. Hospitals throughout the state of North Carolina, including Novant Health hospitals, continue to pay an assessment in order to help fund this program. Novant Health paid \$40,566 in Medicaid Managed Care assessments in 2021.

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

Other Revenue

Other revenue consists primarily of revenue from provider relief funds, earnings from investments in affiliates accounted for using the equity method of accounting, retail pharmacy revenue, revenue from management services agreements, revenue from pay-for-performance contracts, gains (losses) 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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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.

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. Novant Health began experiencing improvement in patient volumes in June 2020 as restrictions were eased and elective surgeries and procedures were able to resume. During the year ended December 31, 2021, the COVID pandemic, and specifically the spread of the Delta and Omicron variants, continued to negatively impact patient volumes and operating expenses. 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 considered its long-lived and intangible assets for indicators of impairment. While COVID-19 has adversely impacted Novant Health's operating results, this impact was mitigated by the actions undertaken by Federal, state and local authorities, and the Company does not believe that the effects were significant enough to indicate impairment as of and for the years ended December 31, 2021 and 2020. As described above, patient volumes rebounded after the initial wave of the pandemic and the Company anticipates returning to pre-pandemic levels following the most recent waves. Novant Health will continue to assess potential indicators of impairment in all future periods.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(in thousands of dollars)

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 2021 and 2020, Novant Health received \$21,151 and \$240,224 of CARES Act funding. For the years ended December 31, 2021 and 2020, \$30,385 and \$205,924 were recognized as other operating revenue in the consolidated statements of operations and changes in net assets. As of December 31, 2021 and 2020, \$21,117 and \$34,300, respectively, are included in estimated third-party payor settlements on the consolidated balance sheets and may be recorded as revenue in future periods or refunded, subject to certain terms and conditions and ongoing regulatory clarifications.

Medicare Accelerated and Advanced Payment Program

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

Employer Payroll Tax Deferrals

Under the provisions of the CARES Act, in 2020, employers were allowed to defer payment of the employer share of the Social Security tax they otherwise are responsible for submitting to the federal government with respect to their employees. Employers generally are responsible for paying a 6.2 percent tax on employee wages. The provision required that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021, and the other half by December 31, 2022. The Company had \$35,989 and \$71,978 of payroll tax deferrals in accrued liabilities and employee benefits and other liabilities on the consolidated balance sheets as of December 31, 2021 and 2020, respectively.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

4. Organizational Changes

Sale of Ownership Interest in Novant Health UVA Health System

On May 18, 2021, Novant Health entered into an agreement to withdraw as a member of the Novant Health UVA Health System (the "JOC"). Closing of the transactions contemplated in the Withdrawal Agreement occurred on July 1, 2021, at which time Novant Health ceased to be a member of the JOC. During 2021 and 2020, the JOC contributed \$237,773 and \$450,800 in operating revenues and other support and \$5,656 and \$3,439 in operating income. Novant Health received \$237,810, of which \$54,544 related to debt defeasance and \$183,266 was in exchange for the sale. The sale resulted in a loss of \$29,682 which is included in other revenue in the consolidated statements of operations and changes in net assets for the year ended December 31, 2021.

Acquisition of New Hanover Regional Medical Center

On February 1, 2021, a wholly owned subsidiary of Novant Health, Inc. purchased substantially all of the assets of New Hanover Regional Medical Center ("NHRMC") located in Wilmington, NC as well as certain assets of New Hanover County used by New Hanover Regional Medical Center in the delivery of health care services. The purchase also includes ownership interest or board control of the subsidiaries of New Hanover Regional Medical Center, most significantly, its physician practices which provide patient care at 55 locations. NHRMC includes 800 licensed beds and is the primary referral hospital in the region, with specialty centers in cardiac, cancer, obstetrics, trauma, vascular surgery, intensive care, rehabilitation and psychiatry. The total purchase price paid for the acquisition was \$1,557,094. In order to finance the transaction, on January 29, 2021, Novant Health amended its Revolving Credit Agreement to increase the borrowing limit to \$1,600,000 and extend the maturity date to July 29, 2022. On April 8, 2021, Novant Health issued \$1,500,000 of taxable fixed rate bonds and subsequently used the proceeds of these bonds to pay down \$1,493,000 of the outstanding balance on the Revolving Credit Agreement.

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

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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

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

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

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

The following table provides certain unaudited pro forma information for Novant Health, Inc. as if the NHRMC acquisition had occurred at the beginning of the year ended December 31, 2020:

| | Year Ended December 31 | |
|--------------------------------------|------------------------|--------------|
| | 2021 | 2020 |
| Operating revenues and other support | \$ 7,511,920 | \$ 7,094,843 |
| Operating income | 348,817 | 288,012 |

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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 2021 and 2020.

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, 2021 and 2020, additional revenue of \$22,700 and \$25,900, 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, 2021 and 2020.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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

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

| | 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 |

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, 2021, the factored notes and the related liabilities were \$49,435 and \$61,813, respectively. As of December 31, 2020, the factored notes and the related liabilities were \$54,001 and \$67,548, respectively.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

Other Revenue

In addition to net patient service revenue, Novant Health also recognizes revenue from other transactions. Revenue from these transactions is recognized when obligations under the terms of the respective contract are satisfied and is measured as the amount of consideration the Company expects to receive from those services. The Company recognizes rental income in accordance with GAAP on a straight-line basis over the lease term. Other revenue is comprised of the following for the years ended December 31:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Pharmacy revenue | \$ 310,195 | \$ 207,202 |
| Pay-for-performance contracts | 67,531 | 54,364 |
| Provider relief funds | 30,385 | 240,224 |
| Management services agreements | 12,087 | 1,190 |
| (Loss) gain on sale of consolidated entities | (29,682) | 6,500 |
| Equity in earnings of affiliates | (4,062) | 17,685 |
| Rental income | 9,955 | 11,106 |
| Other miscellaneous revenues | 188,419 | 91,710 |
| | <u>\$ 584,828</u> | <u>\$ 629,981</u> |

6. Charity Care and Community Benefit

In accordance with Novant Health's mission to improve the health of its communities one person at a time, Novant Health facilities accept patients regardless of their ability to pay. At acute facilities, uninsured patients qualify for a full write-off of their bills if their household income is at or below 300% of the federal poverty level. Novant Health also offers a catastrophic discount for patients with an account balance greater than \$5, flexible payment plans, and discounts for uninsured patients who do not qualify for the charity care program. In addition to these programs for hospitals, Novant Health physician groups and outpatient centers also have charity care programs to assist patients in need. The Company's approximate cost of providing care to indigent patients was \$192,780 and \$179,072 for the years ended December 31, 2021 and 2020, respectively. Novant Health estimates the costs of providing traditional charity care using each facility's estimated ratio of costs to charges. Funds received from gifts or grants to subsidize charity services provided were \$12,678 and \$3,596 for the years ended December 31, 2021 and 2020, respectively.

7. Other Current Assets

Other current assets consist of the following at December 31:

| | 2021 | 2020 |
|-------------------|-------------------|-------------------|
| Inventory | \$ 159,792 | \$ 118,718 |
| Prepays | 78,237 | 54,157 |
| Other receivables | 105,123 | 86,379 |
| | <u>\$ 343,152</u> | <u>\$ 259,254</u> |

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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:

| | 2021 | 2020 |
|--------------------------------------|-------------------|-------------------|
| Certificates of deposit | \$ 10,623 | \$ 10,619 |
| Fixed income - corporate and other | - | 10,967 |
| Fixed income - government securities | <u>400,817</u> | <u>309,156</u> |
| | <u>\$ 411,440</u> | <u>\$ 330,742</u> |

Assets Limited as to Use

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

| | <u>2021</u> | | <u>2020</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 | \$ 9,111 | \$ 6,477 | \$ 12,645 | \$ 22,140 |
| Transition stabilization fund | 8,000 | 54,757 | - | - |
| Held by bond trustee | 9,989 | - | 18,180 | - |
| Designated by board to service benefit plans | <u>13,527</u> | <u>238,029</u> | <u>11,849</u> | <u>212,536</u> |
| | <u>\$ 40,627</u> | <u>\$ 299,263</u> | <u>\$ 42,674</u> | <u>\$ 234,676</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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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

| | 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> |

Long-term investments carried at net asset value (“NAV”) represent interests in private investment companies that do not trade in an active market and may be redeemed or liquidated only after giving notice to the investment company, with notice periods ranging from daily to 120 days. The investments are held in U.S. and international equities and emerging markets. The Company has elected to value the investments using NAV as reported by the investment company without adjustment, unless it is probable that the investment will be sold at a value significantly different than the reported NAV. At December 31, 2021 and 2020 we have not made any adjustments to the NAVs reported by the investment companies. The Company has the ability to redeem its interests at or within 120 days of the financial statement date.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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 13.5% and 14.1% of total long-term investments held at December 31, 2021 and 2020, 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, 2021 and 2020, Novant Health had future commitments of \$350,903 and \$343,566, 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:

| | 2021 | 2020 |
|------------------------------|-------------------|-------------------|
| Income | | |
| Interest and dividend income | \$ 51,224 | \$ 37,518 |
| Net realized gains | 322,620 | 37,347 |
| Net unrealized gains | <u>78,971</u> | <u>126,958</u> |
| | <u>\$ 452,815</u> | <u>\$ 201,823</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 \$7,636 and \$7,629 for the years ended December 31, 2021 and 2020, respectively.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

Liquidity and Availability

As of December 31, 2021 and 2020, Novant Health has working capital of \$1,014,052 and \$699,136, respectively.

| Financial assets at year-end: | 2021 | 2020 |
|---|--------------|--------------|
| Cash and cash equivalents | \$ 795,602 | \$ 711,822 |
| Accounts receivable, net | 896,263 | 670,736 |
| Short-term investments | 411,440 | 330,742 |
| Assets limited as to use | 339,890 | 277,350 |
| Receivable for settlement with third-party payors | 16,315 | 25,109 |
| Other current assets | 105,123 | 86,379 |
| Long-term investments | 3,514,345 | 2,984,671 |
| Other assets | 47,136 | 37,665 |
| Total financial assets | \$ 6,126,114 | \$ 5,124,474 |
| | | |
| Less amounts not available: | | |
| Long-term investments with liquidity horizons greater than one year | 696,697 | 459,562 |
| Assets limited as to use | 339,890 | 277,350 |
| Donor restricted funds | 90,922 | 84,836 |
| Financial assets not available to be used within one year | \$ 1,127,509 | \$ 821,748 |
| | | |
| Financial assets available to meet general expenditures within one year | \$ 4,998,605 | \$ 4,302,726 |

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 \$300,000 line of credit, as discussed in Note 16, *Long-Term Debt*. As of December 31, 2021, \$300,000 was available on the line of credit. As of December 31, 2021, the Company was in compliance with financial covenants as discussed in Note 16, *Long-Term Debt*.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(in thousands of dollars)

9. Fair Value Measurements

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

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Novant Health follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

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

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

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

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

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

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

As of December 31, 2021 and 2020, 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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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

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

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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 |

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

The table below sets forth a summary of the changes in the fair value of the Level 3 investment for the years ended December 31, 2021 and 2020:

| | U.S. Equities |
|-----------------------------------|----------------------|
| Balance at December 31, 2020 | \$ 12,362 |
| New investments | 16,501 |
| Distribution received | (2,027) |
| Unrealized gain | <u>3,397</u> |
| Balance at December 31, 2021 | <u>\$ 30,233</u> |
| 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 2021, there were no transfers between levels. 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:

| | 2021 | 2020 |
|-------------------------------------|---------------------|---------------------|
| Land and land improvements | \$ 413,167 | \$ 409,302 |
| Leasehold improvements | 571,760 | 267,520 |
| Buildings and building improvements | 2,599,209 | 2,388,551 |
| Equipment | 1,899,791 | 2,101,953 |
| Software | 620,015 | 539,339 |
| Construction-in-progress | <u>186,120</u> | <u>155,046</u> |
| | 6,290,062 | 5,861,711 |
| Less: Accumulated depreciation | <u>(3,406,832)</u> | <u>(3,461,642)</u> |
| | <u>\$ 2,883,230</u> | <u>\$ 2,400,069</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 2021 or 2020.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

Depreciation expense for the years ended December 31, 2021 and 2020 was \$333,471 and \$257,293, respectively. Construction contracts of approximately \$592,588 exist for the construction of new hospitals and facilities, expansion of existing hospitals and facility renovations. At December 31, 2021, the remaining commitment on these contracts was \$371,107.

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 | 2021 | 2020 |
|-----------------------------------|--|-------------------|-------------------|
| Assets: | | | |
| Operating lease assets | | \$ 512,989 | \$ 486,099 |
| Finance lease assets | | 7,122 | 7,255 |
| Total leased assets | | <u>\$ 520,111</u> | <u>\$ 493,354</u> |
| Liabilities: | | | |
| Operating lease liabilities | | | |
| Current | | \$ 106,774 | \$ 88,796 |
| Long-term | | <u>429,628</u> | <u>418,011</u> |
| Total operating lease liabilities | | 536,402 | 506,807 |
| Finance lease liabilities | | | |
| Current | Current portion of long-term debt | 1,248 | 857 |
| Long-term | Long-term debt, net of current portion | <u>6,317</u> | <u>6,467</u> |
| Total finance lease liabilities | | <u>7,565</u> | <u>7,324</u> |
| Total lease liabilities | | <u>\$ 543,967</u> | <u>\$ 514,131</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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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.

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>2021</u> | <u>2020</u> |
|---------------------------------------|-------------------|-------------------|
| Operating leases ⁽¹⁾ | \$ 125,226 | \$ 106,690 |
| Variable lease expense ⁽¹⁾ | 12,402 | 11,735 |
| Finance lease expense: | | |
| Amortization of leased assets | 539 | 492 |
| Interest on lease liabilities | 40 | 47 |
| | <u>\$ 138,207</u> | <u>\$ 118,964</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>2021</u> | <u>2020</u> |
|---|-------------|-------------|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows for operating leases | \$ 121,228 | \$ 102,015 |
| Operating cash flows for finance leases | 506 | 441 |
| Financing cash flows for finance leases | 40 | 47 |

The Company entered into agreements to obtain right-of-use assets that created lease liabilities which resulted in noncash operating activities of \$67,454 and \$59,384 and noncash financing and investing activities of \$0 and \$7,288 for the years ended December 31, 2021 and 2020, respectively.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

Future maturities of lease liabilities at December 31, 2021 are presented in the following table:

| | <u>Operating Leases</u> | <u>Finance Leases</u> | <u>Total</u> |
|-----------------------------|-------------------------|-----------------------|--------------|
| 2022 | \$ 117,766 | \$ 1,275 | \$ 119,041 |
| 2023 | 104,433 | 1,288 | 105,721 |
| 2024 | 87,905 | 1,298 | 89,203 |
| 2025 | 72,169 | 896 | 73,065 |
| 2026 | 59,746 | 777 | 60,523 |
| Thereafter | 141,019 | 2,174 | 143,193 |
| Total lease payments | 583,038 | 7,708 | 590,746 |
| Less: Imputed interest | (46,636) | (143) | (46,779) |
| Total lease obligations | 536,402 | 7,565 | 543,967 |
| Less: Current obligations | (106,774) | (1,248) | (108,022) |
| Long-term lease obligations | \$ 429,628 | \$ 6,317 | \$ 435,945 |

At December 31, 2021, the weighted average remaining lease term for operating leases is 6.7 years and the weighted average discount rate is 2.4%. For finance leases, the weighted average remaining lease term is 6.6 years and the weighted average discount rate is 5.1%.

Novant Health is also a lessor and sublessor of real estate under operating leases. At December 31, 2021 and 2020, \$12,506 and \$12,283, respectively, of deferred rent was recorded in the consolidated balance sheets as a component of other assets. Lease income for the periods ended December 31, 2021 and 2020 was \$9,955 and \$11,106, 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, 2021 and 2020, land and buildings with a net book value of \$12,718 and \$14,888, 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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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

| Years Ending December 31 | |
|---------------------------------|-------------------|
| 2022 | \$ 5,475 |
| 2023 | 3,484 |
| 2024 | 3,155 |
| 2025 | 2,690 |
| 2026 | 2,415 |
| Thereafter | <u>118,930</u> |
| | <u>\$ 136,149</u> |

12. Intangible Assets and Goodwill

Intangible assets consist of the following at December 31:

| | <u>Gross</u> <u>Intangible</u> | <u>Accumulated</u> <u>Amortization</u> | <u>Net</u> <u>Intangible</u> |
|--|-----------------------------------|---|---------------------------------|
| Balance at December 31, 2021 | | | |
| Unamortized intangible assets | | | |
| Certificates of need | \$ 73,688 | \$ - | \$ 73,688 |
| Total unamortized intangible assets | <u>73,688</u> | <u>-</u> | <u>73,688</u> |
| Amortized intangible assets | | | |
| Business relationships | 44,299 | (23,757) | 20,542 |
| Corporate trade name and other intangibles | <u>109,753</u> | <u>(10,139)</u> | <u>99,614</u> |
| Total amortized intangible assets | <u>154,052</u> | <u>(33,896)</u> | <u>120,156</u> |
| Total intangible assets | <u>\$ 227,740</u> | <u>\$ (33,896)</u> | <u>\$ 193,844</u> |
| Balance at December 31, 2020 | | | |
| Unamortized intangible assets | | | |
| Certificates of need | \$ 67,311 | \$ - | \$ 67,311 |
| Total unamortized intangible assets | <u>67,311</u> | <u>-</u> | <u>67,311</u> |
| Amortized intangible assets | | | |
| Business relationships | 44,299 | (22,009) | 22,290 |
| Corporate trade name and other intangibles | <u>25,161</u> | <u>(8,150)</u> | <u>17,011</u> |
| Total amortized intangible assets | <u>69,460</u> | <u>(30,159)</u> | <u>39,301</u> |
| Total intangible assets | <u>\$ 136,771</u> | <u>\$ (30,159)</u> | <u>\$ 106,612</u> |

Amortization expense related to intangible assets was \$5,540 and \$2,728 for the periods ended December 31, 2021 and 2020, respectively. Estimated annual amortization expense for intangible assets for the year 2021 is \$5,599 per year for 2022 through 2026.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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

| | 2021 | 2020 |
|---|-------------------|-------------------|
| As of January 1 | | |
| Goodwill, net of accumulated amortization | \$ 235,585 | \$ 241,596 |
| Accumulated impairment losses | <u>(32,150)</u> | <u>(37,563)</u> |
| | 203,435 | 204,033 |
| Additions | 481,129 | - |
| Disposals | <u>(24,159)</u> | <u>(598)</u> |
| | <u>660,405</u> | <u>203,435</u> |
| As of the end of the period | | |
| Goodwill, net of accumulated amortization | 692,555 | 235,585 |
| Accumulated impairment losses | <u>(32,150)</u> | <u>(32,150)</u> |
| | <u>\$ 660,405</u> | <u>\$ 203,435</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 2021 or 2020. 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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

13. Investments in Affiliates

Novant Health has noncontrolling interests in 23 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, 2021 and 2020 is as follows:

| Investee | % Ownership | | Investment Balance | | Share of Earnings of Investee | |
|---|-------------|---------|--------------------|------------------|-------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Advanced Services | 23% | 23% | \$ 4,319 | \$ 5,253 | \$ 1,403 | \$ 10,697 |
| Radiation Oncology Centers of the Carolinas LLC | 50% | 50% | 16,265 | 15,981 | 2,860 | 3,014 |
| Novant Health Rehabilitation Hospital | 50% | 50% | 18,104 | 15,626 | 2,478 | 2,210 |
| Providence Plaza LLC | 30% | 30% | 4,692 | 4,636 | 325 | 280 |
| Other | Various | Various | 10,574 | 13,458 | (11,128) | 1,484 |
| | | | <u>\$ 53,954</u> | <u>\$ 54,954</u> | <u>\$ (4,062)</u> | <u>\$ 17,685</u> |

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

| | 2021 | 2020 |
|-------------------------------------|------------|------------|
| Assets | \$ 199,941 | \$ 194,936 |
| Liabilities | 94,462 | 106,797 |
| Equity | 105,479 | 88,139 |
| Total revenue | 95,516 | 141,066 |
| Total expenses | 96,136 | 82,328 |
| Net income | (620) | 58,738 |
| Novant Health's share of net income | (4,062) | 17,685 |

14. Other Assets

Other assets consist of the following at December 31:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Notes receivable and other | \$ 71,135 | \$ 70,764 |
| Cash surrender value of insurance policies | 37,011 | 32,681 |
| Deferred rent income | 12,507 | 12,283 |
| Pledges receivable | 10,125 | 4,984 |
| Reinsurance receivables | 5,101 | 7,541 |
| | <u>\$ 135,879</u> | <u>\$ 128,253</u> |

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

15. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Accrued compensation | \$ 371,861 | \$ 335,863 |
| Medicare advanced payments, current portion | 224,835 | 173,385 |
| Payroll taxes and withholdings | 44,138 | 39,754 |
| Interest | 13,224 | 6,562 |
| Postretirement benefit liability | 1,292 | 1,267 |
| Other accrued liabilities | 105,420 | 80,650 |
| Self-insurance | | |
| Employee medical claims liability | 34,688 | 27,472 |
| Malpractice and workers' compensation liability, current portion | 15,002 | 17,720 |
| | <u>\$ 810,460</u> | <u>\$ 682,673</u> |

16. Long-Term Debt

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

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Tax-exempt revenue bonds | \$ 625,300 | \$ 775,575 |
| Taxable revenue bonds | <u>1,750,000</u> | <u>250,000</u> |
| Total bonds | 2,375,300 | 1,025,575 |
| Taxable term loan | 264,165 | 264,165 |
| Finance lease obligations and other notes payable | <u>16,236</u> | <u>19,648</u> |
| | 2,655,701 | 1,309,388 |
| Unamortized premium or discount, net | 22,686 | 27,622 |
| Unamortized debt issuance costs, net | <u>(13,468)</u> | <u>(6,175)</u> |
| | 2,664,919 | 1,330,835 |
| Less: Current maturities | <u>(54,637)</u> | <u>(54,848)</u> |
| | <u>\$ 2,610,282</u> | <u>\$ 1,275,987</u> |

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

Tax-Exempt Revenue Bonds

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

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Series 2019 A Current Interest Term Bonds, bearing interest at rates ranging from 3.1% to 4.0% payable semi-annually with mandatory redemption beginning in 2047 | \$ 306,985 | \$ 306,985 |
| Series 2013 A Current Interest Term Bonds and Serial Bonds, bearing interest at rates ranging from 3.125% to 5.0% payable semi-annually and maturing through 2046; principal payments began in 2014 | 119,210 | 120,135 |
| Series 2013 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 | - | 136,360 |
| 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 | 64,105 | 77,095 |
| Series 2004 A and B Variable Rate Demand Bonds, bearing interest at variable rates payable monthly and maturing through 2034; principal payments begin in 2025 | 135,000 | 135,000 |
| | <u>\$ 625,300</u> | <u>\$ 775,575</u> |

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.

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(in thousands of dollars)

The bond agreements provide for early redemption periods of the bonds prior to mandatory redemption, subject to a premium in certain circumstances, as defined in the agreements. In accordance with the bond indenture agreements, the bonds are general, unsecured obligations of Novant Health. The bond indentures require Novant Health to cause the Restricted Affiliates to comply with certain covenants, including the maintenance of a minimum debt service coverage ratio and a minimum number of days cash on hand. As of December 31, 2021 and 2020, 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, 2021 and 2020.

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

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

Taxable Revenue Bonds

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

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

Taxable Term Loan

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

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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

| | | |
|------------|----|------------------|
| 2022 | \$ | 17,810 |
| 2023 | | 24,017 |
| 2024 | | 19,959 |
| 2025 | | 17,948 |
| 2026 | | 18,577 |
| Thereafter | | <u>2,557,390</u> |
| | \$ | <u>2,655,701</u> |

Novant Health capitalized \$1,765 and \$5,437 of interest in 2021 and 2020, respectively.

Revolving Credit Facility

In April 2020, Novant Health entered into a \$950,000 Revolving Credit Agreement. Effective January 29, 2021, the Senior Revolving Credit agreement was amended to increase the borrowing limit to \$1,600,000 and extend the maturity date to July 29, 2022. The full available amount was borrowed to fund the acquisition of New Hanover Regional Medical Center's assets. The proceeds of the issuance of the Series 2021 A Bonds were used to pay down \$1,493,000 of the outstanding balance. The remaining balance was paid with cash. In April 2021, the available balance was reduced to \$300,000. Borrowings bear interest at variable rates. At December 31, 2021, \$300,000 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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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 ranging from 94% to 98% of the fair value of the securities to be repurchased during January 2022 at interest rates ranging from 0.25% to 3.00%. At December 31, 2021 and 2020, the fair value amounts outstanding were \$124,518 and \$149,592, respectively. The interest rate on the outstanding balances at December 31, 2021 is 0.14%. The maturity dates of the agreements are under four 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 \$64,105. 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 \$46,300 and \$17,805 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 which is included in interest expense in the consolidated statements of operations and changes in net assets for the years ended December 31:

| | 2021 | 2020 |
|--|-----------------|--------------------|
| Change in fair value of non-hedged interest rate swaps | \$ 12,543 | \$ (7,906) |
| Amortization of deferred loss | (2,984) | (3,180) |
| | <u>\$ 9,559</u> | <u>\$ (11,086)</u> |

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

19. Employee Benefits and Other Liabilities

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

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Deferred compensation liabilities | \$ 234,257 | \$ 198,519 |
| Employee benefits and other | 67,470 | 119,796 |
| Transition stabilization fund | 54,757 | - |
| Medicare advanced payments, net of current portion | 41,193 | 200,333 |
| Self-insurance malpractice and workers' compensation, net of current portion | 42,515 | 44,139 |
| Deferred gains | 4,276 | 3,451 |
| Postretirement benefit liability, net of current portion | 19,459 | 20,955 |
| Pension liability, net of current portion | 2,225 | 2,390 |
| | <u>\$ 466,152</u> | <u>\$ 589,583</u> |

20. Income Taxes

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

| | 2021 | 2020 |
|---------------------------------------|-----------------|---------------|
| Current tax expense (benefit) | | |
| Federal | \$ 2,957 | \$ (892) |
| State | 550 | 97 |
| | <u>3,507</u> | <u>(795)</u> |
| Deferred tax expense (benefit) | | |
| Federal | 1,209 | 1,422 |
| State | 77 | (122) |
| | <u>1,286</u> | <u>1,300</u> |
| | <u>\$ 4,793</u> | <u>\$ 505</u> |

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

The components of deferred taxes are as follows:

| | 2021 | 2020 |
|---|-------------------|-----------------|
| Deferred tax assets | | |
| Loss carryforwards | \$ 15,370 | \$ 16,493 |
| Deferred charge for intercompany transfer | 4,074 | 5,329 |
| Allowance for doubtful accounts | 715 | 954 |
| Accrued expenses | 3,332 | 3,748 |
| Future deductions- operating leases | 3,092 | 3,360 |
| Total deferred tax assets | <u>26,583</u> | <u>29,884</u> |
| Deferred tax liabilities | | |
| Intangible assets | (5,873) | (5,840) |
| Property and equipment | (85) | (564) |
| Right-of-use assets | (3,032) | (3,295) |
| Other | - | (1,087) |
| Total deferred tax liabilities | <u>(8,990)</u> | <u>(10,786)</u> |
| Valuation allowance | <u>(18,814)</u> | <u>(18,975)</u> |
| Net deferred tax (liability) asset | <u>\$ (1,221)</u> | <u>\$ 123</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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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, 2021 and 2020, management has determined that based on all available evidence, a valuation allowance of \$18,814 and \$18,975, respectively, is appropriate.

As of December 31, 2021, the Company had approximately \$74,009 of federal and \$50,135 of state loss carryforwards available to reduce taxable income. \$62,324 of the loss carryforwards expire through 2039 and the remainder do not expire. In addition, at December 31, 2021, the Company had approximately \$9,868 of federal and \$614 of state contribution carryforwards available to reduce taxable income.

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

| | 2021 | 2020 |
|--------------------|-----------------|---------------|
| Federal taxes | \$ 4,166 | \$ 530 |
| State income taxes | <u>627</u> | <u>(25)</u> |
| | <u>\$ 4,793</u> | <u>\$ 505</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, 2021 and 2020.

21. Employee Benefit Plans and Other Postretirement Benefit Plans

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

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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. The unfunded obligation in the consolidated balance sheets at December 31, 2021 and 2020 was \$20,751 and \$22,222, respectively. The expense associated with these plans totaled \$(503) for 2021 and \$1,439 for 2020. The discount rate used in determining the benefit obligation ranged between 2.10% and 2.65% for 2021 and 1.70% and 2.35% for 2020. The health care costs increase trend rate used was 6.25% in 2021 and 6.75% in 2020. The health care cost increase trend rate is projected to gradually decline to 4.50% by 2027.

In addition to these plans, Novant Health sponsors a number of defined contribution plans. Contributions are determined under various formulas. Costs related to such plans amounted to \$110,294 and \$87,444 in 2021 and 2020, 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 \$300,391 in 2021 and \$282,126 in 2020.

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, 2020 | \$ 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) | - |
| Amortization of deferred loss on derivative financial instruments | 3,180 | 3,180 | - |
| Other changes in net assets without donor restrictions | <u>(1,184)</u> | <u>137</u> | <u>(1,321)</u> |
| Balance at December 31, 2020 | 4,885,063 | 4,805,811 | 79,252 |
| Excess of revenues over expenses | 811,999 | 811,409 | 590 |
| Deconsolidation of Novant Health UVA Health System | (60,185) | 582 | (60,767) |
| Change in funded status of defined benefit plans | 1,206 | 1,206 | - |
| Amortization of deferred loss on derivative financial instruments | 2,984 | 2,984 | - |
| Other changes in net assets without donor restrictions | <u>(3,449)</u> | <u>8,951</u> | <u>(12,400)</u> |
| Balance at December 31, 2021 | <u>\$ 5,637,618</u> | <u>\$ 5,630,943</u> | <u>\$ 6,675</u> |

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

23. Net Assets with Donor Restrictions

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

| | 2021 | 2020 |
|--------------------------------------|------------------|------------------|
| Buildings and equipment | \$ 19,278 | \$ 41,777 |
| Clinical care, research and academic | 50,992 | 27,651 |
| Charity care | 7,965 | 6,841 |
| Other | 12,687 | 8,567 |
| | <u>\$ 90,922</u> | <u>\$ 84,836</u> |

24. Professional and General Liability Insurance Coverage

Novant Health is self-insured for professional and general liability exposures up to certain limits. The Company has umbrella policies in place above those limits. The provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims and claims incurred but not reported. Novant Health also participates in a self-insured program for workers' compensation and is self-insured for certain health benefits options. A portion of these self-insured professional liabilities is funded through a revocable trust fund operated by Novant Health. This fund was converted to claims-made status on January 1, 2020, and prior reported liabilities under this coverage were placed in run-off. Effective January 1, 2020, funding for self-insured professional liabilities are insured by Novant Health Casualty, LLC, a North Carolina domiciled insurance captive. Coverage terms and umbrella policies of the same or higher limits are in place for the captive. At December 31, 2021 and 2020, undiscounted professional and general liability loss reserves of \$57,517 and \$61,859, respectively, are included in current liabilities and employee benefits and other liabilities on the consolidated balance sheets. Expenses related to these plans amounted to \$26,060 and \$19,181 in 2021 and 2020, respectively.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

25. Commitments and Contingencies

The Company and its affiliates are presently involved in various personal injury, regulatory investigations, tort actions and other claims and assessments arising out of the normal course of business. The Company establishes separate legal reserves when such matters, other than those covered under the Company's self-insured programs, present loss contingencies that are both probable and estimable. Management believes that Novant Health has adequate legal defenses, self-insurance reserves and/or insurance coverage for these asserted claims, as well as any unasserted claims and does not believe these claims will have a material effect on the Company's operations or financial position. The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, 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.

At December 31, 2021, 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 \$26,292. These guarantees extend until October 2026 based on the payment schedule of the underlying agreements. At December 31, 2021, approximately \$675 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:

| | 2021 | 2020 |
|--------------------------|---------------|---------------|
| Medicare | 27.2% | 28.8% |
| Medicaid | 8.9% | 4.7% |
| Other third-party payors | 59.8% | 62.3% |
| Patients | 4.1% | 4.2% |
| | <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, 2021 and 2020

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

| | 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 |

Novant Health, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(in thousands of dollars)

28. Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through March 28, 2022, 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.

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.

Novant Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

(in thousands of dollars)

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.

In March 2021, the FASB issued ASU 2021-03, *Intangibles - Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*. The amendments in this update provide private companies and not-for-profit entities with an accounting alternative to perform the goodwill impairment triggering event evaluation as required in Subtopic 350-20 as of the end of the reporting period, whether the reporting period is an interim or annual period. An entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. An entity that does not elect the accounting alternative for amortizing goodwill and that performs its annual impairment test as of a date other than the annual reporting date should perform a triggering event evaluation only as of the end of the reporting period. Novant Health adopted this guidance via election effective October 1, 2021. Adoption of this guidance did not have a significant impact on the consolidated financial statements of Novant Health.

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

Other Financial Information



Report of Independent Auditors

To the Board of Trustees of
Novant Health, Inc.

We have audited the consolidated financial statements of Novant Health Inc. and its affiliates as of and for the year ended December 31, 2021 and our report thereon appears on pages 1 and 2 of this document which included an unmodified opinion on those consolidated financial statements. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating information as of and for the year ended December 31, 2021 and the supplemental schedule of cost of community benefit programs for the year ended December 31, 2021 appearing on pages 52 – 58 (collectively referred to herein as the “information”) are presented for purposes of additional analysis and is not a required part of the consolidated financial statements nor is it intended to present the financial position, results of operation and cash flows of the individual entities. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information, excluding the schedule of cost of community benefit programs information marked “unaudited,” has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, excluding the schedule of costs of community benefit programs information marked “unaudited,” is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The schedule of costs of community benefit programs information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, accordingly, we do not express an opinion or provide any assurance on it.

PricewaterhouseCoopers LLP

March 28, 2022

Novant Health, Inc. and Affiliates
Schedule of Cost of Community Benefit Programs (unaudited)
December 31, 2021

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:

| | 2021 |
|----------------------------|---------------------|
| Traditional charity care | \$ 192,780 |
| Unpaid cost of Medicare | 727,846 |
| Unpaid cost of Medicaid | 111,485 |
| Community benefit programs | <u>91,614</u> |
| | <u>\$ 1,123,725</u> |

As discussed in Note 2 in the accompanying consolidated financial statements, Novant Health received supplemental Medicaid payments during 2021. These amounts are included in the community benefit amount for 2021.

Novant Health, Inc. and Affiliates
Consolidating Balance Sheet
December 31, 2021

| <i>(in thousands of dollars)</i> | Combined Group | Unrestricted Affiliates | Eliminations | Total |
|--|---------------------------|------------------------------------|---------------------|---------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 573,852 | \$ 221,750 | \$ - | \$ 795,602 |
| Accounts receivable, net | 815,295 | 80,968 | - | 896,263 |
| Short-term investments | 411,280 | 160 | - | 411,440 |
| Current portion of assets limited as to use | 31,516 | 9,111 | - | 40,627 |
| Receivable for settlement with third-party payors | 15,084 | 1,231 | - | 16,315 |
| Other current assets | 334,336 | 45,832 | (37,016) | 343,152 |
| Total current assets | 2,181,363 | 359,052 | (37,016) | 2,503,399 |
| Assets limited as to use | | | | |
| Long-term investments | 282,918 | 16,345 | - | 299,263 |
| Property and equipment, net | 3,158,635 | 355,710 | - | 3,514,345 |
| Operating lease right-of-use assets, net | 2,543,474 | 339,756 | - | 2,883,230 |
| Intangible assets and goodwill, net | 532,017 | 60,736 | (72,642) | 520,111 |
| Investments in affiliates | 626,991 | 227,258 | - | 854,249 |
| Deferred tax asset | 1,655,952 | 24,862 | (1,626,860) | 53,954 |
| Other assets | - | 3,980 | - | 3,980 |
| Other assets | 117,760 | 19,445 | (1,326) | 135,879 |
| Total assets | \$ 11,099,110 | \$ 1,407,144 | \$ (1,737,844) | \$ 10,768,410 |
| Liabilities and Net Assets | | | | |
| Current liabilities | | | | |
| Current portion of long-term debt | \$ 53,992 | \$ 645 | \$ - | \$ 54,637 |
| Short-term borrowings | 124,300 | 218 | - | 124,518 |
| Accounts payable | 298,262 | 22,107 | (7,618) | 312,751 |
| Accrued liabilities | 717,849 | 108,701 | (16,090) | 810,460 |
| Operating lease liabilities | 101,350 | 13,918 | (8,494) | 106,774 |
| Estimated third-party payor settlements | 72,611 | 7,596 | - | 80,207 |
| Due to (from) related organizations | (368,471) | 368,471 | - | - |
| Total current liabilities | 999,893 | 521,656 | (32,202) | 1,489,347 |
| Long-term debt, net of current portion | | | | |
| Deferred tax liability | 2,601,877 | 8,405 | - | 2,610,282 |
| Operating lease liabilities, net of current portion | - | 5,201 | - | 5,201 |
| Derivative financial instruments | 447,208 | 47,953 | (65,533) | 429,628 |
| Employee benefits and other liabilities | 39,260 | - | - | 39,260 |
| Employee benefits and other liabilities | 450,447 | 15,705 | - | 466,152 |
| Total liabilities | 4,538,685 | 598,920 | (97,735) | 5,039,870 |
| Net assets | | | | |
| Without donor restrictions - attributable to Novant Health | 6,560,425 | 710,627 | (1,640,109) | 5,630,943 |
| Without donor restrictions - noncontrolling interests | - | 6,675 | - | 6,675 |
| Total net assets without donor restrictions | 6,560,425 | 717,302 | (1,640,109) | 5,637,618 |
| With donor restrictions | - | 90,922 | - | 90,922 |
| Total net assets | 6,560,425 | 808,224 | (1,640,109) | 5,728,540 |
| Total liabilities and net assets | \$ 11,099,110 | \$ 1,407,144 | \$ (1,737,844) | \$ 10,768,410 |

See accompanying notes to consolidating supplemental schedules.

Novant Health, Inc.
Consolidating Statement of Operations
Year Ended December 31, 2021

| <i>(in thousands of dollars)</i> | Combined Group | Unrestricted Affiliates | Eliminations | Total |
|--|---------------------------|------------------------------------|---------------------|-------------------|
| Operating revenues | | | | |
| Net patient service revenues | \$ 5,943,241 | \$ 868,077 | - | \$ 6,811,318 |
| Other revenue | <u>386,313</u> | <u>303,457</u> | <u>(104,942)</u> | <u>584,828</u> |
| Total operating revenues | <u>6,329,554</u> | <u>1,171,534</u> | <u>(104,942)</u> | <u>7,396,146</u> |
| Operating expenses | | | | |
| Salaries and employee benefits | 3,406,578 | 522,656 | (5,068) | 3,924,166 |
| Supplies and other | 2,222,262 | 552,353 | (88,973) | 2,685,642 |
| Depreciation and amortization expense | 283,559 | 56,074 | - | 339,633 |
| Interest expense | <u>62,821</u> | <u>14,875</u> | <u>-</u> | <u>77,696</u> |
| Total operating expenses | <u>5,975,220</u> | <u>1,145,958</u> | <u>(94,041)</u> | <u>7,027,137</u> |
| Operating income (loss) | 354,334 | 25,576 | (10,901) | 369,009 |
| Non-operating income (expense) | | | | |
| Investment income | 406,024 | 46,791 | - | 452,815 |
| Loss on extinguishment of debt | - | (4,456) | - | (4,456) |
| Income tax expense | (2,951) | (1,842) | - | (4,793) |
| Other net periodic pension costs | <u>(561)</u> | <u>(15)</u> | <u>-</u> | <u>(576)</u> |
| Excess (deficit) of revenues over expenses | <u>\$ 756,846</u> | <u>\$ 66,054</u> | <u>\$ (10,901)</u> | <u>\$ 811,999</u> |

See accompanying notes to consolidating supplemental schedules.

Novant Health, Inc.
Combined Group Combining Balance Sheet
December 31, 2021

| <i>(in thousands of dollars)</i> | Obligated Group | Restricted Affiliates | Eliminations | Combined Group Total |
|---|----------------------------|----------------------------------|---------------------|---------------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 499,027 | \$ 74,825 | \$ - | \$ 573,852 |
| Accounts receivable, net of allowance for doubtful accounts | 560,776 | 254,519 | - | 815,295 |
| Short-term investments | 411,280 | - | - | 411,280 |
| Current portion of assets limited as to use | 23,516 | 8,000 | - | 31,516 |
| Receivable for settlement with third-party payors | 8,779 | 6,305 | - | 15,084 |
| Other current assets | 199,450 | 134,886 | - | 334,336 |
| Total current assets | 1,702,828 | 478,535 | - | 2,181,363 |
| Assets limited as to use | 228,161 | 54,757 | - | 282,918 |
| Long-term investments | 3,158,635 | - | - | 3,158,635 |
| Property and equipment, net | 1,405,719 | 1,137,755 | - | 2,543,474 |
| Operating lease right-of-use assets, net | 244,443 | 287,574 | - | 532,017 |
| Intangible assets and goodwill, net | 49,242 | 577,749 | - | 626,991 |
| Investments in affiliates | 1,742,441 | 164 | (86,653) | 1,655,952 |
| Other assets | 99,417 | 18,343 | - | 117,760 |
| Total assets | <u>\$ 8,630,886</u> | <u>\$ 2,554,877</u> | <u>\$ (86,653)</u> | <u>\$ 11,099,110</u> |
| Liabilities and Net Assets | | | | |
| Current liabilities | | | | |
| Current portion of long-term debt | \$ 52,969 | \$ 1,023 | \$ - | \$ 53,992 |
| Short-term borrowings | 124,300 | - | - | 124,300 |
| Accounts payable | 207,207 | 91,055 | - | 298,262 |
| Accrued liabilities | 479,171 | 238,678 | - | 717,849 |
| Operating lease liabilities | 41,461 | 59,889 | - | 101,350 |
| Estimated third-party payor settlements | 45,071 | 27,540 | - | 72,611 |
| Due to (from) related organizations | (638,279) | 269,808 | - | (368,471) |
| Total current liabilities | 311,900 | 687,993 | - | 999,893 |
| Long-term debt, net of current portion | 2,596,033 | 5,844 | - | 2,601,877 |
| Derivative financial instruments | 39,260 | - | - | 39,260 |
| Operating lease liabilities, net of current portion | 212,742 | 234,466 | - | 447,208 |
| Employee benefits and other liabilities | 360,197 | 90,250 | - | 450,447 |
| Total liabilities | 3,520,132 | 1,018,553 | - | 4,538,685 |
| Net assets | | | | |
| Without donor restrictions - attributable to Novant Health | 5,110,754 | 1,536,324 | (86,653) | 6,560,425 |
| Total net assets | <u>5,110,754</u> | <u>1,536,324</u> | <u>(86,653)</u> | <u>6,560,425</u> |
| Total liabilities and net assets | <u>\$ 8,630,886</u> | <u>\$ 2,554,877</u> | <u>\$ (86,653)</u> | <u>\$ 11,099,110</u> |

See accompanying notes to consolidating supplemental schedules.

Novant Health, Inc.
Combined Group Combining Statement of Operations
December 31, 2021

| <i>(in thousands of dollars)</i> | Obligated Group | Restricted Affiliates | Eliminations | Combined Group Total |
|---------------------------------------|----------------------------|----------------------------------|---------------------|---------------------------------|
| Operating revenues | | | | |
| Net patient service revenues | \$ 3,084,772 | \$ 2,858,469 | \$ - | \$ 5,943,241 |
| Other revenue | <u>196,584</u> | <u>208,877</u> | <u>(19,148)</u> | <u>386,313</u> |
| Total operating revenues | <u>3,281,356</u> | <u>3,067,346</u> | <u>(19,148)</u> | <u>6,329,554</u> |
| Operating expenses | | | | |
| Salaries and employee benefits | 1,641,780 | 1,764,798 | - | 3,406,578 |
| Supplies and other | 1,170,478 | 1,070,932 | (19,148) | 2,222,262 |
| Depreciation and amortization expense | 146,718 | 136,841 | - | 283,559 |
| Interest expense | <u>32,317</u> | <u>30,504</u> | <u>-</u> | <u>62,821</u> |
| Total operating expenses | 2,991,293 | 3,003,075 | (19,148) | 5,975,220 |
| Operating income | 290,063 | 64,271 | - | 354,334 |
| Non-operating income (expense) | | | | |
| Investment income | 405,719 | 305 | - | 406,024 |
| Income tax expense | (2,951) | - | - | (2,951) |
| Other net periodic pension costs | <u>(400)</u> | <u>(161)</u> | <u>-</u> | <u>(561)</u> |
| Excess of revenues over expenses | <u>\$ 692,431</u> | <u>\$ 64,415</u> | <u>\$ -</u> | <u>\$ 756,846</u> |

See accompanying notes to consolidating supplemental schedules.

Novant Health, Inc.
Notes to Consolidating or Combining Supplemental Schedules
December 31, 2021

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, South Carolina and Georgia. The Novant Health network consists of over 2,300 physicians and over 35,000 team members at more than 800 locations, including 14 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 6 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, 2021

Restricted Affiliates represent entities that are not directly obligated to pay obligations under the Agreement, but the members of the Obligated Group have covenanted in the Agreement to cause the Restricted Affiliates to provide funds to the members of the Obligated Group to pay obligations under the Agreement. The Company has designated eleven of its affiliates as Restricted Affiliates. Six of these Restricted Affiliates, Medical Park Hospital, Inc. d/b/a Novant Health Medical Park Hospital, Novant Health Thomasville Medical Center, Presbyterian Medical Care Corp. d/b/a Novant Health Matthews Medical Center, Brunswick Community Hospital d/b/a Novant Health Brunswick Medical Center, Mint Hill Medical Center, LLC d/b/a Novant Health Mint Hill Medical Center, and Novant Health New Hanover Regional Medical Center, LLC, operate, or maintain a significant investment in, hospitals. The other five Restricted Affiliates, Carolina Medicorp Enterprises, Inc., Forsyth Medical Group, LLC, Foundation Health Systems Corp., Novant Medical Group, Inc. f/k/a Presbyterian Regional Healthcare Corp. and Salem Health Services, Inc., provide, or invest in subsidiaries or joint ventures which provide health care and ancillary services. All of the members of the Combined Group, except Salem Health Services, Inc., are exempt from federal and state income taxation.

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

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