

PUBLIC DISCLOSURE COPY

Form **990****Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

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

Do not enter social security numbers on this form as it may be made public.

Go to www.irs.gov/Form990 for instructions and the latest information.**2024****Open to Public Inspection**

A For the 2024 calendar year, or tax year beginning 07/01 , 20 24 , and ending 06/30 , 20 25	
B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending	C Name of organization FREDERICK HEALTH HOSPITAL, INC. Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 400 WEST SEVENTH STREET City or town, state or province, country, and ZIP or foreign postal code FREDERICK, MD 21701 F Name and address of principal officer: CHERYL CIOFFI SAME AS C ABOVE H(a) Is this a group return for subordinates? ☐ Yes ☒ 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: ☒ 501(c)(3) ☐ 501(c) () (insert no.) ☐ 4947(a)(1) or ☐ 527	D Employer identification number 52-0591612 E Telephone number (240) 566-3300 G Gross receipts \$ 525,197,543
J Website: WWW.FREDERICKHEALTH.ORG	
K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other	L Year of formation: 1897 M State of legal domicile: MD

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>TO POSITIVELY IMPACT THE WELL-BEING OF EVERY INDIVIDUAL IN OUR COMMUNITY.</u>		
	2	Check this box ☐ 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	20
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	17
	5	Total number of individuals employed in calendar year 2024 (Part V, line 2a)	5	3,345
	6	Total number of volunteers (estimate if necessary)	6	419
		7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a
b		Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	4,809,982	5,107,280
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	410,118,789	436,734,199
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,935,018	10,612,800
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,630,172	2,787,279
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	425,493,961	455,241,558
	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)	0	
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	219,183,849	223,294,122
	b	Total fundraising expenses (Part IX, column (D), line 25)	46,000	46,000
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	648,036	
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	203,860,994	206,148,947
Net Assets or Fund Balances	19	Revenue less expenses. Subtract line 18 from line 12	423,090,843	429,489,069
	20	Total assets (Part X, line 16)	2,403,118	25,752,489
	21	Total liabilities (Part X, line 26)	Beginning of Current Year	End of Year
	22	Net assets or fund balances. Subtract line 21 from line 20	665,639,021	690,897,370
			386,247,922	405,075,912
			279,391,099	285,821,458

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		Date			
	HANNAH R JACOBS, SR VP, CFO					
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature	Date	Check ☐ if self-employed	PTIN
	AMY BIBBY		AMY BIBBY	05/13/2026		P00445891
	Firm's name FORVIS MAZARS, LLP		Firm's EIN 44-0160260			
	Firm's address ONE OAK PLAZA SUITE 300, ASHEVILLE, NC 28801		Phone no. (828) 254-2254			

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form **990** (2024)

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐ ☒

- 1** Briefly describe the organization's mission:
TO POSITIVELY IMPACT THE WELL-BEING OF EVERY INDIVIDUAL IN OUR COMMUNITY.
-
- 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 ☒ 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? ☐ 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 \$ 55,654,519 including grants of \$ 0) (Revenue \$ 107,557,192)

IN FY 2025, FREDERICK HEALTH HOSPITAL'S INPATIENT MEDICAL-SURGICAL DEPARTMENTS PROVIDED QUALITY, PATIENT-CENTERED CARE, REGARDLESS OF ABILITY TO PAY, TO APPROXIMATELY 18,247 INPATIENTS AND OBSERVATION PATIENTS. MAJOR MEDICAL AND SURGICAL SERVICES INCLUDE CARDIOLOGY, CONGESTIVE HEART FAILURE, POST-CARDIAC CATHETERIZATION, CENTER FOR CHEST PAIN, HEMODIALYSIS, PERITONEAL DIALYSIS, NEUROLOGY, NEUROSURGERY, PULMONOLOGY, ONCOLOGY, ORTHOPEDICS, GENERAL MEDICINE AND SURGICAL CARE. INPATIENT CARE IS SUPPORTED BY A TEAM OF BOARD-CERTIFIED PHYSICIAN HOSPITALISTS. IN ADDITION, FHH IS DESIGNATED AS A PRIMARY STROKE CENTER BY THE MARYLAND INSTITUTE OF EMERGENCY MEDICAL SERVICE SYSTEMS (MIEMSS) AND IS RECOGNIZED WITH THE STROKE CENTER GOLD PERFORMANCE AWARD BY THE AMERICAN HEART ASSOCIATION. OUR BARIATRIC SURGICAL PROGRAM IS ACCREDITED BY THE AMERICAN SOCIETY FOR METABOLIC AND BARIATRIC SURGERY AS A BARIATRIC SURGERY CENTER OF EXCELLENCE. IN ADDITION TO THE PROGRAM SERVICE EXPENSES LISTED HERE, FHH INCURRED \$57.8 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.

4b (Code:) (Expenses \$ 39,727,541 including grants of \$ 0) (Revenue \$ 80,939,864)

FREDERICK HEALTH HOSPITAL'S PERIOPERATIVE SERVICES PROVIDED HIGH QUALITY CARE TO 8,421 SURGICAL AND ENDOSCOPY PATIENTS IN FISCAL YEAR 2025. PROCEDURES WERE PERFORMED IN OUR STATE OF THE ART FACILITY WHICH INCLUDES A DEDICATED IMAGING ROOM FOR VASCULAR AND OTHER PROCEDURES. WE HAVE PARTICIPATED IN THE SCIP QUALITY IMPROVEMENT PROJECT FOR CONTINUAL IMPROVEMENTS IN CARE FOLLOWING EVIDENCE BASED MEDICINE. WE TRACKED OUR PATIENT SATISFACTION THROUGH PRESS GANEY TO BENCHMARK OUR RESULTS TO THE NATIONAL DATA BASE. IN ADDITION TO THE PROGRAM SERVICES EXPENSE LISTED HERE, FHH INCURRED \$57.8 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.

4c (Code:) (Expenses \$ 22,330,893 including grants of \$ 0) (Revenue \$ 37,731,219)

FREDERICK HEALTH HOSPITAL'S CLINICAL LABORATORY PLAYS A VITAL ROLE ACROSS THE ENTIRE CONTINUUM OF HEALTH CARE BOTH WITHIN THE HOSPITAL AND THE COMMUNITY. CLINICAL LABORATORY TESTING HEAVILY IMPACTS CLINICAL DECISION MAKING BY PROVIDING PHYSICIANS, NURSES AND OTHER HEALTH CARE PROVIDERS WITH IMPORTANT INFORMATION NEEDED FOR THE PREVENTION, DIAGNOSIS, TREATMENT AND MANAGEMENT OF DISEASE. UP TO 85 PERCENT OF DIAGNOSIS AND TREATMENT DECISIONS ARE BASED ON LABORATORY RESULTS. LABORATORY TEST RESULTS COMPRISE ABOUT 70 PERCENT OF THE AVERAGE PATIENT'S MEDICAL RECORD. VIRTUALLY EVERY PRACTICING PHYSICIAN DEPENDS UPON THE CLINICAL LABORATORY FOR THE CARE OF HIS OR HER PATIENT. FREDERICK HEALTH HOSPITAL LABORATORY PERFORMED OVER 1.8 MILLION BILLABLE LABORATORY TESTS. IN ADDITION TO THE PROGRAM SERVICE EXPENSES LISTED HERE, FHH INCURRED \$57.8 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.

4d Other program services (Describe on Schedule O.)

(Expenses \$ 252,985,873 including grants of \$ 0) (Revenue \$ 211,798,085)

4e Total program service expenses 370,698,826

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)? If "Yes," complete Schedule A	1 ✓	
2 Is the organization required to complete Schedule B, Schedule of Contributors? See instructions	2 ✓	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	✓
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? If "Yes," complete Schedule C, Part II	4 ✓	
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? If "Yes," complete Schedule C, Part III	5	✓
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? If "Yes," complete Schedule D, Part I	6	✓
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	✓
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8	✓
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? If "Yes," complete Schedule D, Part IV	9	✓
10 Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi-endowments? If "Yes," complete Schedule D, Part V	10 ✓	
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? If "Yes," complete Schedule D, Part VI	11a ✓	
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? If "Yes," complete Schedule D, Part VII	11b	✓
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? If "Yes," complete Schedule D, Part VIII	11c ✓	
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? If "Yes," complete Schedule D, Part IX	11d ✓	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e ✓	
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)? If "Yes," complete Schedule D, Part X	11f	✓
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	12a	✓
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	12b ✓	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	✓
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	✓
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? If "Yes," complete Schedule F, Parts I and IV	14b ✓	
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? If "Yes," complete Schedule F, Parts II and IV	15	✓
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? If "Yes," complete Schedule F, Parts III and IV	16	✓
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? If "Yes," complete Schedule G, Part I. See instructions	17 ✓	
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	✓
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	✓
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a ✓	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b ✓	
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? If "Yes," complete Schedule I, Parts I and II	21	✓

Part IV Checklist of Required Schedules (continued)

	Yes	No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	✓
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	✓
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a	24a	✓
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	✓
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	✓
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	✓
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a	✓
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b	✓
26 Did the organization report any amount on Part X, line 5 or 22, for receivables from or 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? If "Yes," complete Schedule L, Part II	26	✓
27 Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? If "Yes," complete Schedule L, Part III	27	✓
28 Was the organization a party to a business transaction with one of the following parties? (See the Schedule L, Part IV, instructions for applicable filing thresholds, conditions, and exceptions).		
a A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? If "Yes," complete Schedule L, Part IV	28a	✓
b A family member of any individual described in line 28a? If "Yes," complete Schedule L, Part IV	28b	✓
c A 35% controlled entity of one or more individuals and/or organizations described in line 28a or 28b? If "Yes," complete Schedule L, Part IV	28c	✓
29 Did the organization receive more than \$25,000 in noncash contributions? If "Yes," complete Schedule M	29	✓
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30	✓
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31	✓
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32	✓
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33	✓
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	34	✓
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	✓
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b	✓
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36	✓
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37	✓
38 Did the organization complete Schedule O and provide explanations on Schedule O for Part VI, lines 11b and 19? Note: All Form 990 filers are required to complete Schedule O	38	✓

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

	Yes	No
1a Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable	1a	282
b Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable	1b	0
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	✓

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)		Yes	No		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,345		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b		✓	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		✓	
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	3b		✓	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			✓
b	If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a			✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	Organizations that may receive deductible contributions under section 170(c).				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			✓
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			✓
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			✓
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8			
9	Sponsoring organizations maintaining donor advised funds.				
a	Did the sponsoring organization make any taxable distributions under section 4966?	9a			
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b			
10	Section 501(c)(7) organizations. Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations. Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.				
a	Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			✓
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	14b			
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.	15		✓	
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16			✓
17	Section 501(c)(21) organizations. Did the trust, or any disqualified or other person, engage in any activities that would result in the imposition of an excise tax under section 4951, 4952, or 4953? If "Yes," complete Form 6069.	17			

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 . . .	1a 20		
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.			
b Enter the number of voting members included on line 1a, above, who are independent . . .	1b 17		
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? . . .	2		✓
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? . . .	3		✓
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . .	4		✓
5 Did the organization become aware during the year of a significant diversion of the organization's assets? . . .	5		✓
6 Did the organization have members or stockholders? . . .	6	✓	
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? . . .	7a	✓	
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . .	7b	✓	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a The governing body? . . .	8a	✓	
b Each committee with authority to act on behalf of the governing body? . . .	8b	✓	
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 . . .	9		✓

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? . . .	10a	✓
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . .	10b	✓
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . .	11a	✓
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 . . .	12a	✓
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . .	12b	✓
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe on Schedule O how this was done . . .	12c	✓
13 Did the organization have a written whistleblower policy? . . .	13	✓
14 Did the organization have a written document retention and destruction policy? . . .	14	✓
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 . . .	15a	✓
b Other officers or key employees of the organization . . .	15b	✓
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? . . .	16a	✓
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . .	16b	✓

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed MD

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.
HANNAH R. JACOBS, 400 WEST SEVENTH STREET, FREDERICK, MD 21701, (240) 566-3350

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

See the instructions for the order in which to list the persons above.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted 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) THOMAS A KLEINHANZL PRESIDENT AND CEO	46.0 6.0	✓		✓				3,813,507	0	169,394
(2) CHERYL L. CIOFFI EVP & CHIEF ADMIN OFFICER	46.0 6.0			✓				778,748	0	52,496
(3) HANNAH R. JACOBS SVP AND CFO	40.0 6.0			✓				625,702	0	74,171
(4) MIHIR JANI, M.D. PAST CHIEF OF STAFF	2.0 40.0	✓						0	516,341	34,746
(5) JACKIE L. RICE VP CHIEF INFORMATION OFFICER	33.0 7.0					✓		384,948	0	15,892
(6) DONALD R. SCHILLING VP BUSINESS DEVELOPMENT	34.0 6.0					✓		353,888	0	31,099
(7) LEUDVIG SARDARIAN, M.D. MEDICAL AFFAIRS & CMO	40.0 0.0					✓		361,420	0	17,250
(8) HEATHER R. KIRBY VP INTEGRATED CARE & CPHO	36.0 4.0					✓		345,657	0	19,075
(9) CHRISTOPHER M. BUMBAUGH VP HUMAN RESOURCES	30.0 10.0					✓		332,769	0	31,493
(10) JAMIE B. WHITE VP PATIENT CARE & CNO	40.0 0.0				✓			331,017	0	20,986
(11) MICHAEL G. MCLANE, JR. VP & COO	40.0 0.0				✓			265,236	0	30,201
(12) BRENT L. PURSCHELLEY VP FHMG	40.0 2.0				✓			247,894	0	27,239
(13) DARYL BOFFMAN VICE CHAIRPERSON	2.0 1.0	✓		✓				0	0	0
(14) JAMES PLAMONDON SECRETARY	2.0 1.0	✓		✓				0	0	0

Form **990** (2024)

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 dotted 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			
(15) NIKKI MOBERLY CHAIRPERSON	2.0 2.0	☒		☒				0	0	0
(16) RICHARD H. OHNMACHT TREASURER	2.0 1.0	☒		☒				0	0	0
(17) ANDREA VAUGHAN DIRECTOR	1.0 1.0	☒						0	0	0
(18) ARTHUR SAGOSKIN, M.D. DIRECTOR	1.0 2.0	☒						0	0	0
(19) DANIELA MIHOVA, M.D. VICE CHIEF OF STAFF	1.0 1.0	☒						0	0	0
(20) DAVID BRINKLEY DIRECTOR	1.0 1.0	☒						0	0	0
(21) DENISE ROLLINS, PHD DIRECTOR (ENDING 06/15/2025)	1.0 1.0	☒						0	0	0
(22) GEORGE LITRELL, III DIRECTOR	1.0 1.0	☒						0	0	0
(23) GORDON COOLEY PAST CHAIRPERSON	1.0 2.0	☒						0	0	0
(24) HON JOHN TISDALE AUXILIARY PRESIDENT	1.0	☒						0	0	0
(25) (SEE PART VII CONTINUATION SHEET)										
1b Subtotal								7,840,786	516,341	524,042
c Total from continuation sheets to Part VII, Section A								0	0	0
d Total (add lines 1b and 1c)								7,840,786	516,341	524,042
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								387		

	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>	☒	☐
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>	☒	☐
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>	☐	☒

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
TX:TEAM REHAB INC, 8910 PURDUE ROAD, SUITE 700, INDIANAPOLIS, IN 46268	REHABILITATION SERVICES
QUALIVIS, 5930 CORNERSTONE COURT WEST, SUITE, SAN DIEGO, CA 92121	STAFFING
GILBANE BUILDING CO, 1215 E FORT AVENUE, SUITE 100, BALTIMORE, MD 21230	CONSTRUCTION SERVICES
US ANESTHESIA PARTNERS OF MD, 12222 MERIT DRIVE, SUITE 700, DALLAS, TX 75251	ANESTHESIA SERVICES
QUEST DIAGNOSTICS, PO BOX 740709, ATLANTA, GA 30374	LABORATORY SERVICES
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	71

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants, and Other Similar Amounts	1a	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	5,107,280			
	g	Noncash contributions included in lines 1a-1f	1g	\$ 9,408			
	h	Total. Add lines 1a-1f		5,107,280			
Program Service Revenue				Business Code			
	2a	INPATIENT REVENUE	624110	233,158,128	233,158,128		
	b	OUTPATIENT REVENUE	624110	196,665,957	196,665,957		
	c	ALL OTHER PROGRAM SERVICE	525990	6,893,519	6,893,519		
	d	COVID RELIEF FUNDS	900099	16,595	16,595		
	e						
	f	All other program service revenue . .		0	0	0	0
g	Total. Add lines 2a-2f		436,734,199				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		3,906,541		229,310	3,677,231
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6a	Gross rents	(i) Real (ii) Personal				
	6b	Less: rental expenses					
	6c	Rental income or (loss)		1,495,118	0		
	d	Net rental income or (loss)		1,495,118		1,495,118	
	7a	Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
	7b	Less: cost or other basis and sales expenses		69,914,357	41,628		
	7c	Gain or (loss)		6,747,887	(41,628)		
	d	Net gain or (loss)		6,706,259		6,706,259	
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18					
	8b	Less: direct expenses					
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities. See Part IV, line 19					
	9b	Less: direct expenses					
	c	Net income or (loss) from gaming activities					
10a	Gross sales of inventory, less returns and allowances						
10b	Less: cost of goods sold						
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue				Business Code			
	11a	CAFETERIA REVENUE	722511	1,292,161	1,292,161		
	b						
	c						
	d	All other revenue		0	0	0	0
e	Total. Add lines 11a-11d		1,292,161				
12	Total revenue. See instructions			455,241,558	438,026,360	229,310	11,878,608

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 ☒**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	6,072,879		6,072,879	
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	178,908,232	156,350,360	22,313,653	244,219
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	7,408,297	6,271,123	1,127,474	9,700
9 Other employee benefits	17,030,812	14,391,345	2,617,005	22,462
10 Payroll taxes	13,873,902	11,843,682	2,011,600	18,620
11 Fees for services (nonemployees):				
a Management	1,799,712		1,799,712	
b Legal	997,491		997,491	
c Accounting	286,191		286,191	
d Lobbying	22,563		22,563	
e Professional fundraising services. See Part IV, line 17	46,000			46,000
f Investment management fees	308,411		308,411	
g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Schedule O.)	77,088,069	71,864,342	5,211,244	12,483
12 Advertising and promotion	1,087,299	151,714	721,818	213,767
13 Office expenses	6,619,918	5,544,375	1,059,130	16,413
14 Information technology	15,267,211	15,064,729	202,482	
15 Royalties				
16 Occupancy	6,708,794	6,509,549	199,245	
17 Travel	74,491	34,345	40,110	36
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	102,869	47,429	55,390	50
20 Interest	7,461,430	6,991,360	455,147	14,923
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	28,032,595	20,574,737	7,424,643	33,215
23 Insurance	1,565,651		1,565,651	
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 <u>SUPPLIES & COGS</u>	58,726,252	55,059,736	3,650,368	16,148
b _____				
c _____				
d _____				
e All other expenses	0	0	0	0
25 Total functional expenses. Add lines 1 through 24e	429,489,069	370,698,826	58,142,207	648,036
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 ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck 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		1	
	2 Savings and temporary cash investments	312,262	2	392,632
	3 Pledges and grants receivable, net	3,496,554	3	3,587,981
	4 Accounts receivable, net	81,940,928	4	118,319,615
	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	0	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)	0	6	0
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	7,963,816	8	7,565,238
	9 Prepaid expenses and deferred charges	6,460,634	9	7,980,359
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 713,204,020		
	b Less: accumulated depreciation	10b 455,464,037	262,866,437	10c 257,739,983
	11 Investments—publicly traded securities	183,329,547	11	176,844,569
	12 Investments—other securities. See Part IV, line 11	0	12	0
	13 Investments—program-related. See Part IV, line 11	41,880,204	13	40,279,189
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	77,388,639	15	78,187,804
16 Total assets. Add lines 1 through 15 (must equal line 33)	665,639,021	16	690,897,370	
Liabilities	17 Accounts payable and accrued expenses	88,284,083	17	83,565,459
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	226,574,232	20	221,174,051
	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	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	6,899,685	23	37,797,892
	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	64,489,922	25	62,538,510
	26 Total liabilities. Add lines 17 through 25	386,247,922	26	405,075,912
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here ☒ and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions	273,922,317	27	280,072,403
	28 Net assets with donor restrictions	5,468,782	28	5,749,055
	Organizations that do not follow FASB ASC 958, check here ☐ 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	279,391,099	32	285,821,458
	33 Total liabilities and net assets/fund balances	665,639,021	33	690,897,370

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Part XI Reconciliation of Net AssetsCheck 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	455,241,558
2	Total expenses (must equal Part IX, column (A), line 25)	2	429,489,069
3	Revenue less expenses. Subtract line 2 from line 1	3	25,752,489
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	279,391,099
5	Net unrealized gains (losses) on investments	5	5,071,195
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	(24,393,325)
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	285,821,458

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☒

	Yes	No
1 Accounting method used to prepare the Form 990: ☐ 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 Uniform Guidance, 2 C.F.R. Part 200, Subpart F?		✓
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		

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(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (Check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(25) JASON LEE ----- DIRECTOR	1.0 ----- 2.0	✓						0	0	0
(26) KARLYS KLINE ----- DIRECTOR (ENDING SEPTEMBER 2024)	1.0 ----- 1.0	✓						0	0	0
(27) LISA COBLENTZ ----- DEVELOPMENT COUNCIL CHAIR (BEGINNING OCTOBER 2024)	1.0 ----- 1.0	✓						0	0	0
(28) MARIA ROAT ----- DIRECTOR (BEGINNING OCTOBER 2024)	1.0 ----- 1.0	✓						0	0	0
(29) MICHELE GHIM, M.D. ----- CHIEF OF STAFF	1.0 ----- 1.0	✓						0	0	0
(30) PATRICIA HANBERRY ----- DIRECTOR	1.0 ----- 1.0	✓						0	0	0
(31) PIERRE REED, DSC. ----- DIRECTOR	1.0 ----- 1.0	✓						0	0	0
(32) SHUCHI SHARMA ----- DIRECTOR	2.0 ----- 2.0	✓						0	0	0
(33) STEPHEN JOHNSON ----- PAST CHAIRPERSON (ENDING SEPTEMBER 2024)	2.0 ----- 2.0	✓						0	0	0

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

2024

Open to Public
Inspection

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

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 33¹/₃% 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 33¹/₃% 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		
(A)						
(B)						
(C)						
(D)						
(E)						
Total						

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

Frederick Health Hospital, Inc.
52-0591612

Cat. No. 11285F

14

Schedule A (Form 990) 2024

5/13/2026 1:42:40 PM

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) 2020	(b) 2021	(c) 2022	(d) 2023	(e) 2024	(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) 2020	(b) 2021	(c) 2022	(d) 2023	(e) 2024	(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						☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2024 (line 6, column (f), divided by line 11, column (f))	14	%
15 Public support percentage from 2023 Schedule A, Part II, line 14	15	%
16a 33¹/₃% support test—2024. 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 ☐		
b 33¹/₃% support test—2023. 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 ☐		
17a 10%-facts-and-circumstances test—2024. 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 ☐		
b 10%-facts-and-circumstances test—2023. 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 ☐		
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 ☐		

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) 2020	(b) 2021	(c) 2022	(d) 2023	(e) 2024	(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) 2020	(b) 2021	(c) 2022	(d) 2023	(e) 2024	(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 2024 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2023 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2024 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2023 Schedule A, Part III, line 17	18	%
19a 33¹/₃% support tests—2024. 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 33¹/₃% support tests—2023. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 ¹ / ₃ %, and line 18 is not more than 33 ¹ / ₃ %, check this box and stop here . The organization qualifies as a publicly supported organization ☐		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ☐		

Part IV Supporting Organizations

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

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? 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.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer lines 3b and 3c below.		
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)? If "Yes," describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? 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.		
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)? 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.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? 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).		
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? If "Yes," provide detail in Part VI .		
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? If "Yes," complete Part I of Schedule L (Form 990).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? If "Yes," complete Part I of Schedule L (Form 990).		
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))? If "Yes," provide detail in Part VI .		
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? If "Yes," provide detail in Part VI .		
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? If "Yes," provide detail in Part VI .		
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)? If "Yes," answer line 10b below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

Part IV Supporting Organizations (continued)

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

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
1		
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? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
2		
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? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
3		

Section E. Type III Functionally Integrated Supporting Organizations

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

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

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

Section A—Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	
Section B—Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (<i>explain in detail in Part VI</i>):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	
Section C—Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	☐ Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Schedule A (Form 990) 2024

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 2024 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-2024	(iii) Distributable Amount for 2024
1 Distributable amount for 2024 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2024 (reasonable cause required—explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2024			
a From 2019			
b From 2020			
c From 2021			
d From 2022			
e From 2023			
f Total of lines 3a through 3e			
g Applied to underdistributions of prior years			
h Applied to 2024 distributable amount			
i Carryover from 2019 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2024 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2024 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2024, 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 2024. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2025. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2020 . . .			
b Excess from 2021 . . .			
c Excess from 2022 . . .			
d Excess from 2023 . . .			
e Excess from 2024 . . .			

Schedule A (Form 990) 2024

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.)

**Schedule B
(Form 990)**

(Rev. January 2025)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

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

OMB No. 1545-0047

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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

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

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

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

☐ 501(c)(3) taxable private foundation

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

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

General Rule

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

Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000; or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year \$ _____

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

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>1</u>		\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>2</u>		\$ <u>9,408</u>	Person ☐ Payroll ☐ Noncash ☒ (Complete Part II for noncash contributions.)
<u>3</u>		\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>4</u>		\$ <u>20,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>5</u>		\$ <u>57,694</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>6</u>		\$ <u>30,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>7</u>		\$ <u>942,414</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>8</u>		\$ <u>5,867</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>9</u>		\$ <u>8,501</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>10</u>		\$ <u>18,646</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>11</u>		\$ <u>12,621</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>12</u>		\$ <u>6,063</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>13</u>	----- ----- -----	\$ <u>60,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>14</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>15</u>	----- ----- -----	\$ <u>12,040</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>16</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>17</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>18</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>19</u>	----- ----- -----	\$ <u>20,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>20</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>21</u>	----- ----- -----	\$ <u>10,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>22</u>	----- ----- -----	\$ <u>12,500</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>23</u>	----- ----- -----	\$ <u>30,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>24</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>25</u>	----- ----- -----	\$ <u>311,356</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>26</u>	----- ----- -----	\$ <u>250,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>27</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>28</u>	----- ----- -----	\$ <u>75,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>29</u>	----- ----- -----	\$ <u>20,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>30</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>31</u>	----- ----- -----	\$ <u>10,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>32</u>	----- ----- -----	\$ <u>8,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>33</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>34</u>	----- ----- -----	\$ <u>46,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>35</u>	----- ----- -----	\$ <u>9,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>36</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>37</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>38</u>	----- ----- -----	\$ <u>10,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>39</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>40</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>41</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>42</u>	----- ----- -----	\$ <u>7,200</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>43</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>44</u>	----- ----- -----	\$ <u>30,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>45</u>	----- ----- -----	\$ <u>10,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>46</u>	----- ----- -----	\$ <u>5,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>47</u>	----- ----- -----	\$ <u>25,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
<u>48</u>	----- ----- -----	\$ <u>25,000</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
49		\$ 9,845	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

Part III **Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor.** Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

----- ----- -----	----- ----- -----
-------------------------	-------------------------

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

----- ----- -----	----- ----- -----
-------------------------	-------------------------

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

----- ----- -----	----- ----- -----
-------------------------	-------------------------

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

----- ----- -----	----- ----- -----
-------------------------	-------------------------

SCHEDULE C
(Form 990)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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.

OMB No. 1545-0047

2024

Open to Public
Inspection

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

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number (EIN)

52-0591612

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- Provide a description of the organization's direct and indirect political campaign activities in Part IV. See instructions for definition of "political campaign activities."
- Political campaign activity expenditures. See instructions \$
- Volunteer hours for political campaign activities. See instructions

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

- Enter the amount of any excise tax incurred by the organization under section 4955 \$
- Enter the amount of any excise tax incurred by organization managers under section 4955 \$
- 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).

- Enter the amount directly expended by the filing organization for section 527 exempt function activities \$
- Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities \$
- Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b \$
- Did the filing organization file Form 1120-POL for this year? ☐ Yes ☐ No
- Enter the names, addresses, and EINs 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-.
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

Cat. No. 50084S

Schedule C (Form 990) 2024

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"> <thead> <tr> <th>IF the amount on line 1e, column (a) or (b) is:</th> <th>THEN 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:	THEN 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:	THEN the lobbying nontaxable amount is:														
not over \$500,000	20% of the amount on line 1e.														
over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?														

☐ Yes ☐ No

4-Year Averaging Period Under Section 501(h)

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2021	(b) 2022	(c) 2023	(d) 2024	(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					

Schedule C (Form 990) 2024

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?		✓	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
c Media advertisements?		✓	
d Mailings to members, legislators, or the public?		✓	
e Publications, or published or broadcast statements?		✓	
f Grants to other organizations for lobbying purposes?		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
i Other activities?	✓		22,563
j Total. Add lines 1c through 1i			22,563
2a Did the activities in line 1 cause the organization to not be described in section 501(c)(3)?		✓	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

SEE NEXT PAGE

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.

Return Reference - Identifier	Explanation
SCHEDULE C, PART II-B, LINE 1 - DETAILED DESCRIPTION OF THE LOBBYING ACTIVITY	EXPENSE IS A PORTION OF DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION, MARYLAND HOSPITAL ASSOCIATION, NATIONAL ASSOCIATION FOR HOME CARE AND HOSPICE, NATIONAL HOSPICE AND PALLIATIVE CARE ORGANIZATION AND THE HOSPICE AND PALLIATIVE CARE NETWORK OF MARYLAND.

SCHEDULE D
(Form 990)

(Rev. January 2025)

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

Open to Public
Inspection

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

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.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate value of contributions to (during year)	
3	Aggregate value of grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No	

Part II Conservation Easements

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

1	Purpose(s) of conservation easements held by the organization (check all that apply). ☐ Preservation of land for public use (for example, recreation or education) ☐ Preservation of a historically important land area ☐ Protection of natural habitat ☐ Preservation of a certified historic structure ☐ Preservation of open space	
2	Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included on line 2a	2c
d	Number of conservation easements included on line 2c acquired after July 25, 2006, and not on a historic structure listed in the National Register	2d
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year	
4	Number of states where property subject to conservation easement is located	
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No	
6	Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year	
7	Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year \$	
8	Does each conservation easement reported on line 2d above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No	
9	In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

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.

1a	If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.	
b	If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items. (i) Revenue included on Form 990, Part VIII, line 1 \$ (ii) Assets included in Form 990, Part X \$	
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items. a Revenue included on Form 990, Part VIII, line 1 \$ b Assets included in Form 990, Part X \$	

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

d ☐ Loan or exchange program

b ☐ Scholarly research

e ☐ Other

c ☐ Preservation for future generations

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 in 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	976,177	976,177	976,177	976,177	976,177
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	976,177	976,177	976,177	976,177	976,177

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment 0.00 %

b Permanent endowment 100.00 %

c Term endowment 0.00 %

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:

(i) Unrelated organizations?

(ii) Related organizations?

	Yes	No
3a(i)		✓
3a(ii)		✓
3b		

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?

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		2,793,774		2,793,774
b Buildings		352,387,869	173,737,744	178,650,125
c Leasehold improvements		24,788,899	18,921,047	5,867,852
d Equipment		310,657,995	262,805,246	47,852,749
e Other		22,575,483		22,575,483
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, line 10c, column (B))				257,739,983

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. (Column (b) must equal Form 990, Part X, line 12, col. (B))		

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) INVESTMENTS IN SUBSIDIARIES	30,821,430	END OF YEAR MARKET VALUE
(2) ASSETS LIMITED AS TO USE	9,457,759	END OF YEAR MARKET VALUE
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, line 13, col. (B))	40,279,189	

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) RIGHT OF USE ASSETS	18,931,318
(2) INTERCOMPANY RECEIVABLES	44,336,186
(3) OTHER ASSETS	14,920,300
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, line 15, col. (B))	78,187,804

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	
(2) RIGHT OF USE LIABILITIES	21,609,118
(3) ADVANCES FROM THIRD PARTIES	19,492,948
(4) AR CREDIT LIABILITY	5,537,000
(5) MALPRACTICE LIABILITY	4,444,000
(6) OTHER LIABILITIES	21,976
(7) DEFERRED COMP TRUST	3,248,464
(8) LEASES - FINANCING	8,185,004
(9)	
Total. (Column (b) must equal Form 990, Part X, line 25, col. (B))	62,538,510

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.

1	Total revenue, gains, and other support per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)		5	

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.

1	Total expenses and losses per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII.)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)		5	

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.

[SEE STATEMENT](#)

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.

Return Reference - Identifier	Explanation
SCHEDULE D, PART V, LINE 4 - INTENDED USES OF ENDOWMENT FUNDS	ENDOWMENT FUNDS ARE USED FOR HEALTH CARE SERVICES.

**SCHEDULE F
(Form 990)**

(Rev. January 2025)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.

Attach to Form 990.

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

OMB No. 1545-0047

**Open to Public
Inspection**

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in the region	(d) Activities conducted in the region (by type) (such as, fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in the region	(f) Total expenditures for and investments in the region
(1) CENTRAL AMERICA AND THE CARIBBEAN	1	0	INVESTMENTS		29,028,495
(2) CENTRAL AMERICA AND THE CARIBBEAN	1	0	PROGRAM SERVICES	SELF INSURANCE	7,281,004
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Subtotal	2	0			36,309,499
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	2	0			36,309,499

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

Cat. No. 50082W

Schedule F (Form 990) (Rev. 1-2025)

Part II

Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of noncash assistance	(h) Description of noncash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

2

Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as a tax exempt 501(c)(3) organization by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter

3

Enter total number of other organizations or entities

Part III

Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 16.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of noncash assistance	(g) Description of noncash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

- 1** Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* ☒ **Yes** ☐ **No**
- 2** Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to separately file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A; don't file with Form 990)* ☐ **Yes** ☒ **No**
- 3** Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations (see Instructions for Form 5471)* ☒ **Yes** ☐ **No**
- 4** Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* ☐ **Yes** ☒ **No**
- 5** Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* ☐ **Yes** ☒ **No**
- 6** Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713; don't file with Form 990)* ☐ **Yes** ☒ **No**

Schedule F (Form 990) (Rev. 1-2025)

SCHEDULE G
(Form 990)

(Rev. January 2025)
Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" on Form 990, Part IV, line 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ.

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

OMB No. 1545-0047
Open to Public Inspection

Name of the organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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Part I Fundraising Activities. Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

- 1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a ☒ Mail solicitations

b ☒ Internet and email solicitations

c ☒ Phone solicitations

d ☒ In-person solicitations

e ☒ Solicitation of nongovernment grants

f ☒ Solicitation of government grants

g ☐ Special fundraising events
- 2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees, or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☒ **Yes** ☐ **No**
- b If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1 PRIDE PHILANTHROPY, 885 WOODSTOCK RD, ROSWELL, GA 30075	DEV CNSL SV SRVCS		✓		46,000	
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total				0	46,000	0

- 3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.
-
-
-
-
-
-
-
-
-
-

Part II Fundraising Events. Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col. (a) through col. (c))
Revenue	1 Gross receipts				
	2 Less: Contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary. Add lines 4 through 9 in column (d)				
11 Net income summary. Subtract line 10 from line 3, column (d)					

Part III Gaming. Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes _____ % ☐ No	☐ Yes _____ % ☐ No	☐ Yes _____ % ☐ No	
	7 Direct expense summary. Add lines 2 through 5 in column (d)				
	8 Net gaming income summary. Subtract line 7 from line 1, column (d)				

9 Enter the state(s) in which the organization conducts gaming activities: _____

a Is the organization licensed to conduct gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain: _____

- | | | | |
|-----------|--|------------------------------|-----------------------------|
| 11 | Does the organization conduct gaming activities with nonmembers? | ☐ Yes | ☐ No |
| 12 | Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming? | ☐ Yes | ☐ No |
| 13 | Indicate the percentage of gaming activity conducted in: | | |
| a | The organization's facility | 13a | % |
| b | An outside facility | 13b | % |
| 14 | Enter the name and address of the person who prepares the organization's gaming/special events books and records: | | |

Name _____

Address _____

- 15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No
- b** If "Yes," enter the amount of gaming revenue received by the organization \$ _____ and the amount of gaming revenue retained by the third party \$ _____
- c** If "Yes," enter name and address of the third party: _____

Name

Address _____

- 16** Gaming manager information:

Name _____

Gaming manager compensation \$

Description of services provided

☐ Director/officer☐ Employee☐ Independent contractor

- 17** Mandatory distributions:

- a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No
- b** Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$

Part IV **Supplemental Information.** Provide the explanations required by Part I, line 2b, columns (iii) and (v); and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information. See instructions.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

Attach to Form 990.

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

OMB No. 1545-0047

2024

**Open to Public
Inspection**

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52 0591612

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy (FAP) during the tax year? If "No," skip to question 6a	✓	
b If "Yes," was it a written policy?	✓	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the FAP to its various hospital facilities during the tax year: ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ 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 free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☒ 200% ☐ Other _____%	✓	
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other 500%	✓	
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 FAP that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	✓	
5a Did the organization budget amounts for free or discounted care provided under its FAP during the tax year?	✓	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	✓	
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?	✓	
b If "Yes," did the organization make it available to the public?	✓	
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)			15,085,800		15,085,800	3.51
b Medicaid (from Worksheet 3, column a)			63,169,409	59,139,475	4,029,934	0.94
c Costs of other means-tested government programs (from Worksheet 3, column b)					0	0.00
d Total. Financial assistance and means-tested government programs	0	0	78,255,209	59,139,475	19,115,734	4.45
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			5,294,535	605,148	4,689,387	1.09
f Health professions education (from Worksheet 5)					0	0.00
g Subsidized health services (from Worksheet 6)			56,582,738		56,582,738	13.17
h Research (from Worksheet 7)			885,840	594,543	291,297	0.07
i Cash and in-kind contributions for community benefit (from Worksheet 8)			75,000		75,000	0.02
j Total. Other benefits	0	0	62,838,113	1,199,691	61,638,422	14.35
k Total. Add lines 7d and 7j	0	0	141,093,322	60,339,166	80,754,156	18.80

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

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing					0	0.00
2 Economic development					0	0.00
3 Community support					0	0.00
4 Environmental improvements					0	0.00
5 Leadership development and training for community members					0	0.00
6 Coalition building					0	0.00
7 Community health improvement advocacy					0	0.00
8 Workforce development					0	0.00
9 Other					0	0.00
10 Total	0	0	0	0	0	0.00

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1		
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2 12,579,114		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's FAP. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 943,434		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5 145,299,181
6 Enter Medicare allowable costs of care relating to payments on line 5	6 136,117,780
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7 9,181,401
8 Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☒ Cost to charge ratio ☐ Other	

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers', directors', trustees', or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information**Section A. Hospital Facilities**

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

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

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

	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 FREDERICK HEALTH HOSPITAL, INC. 400 WEST SEVENTH STREET, FREDERICK, MD 21701 WWW.FREDERICKHEALTH.ORG STATE LICENSE NO. : 10001	✓	✓					✓			
2										
3										
4										
5										
6										
7										
8										
9										
10										

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: FREDERICK HEALTH HOSPITAL, INC.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 (CHNA)		
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?	1	✓
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	2	✓
3 During the tax year or either of the 2 immediately preceding tax years, did the hospital facility conduct a CHNA? If "No," skip to line 12	3	✓
If "Yes," indicate what the CHNA report describes (check all that apply):		
a ☒ A definition of the community served by the hospital facility		
b ☒ Demographics of the community		
c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d ☒ How data was obtained		
e ☒ The significant health needs of the community		
f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h ☒ The process for consulting with persons representing the community's interests		
i ☒ The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA		
j ☐ Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>24</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	5	✓
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	6a	✓
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	6b	✓
7 Did the hospital facility make its CHNA report widely available to the public?	7	✓
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a ☒ Hospital facility's website (list url): <u>(SEE STATEMENT)</u>		
b ☐ Other website (list url): _____		
c ☒ Made a paper copy available for public inspection without charge at the hospital facility		
d ☐ 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	8	✓
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>24</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	✓
a If "Yes," list url: <u>(SEE STATEMENT)</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b	
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)?	12a	✓
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	
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: FREDERICK HEALTH HOSPITAL, INC.

	Yes	No
Did the hospital facility have in place during the tax year a written FAP that:		
13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:	13 ✓	
a ☒ FPG, with FPG family income limit for eligibility for free care of and FPG family income limit <u>2</u> <u>0</u> <u>0</u> % for eligibility for discounted care of <u>5</u> <u>0</u> <u>0</u> %		
b ☒ Income level other than FPG (describe in Section C)		
c ☐ Asset level		
d ☒ Medical indigency		
e ☐ Insurance status		
f ☐ Underinsurance status		
g ☒ Residency		
h ☒ Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	14 ✓	
15 Explained the method for applying for financial assistance? 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):	15 ✓	
a ☒ Described the information the hospital facility may require an individual to provide as part of their application		
b ☒ Described the supporting documentation the hospital facility may require an individual to submit as part of their application		
c ☒ Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d ☒ Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e ☐ Other (describe in Section C)		
16 Was widely publicized within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	16 ✓	
a ☒ The FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
b ☒ The FAP application form was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
c ☒ A plain language summary of the FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
d ☒ The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e ☒ The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f ☒ 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 ☒ 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 ☒ Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i ☒ 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 ☒ Other (describe in Section C)		

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Part V Facility Information (continued)**Billing and Collections**Name of hospital facility or letter of facility reporting group: FREDERICK HEALTH HOSPITAL, INC.

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

Policy Relating to Emergency Medical Care

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

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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: FREDERICK HEALTH HOSPITAL, INC.

	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 ☐ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b ☐ 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 ☐ 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 ☒ 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?	23	✓
If "Yes," explain in Section C.		
24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	24	✓
If "Yes," explain in Section C.		

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Supplemental Information. 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.

Return Reference - Identifier	Explanation
SCHEDULE H, PART V, SECTION B, LINE 5 - INPUT FROM PERSONS WHO REPRESENT BROAD INTERESTS OF COMMUNITY SERVED	FACILITY NAME: FREDERICK HEALTH HOSPITAL, INC. DESCRIPTION: THE CHNA STEERING COMMITTEE WAS COMPRISED OF BOARD MEMBERS FROM THE COALITION FOR A HEALTHIER FREDERICK COUNTY, FREDERICK HEALTH EMPLOYEES, FREDERICK COUNTY HEALTH DEPARTMENT EMPLOYEES AND COMMUNITY PARTNERS AND MEMBERS. THE CHNA INCLUDES DATA FROM A COMMUNITY SURVEY, SECONDARY DATA SOURCES, PARTNER ASSESSMENT SURVEY, FOCUS GROUPS AND A ROOT CAUSE SURVEY
SCHEDULE H, PART V, SECTION B, LINE 6B - CHNA CONDUCTED WITH ONE OR MORE ORGANIZATIONS OTHER THAN HOSPITAL FACILITIES	FACILITY NAME: FREDERICK HEALTH HOSPITAL, INC. DESCRIPTION: THE CHNA WAS CONDUCTED BY THE FREDERICK COUNTY HEALTH CARE COALITION, WITH SUPPORT FROM FREDERICK HEALTH HOSPITAL AND THE FREDERICK COUNTY HEALTH DEPARTMENT. THE COALITION IS A NONPROFIT ORGANIZATION FORMED IN 2006 IN RESPONSE TO A NEED TO COORDINATE EFFORTS TO ADDRESS BARRIERS TO HEALTH CARE ACCESS. THE COALITION IS LED BY A COMMUNITY ADVISORY BOARD COMPRISED OF ORGANIZATIONS AND INDIVIDUALS WITH EXPERTISE IN HEALTH SERVICE DELIVERY, EVALUATION AND PUBLIC HEALTH ISSUES. FREDERICK HEALTH HOSPITAL IS A FOUNDING MEMBER OF THE COALITION AND SERVES ON THE BOARD. A PRIMARY RESPONSIBILITY OF THE COALITION IS TO CONDUCT PERIODIC HEALTH STATUS ASSESSMENTS, AND TO CONVENE INTERESTED PARTIES AND THE PUBLIC TO ESTABLISH A LOCAL HEALTH IMPROVEMENT PLAN TO ADDRESS THE TOP HEALTH PRIORITIES. A HEALTH IMPROVEMENT PRIORITY PLANNING SUMMIT WAS HELD ON JANUARY 22, 2025 WITH MORE THAN 160 COMMUNITY PARTICIPANTS. THE SUMMIT INCLUDED REPRESENTATIVES OF COMMUNITY ORGANIZATIONS, BUSINESS, GOVERNMENT, ADVOCATES AND CITIZENS WHO PROVIDED INPUT INTO THE CHNA PRIORITIES. PARTICIPANTS INCLUDED: - HEALTH CARE (INCLUDING PROVIDERS OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES) - FREDERICK HEALTH, MISSION OF MERCY, MENTAL HEALTH ASSOCIATION OF FREDERICK COUNTY, CORELIFE, ENCOMPASS INTEGRATIVE WELLNESS, LLC, HOME CENTRIS PERSONAL CARE, SHEPPARD PRATT FREDERICK INSURANCE INDUSTRY - AETNA BETTER HEALTH OF MARYLAND, NCI/NIH, - LOCAL GOVERNMENT/LAW ENFORCEMENT - OFFICE OF THE FREDERICK COUNTY EXECUTIVE, FREDERICK COUNTY GOVERNMENT (INCLUDING CITIZENS & SENIOR SERVICES, HEALTH DEPARTMENT DEVELOPMENT CENTER, TRANSIT, FIRE AND RESCUE SERVICES, FAMILY PARTNERSHIP, CHILDREN AND FAMILIES), FREDERICK COUNTY COUNCIL, MARYLAND DEPARTMENT OF HEALTH, OFFICE OF SENATOR VANHOLLEN - SOCIAL SERVICES ORGANIZATIONS - FREDERICK CITY DEPARTMENT OF HOUSING AND HUMAN NEEDS (ALSO A FEDERALLY QUALIFIED HEALTH CENTER), FREDERICK COUNTY DEPARTMENT OF SOCIAL SERVICES - NONPROFIT ORGANIZATIONS - ASIAN AMERICAN CENTER OF FREDERICK, CHILDREN OF INCARCERATED PARENTS PARTNERSHIP, CORE SERVICE AGENCY, THE FREDERICK CENTER, THE RANCH, WELLS HOUSE, YMCA OF FREDERICK COUNTY, COMMUNITY ENGAGEMENT AND CONSULTATIVE GROUP, FREDERICK COUNTY HEALTH CARE COALITION, GOLDEN MILE ALLIANCE, HEALTHCARE IS A HUMAN RIGHT FREDERICK CHAPTER, MARYLAND HUNGER SOLUTIONS, NIGERIAN IN FREDERICK, ON OUR OWN - EDUCATIONAL INSTITUTIONS - FREDERICK COUNTY PUBLIC SCHOOLS (INCLUDING NUTRITION SERVICES AND SCHOOL HEALTH COUNCIL), HOOD COLLEGE, UNIVERSITY OF MARYLAND EXTENSION SERVICE, FREDERICK COMMUNITY COLLEGE, GEORGE WASHINGTON UNIVERSITY, UNIVERSITY OF MARYLAND SPH HOROWITZ CENTER FOR HEALTH LITERACY, ZERO TO THREE - PHILANTHROPY - THE UNITED WAY OF FREDERICK COUNTY, THE COMMUNITY FOUNDATION OF FREDERICK, AUSERMAN FAMILY FOUNDATION, HELEN J. SERINI FOUNDATION, LISTEN LOVE PRAY FOUNDATION, LOVE FOR LOCHLIN FOUNDATION, - BUSINESS - FREDERICK COUNTY CHAMBER OF COMMERCE, LEIDOS BIOMEDICAL RESEARCH, THE FREDERICK NEWS POST, RESTORATION FAMILY CHIROPRACTIC, ANALYTIC-COMMUNICATIONS LLC, CURA STRATEGIES, - RELIGIOUS ORGANIZATIONS - SETON CENTER NATIONAL ACADEMIES/QUINN CHAPEL AMC CHURCH, - SENIOR CARE- ADVOCATES FOR THE AGING IN FREDERICK COUNTY, FREDERICK COUNTY SENIOR SERVICES DIVISION, SENIOR SERVICES ADVISORY BOARD - COMMUNITY REPRESENTATIVES - GENERAL PUBLIC, FREDERICK NEWS POST, ONE FREDERICK COLLABORATIVE, DR. RACHEL MANDEL, SENIOR SERVICES ADVISORY BOARD, - SERVICE/CARE PROVIDERS - COMMUNITY LIVING, INC
SCHEDULE H, PART V, SECTION B, LINE 7 - HOSPITAL FACILITY'S WEBSITE (LIST URL)	2025-FREDERICK-COUNTY-CHNA-FINAL_202506170757205794.PDF
SCHEDULE H, PART V, SECTION B, LINE 10 - IF "YES", (LIST URL)	FREDERICK-HEALTH-COMMUNITY-BENEFITS-IMPLEMENTATION-STRATEGY-FY-26-28.PDF

Return Reference - Identifier	Explanation
SCHEDULE H, PART V, SECTION B, LINE 11 - HOW HOSPITAL FACILITY IS ADDRESSING NEEDS IDENTIFIED IN CHNA	FACILITY NAME: FREDERICK HEALTH HOSPITAL, INC. DESCRIPTION: THREE CHNA PRIORITIES WERE IDENTIFIED IN THE 2022 ASSESSMENT: - DIABETES ADVERSE CHILDHOOD EXPERIENCES - MENTAL HEALTH FREDERICK HEALTH HOSPITAL HAS ADOPTED IMPLEMENTATION STRATEGIES AROUND THESE INITIATIVES, AS DESCRIBED BELOW. 1.DIABETES: THE GOALS ARE (1) TO INCREASE AWARENESS OF WHAT PRE-DIABETES AND DIABETES IS, INCLUDING MODIFIABLE RISK FACTORS, PARTICULARLY IN POPULATIONS EXPERIENCING A HEALTH DISPARITY, (2) INCREASE SCREENING FOR PRE-DIABETES RISK, ESPECIALLY IN PRIORITY POPULATIONS, TO REDUCE THE INCIDENCE OF DIABETES, (3) IMPROVE THE MANAGEMENT OF INDIVIDUALS WITH DIABETES, ESPECIALLY IN PRIORITY POPULATIONS, OR POPULATIONS EXPERIENCING A HEALTH DISPARITY. FREDERICK HEALTH'S IMPLEMENTATION STRATEGY INCLUDES: (1) CONDUCTING LISTENING SESSIONS AND GATHER INPUT FROM PRIORITY POPULATIONS, (2) PROVIDE HEALTH LITERACY TRAINING, (3) LAUNCH A PRE-DIABETES/DIABETES AWARENESS CAMPAIGN, (4) EDUCATE PROVIDERS AND COMMUNITY ORGANIZATIONS, ENGAGE THEM IN RECRUITMENT AND REFERRAL OF PATIENTS/CLIENTS TO PROGRAMS INCLUDING DIABETES PREVENTION AND DIABETES SELF-MANAGEMENT WORKSHOPS, (5) CONDUCT COOKING/MEAL PREP CLASSES, (6) CONDUCT AT LEAST ONE GROCERY STORE TOUR PER MONTH, (7) CONDUCT AT LEAST ONE 5K FUN RUN WITH WALKING OPTIONS. 2.ADVVERSE CHILDHOOD EXPERIENCES: THE GOALS ARE (1) INCREASE AWARENESS REGARDING ACES - ALL SECTORS OF FREDERICK COUNTY WILL RECOGNIZE THE IMPACT OF TRAUMA ON HEALTH FROM PRECONCEPTION ONWARD AND PROVIDE OR SUPPORT SERVICES FOR RAISING HEALTHY CHILDREN IN SAFE, STABLE AND NURTURING ENVIRONMENTS (2) PREVENTION: ALL FREDERICK COUNTY RESIDENTS WILL HAVE ACCESS TO EVIDENCE BASED OR RESEARCH-INFORMED PROGRAMS, RESOURCES, INFORMATION, AND SKILLS TO RAISE HEALTHY CHILDREN IN SAFE, STABLE AND NURTURING ENVIRONMENTS (3) TREATMENT AND INTERVENTION: AN EQUITABLE COMMUNITY-WIDE SYSTEM FOR TRAUMA-INFORMED CARE PROVIDES ACCESSIBLE EVIDENCE-BASED TREATMENTS FROM TRAINED, KNOWLEDGEABLE, AND CULTURALLY LITERATE SPECIALIST IN ADEQUATE SUPPLY. FREDERICK HEALTH'S IMPLEMENTATION STRATEGY INCLUDES: (1) PROMOTE TRAININGS AND WORKSHOPS PROVIDING CMES AND CEUS AS ABLE, (2) PLAN AND IMPLEMENT THE FAMILY CONNECTS UNIVERSAL HOME VISITING PROGRAM, (3) COLLABORATE WITH THE ADVERSE CHILDHOOD EXPERIENCES WORKGROUP TO OUTREACH AND ENGAGE PEDIATRIC PRACTICES TO ENSURE KNOWLEDGE AND UNDERSTANDING OF ACES AND THE IMPORTANCE OF PREVENTION, TREATMENT AND INTERVENTION. 3.MENTAL HEALTH: THE GOALS ARE: (1) REDUCE THE NUMBER OF PEOPLE THAT DIE BY SUICIDE IN FREDERICK COUNTY, (2) REDUCE THE STIGMA ABOUT MENTAL HEALTH ISSUES AND SERVICES, (3) FREDERICK COUNTY RESIDENTS WILL BE ABLE TO ACCESS THE FULL CONTINUUM OF CULTURALLY COMPETENT, TRAUMA-INFORMED, HIGH QUALITY MENTAL HEALTH TREATMENT SERVICES IN A TIMELY MANNER, THROUGH AN INCREASED CAPACITY FOR MENTAL HEALTH PROFESSIONALS AND OTHER TRAINED SUPPORT PERSONS. FREDERICK HEALTH IMPLEMENTATION STRATEGY INCLUDES: (1) ACTIVELY ENGAGE IN SUICIDE PREVENTIONS COALITION, (2) COLLABORATE WITH THE LHIP WORKGROUP IN A SUSTAINABLE CAMPAIGN THAT REDUCES MENTAL HEALTH STIGMA THROUGH EDUCATION ABOUT THE IMPORTANCE OF NORMALCY OF MENTAL HEALTH NEEDS AND SERVICES, (3) PROVIDE EDUCATION FROM THE ANTI-STIGMA CAMPAIGN TO STAFF AND PATIENTS FROM A PERSONAL AND PROFESSIONAL PERSPECTIVE, (4) EXPLORE OPPORTUNITIES TO EXPAND BEHAVIORAL HEALTH AVAILABILITY AT THE COMPREHENSIVE CARE CENTER TO ASSIST WITH MEDICATION MANAGEMENT AND TO BRIDGE SERVICES TO COMMUNITY BASED MENTAL HEALTH PROVIDERS, (5) PROVIDE OPPORTUNITIES FOR COMMUNITY HEALTH WORKERS AND PEER RECOVERY SPECIALIST TO ASSIST PROVIDERS IN ALLEVIATING THE BARRIERS TO CARE AND ASSIST WITH ADDRESSING SOCIAL DETERMINANTS OF HEALTH, (6) EXPLORE PARTNERSHIPS WITH ORGANIZATIONS ENROLLED IN HRSA PROGRAMS THAT MAY PROVIDE OPPORTUNITIES FOR PAID INTERNSHIPS AND OR CREATE A PROFESSIONAL PIPELINE FOR INDIVIDUALS INTERESTED IN MENTAL HEALTH PROFESSIONS.
SCHEDULE H, PART V, SECTION B, LINE 13H - OTHER ELIGIBILITY CRITERIA FOR FINANCIAL ASSISTANCE	FACILITY NAME: FREDERICK HEALTH HOSPITAL, INC. DESCRIPTION: STATE REGULATIONS.
SCHEDULE H, PART V, SECTION B, LINE 16A - FAP AVAILABLE WEBSITE	HTTPS://WWW.FREDERICKHEALTH.ORG/ABOUT/BILLING-FINANCIAL-ASSISTANCE/
SCHEDULE H, PART V, SECTION B, LINE 16B - FAP APPLICATION FORM WEBSITE	HTTPS://WWW.FREDERICKHEALTH.ORG/ABOUT/BILLING-FINANCIAL-ASSISTANCE/
SCHEDULE H, PART V, SECTION B, LINE 16C - PLAIN LANGUAGE FAP SUMMARY WEBSITE	HTTPS://WWW.FREDERICKHEALTH.ORG/ABOUT/BILLING-FINANCIAL-ASSISTANCE/

Return Reference - Identifier	Explanation
SCHEDULE H, PART V, SECTION B, LINE 16J - OTHER WAYS HOSPITAL PUBLICIZED FINANCIAL ASSISTANCE POLICY	FACILITY NAME: FREDERICK HEALTH HOSPITAL, INC. DESCRIPTION: FHH REVIEWS THE FINANCIAL ASSISTANCE POLICY (FAP) AND THE COMMUNICATION METHODOLOGY WE EMPLOY ON A REGULAR BASIS TO MAKE SURE OUR PATIENTS HAVE EASY ACCESS TO THIS INFORMATION IN A VARIETY OF FORMATS AND THAT IT IS CULTURALLY AND LINGUISTICALLY SENSITIVE. WE REVIEW THE FAP TO MAKE SURE THE READING COMPREHENSION LEVEL IS APPROPRIATE FOR OUR AUDIENCE AND WE PROVIDE ENGLISH AND SPANISH VERSIONS TO MEET THE NEEDS OF OUR CBSA. WE HAVE SERVICES AVAILABLE TO PROVIDE ANY OTHER LANGUAGES WHEN NEEDED. THE FAP IS SHOWN ON OUR WEBSITE (HTTPS://WWW.FREDERICKHEALTH.ORG/ABOUT/BILLING-FINANCIALASSISTANCE/) AND IS OFFERED TO PATIENTS AS PART OF THE INTAKE PROCESS AT TIME OF REGISTRATION IN THE HOSPITAL AND IN THE EMERGENCY DEPARTMENT. OUR BILLING STATEMENTS REFERENCE OUR FINANCIAL ASSISTANCE POLICY AND INCLUDE THE URL FOR THE ONLINE VERSION. THE BILLING STATEMENTS INCLUDE DETAILED EXPLANATION OF THE FAP. FHH PROVIDES ASSISTANCE TO OUR PATIENTS WHO NEED TO APPLY FOR GOVERNMENT BENEFITS WHEN APPROPRIATE. MOST COMMON EXAMPLES ARE "SELF-PAY" INPATIENTS WHO ADMIT THROUGH THE EMERGENCY DEPARTMENT AND PATIENTS WHO COME TO OUR PRENATAL CLINIC. WE HAVE A DEPARTMENT OF SOCIAL SERVICES REPRESENTATIVE ONSITE AT OUR PRENATAL CLINIC TO WORK DIRECTLY WITH THE PATIENTS. ALL PATIENTS RECEIVE THE PATIENT INFORMATION SHEET, AVAILABLE IN ENGLISH AND SPANISH, WHICH INCLUDES INFORMATION ABOUT FINANCIAL ASSISTANCE.

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? 10

Name and address	Type of facility (describe)
1 FREDERICK HEALTH TOLL HOUSE 501 WEST SEVENTH STREET FREDERICK, MD 21701	OUTPATIENT HEALTH CARE
2 FREDERICK HEALTH MOUNT AIRY 504 E RIDGEVILLE BLVD MOUNT AIRY, MD 21771	OUTPATIENT HEALTH CARE
3 FREDERICK HEALTH ROSEHILL 1562 OPPOSUMTOWN PIKE FREDERICK, MD 21702	OUTPATIENT HEALTH CARE
4 FREDERICK HEALTH CRESTWOOD 7211 BANK COURT FREDERICK, MD 21703	OUTPATIENT HEALTH CARE
5 FREDERICK HEALTH ASPEN RIDGE 163 THOMAS JOHNSON DRIVE, SUITE A FREDERICK, MD 21702	OUTPATIENT HEALTH CARE
6 FREDERICK HEALTH URBANA 3430 WORTHINGTON BLVD URBANA, MD 21704	OUTPATIENT HEALTH CARE
7 FREDERICK HEALTH EMMITSBURG 16403 OLD EMMITSBURG RD EMMITSBURG, MD 21727	OUTPATIENT HEALTH CARE
8 FREDERICK HEALTH LIBERTY 194 THOMAS JOHNSON DR FREDERICK, MD 21702	OUTPATIENT HEALTH CARE
9 FREDERICK HEALTH BRUNSWICK 1194 DUTCHMANS CREEK DRIVE BRUNSWICK, MD 21716	OUTPATIENT HEALTH CARE
10 FREDERICK HEALTH NEW MARKET 10260 SILVERSIDE STREET, STE 100 IJAMSVILLE, MD 27154	OUTPATIENT HEALTH CARE

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Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; 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 needs assessments 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 FAP.
- 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.

Return Reference - Identifier	Explanation
SCHEDULE H, PART I, LINE 3C	THE ORGANIZATION OFFERS FINANCIAL ASSISTANCE ON A SLIDING SCALE FOR UP TO 500% OF THE FPL. ADDITIONALLY, A PATIENT COULD QUALIFY FOR MEDICAL HARDSHIP ASSISTANCE IF THEIR MEDICAL DEBT IS 25% OR GREAT THAN THEIR INCOME.
SCHEDULE H, PART I, LINE 6A	THE 2025 COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS CONDUCTED BY THE FREDERICK COUNTY HEALTH CARE COALITION (COALITION) TO IDENTIFY HEALTH ISSUES IN FREDERICK COUNTY AND TO PROVIDE CRITICAL INFORMATION TO THOSE IN A POSITION TO TAKE POSITIVE STEPS THAT WILL IMPACT THE HEALTH OF AREA RESIDENTS. THE COALITION IS A NONPROFIT ORGANIZATION FORMED IN 2006 IN RESPONSE TO A NEED TO COORDINATE EFFORTS TO ADDRESS BARRIERS TO HEALTH CARE ACCESS. THE COALITION'S MISSION IS TO PROMOTE QUALITY HEALTH CARE IN FREDERICK COUNTY THROUGH COLLECTIVE IMPACT EFFORTS THAT ENGAGE LOCAL ORGANIZATIONS AND CITIZENRY. A CORE RESPONSIBILITY OF THE COALITION IS THE COMPLETION OF A PERIODIC ASSESSMENT THAT INFORMS AND ENGAGES THE COMMUNITY IN HEALTH IMPROVEMENT INITIATIVES. THE ASSESSMENT PROCESS IS REPEATED EVERY THREE YEARS TO REFLECT CHANGING LOCAL CONDITIONS.
SCHEDULE H, PART III, LINE 3 - FAP ELIGIBLE PATIENT BAD DEBT CALCULATION METHODOLOGY	BAD DEBT VALUATION WAS CALCULATED USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2. WE ESTIMATE APPROXIMATELY 7.5% OF BAD DEBT EXPENSE IS ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER OUR FINANCIAL ASSISTANCE POLICY. WE CONTINUE OUR EFFORTS TO QUALIFY PATIENTS FOR FREE OR REDUCED CARE.
SCHEDULE H, PART III, LINE 8 - DESCRIBE EXTENT ANY SHORTFALL FROM LINE 7 TREATED AS COMMUNITY BENEFIT AND COSTING METHOD USED	MEDICARE PS&R REPORTS USED AS SOURCE OF COSTS AND PAYMENTS.
SCHEDULE H, PART III, LINE 9B - DID COLLECTION POLICY CONTAIN PROVISIONS ON COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR ASSISTANCE	PATIENTS WHO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE ARE SPECIFICALLY EXCLUDED FROM THE COLLECTION PROCESS.
SCHEDULE H, PART V, SECTION B, LINE 7	THE CHNA IS AVAILABLE TO THE PUBLIC ON THE HEALTH SYSTEM WEBSITE, THE FREDERICK COUNTY HEALTH DEPARTMENT WEBSITE, AND THE COALITION FOR A HEALTHIER FREDERICK COUNTY WEBSITE (FORMERLY THE FREDERICK COUNTY HEALTH CARE COALITION). FORUMS WERE CONDUCTED IN SEVERAL LOCATIONS WITHIN FREDERICK COUNTY TO REVIEW THE STUDY FINDINGS AND TO ADDRESS PUBLIC QUESTIONS. ADDITIONALLY, THE INTERIM CHNA REPORT WAS POSTED ON THE HEALTH SYSTEM AND FREDERICK COUNTY HEALTH DEPARTMENT WEBSITES FOR PUBLIC COMMENT PRIOR TO FINALIZATION.

Return Reference - Identifier	Explanation
SCHEDULE H, PART VI, LINE 2 - NEEDS ASSESSMENT	THE CHNA WAS CONDUCTED BY THE FREDERICK COUNTY HEALTH CARE COALITION, WITH SUPPORT FROM FREDERICK HEALTH HOSPITAL AND FREDERICK COUNTY HEALTH DEPARTMENT. THE HEALTH CARE COALITION IS LED BY A COMMUNITY ADVISORY BOARD COMPRISED OF ORGANIZATIONS AND INDIVIDUALS WITH EXPERTISE IN HEALTH SERVICE DELIVERY, EVALUATION AND PUBLIC HEALTH. A PRIMARY RESPONSIBILITY OF THE COALITION IS TO CONDUCT PERIODIC HEALTH STATUS ASSESSMENTS USING APPROPRIATE PLANNING METHODOLOGIES AND SUBJECT MATTER EXPERTS TO GUIDE THE PLANNING PROCESS. THE CHNA PROCESS INCLUDED THE COLLECTION OF QUANTITATIVE AND QUALITATIVE DATA TO UNDERSTAND THE HEALTH HABITS, PRIORITIES AND ACCESS TO CARE BARRIERS OF THE COMMUNITY AT LARGE, AND AMONG VULNERABLE AND HEALTH DISPARITY POPULATIONS WITHIN FREDERICK COUNTY. THE DATA COLLECTION PROCESS WAS DESIGNED TO SOLICIT INPUT FROM REPRESENTATIVE SAMPLES OF DEMOGRAPHICS, GEOGRAPHIC DISTRIBUTION AND TARGETED POPULATIONS. PUBLIC INPUT WAS OBTAINED THROUGH TWO FORMAL MECHANISMS - COMMUNITY SURVEY AND POPULATION-SPECIFIC FOCUS GROUPS. THE COMMUNITY SURVEY WAS CONDUCTED VIA WEB, WITH AN OPTION TO COMPLETE A WRITTEN SURVEY FOR THOSE WITHOUT INTERNET ACCESS. THE SURVEY CONSISTED OF 50 QUESTIONS, WHICH INCLUDED DEMOGRAPHICS, PERCEPTIONS OF COMMUNITY HEALTH STATUS, BARRIERS TO ACCESSING HEALTH CARE, OPPORTUNITIES TO INCREASE ACCESS TO HEALTH CARE, ENGAGEMENT WITH HEALTH CARE, PERSONAL HEALTH, AND EXPERIENCES WITH SOCIAL DETERMINANTS OF HEALTH. THE WEB SURVEY WAS AVAILABLE IN ENGLISH AND SPANISH; WRITTEN SURVEYS WERE AVAILABLE IN ENGLISH, SPANISH. THE SELECTION OF LANGUAGE OPTIONS WAS BASED ON COUNTY DEMOGRAPHICS AS REPORTED TO LOCAL GOVERNMENT. PARTNER ORGANIZATIONS WERE ENGAGED TO PROMOTE THE SURVEY AND TO PROVIDE ASSISTANCE TO THOSE WHO HAD LITERACY OR LANGUAGE BARRIERS. PRESS RELEASES, AS WELL AS WEB AND SOCIAL MEDIA OUTLETS WERE ALSO UTILIZED TO PROMOTE THE SURVEY TO THE COMMUNITY, YIELDING A STATISTICALLY RELEVANT SAMPLE OF 4,094 RESPONSES. OVERALL, SURVEY RESPONDENTS REFLECTED THE RACIAL AND ETHNICITY COMPOSITION OF THE POPULATION OF FREDERICK COUNTY. FOUR FOCUS GROUPS WERE CONDUCTED ON POPULATIONS FOR WHICH THERE WAS HEALTH DISPARITY OUTCOME DATA. TWO OF THE FOCUS GROUP POPULATIONS WERE IDENTIFIED IN THE PRIOR CHNA AS HAVING ACCESS CONCERNS. THE FOCUS GROUPS INCLUDED AFRICAN AMERICAN WOMEN (PREGNANT/CHILDBEARING), HISPANIC/LATINO WOMEN, VULNERABLE NEIGHBORHOOD (BASED ON SOCIAL VULNERABILITY INDEX SCORES VIA CENSUS TRACT DATA), LOW-INCOME/ALICE SENIORS. THE GOAL OF THE FOCUS GROUPS WAS TO UNDERSTAND THE TARGET POPULATIONS' HEALTH PRIORITIES AND UNDERLYING REASONS, IDENTIFY PERCEIVED/ACTUAL BARRIERS TO CARE, ASSESS POPULATION KNOWLEDGE OF PREVENTATIVE SCREENINGS AND SELF-CARE, UNDERSTAND THE RELATIONSHIP OF HEALTH LITERACY TO PERSONAL HEALTH MANAGEMENT, AND IDENTIFY UNIQUE CULTURAL BELIEFS OR BEHAVIORS THAT AFFECT HEALTH OUTCOMES AND HEALTH EQUITY. IN GENERAL, FOCUS GROUP PARTICIPANTS WERE LOWER INCOME, OLDER, AND OF POORER HEALTH THAN THE COMMUNITY POPULATION. FINALLY, A HEALTH EQUITY SURVEY WAS CONDUCTED TO CAPTURE FURTHER INFORMATION ON POTENTIAL VULNERABLE OR OTHER SUB-POPULATIONS IN THE COMMUNITY FOR WHICH HEALTH OUTCOME DATA WAS LIMITED. EIGHT RESPONDENTS PARTICIPATED IN THE HEALTH EQUITY SURVEY WITH INSIGHTS ON ACCESS TO CARE AND SUGGESTIONS FOR IMPROVING THE HEALTH OF THE COMMUNITIES THEY SERVE. THE ADVOCATES REPRESENTED ALICE (ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED), DISABLED, HISPANIC, HOMELESS, LBGTQ, SENIORS AND YOUTH POPULATIONS.
SCHEDULE H, PART VI, LINE 4 - COMMUNITY INFORMATION	FREDERICK HEALTH HOSPITAL'S SERVICE AREA IS DEFINED IN A WRITTEN AGREEMENT WITH THE MARYLAND HEALTH SERVICES COST REVIEW COMMISSION, THE DESIGNATED STATE ENTITY CHARGED WITH OVERSIGHT OF COMMUNITY BENEFIT. THE SERVICE AREA IS DETERMINED BASED ON HISTORICAL FACILITY UTILIZATION BY ZIP CODE. THE SERVICE AREA DEFINITION FOR FREDERICK HEALTH HOSPITAL IS ALL ZIP CODES IN FREDERICK COUNTY. THEREFORE, FOR CHNA PLANNING PURPOSES, FREDERICK COUNTY IS THE POPULATION SERVED.

Return Reference - Identifier	Explanation
SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	DURING FY 2025, FREDERICK HEALTH HOSPITAL PROMOTED COMMUNITY HEALTH THROUGH THE FOLLOWING INITIATIVES: (TAKEN FROM THE FY 2023 HSCRC COMMUNITY BENEFIT REPORT) - CARE TRANSITIONS PROGRAM - THIS PROGRAM PROVIDES INTENSIVE COMMUNITY-BASED CARE MANAGEMENT SERVICES TO INDIVIDUALS WITH CHRONIC CONDITIONS AND THOSE WITH LIMITED ACCESS TO CARE, LOW HEALTH LITERACY AND OTHER SOCIAL DETERMINANTS OF HEALTH TO REDUCE UNNECESSARY HOSPITAL UTILIZATION AND IMPROVE INDIVIDUAL HEALTH STATUS. BY PROVIDING INFRASTRUCTURE TO SUPPORT SOME OF THE MOST CHRONICALLY ILL, FRAGILE AND SOCIALLY COMPLEX PATIENT POPULATIONS, HOSPITAL READMISSION RATES CAN BE REDUCED. HISTORICALLY, THESE PATIENTS RECEIVED LITTLE OR NO GUIDANCE RELATIVE TO FOLLOW-UP WITH PHYSICIANS, FILLING AND TAKING THEIR PRESCRIBED MEDICATIONS, AND MAKING APPOINTMENT FOR OTHER SERVICES. PATIENTS IDENTIFIED AS HIGH EMERGENCY DEPARTMENT UTILIZERS, AND/OR PATIENTS RETURNING TO THE HOSPITAL WITHIN 30 DAYS OF DISCHARGE MEET WITH AN RN OR SOCIAL WORK CASE MANAGER IN AN EFFORT TO UNDERSTAND WHY THEY HAVE RETURNED TO THE HOSPITAL FOR CARE. AN INDIVIDUALIZED COMPREHENSIVE POST DISCHARGE PLAN IS CREATED TO MEET THE SPECIFIC PATIENT NEEDS. THE SERVICES OFTEN INCLUDE FINANCIAL SUPPORT OF MEDICATIONS, TRANSPORTATION AND VARIOUS OTHER MEDICAL AND SOCIAL SUPPORT SERVICES IN THE COMMUNITY. THE HEALTH CARE TEAM PROVIDING SERVICES TO THESE INDIVIDUALS CONSISTS OF REGISTERED NURSES, SOCIAL WORKERS, PHARMACISTS, DIETITIANS AND A NURSE PRACTITIONER. - FAMILY CONNECTS FREDERICK COUNTY UNIVERSAL HOME VISITING PROGRAM - FREDERICK HEALTH IMPLEMENTED THE FAMILY CONNECTS FREDERICK COUNTY UNIVERSAL HOME VISITING PROGRAM, WHICH IS AN EVIDENCE-BASED INTERVENTION TO REDUCE ACES (ADVERSE CHILDHOOD EXPERIENCES) AND IMPROVE MATERNAL CHILD HEALTH OUTCOMES OVERALL. THE MODEL OFFERS A VISIT AT HOME WITH AN EXPERIENCED NURSE TO ALL FAMILIES WITH NEWBORNS ABOUT THREE WEEKS AFTER A BABY'S ARRIVAL – AT NO CHARGE TO THE FAMILY. NURSES CONDUCT A COMPREHENSIVE ASSESSMENT ACROSS THE DOMAINS OF MATERNAL, INFANT, AND PARENT WELLBEING AS WELL AS A SAFE HOME. FAMILIES ARE CONNECTED TO SERVICES TO MEET THE NEEDS THEY IDENTIFY DURING THE VISIT. NURSES CAN VISIT FAMILIES UP TO 3 TIMES AND STAY IN TOUCH WITH FAMILIES AS NEEDED FOR 12 WEEKS. FREDERICK HEALTH CONDUCTED 3 INTERNAL TRAINING SESSIONS FOR FREDERICK HEALTH STAFF; CONDUCTED 4 TRAINING SESSIONS FOR COMMUNITY PARTNERS, COMPLETED 1,026 VISITS AND SUCCESSFULLY COMPLETED OVER 2,300 POST VISIT CONNECTIONS TO COMMUNITY SERVICES/RESOURCES. - DIABETES - FREDERICK HEALTH PROVIDED PREDIABETES AND DIABETES SCREENING AT A VARIETY OF LOCAL EVENTS. CONDUCTED PRE-DIABETES AND TYPE 2 DIABETES EDUCATION AND RISK SCREENINGS AT 37 COMMUNITY EVENTS, SCREENING 1,070 INDIVIDUALS IN TOTAL WITH 47% IDENTIFIED AS AT-RISK; 189 INDIVIDUALS WERE ENROLLED IN DPP (MEDICARE AND MEDICAID BENEFICIARIES); RECEIVED ARPA GRANT FUNDING TO COVER UNINSURED PARTICIPANTS IN DPP; RECEIVED CDC FULL PLUS RECOGNITION WITH 83% OF INDIVIDUALS COMPLETING DISTANCE LEARNING DPP AND 63% OF INDIVIDUALS COMPLETING IN PERSON. COLLABORATED ON A COMMUNITY STRATEGIES GRANT WITH THE FREDERICK COUNTY HEALTH DEPARTMENT TO PROMOTE DPP AND HEALTH HEARTS AMBASSADORS PROGRAM; MAILED 8,000 POST CARDS TO ADDRESSES IN TARGETED ZIP CODES; DEVELOPED A COMMUNITY OUTREACH TOOLKIT; AND PARTNERED WITH 211 TO ESTABLISH A HOTLINE FOR DIABETES PROGRAMS AND RESOURCES. - COMMUNITY HEALTH FAIR - OVER 1,100 INDIVIDUALS ATTENDED THE HEALTH FAIR WITH OVER 600 INDIVIDUALS RECEIVING 1 OR MORE MEDICAL SCREENING, PREVENTIVE CARE OR GENERAL PRIMARY CARE/DENTAL SERVICES AS REPORTED ON THE EXIT SURVEY AND FOLLOW-UP REGISTRIES. - PHYSICIAN SUBSIDIES - FREDERICK HEALTH HOSPITAL CONTRACTS FOR HOSPITAL-BASED PHYSICIANS COVERAGE FOR SPECIALIZED CARE. CONTRACTED SERVICES INCLUDE INTENSIVE CARE, OBSTETRICAL/LABOR CARE, NEONATAL INTENSIVE CARE NEUROLOGY/STROKE CARE, INPATIENT PEDIATRICS, PEDIATRIC OPHTHALMOLOGY, ANESTHESIA, EMERGENCY MEDICINE AND INTERVENTIONAL RADIOLOGY. THE DEMAND FOR THESE SERVICES CANNOT BE MET BY PROVIDERS IN THE FREDERICK COMMUNITY, AS THERE ARE NO COMMUNITY BASED PROVIDERS. - THERE IS AN INSUFFICIENT NUMBER OF PRIMARY CARE PROVIDERS IN FREDERICK COUNTY WHO CARE FOR PATIENTS THAT REQUIRE ACUTE CARE SERVICES. THE MAJORITY OF PRIMARY CARE PHYSICIANS IN THE COMMUNITY DO NOT MAINTAIN HOSPITAL PRIVILEGES; THEREFORE, THE HOSPITAL CONTRACTS FOR HOSPITALIST SERVICES FOR RESIDENTS WHO REQUIRE ACUTE CARE DIAGNOSIS AND MANAGEMENT. - FREDERICK HEALTH HOSPITAL ALSO CONTRACTS WITH SPECIALTY PROVIDERS TO PROVIDE EMERGENCY CARE COVERAGE ON A 24/7 BASIS. CONTRACTUAL SERVICES INCLUDES ANESTHESIOLOGY, BARIATRIC SURGERY, CARDIOLOGY, ENT, GASTROENTEROLOGY, GENERAL DENTISTRY, GENERAL SURGERY, HEMATOLOGY/ONCOLOGY, INTERVENTIONAL RADIOLOGY, NEPHROLOGY, RADIOLOGY, NEUROLOGY, OPHTHALMOLOGY, ORAL/MAXILLO FACIAL, ORTHOPEDICS, PEDIATRICS, PLASTIC SURGERY, PULMONARY MEDICINE, UROLOGY, VASCULAR SURGERY AND NEUROSURGERY. WITHOUT SUBSIDIES FROM THE ORGANIZATION TO COMPENSATE PROVIDERS FOR THIS COVERAGE, MEDICAL PRACTICES WOULD NOT BE ABLE TO RECRUIT A SUFFICIENT NUMBER OF PERSONNEL TO PROVIDE COVERAGE TO THE EMERGENCY DEPARTMENT.

Return Reference - Identifier	Explanation
SCHEDULE H, PART VI, LINE 6 - DESCRIPTION OF AFFILIATED GROUP	FREDERICK HEALTH HOSPITAL, INC. ('FHH') IS A PRIVATE, NON-STOCK, NOT-FOR-PROFIT 501(C)(3) MARYLAND CORPORATION ORGANIZED IN 1897. AS OF JULY 1, 2011, FREDERICK HEALTH, INC. (F.K.A. FREDERICK REGIONAL HEALTH SYSTEM) BECAME THE PARENT CORPORATION UNDER WHICH THE ENTITIES DESCRIBED BELOW EXIST AND OPERATE. FREDERICK HEALTH, INC. IS GOVERNED BY A 21 MEMBER BOARD OF DIRECTORS. THE BOARD MEETS MONTHLY, WITH ELECTION OF OFFICERS AND MEMBERS OCCURRING AT THE SEPTEMBER MEETING. MUCH OF THE BOARD'S WORK IS ACCOMPLISHED THROUGH STANDING COMMITTEES, INCLUDING THE EXECUTIVE, FINANCE, GOVERNANCE, EXECUTIVE COMPENSATION, JOINT CONFERENCE (WITH MEDICAL STAFF), PLANNING, AND HOSPITAL PERFORMANCE REVIEW COMMITTEES. FREDERICK HEALTH HOSPITAL IS A 314-BED ACUTE CARE HOSPITAL LOCATED IN FREDERICK, MARYLAND, APPROXIMATELY 50 MILES WEST OF BALTIMORE AND 45 MILES NORTHWEST OF WASHINGTON D. C. THE HOSPITAL OPENED IN 1902 AND IS CURRENTLY THE ONLY ACUTE CARE HOSPITAL IN FREDERICK COUNTY AND THE ONLY ACUTE CARE HOSPITAL WITHIN A 25-MILE RADIUS OF THE CITY OF FREDERICK. THE MAIN CAMPUS OF THE HOSPITAL IS LOCATED ON AN APPROXIMATELY 15.85-ACRE SITE IN FREDERICK, MARYLAND. THE TOTAL SQUARE FOOTAGE OF THE HOSPITAL IS APPROXIMATELY 596,000 SQUARE FEET. FHH'S HOSPITAL-BASED AND OFF-SITE OUTPATIENT SERVICES ACCOUNT FOR OVER 385,000 VISITS ANNUALLY INCLUDING HOME HEALTH SERVICES, WHICH MAKES APPROXIMATELY 39,000 VISITS PER YEAR. FREDERICK HEALTH HOSPITAL, INC. PROVIDES A FULL RANGE OF ACUTE CARE SERVICES INCLUDING: MEDICINE, SURGERY, OBSTETRICS, GYNECOLOGY, PEDIATRICS, INTENSIVE CARE, CORONARY CARE, INTERVENTIONAL CARDIOLOGY, PRIMARY STROKE PROGRAM, WOUND CARE, JOINT REPLACEMENT PROGRAM, CYBERKNIFE RADIOSURGERY CENTER, PSYCHIATRIC CARE, MEDICAL FITNESS, WELLNESS PROGRAM/CENTER AND EMERGENCY SERVICES. IN ADDITION, FREDERICK HEALTH HOSPITAL, INC. PROVIDES A COMPREHENSIVE RANGE OF OUTPATIENT SERVICES, INCLUDING: EMERGENCY MEDICINE, OUTPATIENT SURGERY, HOME HEALTH, RADIATION THERAPY, MRI, PET AND CT SCANNING, MEDICAL ONCOLOGY, AND COMPREHENSIVE WOMEN'S SERVICES. THROUGH THE SATELLITE LOCATIONS AND OUTPATIENT CENTERS, THE HEALTH SYSTEM PROVIDES: URGENT CARE, LABORATORY, DIAGNOSTIC RADIOLOGY, AMBULATORY SURGERY, VASCULAR IMAGING, REHABILITATION SERVICES, PAIN AND PALLIATIVE CARE.

**SCHEDULE J
(Form 990)**

(Rev. January 2025)

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

**Open to Public
Inspection**

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

Part I Questions Regarding Compensation

	Yes	No								
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. <table><tr><td>☐ First-class or charter travel</td><td>☐ Housing allowance or residence for personal use</td></tr><tr><td>☐ Travel for companions</td><td>☐ Payments for business use of personal residence</td></tr><tr><td>☐ Tax indemnification and gross-up payments</td><td>☐ Health or social club dues or initiation fees</td></tr><tr><td>☐ Discretionary spending account</td><td>☐ Personal services (such as maid, chauffeur, chef)</td></tr></table>	☐ First-class or charter travel	☐ Housing allowance or residence for personal use	☐ Travel for companions	☐ Payments for business use of personal residence	☐ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees	☐ Discretionary spending account	☐ Personal services (such as maid, chauffeur, chef)		
☐ First-class or charter travel	☐ Housing allowance or residence for personal use									
☐ Travel for companions	☐ Payments for business use of personal residence									
☐ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees									
☐ Discretionary spending account	☐ 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	1b									
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?	2									
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. <table><tr><td>☒ Compensation committee</td><td>☒ Written employment contract</td></tr><tr><td>☒ Independent compensation consultant</td><td>☒ Compensation survey or study</td></tr><tr><td>☒ Form 990 of other organizations</td><td>☒ Approval by the board or compensation committee</td></tr></table>	☒ Compensation committee	☒ Written employment contract	☒ Independent compensation consultant	☒ Compensation survey or study	☒ Form 990 of other organizations	☒ Approval by the board or compensation committee				
☒ Compensation committee	☒ Written employment contract									
☒ Independent compensation consultant	☒ Compensation survey or study									
☒ Form 990 of other organizations	☒ 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?	4a	☒								
b Participate in or receive payment from a supplemental nonqualified retirement plan?	4b	☒								
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.	4c	☒								
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?	5a	☒								
b Any related organization? If "Yes" on line 5a or 5b, describe in Part III.	5b	☒								
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?	6a	☒								
b Any related organization? If "Yes" on line 6a or 6b, describe in Part III.	6b	☒								
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	7	☒								
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	8	☒								
9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9									

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				
1	THOMAS A KLEINHANZL PRESIDENT AND CEO	(i) 972,185	895,110	1,946,212	151,898	17,496	3,982,901	1,941,064
		(ii) 0	0	0	0	0	0	0
2	CHERYL L. CIOFFI EVP & CHIEF ADMIN OFFICER	(i) 481,333	277,871	19,544	35,000	17,496	831,244	17,750
		(ii) 0	0	0	0	0	0	0
3	HANNAH R. JACOBS SVP AND CFO	(i) 441,030	182,878	1,794	59,814	14,357	699,873	0
		(ii) 0	0	0	0	0	0	0
4	MIHIR JANI, M.D. PAST CHIEF OF STAFF	(i) 0	0	0	0	0	0	0
		(ii) 448,782	67,007	552	17,250	17,496	551,087	0
5	JACKIE L. RICE VP CHIEF INFORMATION OFFICER	(i) 313,635	66,165	5,148	15,516	376	400,840	0
		(ii) 0	0	0	0	0	0	0
6	DONALD R. SCHILLING VP BUSINESS DEVELOPMENT	(i) 294,730	49,252	9,906	15,490	15,609	384,987	0
		(ii) 0	0	0	0	0	0	0
7	LEUDVIG SARDARIAN, M.D. MEDICAL AFFAIRS & CMO	(i) 328,155	32,485	780	17,250	0	378,670	0
		(ii) 0	0	0	0	0	0	0
8	HEATHER R. KIRBY VP INTEGRATED CARE & CPHO	(i) 288,355	55,508	1,794	1,579	17,496	364,732	0
		(ii) 0	0	0	0	0	0	0
9	CHRISTOPHER M. BUMBAUGH VP HUMAN RESOURCES	(i) 278,965	50,450	3,354	13,997	17,496	364,262	0
		(ii) 0	0	0	0	0	0	0
10	JAMIE B. WHITE VP PATIENT CARE & CNO	(i) 277,516	51,707	1,794	13,941	7,045	352,003	0
		(ii) 0	0	0	0	0	0	0
11	MICHAEL G. MCLANE, JR. VP & COO	(i) 224,616	39,450	1,170	10,758	19,443	295,437	0
		(ii) 0	0	0	0	0	0	0
12	BRENT L. PURSCELLEY VP FHMG	(i) 220,766	23,774	3,354	9,961	17,278	275,133	0
		(ii) 0	0	0	0	0	0	0
13		(i)						
		(ii)						
14		(i)						
		(ii)						
15		(i)						
		(ii)						
16		(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.

Return Reference - Identifier	Explanation
SCHEDULE J, PART I, LINE 3 - ARRANGEMENT USED TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION	THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. IN ADDITION TO THE BOARD'S COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT COMPENSATION. THE PRESIDENT AND CEO HAS A WRITTEN EMPLOYMENT CONTRACT.
SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	FREDERICK HEALTH HOSPITAL HAS ONE 457(F) NON QUALIFIED DEFERRED COMPENSATION PLAN FOR CERTAIN MEMBERS OF SENIOR MANAGEMENT. UNDER THE PLAN, THEY MAY CONTRIBUTE AMOUNTS FROM THEIR COMPENSATION TO THE PLAN AND MAY RECEIVE A DISCRETIONARY EMPLOYER CONTRIBUTION. EMPLOYEES ARE FULLY VESTED IN ALL EMPLOYEE CONTRIBUTIONS TO THE PLAN. VESTING IN EMPLOYER CONTRIBUTIONS OCCURS IN ACCORDANCE WITH THE UNDERLYING PLAN DOCUMENTS. ALL ASSETS OF THE PLAN ARE HELD IN A SEPARATE TRUST SUBJECT TO INVESTMENT MARKET ACTIVITY. UPON VESTING, THE PLAN BECOMES REPORTABLE AS IRS COMPENSATION. TOTAL HOSPITAL CONTRIBUTIONS TO THIS PLAN WERE AS FOLLOWS: THOMAS A KLEINHANZL - \$111,648 CHERYL CIOFFI - \$31,296 HANNAH JACOBS - \$44,431
SCHEDULE J, PART II - LINE1(I)	TOTAL COMPENSATION INCLUDES PAYOUTS FROM RETIREMENT AND DEFERRED COMPENSATION PLANS WHICH WERE EARNED AND REPORTED IN PRIOR YEAR'S FILINGS, SEE COLUMN (F) FOR THE PREVIOUSLY REPORTED AMOUNT INCLUDED IN COLUMN (B)(III). TOTAL COMPENSATION ALSO INCLUDES TAXABLE AND NON-TAXABLE BENEFITS SUCH AS HEALTH AND LIFE INSURANCE.

**SCHEDULE K
(Form 990)**

(Rev. January 2025)

Department of the Treasury
Internal Revenue Service**Supplemental Information on Tax-Exempt Bonds****Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions,
explanations, and any additional information in Part VI.
Attach to Form 990.****Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

**Open to Public
Inspection**

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
							Yes	No	Yes	No	Yes	No
A	MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2020A	52-0936091	57421CAD6	06/25/2020	62,645,000	SEE PART VI		✓		✓		✓
B	MHHEFA 2022 BONDS (2020 CINDERELLA)	52-0936091		07/01/2022	93,550,100	SEE PART VI		✓		✓		✓
C	MHHEFA SERIES 2023 BONDS	52-0936091	57421CEV1	06/29/2023	73,740,742	SEE PART VI		✓		✓		✓
D												

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		5,835,000		2,795,000			
2	Amount of bonds legally defeased								
3	Total proceeds of issue	65,768,798		93,550,100		73,740,742			
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	1,159,217							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	40,000,000				15,585,740			
11	Other spent proceeds	24,890,857		93,550,100		58,152,002			
12	Other unspent proceeds								
13	Year of substantial completion	2022				2026			
14	Were the bonds issued as part of a refunding issue of tax-exempt bonds (or, if issued prior to 2018, a current refunding issue)?	Yes	No	Yes	No	Yes	No	Yes	No
15	Were the bonds issued as part of a refunding issue of taxable bonds (or, if issued prior to 2018, an advance refunding issue)?	✓			✓	✓			
16	Has the final allocation of proceeds been made?		✓	✓			✓		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	✓		✓		✓			

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

Cat. No. 50193E

Schedule K (Form 990) (Rev. 1-2025)

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		✓		✓		✓		
2 Are there any lease arrangements that may result in private business use of bond-financed property?		✓	✓		✓			
3a Are there any management or service contracts that may result in private business use of bond-financed property?		✓	✓		✓			
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?			✓		✓			
c Are there any research agreements that may result in private business use of bond-financed property?		✓	✓		✓			
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?				✓	✓			
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0.00 %		1.06 %		0.16 %			
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0.00 %		0.00 %		0.00 %			
6 Total of lines 4 and 5	0.00 %		1.06 %		0.16 %			
7 Does the bond issue meet the private security or payment test?		✓		✓		✓		
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		✓		✓		✓		
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	✓		✓		✓			

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		✓		✓		✓		
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?	✓			✓	✓			
b Exception to rebate?		✓		✓		✓		
c No rebate due?		✓		✓		✓		
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		✓		✓		✓		

Part VI

Supplemental Information. Supplemental Information Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Return Reference - Identifier	Explanation
SCHEDULE K, PART I, COLUMN (A) - ISSUER NAME: MD HEALTH AND HIGHER EDUCATION FACILITIES AUTHORITY	A: REVENUE BONDS, FREDERICK HEALTH SYSTEM ISSUE, SERIES 2020 B: REVENUE BOND, FREDERICK HEALTH SYSTEM ISSUE, 2022 C: REVENUE BONDS, FREDERICK HEALTH SYSTEM ISSUE, SERIES 2023
SCHEDULE K, PART I, COLUMN (F) - DESCRIPTION OF PURPOSE	A: SERIES 2020 BONDS - FUND NEW CAPITAL PROJECTS AND REFINANCE THE ISSUER'S 2017A BONDS. B: 2022 BONDS - REFUND THE CONDUIT BORROWER'S TAXABLE NOTE, THE PROCEEDS OF WHICH WERE USED TO REFINANCE THE ISSUER'S 2012A BONDS. C: SERIES 2023 BONDS - FUND NEW CAPITAL PROJECTS, REFINANCE A PORTION OF THE ISSUER'S 2017B BONDS, AND REFINANCE A PORTION OF THE CONDUIT BORROWER'S TAXABLE LINE OF CREDIT AGREEMENT.

SCHEDULE L
(Form 990)

(Rev. January 2025)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c; or Form 990-EZ, Part V, line 38a or 40b.

Attach to Form 990 or Form 990-EZ.

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

OMB No. 1545-0047

Open to Public
Inspection

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

Part I Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and section 501(c)(29) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization \$

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												

Total \$

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

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

Cat. No. 50056A

Schedule L (Form 990) (Rev.1-2025)

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) (SEE STATEMENT)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Provide additional information for responses to questions on Schedule L (see instructions).

[illegible]

Part IV**Business Transactions Involving Interested Persons** (continued)

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) LEE BUILDING MAINTENCE INC	OWNED BY BOARD MEMBER - JASON LEE	\$1,690,433	PAYMENTS FOR SERVICES PROVIDED TO FHH		✓

**SCHEDULE O
(Form 990)**

(Rev. January 2025)

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 instructions and the latest information.**

OMB No. 1545-0047

**Open to Public
Inspection**

Name of the organization

Frederick Health Hospital, Inc.

Employer identification number

52-0591612

Return Reference - Identifier	Explanation
FORM 990, PART III, LINE 4A-4C - DESCRIPTION OF PROGRAM SERVICES	(EXPENSES \$252,985,873 INCLUDING GRANTS OF \$0)(REVENUE \$211,798,085) OTHER PROGRAM SERVICES INCLUDE BEHAVIORAL HEALTH, CARDIOLOGY, SLEEP, HOSPICE & HOME CARE, IMAGING, WOMEN AND CHILDREN AND WOUND CARE. THE PROGRAM SERVICES EXPENSE LISTED HERE INCLUDE \$57.8 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.
FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS	THE SOLE MEMBER OF THE ORGANIZATION IS FREDERICK HEALTH, INC.
FORM 990, PART VI, LINE 7A - MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	THE SOLE MEMBER, FREDERICK HEALTH, INC., HAS THE POWER TO APPOINT THE PRESIDENT/CEO AND THE DIRECTORS OF FREDERICK HEALTH HOSPITAL.
FORM 990, PART VI, LINE 7B - DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	THE MEMBER, FREDERICK HEALTH, INC., MUST APPROVE THE INCURRENCE OF DEBT IF SUCH DEBT EXCEEDS A CERTAIN AMOUNT TO BE DESIGNATED BY THE MEMBER, CAPITAL EXPENDITURES EXCEEDING A CERTAIN AMOUNT TO BE DESIGNATED BY THE MEMBER, THE DECISION TO DISSOLVE OR LIQUIDATE, THE CREATION OF A SUBSIDIARY, AND AMENDMENTS TO THE BYLAWS.
FORM 990, PART VI, LINE 11B - REVIEW OF FORM 990 BY GOVERNING BODY	THE 990 IS PREPARED IN CONJUNCTION WITH OUTSIDE TAX ACCOUNTANTS AND REVIEWED BY UPPER MANAGEMENT PRIOR TO PROVIDING A COPY TO THE BOARD. A COPY OF FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD PRIOR TO FILING.
FORM 990, PART VI, LINE 12C - CONFLICT OF INTEREST POLICY	THE FREDERICK HEALTH HOSPITAL, INC. BOARD OF DIRECTORS IS COMMITTED TO MEETING ITS FIDUCIARY RESPONSIBILITIES AND MAINTAINING ITS DUTY OF LOYALTY TO THE HOSPITAL AND THE COMMUNITY IT SERVES. TO THIS END, THE BOARD WILL EXERCISE VIGILANCE IN IDENTIFYING ANY CONFLICTS OF INTEREST. THE BOARD WILL ALSO MAINTAIN TRANSPARENCY AND OBJECTIVITY IN MAKING DECISIONS ABOUT CONFLICTS OF INTEREST SO THAT THE ORGANIZATION'S MISSION IS ALWAYS THE FIRST PRIORITY. THE CHAIRPERSON (OR VICE CHAIRPERSON IF THE CHAIR IS INVOLVED) WILL NOTIFY ALL DIRECTORS OF A REPORTED CONFLICT OF INTEREST AND DECIDE WHETHER TO TAKE THE MATTER TO THE FULL BOARD TO DECIDE WHETHER A CONFLICT EXISTS AND, IF SO, WHAT ACTION TO TAKE, OR WILL REFER THE MATTER TO THE GOVERNANCE COMMITTEE FOR AN IN-DEPTH EXAMINATION, SUMMARY, AND RECOMMENDATION PRIOR TO A FULL BOARD DISCUSSION AND DECISION. IF TIME IS OF THE ESSENCE, THE CHAIRPERSON OR VICE CHAIRPERSON WILL TAKE THE MATTER TO THE EXECUTIVE COMMITTEE FOR DISCUSSION AND A DECISION, AND WILL THEN NOTIFY THE FULL BOARD. WHERE A CONFLICT OF INTEREST HAS BEEN IDENTIFIED, THE BOARD MEMBER SHALL NOT VOTE OR BE PRESENT FOR THE DISCUSSION OR THE VOTE REGARDING THE TRANSACTION AT THE FULL BOARD, EXECUTIVE COMMITTEE, OR GOVERNANCE COMMITTEE MEETINGS, EXCEPT TO ANSWER QUESTIONS THAT MAY BE ASKED OF HIM OR HER. TO PREVENT ACTUAL OR PERCEIVED INFLUENCE ON THE BOARD'S DECISION, THE CONFLICTED MEMBER IS PROHIBITED, AFTER INITIAL DISCLOSURE, FROM DISCUSSING THE CONFLICT OF INTEREST EITHER FORMALLY OR INFORMALLY WITH FELLOW DIRECTORS OR WITH MEMBERS OF THE MANAGEMENT. THERE WILL BE AN ANNUAL REVIEW OF ALL BOARD MEMBERS AND OFFICERS TRANSACTIONS PREPARED BY THE ADMINISTRATION AND REVIEWED BY THE GOVERNANCE COMMITTEE AND THE FULL BOARD OF DIRECTORS. AT THAT TIME, ALL DIRECTORS WILL BE REMINDED OF THE IRS INTERMEDIATE SANCTIONS REGULATION THAT ESTABLISHES EXCISE TAXES AS A SANCTION AGAINST ADMINISTRATORS AND DIRECTORS OF TAX EXEMPT ORGANIZATIONS WHO PARTICIPATE IN 'EXCESS BENEFIT TRANSACTIONS' (E.G., UNREASONABLY HIGH EMPLOYMENT COMPENSATION OR BUSINESS DEALS).
FORM 990, PART VI, LINE 15 -	THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. IN ADDITION TO THE BOARD'S COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT. THE PRESIDENT AND CEO HAS A WRITTEN EMPLOYMENT CONTRACT.
FORM 990, PART VI, LINE 15A - PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. IN ADDITION TO THE BOARD'S COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT. THE PRESIDENT AND CEO HAS A WRITTEN EMPLOYMENT CONTRACT.

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

Cat. No. 51056K

Schedule O (Form 990) (Rev. 1-2025)

**SCHEDULE O
(Form 990)**

(Rev. January 2025)

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 instructions and the latest information.

OMB No. 1545-0047

**Open to Public
Inspection**

Name of the organization

Frederick Health Hospital, Inc.

Employer identification number

52-0591612

Return Reference - Identifier	Explanation																														
FORM 990, PART VI, LINE 15B - PROCESS TO ESTABLISH COMPENSATION OF OTHER OFFICERS OR KEY EMPLOYEES	THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. IN ADDITION TO THE BOARD'S COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT. THE PRESIDENT AND CEO HAS A WRITTEN EMPLOYMENT CONTRACT.																														
FORM 990, PART VI, LINE 19 - REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC	GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY ARE AVAILABLE UPON REQUEST. FREDERICK HEALTH HOSPITAL, INC. CONSOLIDATED ANNUAL AUDITED FINANCIAL STATEMENTS ARE AVAILABLE AT HTTPS://WWW.FREDERICKHEALTH.ORG/DOCUMENTS/FY25-FREDERICK-HEALTH-INC.-AND-SUBSIDIARIES_25-24-W-PW.PDF																														
FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES	<table><thead><tr><th>(a) Description</th><th>(b) Total Expenses</th><th>(c) Program Service Expenses</th><th>(d) Management and General Expenses</th><th>(e) Fundraising Expenses</th></tr></thead><tbody><tr><td>CONTRACT SERVICES</td><td>33,244,874</td><td>29,653,152</td><td>3,580,337</td><td>11,385</td></tr><tr><td>PROFESSIONAL FEES</td><td>25,648,197</td><td>24,814,780</td><td>833,417</td><td></td></tr><tr><td>CONTRACT LABOR</td><td>10,314,432</td><td>10,238,815</td><td>75,617</td><td></td></tr><tr><td>OTHER EXPENSES</td><td>7,880,566</td><td>7,157,595</td><td>721,873</td><td>1,098</td></tr><tr><td>Total</td><td>77,088,069</td><td>71,864,342</td><td>5,211,244</td><td>12,483</td></tr></tbody></table>	(a) Description	(b) Total Expenses	(c) Program Service Expenses	(d) Management and General Expenses	(e) Fundraising Expenses	CONTRACT SERVICES	33,244,874	29,653,152	3,580,337	11,385	PROFESSIONAL FEES	25,648,197	24,814,780	833,417		CONTRACT LABOR	10,314,432	10,238,815	75,617		OTHER EXPENSES	7,880,566	7,157,595	721,873	1,098	Total	77,088,069	71,864,342	5,211,244	12,483
(a) Description	(b) Total Expenses	(c) Program Service Expenses	(d) Management and General Expenses	(e) Fundraising Expenses																											
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Total	77,088,069	71,864,342	5,211,244	12,483																											
FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table><thead><tr><th>(a) Description</th><th>(b) Amount</th></tr></thead><tbody><tr><td>INTERCOMPANY LOAN FORGIVENESS</td><td>- 27,555,000</td></tr><tr><td>ASSETS RELEASED FROM RESTRICTIONS</td><td>2,427,000</td></tr><tr><td>JOINT VENTURE INCOME</td><td>4,266,363</td></tr><tr><td>OTHER CHANGES IN NET ASSETS</td><td>- 3,531,688</td></tr><tr><td>TOTAL</td><td>- 24,393,325</td></tr></tbody></table>	(a) Description	(b) Amount	INTERCOMPANY LOAN FORGIVENESS	- 27,555,000	ASSETS RELEASED FROM RESTRICTIONS	2,427,000	JOINT VENTURE INCOME	4,266,363	OTHER CHANGES IN NET ASSETS	- 3,531,688	TOTAL	- 24,393,325																		
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OTHER CHANGES IN NET ASSETS	- 3,531,688																														
TOTAL	- 24,393,325																														
FORM 990, PART XII, LINE 2C - CHANGE OF OVERSIGHT PROCESS OR SELECTION PROCESS	THE PROCESS HAS NOT CHANGED SINCE THE PRIOR YEAR.																														

SCHEDULE R
(Form 990)

(Rev. January 2025)
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

Open to Public
Inspection

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

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
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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
(1) FREDERICK HEALTH HOSPICE, INC (52-1164513) 400 WEST SEVENTH STREET, FREDERICK, MD 21701	HOSPICE CARE	MD	501(C)(3)	10	FREDERICK HEALTH HOSPITAL, INC	✓	
(2) FREDERICK HEALTH, INC. (45-4133096) 400 WEST SEVENTH STREET, FREDERICK, MD 21701	HEALTH SYSTEM	MD	501(C)(3)	12 TYPE II	N/A		✓
(3) FREDERICK HEALTH MEDICAL GROUP LLC (45-3001639) 400 WEST SEVENTH STREET, FREDERICK, MD 21701	PHYSICIAN ORG	MD	501(C)(3)	7	FREDERICK HEALTH, INC	✓	
(4)							
(5)							
(6)							
(7)							

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	
(1) (SEE STATEMENT)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

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
(1) (SEE STATEMENT)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									

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.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II–IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	1a	✓
b Gift, grant, or capital contribution to related organization(s)	1b	✓
c Gift, grant, or capital contribution from related organization(s)	1c	✓
d Loans or loan guarantees to or for related organization(s)	1d	✓
e Loans or loan guarantees by related organization(s)	1e	✓
f Dividends from related organization(s)	1f	✓
g Sale of assets to related organization(s)	1g	✓
h Purchase of assets from related organization(s)	1h	✓
i Exchange of assets with related organization(s)	1i	✓
j Lease of facilities, equipment, or other assets to related organization(s)	1j	✓
k Lease of facilities, equipment, or other assets from related organization(s)	1k	✓
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	✓
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	✓
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	✓
o Sharing of paid employees with related organization(s)	1o	✓
p Reimbursement paid to related organization(s) for expenses	1p	✓
q Reimbursement paid by related organization(s) for expenses	1q	✓
r Other transfer of cash or property to related organization(s)	1r	✓
s Other transfer of cash or property from related organization(s)	1s	✓

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) FREDERICK HEALTH HOSPICE, INC.	O	393,482	DIRECT COSTING
(2) FREDERICK HEALTH MEDICAL GROUP, LLC	Q	103,044,558	DIRECT COSTING
(3) FREDERICK HEALTH MEDICAL GROUP, LLC	S	67,147,212	CASH
(4) FREDERICK HEALTH MEDICAL GROUP, LLC	J	2,520,298	FMV
(5) FREDERICK HEALTH MEDICAL GROUP, LLC	O	1,027,104	DIRECT COSTING
(6) (SEE STATEMENT)			

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 section 501(c)(3) organizations?		(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		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part III**Identification of Related Organizations Taxable as a Partnership** (continued)

(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	
(1) MT AIRY HEALTH SERVICES, LLC (30-0488523) 400 WEST SEVENTH STR, FREDERICK, MD 21701	AMBULATORY HEALTH	MD		RELATED	465,616	1,834,133		✓		✓		50.00

Part IV**Identification of Related Organizations Taxable as a Corporation or Trust** (continued)

(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
(1) FREDERICK HEALTH SERVICES CORPORATION (52-1851661) 400 WEST SEVENTH STREET, FREDERICK, MD 21701	HEALTH CARE	MD	N/A	C CORPORATION			N/A	✓	
(2) MONOCACY INSURANCE LTD (98-1011570) PO BOX 1159, GRAND CAYMAN, KY11, CJ	SELF INSURANCE	CAYMAN ISLANDS	N/A	C CORPORATION			N/A	✓	

Part V**Transactions with Related Organizations** (continued)

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount Involved	(d) Method of determining amount involved
(6) FREDERICK HEALTH SERVICES CORP	K	320,357	FMV
(7) FREDERICK HEALTH SERVICES CORP	S	143,641	FMV
(8) FREDERICK HEALTH VILLAGE, LLC	Q	990,453	DIRECT COSTING
(9) FREDERICK HEALTH, INC.	O	1,938,910	DIRECT COSTING
(10) FREDERICK HEALTH, INC.	R	3,070,937	CASH
(11) MONOCACY INSURANCE, LTD	C	50,000	CASH

Frederick Health, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

June 30, 2025 and 2024

Frederick Health, Inc. and Subsidiaries

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June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
Frederick Health, Inc. and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Frederick Health, Inc. and Subsidiaries and subsidiaries (the System), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the System as of June 30, 2025 and 2024, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Monocacy Insurance, Ltd (Monocacy), a wholly owned subsidiary, which statements reflect total assets of \$29,029 and \$28,148 as of June 30, 2025 and 2024, respectively and net income (loss) after elimination of intercompany income (loss) of \$599 and (\$152) for the year ended June 30, 2025 and 2024, respectively (stated in thousands). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for Monocacy, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*) issued by the Comptroller General of the United States. 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 System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 System'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 33-42 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such 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 consolidating information 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 consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2025 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Pittston, Pennsylvania
October 3, 2025

Frederick Health, Inc. and Subsidiaries

Consolidated Balance Sheets

June 30, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 11,236	\$ 3,359
Patient receivables	131,013	102,930
Other receivables	11,095	5,309
Inventory	11,330	11,953
Prepaid expenses	8,607	6,995
Assets limited as to use	6,063	5,824
Promises to give, net	301	397
	<u>179,645</u>	<u>136,767</u>
Total current assets	<u>179,645</u>	<u>136,767</u>
Property and Equipment, Net	<u>281,202</u>	<u>288,463</u>
Finance Lease Right-of-Use Assets, Net	<u>7,897</u>	<u>7,257</u>
Operating Lease Right-of-Use Assets, Net	<u>30,608</u>	<u>28,107</u>
Other Assets		
Assets limited as to use	3,467	5,011
Investments, donor restricted	2,458	2,241
Promises to give, net	3,287	3,100
Long-term investments	192,147	200,900
Other investments	18,549	19,148
Other assets	8,689	12,998
	<u>228,597</u>	<u>243,398</u>
Total other assets	<u>228,597</u>	<u>243,398</u>
Total assets	<u><u>\$ 727,949</u></u>	<u><u>\$ 703,992</u></u>

See notes to consolidated financial statements

Frederick Health, Inc. and Subsidiaries

Consolidated Balance Sheets

June 30, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Liabilities and Net Assets		
Current Liabilities		
Lines of credit	\$ 38,129	\$ 7,339
Current maturities of:		
Long-term debt	5,650	5,280
Finance lease obligations	2,284	1,771
Operating lease obligations	4,826	3,840
Accounts payable	45,275	51,527
Accrued expenses	31,877	31,665
Advances from third-party payors	19,493	21,982
Other current liabilities	9,695	6,571
	<u>157,229</u>	<u>129,975</u>
Total current liabilities		
Long-Term Liabilities, Net of Current Portion		
Long-term debt, net	215,524	221,294
Other long-term liabilities	22,530	27,573
Finance lease obligations	5,910	5,667
Operating lease obligations	29,512	28,076
	<u>273,476</u>	<u>282,610</u>
Total long-term liabilities, net of current portion		
Total liabilities	<u>430,705</u>	<u>412,585</u>
Net Assets		
Without donor restrictions	290,909	285,214
With donor restrictions	6,046	5,738
	<u>296,955</u>	<u>290,952</u>
Total net assets attributable to the system		
Noncontrolling interest	289	455
	<u>297,244</u>	<u>291,407</u>
Total net assets		
Total liabilities and net assets	<u>\$ 727,949</u>	<u>\$ 703,992</u>

See notes to consolidated financial statements

Frederick Health, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Net patient service revenue	\$ 558,249	\$ 525,217
Other revenue	<u>24,295</u>	<u>24,981</u>
Total operating revenues	<u>582,544</u>	<u>550,198</u>
Operating Expenses		
Salaries and wages	273,743	264,688
Employee benefits	51,321	50,085
Professional fees	16,200	12,807
Cost of goods sold	109,692	108,239
Supplies	13,644	14,321
Contract services	67,214	63,462
Other	18,449	17,379
Utilities	4,786	5,185
Insurance	4,499	3,673
Depreciation and amortization	31,639	32,122
Interest	<u>7,502</u>	<u>7,457</u>
Total operating expenses	<u>598,689</u>	<u>579,418</u>
Loss from operations	<u>(16,145)</u>	<u>(29,220)</u>
Other Income (Loss), Net		
(Loss) gain on sale of assets	(42)	34
Investment gain, net	15,295	12,804
Change in unrealized gains and losses on trading securities, net	5,213	11,082
Other nonoperating loss, net	<u>(1,219)</u>	<u>(450)</u>
Total other income, net	<u>19,247</u>	<u>23,470</u>
Excess (deficit) of revenues over expenses	3,102	(5,750)
Less noncontrolling interest deficit of revenues over expenses	<u>166</u>	<u>106</u>
Excess (deficit) of revenues over expenses attributable to the System	<u><u>\$ 3,268</u></u>	<u><u>\$ (5,644)</u></u>

See notes to consolidated financial statements

Frederick Health, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2025 and 2024

(In Thousands)

	Attributable to the System			
	Without Donor Restrictions	With Donor Restrictions	Noncontrolling Interest	Total
Net Assets, June 30, 2023	<u>\$ 286,211</u>	<u>\$ 7,985</u>	<u>\$ 561</u>	<u>\$ 294,757</u>
Deficit of revenues over expenses	(5,644)	-	(106)	(5,750)
Released from restriction used for operations and nonoperating activities	-	(707)	-	(707)
Released from restriction used to purchase capital	4,647	(4,647)	-	-
Restricted gifts, bequests and contributions	<u>-</u>	<u>3,107</u>	<u>-</u>	<u>3,107</u>
Change in net assets	<u>(997)</u>	<u>(2,247)</u>	<u>(106)</u>	<u>(3,350)</u>
Net Assets, June 30, 2024	<u>285,214</u>	<u>5,738</u>	<u>455</u>	<u>291,407</u>
Excess (deficit) of revenues over expenses	3,268	-	(166)	3,102
Released from restriction used for operations and nonoperating activities	-	(478)	-	(478)
Released from restriction used to purchase capital	2,427	(2,427)	-	-
Restricted gifts, bequests and contributions	<u>-</u>	<u>3,213</u>	<u>-</u>	<u>3,213</u>
Change in net assets	<u>5,695</u>	<u>308</u>	<u>(166)</u>	<u>5,837</u>
Net Assets, June 30, 2025	<u><u>\$ 290,909</u></u>	<u><u>\$ 6,046</u></u>	<u><u>\$ 289</u></u>	<u><u>\$ 297,244</u></u>

See notes to consolidated financial statements

Frederick Health, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 5,837	\$ (3,350)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	29,285	30,114
Amortization of finance lease right-of-use assets	2,354	2,008
Amortization of operating lease right-of-use assets	4,456	4,129
Payments on operating lease obligations	(4,535)	(4,315)
Amortization of premium and deferred financing	(120)	20
Equity in earning of joint ventures	(2,998)	(3,900)
Net unrealized and realized gains on unrestricted investments	(13,942)	(16,597)
Proceeds from restricted contributions	(3,880)	(7,921)
Gain on sale of assets	42	(34)
Increase (decrease) in:		
Receivables, patient and other	(33,869)	(26,626)
Inventories and prepaids	(989)	(1,125)
Promises to give	(91)	1,072
Other assets	4,309	(385)
Accounts payable	(6,252)	6,968
Accrued expenses	212	3,764
Advanced from third-party payors	(2,489)	10,649
Other current liabilities	3,124	1,024
Other long-term liabilities	(5,043)	2,762
Net cash used in operating activities	<u>(24,589)</u>	<u>(1,743)</u>
Cash Flows From Investing Activities		
Other investments	3,597	4,388
Purchases of property and equipment	(22,066)	(23,178)
Net sales of long-term investments and assets limited as to use	<u>24,022</u>	<u>2,734</u>
Net cash provided by (used in) investing activities	<u>5,553</u>	<u>(16,056)</u>

See notes to consolidated financial statements

Frederick Health, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2025 and 2024

(In Thousands)

	2025	2024
Cash Flows From Fundraising and Financing Activities		
Proceeds from restricted contributions	\$ 3,880	\$ 7,921
Net borrowings (repayments) of lines of credit	30,790	(2,770)
Repayments of long-term debt	(5,280)	(2,386)
Payments on finance lease obligations	(2,238)	(1,967)
Deferred financing costs paid	-	(426)
	<u>27,152</u>	<u>372</u>
Net cash provided by fundraising and financing activities	<u>27,152</u>	<u>372</u>
Net change in cash, cash equivalents and restricted cash	8,116	(17,427)
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>9,183</u>	<u>26,610</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u><u>\$ 17,299</u></u>	<u><u>\$ 9,183</u></u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 11,236	\$ 3,359
Restricted cash, included in assets limited as to use	<u>6,063</u>	<u>5,824</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 17,299</u></u>	<u><u>\$ 9,183</u></u>
Supplemental Disclosures		
Cash paid for interest	<u><u>\$ 7,532</u></u>	<u><u>\$ 5,873</u></u>

See notes to consolidated financial statements

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

1. Organization and Mission

Frederick Health, Inc. (the System) is a not-for-profit parent corporation formed on June 23, 2011, exempt from income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income as defined by Section 512(a)(1) of the Code is subject to federal income tax. The System has received a determination letter from the Internal Revenue Service (IRS) stating that it is exempt from federal income taxes under Section 501(c) of the Code.

Frederick Health Hospital, Inc. (the Hospital) is a not-for-profit hospital, exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) whereby only unrelated business income as defined by Section 512(a)(1) of the Code is subject to federal income tax. The Hospital is located in Frederick, Maryland, and provides health care services primarily to residents of Frederick County. The Hospital has received a determination letter from the IRS stating that it is exempt from federal income taxes under Section 501(c) of the Code.

Monocacy Insurance, Ltd. (MIL) is a Cayman Islands-domiciled single-parent captive incorporated on May 24, 2011, and holds an Unrestricted Class B insurance license issued under Section 7(2) of the Cayman Island Insurance Law. MIL directly provides primary medical professional liability, primary general liability coverage, and cyber liability coverage to the System.

Frederick Health Medical Group, LLC (the Medical Group) serves as a physician enterprise, providing governance, management, and support functions for employed physicians. The Medical Group is a not-for-profit corporation, formed on June 23, 2011, and operational as of October 1, 2013, exempt from income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) whereby only unrelated business income as defined by Section 512(a)(1) of the Code is subject to federal income tax. The Medical Group has received a determination letter from the IRS stating that it is exempt from federal income taxes under Section 501(c) of the Code.

Frederick Health Services Corporation (FHSC) is a Maryland for-profit corporation, all of the stock of which is owned by the System. FHSC is subject to federal and state income taxes.

On March 25, 2014, Frederick Integrated Healthcare Network, LLC (FIHN) was formed and is operated exclusively as a charitable organization for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Code and the Regulations thereunder as they now exist or as they may hereafter be amended. FIHN was formed to maintain and operate a program of clinical integration and an accountable care organization among health care providers.

In October 2019, the System purchased 100% of the membership interests of Frederick View, LLC, a Maryland limited liability company. The sole asset of Frederick View, LLC was real property consisting of an approximately 94-acre parcel of land with an approximately 387,000- square-foot building, which was formerly used by an insurance company. On December 2, 2019, the Articles of Organization of Frederick View, LLC were amended for the purpose of changing the name of Frederick View, LLC to Frederick Health Village, LLC (the Village).

On December 16, 2021, Frederick Health Community Enterprises, LLC (FHCE) was formed and is operated exclusively as a charitable organization for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Code and the Regulations thereunder as they now exist or as they may hereafter be amended. FHCE was formed for the benefit of, and to advance the interests of, the System.

The Obligated Group, consisting of the Hospital, Medical Group, and the System, is responsible for repayment of the Maryland Health and Higher Education Facilities Authority (MHHEFA) Series Bonds, Promissory Note 2020 and any outstanding amount on the 2013 Line of Credit. Refer to Notes 9 and 10 for additional information on the line of credit and long-term debt.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and transactions of the System and its wholly owned subsidiaries: the Hospital, MIL, FHSC, the Medical Group, FIHN, FHCE and the Village. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Hospital has one wholly owned subsidiary, Frederick Health Hospice, LLC (Hospice), an independent 501(c)(3) organization controlled by the Hospital, that operates as a fundraising organization for the benefit of hospice services and owns the Kline Hospice House.

FHSC has two wholly owned subsidiaries: Rosehill of Frederick, LLC and Frederick Health Employer Solutions, LLC, both of which are for-profit limited liability companies that have been consolidated with FHSC into the System in the accompanying consolidated financial statements. FHSC also has a 90% ownership interest in Frederick Surgical Center, LLC, which has been consolidated with FHSC into the System in the accompanying consolidated financial statements and the noncontrolling interest represents the 10% interest that is not owned by FHSC.

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

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid financial instruments with an original maturity of three months or less, excluding assets limited as to use and those classified as long-term investments. Cash and cash equivalent balances may exceed amounts insured by federal agencies and, therefore, bear a risk of loss. The System has not experienced such losses on these funds.

Inventory

Inventory, consisting primarily of drugs and medical and surgical supplies, is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

Cost of Goods Sold

Cost of goods sold consists primarily of drugs, medical supplies, and surgical implants used in the care and treatment of patients.

Investments and Assets Limited as to Use

The fair values of individual investments, excluding private equity investments and hedge funds, are based on quoted market prices of individual securities or investments or estimated amounts using quoted market prices of similar investments. Private equity investments and hedge funds are recorded based on net asset value of these investments, which is discussed further in Note 7, Fair Value Measurements. Realized and unrealized investment returns from all unrestricted investments and assets limited as to use are included on the accompanying consolidated statements of operations and changes in net assets as part of other nonoperating loss, net.

Long-term investments represent investments without donor restrictions and income earned on investments with and without donor restrictions. The cost of securities sold is based on the specific-identification method. Investments are classified as either current or noncurrent based on maturity dates and availability for current operations.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

The System's investment portfolio is classified as trading, with unrealized gains and losses included in excess (deficit) of revenues over expenses.

Investment Risk and Liquidity Management

The System invests in professionally managed portfolios that contain corporate obligations, U.S. government obligations, agency securities, mortgage-backed securities, marketable equity securities, hedge funds, money market funds and private equity investments. Such investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the accompanying consolidated financial statements.

As part of its liquidity management, the System's strategy is to structure its financial assets to be available to satisfy general operating expenses, current liabilities, and other obligations as they come due. The System has a committed line of credit, as discussed in Note 9, to help manage unanticipated liquidity needs.

Fair Value of Financial Instruments

The carrying amounts reported on the accompanying consolidated balance sheets for cash and cash equivalents, patient receivables, other receivables, accounts payable, accrued expenses, other liabilities, and advances from third-party payors approximate their fair values.

Property and Equipment

Property and equipment are carried at cost or estimated fair value at date of contribution, less accumulated depreciation. Items acquired by gift are recorded at fair value at the time of acquisition. Depreciation is recorded using the straight-line method over the estimated useful lives of the depreciable assets. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful lives of the assets.

Leases

The System enters into lease agreements for equipment, office space, and certain facilities in conducting its normal business operations. Right-of-use assets represent the System's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. At the inception of any contract, the System evaluates the agreement to determine whether the contract contains a lease. If the contract contains a lease, the System then evaluates the term and whether the lease is an operating or a finance lease. Most leases include one or more options to renew or may have a termination option. The System determines whether these options are reasonably certain to be exercised at the inception of the lease. The depreciable life of right-of-use assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option that is reasonably certain to be exercised at the inception of the lease. The lease expense is recognized on a straight-line basis on the accompanying consolidated statements of operations and changes in net assets over the terms of the respective leases. Leases with an initial term of 12 months or less are not recorded on the accompanying consolidated balance sheets.

ASC 842, *Leases*, includes an accounting policy election for nonpublic business entities to use the risk-free rate for the measurement of lease liabilities. The System elected to utilize the risk-free rate for the measurement of lease liabilities. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease liability is subsequently increased by interest expense recognized and reduced by lease payments made. The System also elected the practical expedient that allows the System to treat the lease and nonlease components of a contract as a single component and account for as a lease.

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Valuation of Long-Lived Assets

The System accounts for the valuation of long-lived assets under ASC 360-10-45, *Accounting for the Impairment or Disposal of Long-Lived Assets*. This guidance requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Debt Issuance Costs

Debt issuance costs related to long-term debt issuance are being deferred and amortized over the life of the related debt using the effective-interest method and are netted in long-term debt on the accompanying consolidated balance sheets.

Net Assets

Net resources that are not restricted by donors are included in net assets without donor restrictions. Gifts of long-lived operating assets, such as property, plant, or equipment, are reported as net assets with donor restrictions and excluded from excess (deficit) of revenues over expenses. Resources restricted by donors for a specified time or purpose are reported as net assets with donor restrictions.

When the specific purposes are met, either through passage of a stipulated time period or when the purpose for restriction is accomplished, they are released to other operating revenues on the consolidated statements of operations and changes in net assets. Resources restricted by donors for additions to property and equipment are initially reported as net assets with donor restrictions and are transferred to net assets without donor restrictions when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as net assets with donor restrictions.

Investment income related to net assets with donor restrictions is classified as net assets without donor restrictions based on the intent of the donor.

Donor-Restricted Gifts

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 becomes unconditional. Contributions 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 accomplished, the net assets with donor restrictions are reclassified as net assets without donor restrictions and changes in net assets as net assets released from restrictions. Such amounts are classified as other revenue or transfers and additions to property and equipment. Donor-restricted contributions whose restrictions are met within the same year as received and contributions received where no restrictions were stipulated are reflected as contributions without donor restrictions. Contributed nonfinancial assets received from donors are subsequently monetized.

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Net Patient Service Revenue and Patient Accounts Receivable

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, net patient service revenue, which includes hospital inpatient services, hospital outpatient services, physician services, and other patient services revenue, is recorded at the transaction price estimated by the System to reflect the total consideration due from patients and third-party payors (including commercial payers and government programs) and others. The System assesses collectability on patient contracts prior to the recognition of net patient service revenue. Revenue is recognized over time as performance obligations are satisfied in exchange for providing goods and services in patient care. Revenue is recorded as these goods and services are provided. The services provided to a patient during an inpatient stay or outpatient visit represent a bundle of goods and services that are distinct and accounted for as a single performance obligation.

The System's estimate of the transaction price includes the System's standard charges for the goods and services provided with a reduction recorded related to explicit price concessions for such items as contractual allowances, charity care, potential adjustments that may arise from payment and other reviews, and implicit price concessions such as uncollectible amounts. The price concessions are determined using the portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. Based on historical experience, a significant portion of the self-pay population will be unable or unwilling to pay for services and only the amount anticipated to be collected is recognized in the transaction price. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenue in the period of change.

The standard charges for goods and services for the Hospital reflect actual charges to patients based on rates established by the Maryland Health Services Cost Review Commission (HSCRC) in effect during the period in which the services are rendered. See Note 18 for further discussion on the HSCRC and regulated rates.

Patient receivables are recorded at their net realizable value and includes charges for amounts due from all patients less price concessions relating to allowances for the excess of established charges over the payments to be received on behalf of patients covered by Medicare, Medicaid, and other insurers. Patient receivables as of June 30, 2023 were \$76,459. The provision for price concessions is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the price concessions based upon historical experience of self-pay accounts receivable, including those balances after insurance payments and not covered by insurance. Accounts are written off through the provision for credit loss when the Company has exhausted all collection efforts and determines accounts are impaired based on changes in patient credit worthiness.

The System's revenues generally relate to contracts with patients in which the System's performance obligations are to provide health care services to patients. These revenues are based upon the estimated amounts that management expects to be entitled to receive from patients and third-party payors. Refer to Note 3 for additional information regarding the recognition of revenues in accordance with generally accepted accounting principles.

Contract assets represent the System's right to consideration in exchange for goods or services that the System has transferred to a patient when that right is conditioned on something other than the passage of time (for example, the System's future performance). Contract liabilities represent the System's obligation to transfer goods or services to a patient for which the System has received consideration (or the amount is due) from the patient.

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Other Revenue

Other revenue consists primarily of other operating revenue as well as gifts, bequests and contributions. The System accounts for grant funding in accordance with FASB ASC 958-605 guidance for conditional contributions, and accordingly, revenues are measured and recognized when barriers are substantially met, which occurs when the System complies with the terms and conditions related to the purpose of the grant, rather than those that are administrative in nature.

Measure of Operations

The consolidated statements of operations and changes in net assets reflect all changes in net assets without donor restrictions, including changes from both operating and nonoperating activities. Operating revenues and expenses consist of those items that are an integral part of the System's healthcare and related supporting activities. Nonoperating activities are limited to resources that generate return from investment and other activities considered to be of a more unusual or nonrecurring nature.

Performance Indicator

The performance indicator is the excess (deficit) of revenues over expenses. Other changes in net assets, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that, by donor restrictions, were to be used for the purpose of acquiring such assets).

Use of Estimates

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

Reclassifications

Certain 2024 amounts have been reclassified to conform to the 2025 presentation.

3. Net Patient Service Revenue

Net patient service revenue consists of the following for the years ended June 30:

	2025	2024
Inpatient charges	\$ 280,844	\$ 246,720
Outpatient charges	526,276	501,441
Gross charges	807,120	748,161
Less contractual and other allowances	(248,871)	(222,944)
Net patient service revenue	\$ 558,249	\$ 525,217

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The System has elected to apply the optional exemption in ASC 606-10-50-14A as all performance obligations relate to contracts with a duration of less than one year. Under this exemption, the System was not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Any unsatisfied or partially unsatisfied performance obligations at the end of the year are completed within days or weeks of the end of the year.

The System has also elected the practical expedient to utilize the portfolio approach 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 System's expectation that the period between the time the service is provided to a patient and the time that the patient or third-party payor pays for that service will be one year or less.

The System does not pursue collection of amounts determined to qualify as charity care; therefore, these revenues are not reported as net patient service revenue. Using the cost to charge ratio to approximate cost, charity care provided for the years ended June 30, 2025 and 2024, was \$14,191 and \$6,924, respectively. The state of Maryland rate system includes components within the rates to partially compensate hospitals for uncompensated care.

4. Promises to Give

Promises to give are discounted and are due as follows at June 30:

	2025	2024
Less than one year	\$ 354	\$ 467
One to five years	1,707	1,749
More than five years	2,318	2,132
Total promises to give	4,379	4,348
Less discounting and allowance for uncollectible promises	791	851
Total promises to give, net	3,588	3,497
Less current portion of promises to give, net	301	397
Noncurrent portion of promises to give, net	\$ 3,287	\$ 3,100

Promises to give include \$1,852 and \$1,601 for the years ended June 30, 2025 and 2024, respectively, related to charitable remainder trusts. This net amount represents the excess of the fair value of the related trust accounts over the net present value of the annuities to be paid out of the trust to the named beneficiaries over their estimated life expectancy.

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5. Assets Limited as to Use

A summary of assets that are limited as to use substantially for debt service and deferred compensation trusts at June 30 is as follows:

	<u>2025</u>	<u>2024</u>
Current:		
Principal, interest and other, bonds	\$ 5,991	\$ 5,790
Other	<u>72</u>	<u>34</u>
	<u>\$ 6,063</u>	<u>\$ 5,824</u>
Noncurrent:		
Deferred compensation trusts	<u>\$ 3,467</u>	<u>\$ 5,011</u>

The assets that are limited as to use consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Current:		
Cash and money market accounts	<u>\$ 6,063</u>	<u>\$ 5,824</u>
Noncurrent:		
Mutual funds	<u>\$ 3,467</u>	<u>\$ 5,011</u>

The noncurrent assets limited as to use mutual funds are primarily invested in equities and bonds chosen by deferred compensation plan participants.

6. Investments

Investments with donor restrictions are designated by the donors for expenses relating to capital projects or replacement or improvement of existing assets, or to cover the cost of services rendered as charity care and other programs.

Long-term investments represent investments without donor restrictions and income earned on investments with and without donor restrictions.

To satisfy its long-term rate-of-return objectives, the System relies on a balanced investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The System targets a diversified asset allocation that places a greater emphasis on mutual fund and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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Long-term investments recorded at fair value consist of the following at June 30:

	2025	2024
Cash and cash equivalents	\$ 10,399	\$ 2,739
U.S. government obligations	6,328	5,075
Agency securities	10	10
Corporate obligations	5,821	6,024
Mortgage-backed securities	7,241	6,654
Equity securities	65,740	78,083
Mutual funds	56,736	60,880
Private equity investments*	21,048	20,099
Hedge funds*	21,282	23,577
Total	<u>\$ 194,605</u>	<u>\$ 203,141</u>

*Private equity investments and hedge funds are recorded net asset value (NAV), which is discussed further in Note 7.

Long-term investments are classified as follows in the accompanying consolidated balance sheets at June 30:

	2025	2024
Investments, donor restricted	\$ 2,458	\$ 2,241
Long-term investments	192,147	200,900
Total	<u>\$ 194,605</u>	<u>\$ 203,141</u>

Investment gain, net for the years ended June 30 is as follows:

	2025	2024
Unrestricted:		
Net realized gains	\$ 8,729	\$ 5,515
Interest and dividends, net of investment expense	3,568	3,389
Gains from joint ventures	2,998	3,900
Total	<u>\$ 15,295</u>	<u>\$ 12,804</u>

Other investments consist of investments in joint ventures that are accounted for using the equity method at June 30 and are as follows:

	Entity	Interest	2025	2024
Mt. Airy Health Services, LLC	Hospital	50.0 %	\$ 1,698	\$ 1,131
Frederick County Radiology, LLC	Hospital	35.0	12,913	12,993
Emmitsburg Wellness Pavilion, LLC	FH	50.0	388	700
Mt. Airy Med-Services, LLC	FHSC	50.0	2,226	2,567
MNR of Frederick, LLC	FHSC	22.5	757	801
Other	Multiple	6.0-50.0	567	956
			<u>\$ 18,549</u>	<u>\$ 19,148</u>

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Income recognized on these joint ventures was \$2,998 and \$3,900 for the year ending June 30, 2025 and 2024, respectively, and is included in investment gain, net in the accompanying consolidated statements of operations and changes in net assets. The fair value of these joint ventures is not readily determinable.

Summarized financial information related to these entities is presented below as of June 30, 2025:

Total assets	\$	75,621
Total liabilities		24,819
Net revenue		51,416
Revenues in excess of expenses		10,821

7. Fair Value Measurements

Assets and liabilities recorded at fair value on the accompanying consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

FASB guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date, emphasizing that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the FASB establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The level inputs, as defined by FASB guidance for fair value measurements and disclosures, are as follows:

Level 1 - Inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the System has the ability to access at the measurement date.

Level 2 - Inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 - Inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. Inputs to determine the fair value of Level 3 assets and liabilities require management judgment and estimation.

In addition to amounts recorded at fair value, certain investments are recorded at net asset value. The calculated NAV for underlying investments are fair value estimates determined by an external fund manager and other sources based on quoted market prices, operating results, and other business and market sector factors.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The System'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 assets or liabilities.

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The fair value of the System's trading securities is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Where significant inputs, including benchmark yields, broker-dealer quotes, issuer spreads, bids, offers, interest rate curves, and measures of volatility, are used by these third-party dealers or independent pricing services to determine fair values, the securities are classified within Level 2.

The following tables present the System's assets measured at fair value on a recurring basis and those recorded at NAV, aggregated by the level in the fair value hierarchy within which those measurements fall as of June 30:

		2025								
		Total	Level 1	Level 2	Level 3	NAV				
Assets limited as to use and investments (Note 5, Note 6):										
Equity securities	\$	65,740	\$	65,740	\$	-	\$	-		
U.S. government obligations		6,328		-		6,328		-		
Agency securities		10		-		10		-		
Corporate and other bonds		5,821		-		5,821		-		
Mutual funds		60,203		60,203		-		-		
Mortgage-backed securities		7,241		-		7,241		-		
Private equity investments		21,048		-		-		21,048		
Hedge funds		21,282		-		-		21,282		
Total assets	\$	187,673	\$	125,943	\$	19,400	\$	-	\$	42,330

		2024								
		Total	Level 1	Level 2	Level 3	NAV				
Assets limited as to use and investments (Note 5, Note 6):										
Equity securities	\$	78,083	\$	78,083	\$	-	\$	-		
U.S. government obligations		5,075		-		5,075		-		
Agency securities		10		-		10		-		
Corporate and other bonds		6,024		-		6,024		-		
Mutual funds		65,891		65,891		-		-		
Mortgage-backed securities		6,654		-		6,654		-		
Private equity investments		20,099		-		-		20,099		
Hedge funds		23,577		-		-		23,577		
Total assets	\$	205,413	\$	143,974	\$	17,763	\$	-	\$	43,676

The following provides a reconciliation of the amounts included in fair value hierarchy to the amounts reported in the accompanying consolidated balance sheets at June 30:

	2025	2024
Assets whose use is limited and investments:		
Cash and cash equivalents	\$ 16,462	\$ 8,563
Assets measured at fair value and NAV	187,673	205,413
Total	\$ 204,135	\$ 213,976

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Private equity investments and hedge funds are recorded at NAV. These amounts are not required to be categorized in the fair value hierarchy. The recorded value is based on the proportionate share of the NAV based on the most recent partners' capital statements received from the general partners, which is generally as of the balance sheet date. It is expected that NAV approximates fair value. The System had approximately \$5,716 of unfunded commitments in private equity investments and hedge funds as of June 30, 2025. The following represents the investment strategies and redemption restrictions of the private equity investments and hedge funds at June 30:

Investment	Strategy	2025	2024	Liquidity	Redemption Process
Marshall Wace Eureka Fund PLC	Hedge Fund	\$ 5,293	\$ 4,855	< 1 Year	Quarterly, 45 days notice
P2 Capital Fund, Ltd.	Hedge Fund	3,913	4,971	< 1 Year	Annual, 90 days notice
P2 Capital Fund, Ltd.	Hedge Fund	715	739	Illiquid	N/A
Paloma International, Ltd	Hedge Fund	-	3,947	< 1 Year	Annual, 90 days notice
Dove Feeder SPV, Ltd	Hedge Fund	1,996	-	Illiquid	N/A
Hudson Bay Ltd. (Intl)	Hedge Fund	5,029	4,612	< 1 Year	Quarterly, 60 days notice
SEG Partners Offshore, Ltd Class I	Hedge Fund	4,336	4,453	< 1 Year	N/A
BTAS 2015 Private Investors, LP	Private Equity	875	965	Illiquid	N/A
Secondary Opportunities Fund II	Private Equity			Illiquid	N/A
PCS Feeder, LP		39	125		
Blue Owl Technology Finance Corporation	Private Credit	2,963	3,107	Illiquid	N/A
Goldman Sachs Middle Market Lending Corp. II	Private Credit	2,521	2,194	Illiquid	N/A
Private Equity Global Select Fund VII, LP (Intl)	Private Equity	2,770	2,785	Illiquid	N/A
Glendower Access Secondary Opportunities IV, LP (Intl)	Private Equity	817	886	Illiquid	N/A
StepStone VC Secondaries Fund IV, LP	Private Equity	1,944	1,947	Illiquid	N/A
Glendower Access Secondary Opportunities V, LP (Intl)	Private Equity	1,912	1,207	Illiquid	N/A
Milestone Real Estate Investors IV, LP	Private Real Estate	840	1,221	Illiquid	N/A
MREI V Reit Feeder B, LP	Private Real Estate	2,867	2,593	Illiquid	N/A
ICAPITAL SL Partners VII Access Fund, LP (Intl)	Private Equity	735	460	Illiquid	N/A
Secondary Opportunities Fund III	Private Equity			Illiquid	N/A
PCS Feeder International, LP		377	440		
Calamos Market Neutral Income Fund CL	Alternative Mutual Fund	1,019	986	1 Day	Market Price
JPMorgan Hedged Equity 3 Fund CL	Alternative Mutual Fund	1,157	1,117	1 Day	Market Price
Blue Owl Technology Finance Corporation II	Private Credit	212	66	Illiquid	N/A
		<u>\$ 42,330</u>	<u>\$ 43,676</u>		

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8. Property and Equipment, Net

Property and equipment, net consists of the following at June 30:

	Estimated Useful Lives	2025	2024
Land		\$ 10,967	\$ 10,967
Land improvements	8-20 years	4,629	4,629
Buildings	20-40 years	369,488	368,922
Fixed equipment	10-20 years	29,746	29,769
Movable equipment	3-20 years	292,146	283,955
Leasehold improvements	5-20 years	30,282	28,060
Total property and equipment in service		737,258	726,302
Less accumulated depreciation		480,851	452,249
Total property and equipment in service, net		256,407	274,053
Construction in progress		24,795	14,410
Total		\$ 281,202	\$ 288,463

Construction in progress consists of the System's building construction and renovations. As these projects are completed, the related assets are transferred out of construction in progress and into the appropriate asset category and are depreciated over the applicable useful lives.

9. Lines of Credit

2013 Line of Credit

On September 9, 2013, the System entered into a \$20,000 revolving line of credit with a lending institution for the purpose of funding short-term working capital needs. The line of credit agreement was subsequently amended to increase the revolving line of credit limit to \$50,000, change the variable interest rate benchmark, and extend the maturity date. The line of credit bears a variable interest rate of one-month Secured Overnight Financing Rate (SOFR) plus 1.08% per annum (5.37% at June 30, 2025) and is payable monthly.

Under the provisions of this revolving line of credit, the System has granted a security interest in all receipts now owned and hereafter acquired. Any outstanding amounts on this line of credit are secured with a deed of trust and security agreement applicable to the main hospital campus of the System and are secured ratably with the Series 2023 Bonds, Series 2020 Bonds, and the Promissory Note 2020. All outstanding principal and interest must be repaid on the maturity date, which is April 30, 2026.

This agreement contains certain financial covenants, all of which the System was in compliance with as of June 30, 2025.

The outstanding balance on this line of credit was \$37,798 and \$6,900 as of June 30, 2025 and 2024, respectively.

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FSC Line of Credit

FSC had a line of credit with a lending institution in the amount of \$750 which expired on September 30, 2025. The interest rate is variable at one-month SOFR + 2.32% (6.63% at June 30, 2025). The balance outstanding as of June 30, 2025 and 2024 was \$331 and \$439, respectively.

10. Long-Term Debt

Long-term debt consists of the following:

	<u>Interest Rate</u>	<u>2025</u>	<u>2024</u>
MHHEFA Series 2023 Bonds	4.00-5.00 %	\$ 67,180	\$ 69,975
MHHEFA Series 2020 Bonds	3.25-4.00	62,645	62,645
Promissory Note 2020 converted	1.83	87,715	90,200
		217,540	222,820
Less current maturities		(5,650)	(5,280)
Plus unamortized premiums, net		6,352	6,591
Less deferred financing costs, net		(2,718)	(2,837)
Total		<u>\$ 215,524</u>	<u>\$ 221,294</u>

Series 2023 MHHEFA Revenue Bonds

On June 29, 2023, the System obtained a loan of \$69,975 in MHHEFA Revenue Bonds, Frederick Health Issue, Series 2023. The MHHEFA Series 2023 Bonds were issued to refund \$35,685 of MHHEFA Series 2017B, refinance \$22,463 of outstanding 2013 Line of Credit, pay financing costs, and finance a portion of certain construction and equipment costs of the System.

Interest is payable semiannually on each January 1 and July 1, through July 1, 2053.

The Series 2023 Bonds were issued with a premium of \$3,766 and resulted in the incurrence of \$1,263 of deferred financing costs to be amortized over the 30-year life of the bonds.

Series 2023 Bonds are subject to redemption prior to maturity beginning at the option of the authority at the principal amount of the Series 2023 Bonds to be redeemed plus accrued interest thereon to the date set for redemption.

The bond agreement contains certain financial covenants, all of which the System was in compliance with as of June 30, 2025.

Series 2020 MHHEFA Revenue Bonds

On June 25, 2020, the System obtained a loan of \$62,645 in MHHEFA Revenue Bonds, Frederick Health System Issue, Series 2020. The MHHEFA Series 2020 Bonds were issued to refund all of the outstanding MHHEFA Series 2017A Bonds, pay financing costs, and finance a portion of certain construction and equipment costs of the System.

Interest is payable semiannually on each January 1 and July 1, through July 1, 2050.

The Series 2020 Bonds were issued with a premium of \$3,405 and resulted in the incurrence of \$877 of deferred finance costs to be amortized over the 30-year life of the bonds.

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Series 2020 Bonds are subject to redemption prior to maturity beginning at the option of the authority at the principal amount of the Series 2020 Bonds to be redeemed plus accrued interest thereon to the date set for redemption.

Under the provisions of the bond agreement, the System has granted a security interest in all receipts now owned and hereafter acquired. The bonds are also secured with a deed of trust and security agreement applicable to the main hospital campus of the System. The Series 2020 Bonds are secured ratably with the Series 2012A Bonds, Series 2017B Bonds, Promissory Note 2020, and any outstanding amounts on the 2013 Line of Credit.

The bond agreement contains certain financial covenants, all of which the System was in compliance with as of June 30, 2025.

Promissory Note 2020

On June 25, 2020, the System's Obligated Group issued a promissory note in favor of a lending institution in the amount of \$93,875 facilitating legal defeasance of \$86,290 of the Series 2012A MHHEFA Revenue Bonds, to pay related finance costs and fund an escrow account to provide for future Series 2012A interest and principal payments. In conjunction with the issuance of this note,

MHHEFA issued a tax exempt bond on July 1, 2022, in the principal amount of the remaining balance on this promissory note, in what is often referred to as a Cinderella bond. The transaction resulted in the incurrence of \$386 of deferred finance costs to be amortized over the life of the promissory note of 18 years.

The interest rate on the Promissory Note 2020 is a fixed rate of 2.32% until the tax exempt bond is issued and is payable monthly. There is no debt service reserve requirement associated with the Promissory Note 2020.

Under the provisions of the loan agreement, the System has granted a security interest in all receipts now owned and hereafter acquired. The Promissory Note 2020 is also secured with a deed of trust and security agreement applicable to the main hospital campus of the System. The Promissory Note 2020 is secured ratably with the Series 2023 Bonds, Series 2020 Bonds, and any outstanding amounts on the 2013 Line of Credit.

The Promissory Note 2020 contains certain financial covenants, all of which the System was in compliance with, as of June 30, 2025.

Debt service requirements on long-term debt, excluding unamortized premiums and deferred financing costs at June 30, 2025, of \$6,352 and \$2,718, respectively, are as follows:

Years ending June 30:

2026	\$	5,650
2027		5,850
2028		6,060
2029		7,320
2030		8,055
Thereafter		184,605
Total	\$	<u>217,540</u>

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

11. Employee Benefit Plans

The System also has a tax-deferred annuity savings (403(b)) plan available to substantially all employees. In conjunction with the curtailment of the defined benefit pension plan, the System modified the 403(b) plan effective July 1, 2007. Effective January 1, 2018, the 403(b) plan was amended such that all new hires will be automatically enrolled in the 403(b) plan at 3% of employee earnings, which will be automatically increased 1% annually up to 10%. Employees can opt out of this automatic enrollment and annual increase. The System will match 100.0% on employee contributions up to 5.0% of employee earnings. The System's contribution for base matching totaled \$9,787 and \$8,718 for the years ended June 30, 2025 and 2024, respectively.

In December 2005, the System adopted two nonqualified deferred compensation plans with an effective date of December 15, 2004, for certain members of executive management. Under these plans, participating employees may contribute amounts from their compensation to the plan and may receive a discretionary employer contribution. Employees are fully vested in all employee contributions to the plans. Vesting in employer contributions occurs in accordance with the underlying plan documents. All assets of the plans are held in separate trusts. Total contributions by the System to the plans were \$122 and \$440 for the years ended June 30, 2025 and 2024, respectively.

12. Concentration of Credit Risk

The System has funds on deposit with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation. The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

The mix of receivables from patients and third-party payors (in percentages) at June 30 was as follows:

	2025	2024
Medicare	39 %	39 %
Medicaid	23	23
Blue Cross	13	16
HMOs and PPOs	12	12
Commercial insurance and other third-party payors	8	7
Patients	5	3
	100 %	100 %

In February 2024, the System was notified that one of its external healthcare technology vendors, Change Healthcare, experienced a cyber event. As a result of the cyber event, Change Healthcare disconnected their information technology systems, which ceased their normal operations provided to its customers within the healthcare industry. Change Healthcare provided revenue cycle billing and payment management services to the System, and accordingly, the Change Healthcare events impacted the System's billing and cash collections for services provided to patients for the remainder of the fiscal year ending June 30, 2024. The System switched revenue cycle billing and payment management services to a new healthcare technology vendor and claims resumed processing in April 2024.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

On January 27, 2025, the System experienced a ransomware event affecting their information technology systems. The System immediately initiated incident response protocols, which involved taking steps to secure systems, including disconnecting those systems from the network, and notifying law enforcement. The System began an investigation with assistance from a third-party forensic firm. Through the investigation, the System learned that a third-party vendor who had connections to the network was attacked, which allowed entry into the System's network. The incident involved the introduction of ransomware into portions of the System infrastructure, the unauthorized access of certain data in the network, and encryption of certain servers. Affected information technology systems were restored for use on February 18, 2025. The financial impact included delayed billing and collections of both Hospital and Ambulatory Care for patient services as well as ongoing Class Action Suits that are covered under the System's Cyber Insurance Policies.

The increases in patient receivables for the years ending June 30, 2025 and 2024 are primarily driven by the aforementioned cybersecurity events adversely impacting billing and collections processes. The System anticipates normalization of patient receivables in fiscal year 2026.

As a result of these disruptions, the System received interest free funding advances from third-party payors in the amount of \$22,118 during the year ending June 30, 2024 which were repaid in fiscal year 2025. In addition, in 2025, the System received \$8,158 which will be repaid in fiscal year 2026 and is included in advances from third-party payors on the accompanying consolidated balance sheets.

13. Functional Expenses

The System and its subsidiaries provide general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended June 30:

	2025		
	Program	General and Administrative	Total
Salaries and wages	\$ 237,287	\$ 36,456	\$ 273,743
Employee benefits	44,612	6,709	51,321
Professional fees	12,006	4,194	16,200
Cost of goods sold	106,427	3,265	109,692
Supplies	12,894	750	13,644
Contract services	57,389	9,825	67,214
Other	14,821	3,628	18,449
Utilities	4,026	760	4,786
Insurance	1,666	2,833	4,499
Depreciation	27,698	3,941	31,639
Interest	6,984	518	7,502
Total	<u>\$ 525,810</u>	<u>\$ 72,879</u>	<u>\$ 598,689</u>

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

	2024		
	Program	General and Administrative	Total
Salaries and wages	\$ 227,685	\$ 37,003	\$ 264,688
Employee benefits	43,255	6,830	50,085
Professional fees	8,836	3,971	12,807
Cost of goods sold	105,873	2,366	108,239
Supplies	13,774	547	14,321
Contract services	54,066	9,396	63,462
Other	14,006	3,373	17,379
Utilities	3,629	1,556	5,185
Insurance	1,640	2,033	3,673
Depreciation	28,220	3,902	32,122
Interest	6,919	538	7,457
Total	<u>\$ 507,903</u>	<u>\$ 71,515</u>	<u>\$ 579,418</u>

14. Net Assets

Net assets with restrictions are available for the following purposes or periods for the years ended June 30:

	2025	2024
Buildings and equipment	\$ 2,377	\$ 2,355
Restricted by time only	1,852	1,601
Staff resiliency programs	6	6
Education programs	181	371
Indigent care and research	656	431
Health care services permanently restricted	974	974
Total	<u>\$ 6,046</u>	<u>\$ 5,738</u>

During 2025 and 2024, net assets were released from donor restrictions by incurring expenses or capital expenditures satisfying the restricted purposes in the amounts of \$2,905 and \$5,354, respectively.

15. Commitments and Contingencies

The System has been named as a defendant in various legal proceedings arising from the performance of its normal activities. In the opinion of management, after consultation with legal counsel and after consideration of applicable insurance, the amount of the System's ultimate liability under all current legal proceedings will not have a material adverse effect on its consolidated financial position or results of operations.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

On July 1, 2011, MIL, a single-parent captive, was created to provide a flexible risk financing structure to meet the needs of the System's organization. As of June 30, 2012, MIL provided FMH with Primary Medical Professional Liability and Primary General Liability coverage with policy limits of liability of \$1,000 each and every medical incident with a \$3,000 annual aggregate for the 2011/2012 policy year and with a \$5,000 annual aggregate for the 2012/2013 policy year through to the 2017/2018 policy year. Effective for the 2018/2019 policy year, MIL provides FMH with Primary Medical Professional Liability (MPL) and Primary General Liability (GL) coverage with policy limits of liability of \$1,000 per claim/per occurrence for both MPL and GL separately, with a \$4,000 aggregate for both MPL and GL combined. The System also issued a Buffer Medical Professional Liability and General Liability policy providing limits of liability of \$1,000 each and every medical incident with a \$2,000 aggregate, for Medical Professional Liability and General Liability combined. The MIL Primary Policy coverage form is mature claims-made with a retroactive date of July 1, 2005. The policy funding is retrospectively rated.

For policy years 2019/2020 through 2021/2022, the System's Primary MPL/GL policy provides limits of liability of \$2,000,000 per claim/per occurrence for both MPL and GL separately, with a \$6,000,000 aggregate for both MPL and GL combined.

MIL has also issued an Excess Umbrella Liability mature claims-made policy with a retroactive date of July 1, 2005. This policy is structured on a "dualtower" design. The Excess Medical Professional Liability Tower follows the form of the underlying Primary Medical Professional Liability coverage providing \$20,000 limits of liability (\$10,000 prior to July 1, 2016). The Umbrella Liability Tower provides \$20,000 limits of liability (\$10,000 prior to July 1, 2016) excess of scheduled underlying coverages. The "dualtowers" are 100% reinsured with a commercial carrier with an AM Best rating of A- or better.

Effective June 30, 2012, MIL assumed Professional Liability and Comprehensive General Liability coverage previously included under FMH's self-insured plan, for incidents occurring between July 1, 2005 and June 30, 2011, that were reported to FMH prior to June 30, 2011. The policy provides limits of liability of \$1,000 each and every medical incident for the hospital professional liability and \$1,000 each and every medical incident for comprehensive general liability. The policy is subject to a \$3,000 annual aggregate for the hospital professional liability and comprehensive general liability combined, which applies to each covered year separately on a claims-made basis.

Effective June 30, 2012, MIL further assumed Professional Liability and Comprehensive General Liability coverage previously included under another FMH self-insurance plan, for incidents occurring between July 1, 1999 and June 30, 2001, with a limit of liability of \$100 per claim. The Primary Medical Professional and Primary General Liability policy is 100% MIL retained risk. The Excess Umbrella Liability coverage is fully reinsured with a commercial carrier with an AM Best rating of A- or better.

Effective September 1, 2017, MIL issued a Cyber Deductible Liability Policy to the System at a per claim limit of liability of \$100 and an annual aggregate limit of \$200. The per claim limit of liability changed to \$150,000/annual aggregate of \$300,000 effective September 1, 2021. The policy funding is retrospectively rated.

There are known claims and incidents that could result in the assertion of additional claims, as well as claims from unknown incidents that could be asserted arising from services provided to patients.

Through MIL, a wholly owned subsidiary, the System maintains reserves, including excess coverage, in the amount of \$13,934 and \$17,568 at June 30, 2025 and 2024, respectively, which is included in other long-term liabilities on the accompanying consolidated balance sheets. The System also has a related reinsurance receivable of \$6,040 and \$8,770 at June 30, 2025 and 2024, respectively, which is included in other long-term assets on the accompanying consolidated balance sheets. In addition, the System has also estimated a tail liability for claims incurred but not reported under the claims-made policy totaling \$4,444 and \$4,766 as of June 30, 2025 and 2024, respectively, which is included in other long-term liabilities on the accompanying consolidated balance sheets. The System employs an independent actuary to estimate the ultimate settlement of such claims.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

These reserves are recorded on an undiscounted basis at June 30, 2025 and 2024. In management's opinion, the amounts recorded provide an adequate reserve for loss contingencies. However, changes in circumstances affecting professional liability claims could cause these estimates to change upon final resolution of such matters.

Workers' Compensation

The System is self-insured against workers' compensation claims, currently up to \$600 per occurrence. Excess insurance attaches at \$600 and has unlimited liability above this amount. Expenses include claims paid, reserves on known claims, and reserves on unreported claims (incurred but not reported).

Letter of Credit

The System has a letter of credit issued by a lending institution in the amount of \$1,457. This letter of credit is renewed on an annual basis and is required by the state of Maryland as collateral for unemployment benefits.

16. Leases

The System leases equipment, office space and certain facilities. Included on the accompanying consolidated statements of operations and changes in net assets are lease expenses of \$7,742 and \$6,797 in 2025 and 2024, respectively. The following table summarizes the components of lease expense for the years ended June 30:

	2025	2024
Finance lease cost:		
Amortization	\$ 2,354	\$ 2,008
Interest	257	154
Total finance lease cost	2,611	2,162
Operating lease cost	5,131	4,635
Total lease costs	\$ 7,742	\$ 6,797

As of June 30, 2025, the System recognized \$7,897 and \$30,608 of financing and operating right-of-use assets, net, respectively. As of June 30, 2024, the System recognized \$7,257 and \$28,107 of financing and operating right-of-use assets, net, respectively.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Dollars in Thousands)

The following table summarizes cash flows from operating and finance leases for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	\$ 4,535	\$ 4,315
Operating cash flows paid for interest portion of finance leases	257	154
Financing cash flows paid for principal portion of finance leases	2,238	1,967
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	6,957	643
Finance leases	2,994	-

The weighted average discount rates and the System's weighted remaining lease terms as of June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Weighted average discount rate:		
Operating leases	2.57 %	2.38 %
Financing leases	3.07	2.28
Weighted average lease term (in years):		
Operating leases	9.98	10.57
Financing leases	3.63	4.29

The following table reconciles undiscounted future finance and operating lease obligations for each of the next five years and thereafter, as of June 30, 2025, to the lease obligation recorded on the consolidated balance sheet at June 30, 2025:

	<u>Finance Leases</u>	<u>Operating Leases</u>	<u>Total</u>
Years ending June 30:			
2026	\$ 2,500	\$ 5,499	\$ 7,999
2027	2,347	5,222	7,569
2028	2,347	5,170	7,517
2029	1,280	5,284	6,564
2030	176	4,201	4,377
Thereafter	41	13,061	13,102
Total future undiscounted lease obligations	8,691	38,437	47,128
Less lease payment representing interest	(497)	(4,099)	(4,596)
Present value of future lease payments	8,194	34,338	42,532
Less current portion of future lease payments	(2,284)	(4,826)	(7,116)
Long-term lease obligations	\$ 5,910	\$ 29,512	\$ 35,416

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2025 and 2024
(Dollars in Thousands)

17. Liquidity and Availability

Financial assets available for general expenditure within one year of the balance sheet date comprise the following at June 30:

	2025	2024
Cash and cash equivalents	\$ 11,236	\$ 3,359
Patient accounts receivable	131,013	102,930
Promises to give, net	301	397
Other receivables	11,059	5,309
Investments with daily and weekly liquidity	145,035	152,810
Total	\$ 298,644	\$ 264,805

The System's most restrictive bond covenant requires the Obligated Group to maintain unrestricted cash and marketable securities on hand to meet 75 days of normal operating expenses, which would be approximately \$115,549 and \$106,014 as of June 30, 2025 and 2024, respectively.

18. Regulatory Environment

Medicare and Medicaid

The Medicare and Medicaid reimbursement programs represent a substantial portion of the System's revenues. The System's operations are 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 and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Over the past several 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 fines and penalties, as well as repayments for patient services previously billed. Compliance with fraud and abuse standards and other government regulations can be subject to future government review and interpretation.

Also, future changes in federal and state reimbursement funding mechanisms and related government budgeting constraints could have an adverse effect on the System.

In 1983, Congress approved a Medicare prospective payment plan for most inpatient services as part of the Social Security Amendments Act of 1983. Hospitals in Maryland are currently exempt from these federal reimbursement regulations under a special waiver. The waiver currently in effect is subject to renewal based upon criteria defined in the federal law. Under these payment arrangements with Medicare, a retroactive adjustment could occur if certain performance standards are not attained by all hospitals on a statewide basis. The impact, if any, of any retroactive adjustment of the Medicare prospective payment system, should hospitals in Maryland become subject to such system, on future operations of the System has not been determined.

State of Maryland Health Services Cost Review Commission

Certain hospital charges are subject to review and approval by the HSCRC. Hospital management has filed the required forms with the Commission and believes the Hospital is in compliance with the Commission's requirements.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
June 30, 2025 and 2024
(Dollars in Thousands)

Through June 2025, the current rate of reimbursement for principally all inpatient services and certain other services to patients under the Medicare and Medicaid programs is based on an agreement between CMS and the Commission. This agreement is based upon a waiver from Medicare prospective payment system reimbursement principles granted to the state of Maryland under Section 1814(b) of the Social Security Act. As of January 2014, CMS approved a modernized waiver that will be in place as long as Maryland hospitals commit to achieving significant quality improvements, limits on all-payor per capita hospital growth, and limits on annual Medicare per capita hospital cost growth to a rate lower than the national annual per capita growth rate.

Starting in January 2019, Maryland's hospitals began operating under a new 10-year contract with the federal government entitled Maryland Total Cost of Care Model (TCOC). TCOC is designed to test whether the improvements hospitals have made under the previous modernized waiver can be expanded to all health care providers. The Global Budget Revenue (GBR) methodology will remain in place for hospital rate setting under TCOC. In addition, programs aimed to measure and reduce total health care spending for attributed Medicare patients, including pre- and post-acute care by all providers, are being introduced and will be further defined in the next fiscal year.

Beginning in fiscal year 2014, the System entered into an agreement with HSCRC to participate in the GBR program. GBR methodology encourages hospitals to focus on population health strategies by establishing a fixed annual revenue cap for each GBR hospital. The agreement is evergreen in nature and covers both regulated inpatient and outpatient revenues.

Under GBR, hospital revenue is known at the beginning of each fiscal year. Annual revenue is calculated from a base year and is adjusted annually for inflation, infrastructure requirements, population changes, performance in quality-based programs, and changes in levels of uncompensated care. Revenue may also be adjusted annually for market levels and shifts of services to unregulated services.

The Commission's rate-setting methodology for hospital service centers consists of establishing an acceptable unit rate for defined inpatient and outpatient service centers within the System. The actual average unit charge for each service center is compared with the approved rate monthly and annually.

Overcharges and undercharges due to either patient volume or price variances, adjusted for penalties where applicable, are applied to decrease (in the case of overcharges) or increase (in the case of undercharges) future approved rates on an annual basis; however, uncertainties exist as to the final outcome of HSCRC rate setting decision-making. The System was overcharged by \$4,759 and \$1,689 for the years ended June 30, 2025 and 2024, respectively. Penalties related to the overcharges were waived by the Commission.

The timing of HSCRC's rate adjustments for the System could result in an increase or a reduction in rates due to the variances and penalties described above in a year subsequent to the year in which such items occur, and there is at least a possibility that the amounts may be material. The System's policy is to record revenue based on actual charges for services to patients in the year in which the services are performed.

HSCRC established an uncompensated care fund whereby certain hospitals are required to contribute to the fund to help cover the costs associated with uncompensated care for all Maryland hospitals equitably. The System paid \$110 and \$569 to the fund for the years ended June 30, 2025 and 2024, respectively.

19. Subsequent Events

The System has evaluated subsequent events through October 3, 2025, the date of issuance of these accompanying consolidated financial statements. The System is unaware of any subsequent events that would require recognition or disclosure at this time.

Frederick Health, Inc. and Subsidiaries

Consolidating Balance Sheet
June 30, 2025
(In Thousands)

	Frederick Health Incorporated	Frederick Health Hospital, Inc. Consolidated	Monocacy Insurance, Ltd.	Frederick Health Medical Group, LLC	Frederick Health Services Corporation	Frederick Integrated Healthcare Network, LLC	Frederick Health Village, LLC	Elimination	Frederick Health Incorporated Consolidated
Assets									
Current Assets									
Cash and cash equivalents	\$ 71	\$ 2,178	\$ 4,911	\$ -	\$ 1,460	\$ 2,616	\$ -	\$ -	\$ 11,236
Patient receivables	-	108,339	-	20,905	1,769	-	-	-	131,013
Other receivables	-	9,981	-	372	-	-	742	-	11,095
Inventory	-	7,565	-	3,036	729	-	-	-	11,330
Prepaid expenses	-	7,980	7	31	455	-	134	-	8,607
Assets limited as to use	-	5,991	72	-	-	-	-	-	6,063
Promises to give, net	-	301	-	-	-	-	-	-	301
Total current assets	71	142,335	4,990	24,344	4,413	2,616	876	-	179,645
Property and Equipment, Net	-	250,287	-	816	4,625	-	25,474	-	281,202
Finance Lease Right-of-Use Assets, Net	-	7,897	-	-	-	-	-	-	7,897
Operating Lease Right-of-Use Assets, Net	-	18,931	-	6,689	4,988	-	-	-	30,608
Other Assets									
Assets limited as to use	-	3,467	-	-	-	-	-	-	3,467
Investments, donor restricted	-	2,458	-	-	-	-	-	-	2,458
Promises to give, net	-	3,287	-	-	-	-	-	-	3,287
Long-term investments	-	191,217	930	-	-	-	-	-	192,147
Other investments	431	14,611	-	-	3,507	-	-	-	18,549
Investments in subsidiaries	313,306	16,210	-	-	-	-	-	(329,516)	-
Other assets	-	79	6,040	-	2,588	-	-	(18)	8,689
Intercompany receivables	-	59,177	17,069	-	760	-	-	(77,006)	-
Total other assets	313,737	290,506	24,039	-	6,855	-	-	(406,540)	228,597
Total assets	\$ 313,808	\$ 709,956	\$ 29,029	\$ 31,849	\$ 20,881	\$ 2,616	\$ 26,350	\$ (406,540)	\$ 727,949

Frederick Health, Inc. and Subsidiaries

Consolidating Balance Sheet

June 30, 2025

(In Thousands)

	Frederick Health Incorporated	Frederick Health Hospital, Inc. Consolidated	Monocacy Insurance, Ltd.	Frederick Health Medical Group, LLC	Frederick Health Services Corporation	Frederick Integrated Healthcare Network, LLC	Frederick Health Village, LLC	Elimination	Frederick Health Incorporated Consolidated
Liabilities and Net Assets									
Current Liabilities									
Line of credit	\$ -	\$ 37,798	\$ -	\$ -	\$ 331	\$ -	\$ -	\$ -	\$ 38,129
Current maturities of:									
Long-term debt	-	5,650	-	-	-	-	-	-	5,650
Finance lease obligations	-	2,282	-	-	2	-	-	-	2,284
Operating lease obligations	-	3,246	-	571	1,009	-	-	-	4,826
Accounts payable	-	58,903	-	638	1,508	81	843	(16,698)	45,275
Accrued expenses	-	24,730	73	6,591	483	-	-	-	31,877
Advances from third-party payors	-	19,493	-	-	-	-	-	-	19,493
Other current liabilities	-	5,503	-	4,084	1,011	-	-	(903)	9,695
Total current liabilities	-	157,605	73	11,884	4,344	81	843	(17,601)	157,229
Long-Term Liabilities, Net of Current Portion									
Long-term debt, net	-	215,524	-	-	-	-	-	-	215,524
Other long-term liabilities	-	8,596	13,934	-	-	-	-	-	22,530
Finance lease obligations, long term	-	5,903	-	-	7	-	-	-	5,910
Operating lease obligations, long term	-	18,363	-	6,755	4,394	-	-	-	29,512
Intercompany liabilities	234	330	14,902	13,096	3,874	1,480	25,507	(59,423)	-
Total long-term liabilities, net of current portion	234	248,716	28,836	19,851	8,275	1,480	25,507	(59,423)	273,476
Total liabilities	234	406,321	28,909	31,735	12,619	1,561	26,350	(77,024)	430,705
Net Assets									
Without donor restrictions	307,239	297,589	120	114	7,973	1,055	-	(323,181)	290,909
With donor restrictions	6,046	6,046	-	-	-	-	-	(6,046)	6,046
Total net assets attributable to the System	313,285	303,635	120	114	7,973	1,055	-	(329,227)	296,955
Noncontrolling interest	289	-	-	-	289	-	-	(289)	289
Total net assets	313,574	303,635	120	114	8,262	1,055	-	(329,516)	297,244
Total liabilities and net assets	\$ 313,808	\$ 709,956	\$ 29,029	\$ 31,849	\$ 20,881	\$ 2,616	\$ 26,350	\$ (406,540)	\$ 727,949

Frederick Health, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2025

(In Thousands)

	Frederick Health Incorporated	Frederick Health Hospital, Inc. Consolidated	Monocacy Insurance, Ltd.	Frederick Health Medical Group, LLC	Frederick Health Services Corporation	Frederick Integrated Healthcare Network, LLC	Frederick Health Village, LLC	Elimination	Frederick Health Incorporated Consolidated
Operating Revenues									
Net patient service revenue	\$ -	\$ 429,824	\$ -	\$ 111,075	\$ 17,761	\$ -	\$ -	\$ (411)	\$ 558,249
Other revenue	-	16,855	599	16,849	2,621	3,491	299	(16,419)	24,295
Total operating revenues	-	446,679	599	127,924	20,382	3,491	299	(16,830)	582,544
Operating Expenses									
Salaries and wages	-	195,373	-	68,673	8,079	1,618	-	-	273,743
Employee benefits	-	38,322	-	11,106	1,576	320	-	(3)	51,321
Professional fees	-	28,800	178	73	53	822	9	(13,735)	16,200
Cost of goods sold	-	44,567	-	60,045	5,080	-	-	-	109,692
Supplies	-	13,055	-	564	-	2	23	-	13,644
Contract services	-	56,007	-	7,695	2,811	17	1,011	(327)	67,214
Other	-	13,776	123	4,702	2,250	5	358	(2,765)	18,449
Utilities	-	3,521	-	103	427	6	729	-	4,786
Insurance	-	1,566	598	2,046	219	-	70	-	4,499
Depreciation and amortization	-	28,095	-	453	956	-	2,135	-	31,639
Interest	-	7,461	-	-	185	-	-	(144)	7,502
Total operating expenses	-	430,543	899	155,460	21,636	2,790	4,335	(16,974)	598,689
(Loss) income from operations	-	16,136	(300)	(27,536)	(1,254)	701	(4,036)	144	(16,145)
Other Income (Loss), Net									
Loss on sale of assets	-	(42)	-	-	-	-	-	-	(42)
Investment gain (loss), net	5,695	15,361	729	-	(339)	-	-	(6,151)	15,295
Change in unrealized gains and losses on trading securities, net	-	5,642	(429)	-	-	-	-	-	5,213
Other nonoperating (loss) gains, net	-	(33)	-	95	(1,281)	-	-	-	(1,219)
Total other income (loss), net	5,695	20,928	300	95	(1,620)	-	-	(6,151)	19,247
Excess (deficit) of revenues over expenses	5,695	37,064	-	(27,441)	(2,874)	701	(4,036)	(6,007)	3,102
Less noncontrolling interest deficit of revenues over expenses	-	-	-	-	166	-	-	-	166
Excess (deficit) of revenues over expenses attributable to the System	5,695	37,064	-	(27,441)	(2,708)	701	(4,036)	(6,007)	3,268

Frederick Health, Inc. and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2025

(In Thousands)

	Frederick Health Incorporated	Frederick Health Hospital, Inc. Consolidated	Monocacy Insurance, Ltd.	Frederick Health Medical Group, LLC	Frederick Health Services Corporation	Frederick Integrated Healthcare Network, LLC	Frederick Health Village, LLC	Elimination	Frederick Health Incorporated Consolidated
Net Assets Without Donor Restrictions									
Excess (deficit) of revenues over expenses attributable to the System	\$ 5,695	\$ 37,064	\$ -	\$ (27,441)	\$ (2,708)	\$ 701	\$ (4,036)	\$ (6,007)	\$ 3,268
Other changes in unrestricted net assets*	-	(31,591)	-	27,555	-	-	4,036	-	-
Released from restriction used to purchase capital	-	2,427	-	-	-	-	-	-	2,427
Changes in net assets without donor restrictions attributable to the System	5,695	7,900	-	114	(2,708)	701	-	(6,007)	5,695
Net Assets With Donor Restrictions									
Released from restriction used for operations and nonoperating activities	(478)	(478)	-	-	-	-	-	478	(478)
Released from restriction used to purchase capital	(2,427)	(2,427)	-	-	-	-	-	2,427	(2,427)
Restricted gifts, bequests and contributions	3,213	3,213	-	-	-	-	-	(3,213)	3,213
Changes in net assets with donor restrictions attributable to the System	308	308	-	-	-	-	-	(308)	308
Noncontrolling Interest									
Deficit of revenues over expenses attributable to noncontrolling interest	(166)	-	-	-	(166)	-	-	166	(166)
Changes in net assets	5,837	8,208	-	114	(2,874)	701	-	(6,149)	5,837
Net Assets, Beginning	307,737	295,427	120	-	11,136	354	-	(323,367)	291,407
Net Assets, Ending	<u>\$ 313,574</u>	<u>\$ 303,635</u>	<u>\$ 120</u>	<u>\$ 114</u>	<u>\$ 8,262</u>	<u>\$ 1,055</u>	<u>\$ -</u>	<u>\$ (329,516)</u>	<u>\$ 297,244</u>

* Includes the board resolution to cancel intercompany liabilities exceeding subsidiaries' net assets.

Frederick Health, Inc. Obligated Group

Combining Balance Sheet

June 30, 2025

(In Thousands)

	Frederick Health Incorporated	Frederick Health Hospital, Incorporated	Frederick Health Medical Group, LLC	Elimination	Frederick Health Obligated Group
Assets					
Current Assets					
Cash and cash equivalents	\$ 71	\$ 393	\$ -	\$ -	\$ 464
Patient receivables	-	108,339	20,905	-	129,244
Other receivables	-	9,981	372	-	10,353
Inventory	-	7,565	3,036	-	10,601
Prepaid expenses	-	7,980	31	-	8,011
Assets limited as to use	-	5,991	-	-	5,991
Promises to give, net	-	301	-	-	301
Total current assets	71	140,550	24,344	-	164,965
Property and Equipment, Net	-	249,842	816	-	250,658
Finance Lease Right-of-Use Assets, Net	-	7,897	-	-	7,897
Operating Lease Right-of-Use Assets, Net	-	18,931	6,689	-	25,620
Other Assets					
Assets limited as to use	-	3,467	-	-	3,467
Investments, donor restricted	-	2,161	-	-	2,161
Promises to give, net	-	3,287	-	-	3,287
Long-term investments	-	174,684	-	-	174,684
Other investments	431	14,611	-	-	15,042
Investments in subsidiaries	313,306	34,024	-	(320,079)	27,251
Other assets	-	79	-	-	79
Intercompany receivables	-	60,354	-	(13,660)	46,694
Total other assets	313,737	292,667	-	(333,739)	272,665
Total assets	<u>\$ 313,808</u>	<u>\$ 709,887</u>	<u>\$ 31,849</u>	<u>\$ (333,739)</u>	<u>\$ 721,805</u>

Frederick Health, Inc. Obligated Group

Combining Balance Sheet

June 30, 2025

(In Thousands)

	Frederick Health Incorporated	Frederick Health Hospital, Incorporated	Frederick Health Medical Group, LLC	Elimination	Frederick Health Obligated Group
Liabilities and Net Assets					
Current Liabilities					
Line of credit	\$ -	\$ 37,798	\$ -	\$ -	\$ 37,798
Current maturities of:					
Long-term debt	-	5,650	-	-	5,650
Finance lease obligations	-	2,282	-	-	2,282
Operating lease obligations	-	3,246	571	-	3,817
Accounts payable	-	58,849	638	-	59,487
Accrued expenses	-	24,715	6,591	-	31,306
Advances from third-party payors	-	19,493	-	-	19,493
Other current liabilities	-	5,503	4,084	-	9,587
Total current liabilities	-	157,536	11,884	-	169,420
Long-Term Liabilities, Net of Current Portion					
Long-term debt, net	-	215,524	-	-	215,524
Other long-term liabilities	-	8,596	-	-	8,596
Finance lease obligations, long term	-	5,903	-	-	5,903
Operating lease obligations, long term	-	18,363	6,755	-	25,118
Intercompany liabilities	234	330	13,096	(13,660)	-
Total long-term liabilities, net of current portion	234	248,716	19,851	(13,660)	255,141
Total liabilities	234	406,252	31,735	(13,660)	424,561
Net Assets					
Without donor restrictions	307,239	297,589	114	(314,033)	290,909
With donor restrictions	6,046	6,046	-	(6,046)	6,046
Total net assets attributable to the System	313,285	303,635	114	(320,079)	296,955
Noncontrolling interest	289	-	-	-	289
Total net assets	313,574	303,635	114	(320,079)	297,244
Total liabilities and net assets	\$ 313,808	\$ 709,887	\$ 31,849	\$ (333,739)	\$ 721,805

The Obligated Group consists of Frederick Health Inc., Frederick Health Hospital, Inc., and Frederick Health Medical Group, LLC and the combining financial statements presented for the Obligated Group include only their accounts, which include their investment interest in controlled, affiliated entities, but do not include the revenues, expenses, assets or liabilities of any of those controlled, affiliated entities.

Frederick Health, Inc. Obligated Group

Combining Statement of Operations and Changes in Net Assets
Year Ended June 30, 2025
(In Thousands)

	Frederick Health Incorporated	Frederick Health Hospital, Incorporated	Frederick Health Medical Group, LLC	Elimination	Frederick Health Obligated Group
Operating Revenues					
Net patient service revenue	\$ -	\$ 429,824	\$ 111,075	\$ (411)	\$ 540,488
Other revenue	-	15,293	16,849	(16,419)	15,723
Total operating revenues	-	445,117	127,924	(16,830)	556,211
Operating Expenses					
Salaries and wages	-	195,295	68,673	-	263,968
Employee benefits	-	38,313	11,106	(3)	49,416
Professional fees	-	28,800	73	(13,735)	15,138
Cost of goods sold	-	44,567	60,045	-	104,612
Supplies	-	12,980	564	-	13,544
Contract services	-	55,569	7,695	(327)	62,937
Other	-	13,092	4,702	(2,765)	15,029
Utilities	-	3,506	103	-	3,609
Insurance	-	1,566	2,046	-	3,612
Depreciation and amortization	-	28,033	453	-	28,486
Interest	-	7,461	-	-	7,461
Total operating expenses	-	429,182	155,460	(16,830)	567,812
Income (loss) from operations	-	15,935	(27,536)	-	(11,601)
Other Income, Net					
Loss on sale of assets	-	(42)	-	-	(42)
Investment gain (loss), net	5,695	16,132	-	(8,014)	13,813
Change in unrealized gains and losses on trading securities, net	-	5,072	-	-	5,072
Other nonoperating (loss) gains, net	-	(33)	95	-	62
Total other income, net	5,695	21,129	95	(8,014)	18,905
Excess (deficit) of revenue over expenses	5,695	37,064	(27,441)	(8,014)	7,304
Less noncontrolling interest deficit of revenues over expenses	-	-	-	-	-
Excess (deficit) of revenue over expenses attributable to the Obligated Group	5,695	37,064	(27,441)	(8,014)	7,304
Net Assets Without Donor Restrictions					
Excess (deficit) of revenue over expenses attributable to the Obligated Group	5,695	37,064	(27,441)	(8,014)	7,304
Other changes in unrestricted net assets*	-	(31,591)	27,555	-	(4,036)
Released from restriction used to purchase capital	-	2,427	-	-	2,427
Changes in net assets without donor restrictions attributable to the Obligated Group	5,695	7,900	114	(8,014)	5,695

Frederick Health, Inc. Obligated Group

Combining Statement of Operations and Changes in Net Assets
Year Ended June 30, 2025
(In Thousands)

	Frederick Health Incorporated	Frederick Health Hospital, Incorporated	Frederick Health Medical Group, LLC	Elimination	Frederick Health Obligated Group
Net Assets With Donor Restrictions					
Released from restriction used for operations and nonoperating activities	\$ (478)	\$ (478)	\$ -	\$ 478	\$ (478)
Released from restriction used to purchase capital	(2,427)	(2,427)	-	2,427	(2,427)
Restricted gifts, bequests and contributions	3,213	3,213	-	(3,213)	3,213
Changes in net assets with donor restrictions	308	308	-	(308)	308
Noncontrolling Interest					
Deficit of revenues over expenses attributable to noncontrolling interest	(166)	-	-	-	(166)
Changes in net assets	5,837	8,208	114	(8,322)	5,837
Net Assets, Beginning	307,737	295,427	-	(311,757)	291,407
Net Assets, Ending	\$ 313,574	\$ 303,635	\$ 114	\$ (320,079)	\$ 297,244

* Includes the board resolution to cancel intercompany liabilities exceeding subsidiaries' net assets.

The Obligated Group consists of Frederick Health Inc., Frederick Health Hospital, Inc., and Frederick Health Medical Group, LLC and the combining financial statements presented for the Obligated Group include only their accounts, which include their investment interest in controlled, affiliated entities, but do not include the revenues, expenses, assets or liabilities of any of those controlled, affiliated entities.

Frederick Health, Inc. Obligated Group

Combined Statements of Cash Flows
Years Ended June 30, 2025 and 2024
(In Thousands)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 5,837	\$ (3,350)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	26,132	27,018
Amortization of finance lease right-of-use assets	2,354	2,008
Amortization of operating lease right-of-use assets	3,366	3,665
Payments on operating lease obligations	(3,620)	(3,773)
Amortization of premium and deferred financing	(120)	20
Equity in earning of joint ventures	(2,923)	(3,636)
Net unrealized and realized gains on unrestricted investments	(13,215)	(15,035)
Proceeds from restricted contributions	(3,880)	(7,921)
Loss (gain) on sale of assets	42	(34)
Change in:		
Receivables, patient and other	(32,783)	(27,368)
Inventories and prepaids	(768)	(876)
Promises to give	(91)	1,072
Other assets	53	18
Accounts payable	9,756	6,384
Accrued expenses	593	3,825
Advanced from third-party payors	(2,489)	10,649
Intercompany receivable, net	(22,198)	3,886
Other current liabilities	3,126	1,129
Other long-term liabilities	(1,369)	2,922
Net cash (used in) provided by operating activities	<u>(32,197)</u>	<u>603</u>
Cash Flows From Investing Activities		
Other investments	3,889	1,057
Purchases of property and equipment	(19,906)	(20,573)
Net sales of long-term investments and assets limited as to use	<u>21,244</u>	<u>1,590</u>
Net cash provided by (used in) investing activities	<u>5,227</u>	<u>(17,926)</u>

Frederick Health, Inc. Obligated Group

Combined Statements of Cash Flows
Years Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024
Cash Flows From Fundraising and Financing Activities		
Proceeds from restricted contributions	\$ 3,880	\$ 7,921
Net borrowings (repayments) of lines of credit	30,898	(3,100)
Repayments of long-term debt	(5,280)	(2,386)
Payments on finance lease obligations	(2,247)	(1,967)
Deferred financing costs paid	-	(426)
Net cash provided by fundraising and financing activities	27,251	42
Net change in cash, cash equivalents and restricted cash	281	(17,281)
Cash, Cash Equivalents and Restricted Cash, Beginning	6,174	23,455
Cash, Cash Equivalents and Restricted Cash, Ending	<u>\$ 6,455</u>	<u>\$ 6,174</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 464	\$ 383
Restricted cash, included in assets limited as to use	5,991	5,791
Total cash, cash equivalents and restricted cash	<u>\$ 6,455</u>	<u>\$ 6,174</u>
Supplemental Disclosures		
Cash paid for interest	<u>\$ 7,491</u>	<u>\$ 5,804</u>

The Obligated Group consists of Frederick Health Inc., Frederick Health Hospital, Inc., and Frederick Health Medical Group, LLC and the combining financial statements presented for the Obligated Group include only their accounts, which include their investment interest in controlled, affiliated entities, but do not include the revenues, expenses, assets, or liabilities of any of those controlled, affiliated entities.

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors of
Frederick Health, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Frederick Health, Inc. and Subsidiaries (the System), which comprise the System's consolidated balance sheet as of June 30, 2025, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2025. Our report includes a reference to other auditors who audited the financial statements of Monocacy Insurance, Ltd (Monocacy), as described in our report on the System's consolidated financial statements. The financial statements of Monocacy were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Monocacy or that are reported on separately by those auditors who audited the financial statements of Monocacy.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

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

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Pittston, Pennsylvania
October 3, 2025