

Form **8879-EO**

# IRS e-file Signature Authorization for an Exempt Organization

OMB No. 1545-1878

For calendar year 2017, or fiscal year beginning JUL 1, 2017, and ending JUN 30, 2018

# 2017

Department of the Treasury  
Internal Revenue Service

▶ Do not send to the IRS. Keep for your records.  
▶ Go to [www.irs.gov/Form8879EO](http://www.irs.gov/Form8879EO) for the latest information.

Name of exempt organization

Employer identification number

**SUBURBAN HOSPITAL, INC.**

**52-0610545**

Name and title of officer

**MARTIN BASSO SR  
SR VP FINANCE & TREASURER**

## Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12) .....	1b	<b>311,598,771.</b>
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9) .....	2b	
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22) .....	3b	
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5) .....	4b	
5a Form 8868 check here ▶ <input type="checkbox"/>	b Balance Due (Form 8868, line 3c) .....	5b	

## Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2017 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize \_\_\_\_\_ to enter my PIN  Enter five numbers, but do not enter all zeros

ERO firm name

as my signature on the organization's tax year 2017 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2017 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ Martin Basso Date ▶ 5/10/19

## Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

**523603**

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2017 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

**ERO Must Retain This Form - See Instructions  
Do Not Submit This Form to the IRS Unless Requested To Do So**

LHA For Paperwork Reduction Act Notice, see instructions.

Form **8879-EO** (2017)

EXTENDED TO MAY 15, 2019

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](http://www.irs.gov/Form990) for instructions and the latest information.

**2017**  
Open to Public Inspection

**A** For the 2017 calendar year, or tax year beginning **JUL 1, 2017** and ending **JUN 30, 2018**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>SUBURBAN HOSPITAL, INC.</b>		<b>D</b> Employer identification number <b>52-0610545</b>
	Doing business as		<b>E</b> Telephone number <b>301-896-3900</b>
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	<b>G</b> Gross receipts \$ <b>383,601,760.</b>
	8600 OLD GEORGETOWN ROAD		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
City or town, state or province, country, and ZIP or foreign postal code <b>BETHESDA, MD 20814-1497</b>		<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>F</b> Name and address of principal officer: <b>MARTIN BASSO SR</b> <b>SAME AS C ABOVE</b>		If "No," attach a list. (see instructions)	
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c)</b> Group exemption number ▶	
<b>J</b> Website: <b>WWW.SUBURBANHOSPITAL.ORG</b>		<b>L</b> Year of formation: <b>1942</b>	
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>M</b> State of legal domicile: <b>MD</b>	

## Part I Summary

<b>Activities &amp; Governance</b>	1 Briefly describe the organization's mission or most significant activities: <b>SUBURBAN HOSPITAL IS A COMMUNITY-BASED HOSPITAL SERVING MONTGOMERY COUNTY AND THE</b>		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	26
	4	Number of independent voting members of the governing body (Part VI, line 1b)	22
	5	Total number of individuals employed in calendar year 2017 (Part V, line 2a)	2192
	6	Total number of volunteers (estimate if necessary)	520
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	689,014.
7b	Net unrelated business taxable income from Form 990-T, line 34	-467,079.	
<b>Revenue</b>	8	Contributions and grants (Part VIII, line 1h)	Prior Year: 5,607,892. Current Year: 4,307,281.
	9	Program service revenue (Part VIII, line 2g)	267,817,415. 281,730,369.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,203,287. 10,303,870.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	15,412,396. 15,257,251.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	293,040,990. 311,598,771.
<b>Expenses</b>	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	95,051. 80,341.
	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)	125,729,903. 131,258,256.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0. 0.
	16b	Total fundraising expenses (Part IX, column (D), line 25)	0.
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	154,384,341. 160,678,360.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	280,209,295. 292,016,957.
<b>Net Assets or Fund Balances</b>	19	Revenue less expenses. Subtract line 18 from line 12	12,831,695. 19,581,814.
	20	Total assets (Part X, line 16)	Beginning of Current Year: 552,767,271. End of Year: 585,790,591.
	21	Total liabilities (Part X, line 26)	203,369,929. 204,414,552.
22	Net assets or fund balances. Subtract line 21 from line 20	349,397,342. 381,376,039.	

## 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.

<b>Sign Here</b>	Signature of officer	Date			
	<b>MARTIN BASSO SR, SR VP FINANCE &amp; TREASURER</b> Type or print name and title	5/10/19			
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name	Firm's EIN			
	Firm's address	Phone no.			

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

732001 11-28-17

LHA For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2017)

**SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION**

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: SUBURBAN HOSPITAL WILL DELIVER SUPERIOR HEALTHCARE ENHANCED BY TECHNOLOGY, WELLNESS EDUCATION, RESEARCH, AND INNOVATIVE PARTNERSHIPS WITH PHYSICIANS, HOSPITALS, THE COMMUNITY, AND THE NATIONAL INSTITUTES OF HEALTH. MISSION: IMPROVING HEALTH WITH SKILL AND COMPASSION.

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

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

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 \$ 84,771,963. including grants of \$ ) (Revenue \$ 121,902,630. ) SURGICAL PATIENT SERVICES: SUBURBAN HOSPITAL OFFERS COMPREHENSIVE INPATIENT AND OUTPATIENT SURGICAL SERVICES. THESE INCLUDE ORTHOPEDIC SERVICES, INCLUDING SPINE, NEUROSURGERY AND JOINT REPLACEMENT, WITH THE JOINT REPLACEMENT PROGRAM SERVING OVER 1,500 PATIENTS ANNUALLY. WITH THE DAVINCI SURGICAL SYSTEM, UROLOGIC, GYNECOLOGIC AND THORACIC PROCEDURES ARE PERFORMED WITH STATE-OF-THE-ART ROBOTIC TECHNOLOGY. SUBURBAN HOSPITAL IS THE ONLY CERTIFIED TRAUMA CENTER IN MONTGOMERY COUNTY. THE LEVEL II TRAUMA CENTER TREATS 1500 MAJOR TRAUMA CASES ANNUALLY AND HAS AN ORTHOPEDIC TRAUMATOLOGIST ON STAFF. THE FOLLOWING SPECIALISTS ARE ON CALL FOR EMERGENCIES: TRAUMA SURGEONS, NEUROSURGEONS, UROLOGISTS, ENT, OB/GYN, AND CARDIOLOGISTS. DURING 2018, SUBURBAN HOSPITAL ADMITTED 4,600

4b (Code: ) (Expenses \$ 32,052,729. including grants of \$ ) (Revenue \$ 53,101,566. ) MEDICAL PATIENT SERVICES: SUBURBAN HOSPITAL PROVIDES ACUTE AND CRITICAL CARE FOR A COMPLETE RANGE OF MEDICAL DIAGNOSES. THE HOSPITAL IS A JOINT COMMISSION CERTIFIED PRIMARY STROKE CENTER FEATURING A DEDICATED NIH STROKE TEAM, WHICH PROVIDES RAPID DIAGNOSIS AND CUTTING-EDGE TREATMENT OF STROKES. SUBURBAN HOSPITAL ALSO OPERATES A CANCER CARE PROGRAM, WHICH IS ACCREDITED WITH COMMENDATION BY THE COMMISSION ON CANCER OF THE AMERICAN COLLEGE OF SURGEONS. THE COMPREHENSIVE PROGRAM SERVICES PATIENTS WITH ALL DIAGNOSES AND OFFERS CUTTING-EDGE TECHNOLOGY AND PERSONALIZED CARE. IN 2018, SUBURBAN HOSPITAL ADMITTED APPROXIMATELY 6,100 MEDICAL PATIENTS. SUBURBAN HOSPITAL'S OBJECTIVES ARE TO MEASURE AND ANALYZE VARIANCES AND

4c (Code: ) (Expenses \$ 20,350,912. including grants of \$ ) (Revenue \$ 28,824,938. ) CARDIOVASCULAR PATIENT SERVICES: SUBURBAN HOSPITAL'S SPECIALIZED CENTER FOR CARDIAC CARE, ANCHORED BY THE NIH HEART CENTER, BRINGS THE CLINICAL AND SCIENTIFIC EXCELLENCE OF TWO RENOWNED MEDICAL INSTITUTIONS TO A COMMUNITY-BASED CARDIAC PROGRAM. THROUGH COLLABORATION WITH THE NATIONAL HEART, LUNG, AND BLOOD INSTITUTE (NHLBI) OF THE NATIONAL INSTITUTES OF HEALTH AND JOHNS HOPKINS MEDICINE, SUBURBAN HOSPITAL PROVIDES PATIENTS EASY ACCESS TO ADVANCED CARDIOVASCULAR TREATMENTS AVAILABLE IN VERY FEW MEDICAL CENTERS. IN ADDITION TO STATE-OF-THE-ART CARDIAC SURGERY AND ANGIOPLASTY, THE NIH HEART CENTER AT SUBURBAN HOSPITAL COMPLEMENTS A BROAD RANGE OF EXISITING CARDIAC PROGRAMS AT SUBURBAN HOSPITAL - FROM EMERGENCY CARE TO CARDIAC DIAGNOSTICS AND REHABILITATION. DURING 2018

4d Other program services (Describe in Schedule O.) (Expenses \$ 117,292,789. including grants of \$ 80,341.) (Revenue \$ 98,117,458.)

4e Total program service expenses 254,468,393.

**Part IV Checklist of Required Schedules**

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

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> .....	X	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? .....	X	
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> .....	X	
<b>22</b> 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? <i>If "Yes," complete Schedule I, Parts I and III</i> .....		X
<b>23</b> 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? <i>If "Yes," complete Schedule J</i> .....	X	
<b>24a</b> 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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> .....		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? .....		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>b</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? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i> .....		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> .....		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> .....		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> .....	X	
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> .....	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....		X
<b>b</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)? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		X
<b>37</b> 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? <i>If "Yes," complete Schedule R, Part VI</i> .....		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O .....	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Input box for Schedule O

Table with columns for question numbers (1a-14b), Yes/No checkboxes, and numerical input fields. Contains questions about Form 1096, Form W-2G, Form W-3, Form 990-T, Form 8886-T, Form 8282, Form 8899, Form 1098-C, Form 4947(a)(1), and Form 720.

**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 in 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
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
	<b>1a</b> 26		
<b>b</b>	Enter the number of voting members included in line 1a, above, who are independent		
	<b>1b</b> 22		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b>	Did the organization have members or stockholders?	X	
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	X	
<b>b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	X	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b>	The governing body?	X	
<b>b</b>	Each committee with authority to act on behalf of the governing body?	X	
<b>9</b>	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 in Schedule O		X

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

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates?		X
<b>b</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?		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
<b>13</b>	Did the organization have a written whistleblower policy?	X	
<b>14</b>	Did the organization have a written document retention and destruction policy?	X	
<b>15</b>	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?		
<b>a</b>	The organization's CEO, Executive Director, or top management official	X	
<b>b</b>	Other officers or key employees of the organization	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>b</b>	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **MD**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 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 in Schedule O)
- 19** Describe in 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: **MARTIN BASSO SR VP FIN TREAS - 301-896-2333**  
**8600 OLD GEORGETOWN RD, BETHESDA, MD 20814-1497**

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) RONALD R. PETERSON CORPORATE VICE CHAIRMAN	2.50 57.50	X		X				0.	3,088,921.	65,956.
(2) KEVIN W. SOWERS, M.S.N., R.N., CORPORATE VICE CHAIRMAN	2.50 57.50	X		X				0.	367,110.	0.
(3) PATRICIA M.C. BROWN, ESQ. TRUSTEE	2.50 57.50	X						0.	775,990.	64,965.
(4) MARY ELLEN BELIVEAU TRUSTEE	2.50	X						0.	0.	0.
(5) WILLIAM A. BAUMGARTNER, M.D. TRUSTEE	2.50	X						0.	0.	0.
(6) BRIAN COBB TRUSTEE	2.50	X						0.	0.	0.
(7) LINDA COURIE TRUSTEE	2.50	X						0.	0.	0.
(8) JONATHAN EFRON, M.D. TRUSTEE	2.50	X						0.	0.	0.
(9) MARIA GOMEZ TRUSTEE	2.50	X						0.	0.	0.
(10) THE HON. ANN S. HARRINGTON TRUSTEE	2.50	X						0.	0.	0.
(11) DIANE L. COLGAN, M.D. TRUSTEE	2.50 4.00	X						0.	0.	0.
(12) NORMAN K. JENKINS TRUSTEE	2.50	X						0.	0.	0.
(13) MARK FUTROVSKY TRUSTEE	2.50	X						0.	0.	0.
(14) JOHN C. OTSUKI TRUSTEE	2.50	X						0.	0.	0.
(15) HOWARD GLECKMAN TRUSTEE, CHAIRMAN	2.50	X						0.	0.	0.
(16) LARA EISENBERG, M.D. TRUSTEE	4.00 2.50	X						0.	0.	0.
(17) DAVID RUBEN TRUSTEE	2.50	X						0.	0.	0.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) LILY QI TRUSTEE	2.50	X						0.	0.	0.
(19) MICHAEL SMITH TRUSTEE	2.50	X						0.	0.	0.
(20) DAVID TRONE TRUSTEE	2.50	X						0.	0.	0.
(21) SUDEEP ANAND, PH.D. TRUSTEE	2.50	X						0.	0.	0.
(22) WILLIAM SHAW TRUSTEE	2.50	X						0.	0.	0.
(23) ALAN SHEFF, M.D. TRUSTEE	2.50	X						0.	0.	0.
(24) HARRY TOTONIS TRUSTEE	2.50	X						0.	0.	0.
(25) CHARLES ALLEN WIEBE TRUSTEE, VICE CHAIRMAN	2.50	X						0.	0.	0.
(26) JACKY SCHULTZ PRESIDENT, TRUSTEE	59.00 1.00	X		X				0.	738,775.	60,422.
<b>1b Sub-total</b>								0.	4,970,796.	191,343.
<b>c Total from continuation sheets to Part VII, Section A</b>								1,030,074.	2,158,063.	364,643.
<b>d Total (add lines 1b and 1c)</b>								1,030,074.	7,128,859.	555,986.

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 **205**

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

**Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
WHITING TURNER CONTRACTING CO PO BOX 17596, BALTIMORE, MD 21297	GENERAL CONTRACTOR	17,500,874.
CLARK CONSTRUCTIONS LLC, 7500 OLD GEORGETOWN ROAD, BETHESDA, MD 20814	GENERAL CONTRACTOR	6,578,476.
SODEXO INC. PO BOX 536922, ATLANTA, GA 30353	MANAGEMENT SERVICES	2,171,695.
TUCKMAN BARBEE CONSTRUCTION CO, 16000 TRADE ZONE AVENUE, UPPER MARLBORO, MD	GENERAL CONTRACTOR	2,043,394.
CROTHALL SERVICES GROUP, 13028 COLLECTIONS CENTER DRIVE, CHICAGO, IL 60693	SUPPORT SERVICES	1,221,215.

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 **81**

SEE PART VII, SECTION A CONTINUATION SHEETS



**Part VIII Statement of Revenue**

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	<b>1 a</b> Federated campaigns	<b>1a</b>					
	<b>b</b> Membership dues	<b>1b</b>					
	<b>c</b> Fundraising events	<b>1c</b>					
	<b>d</b> Related organizations	<b>1d</b>	1,755,000.				
	<b>e</b> Government grants (contributions)	<b>1e</b>	2,401,985.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	150,296.				
	<b>g</b> Noncash contributions included in lines 1a-1f: \$						
	<b>h Total.</b> Add lines 1a-1f			4,307,281.			
	Program Service Revenue	<b>2 a</b> NET PATIENT REVENUE	<b>Business Code</b>	621990	281,051,330.	281,051,330.	
<b>b</b> LAB			541380	679,039.	679,039.		
<b>c</b>							
<b>d</b>							
<b>e</b>							
<b>f</b> All other program service revenue							
<b>g Total.</b> Add lines 2a-2f				281,730,369.			
Other Revenue		<b>3</b> Investment income (including dividends, interest, and other similar amounts)			4,655,884.		4,655,884.
	<b>4</b> Income from investment of tax-exempt bond proceeds						
	<b>5</b> Royalties						
	<b>6 a</b> Gross rents	(i) Real	(ii) Personal				
		Less: rental expenses					
		Rental income or (loss)					
		Net rental income or (loss)					
	<b>7 a</b> Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		77,649,000.	1,975.				
		Less: cost or other basis and sales expenses			72,002,989.	0.	
		Gain or (loss)			5,646,011.	1,975.	
	<b>d</b> Net gain or (loss)			5,647,986.	5,647,986.		
	<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	<b>a</b>					
		<b>b</b> Less: direct expenses	<b>b</b>				
		<b>c</b> Net income or (loss) from fundraising events					
<b>9 a</b> Gross income from gaming activities. See Part IV, line 19	<b>a</b>						
	<b>b</b> Less: direct expenses	<b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities						
<b>10 a</b> Gross sales of inventory, less returns and allowances	<b>a</b>						
	<b>b</b> Less: cost of goods sold	<b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory						
Miscellaneous Revenue			<b>Business Code</b>				
<b>11 a</b> OTHER REVENUE			900099	13,291,699.	13,291,699.		
	<b>b</b> PARKING		900099	854,409.	844,434.	9,975.	
	<b>c</b> CAFETERIA INCOME		900099	695,540.	695,540.		
	<b>d</b> All other revenue		900099	415,603.	415,603.		
	<b>e Total.</b> Add lines 11a-11d			15,257,251.			
<b>12 Total revenue.</b> See instructions.			311,598,771.	301,946,592.	689,014.	4,655,884.	

**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
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	80,341.	80,341.		
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22				
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees				
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
<b>7</b> Other salaries and wages	106,968,017.	90,120,554.	16,847,463.	
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,533,001.	2,134,053.	398,948.	
<b>9</b> Other employee benefits	13,740,330.	11,576,228.	2,164,102.	
<b>10</b> Payroll taxes	8,016,908.	6,754,245.	1,262,663.	
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management				
<b>b</b> Legal	396,203.	333,801.	62,402.	
<b>c</b> Accounting	7,141.	6,016.	1,125.	
<b>d</b> Lobbying	56,991.		56,991.	
<b>e</b> Professional fundraising services. See Part IV, line 17				
<b>f</b> Investment management fees				
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
<b>12</b> Advertising and promotion				
<b>13</b> Office expenses	115,002,823.	104,363,080.	10,639,743.	
<b>14</b> Information technology				
<b>15</b> Royalties				
<b>16</b> Occupancy	4,293,285.	3,617,129.	676,156.	
<b>17</b> Travel	165,676.	139,582.	26,094.	
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b> Conferences, conventions, and meetings	137,868.	116,154.	21,714.	
<b>20</b> Interest	4,480,009.	3,774,408.	705,601.	
<b>21</b> Payments to affiliates				
<b>22</b> Depreciation, depletion, and amortization	14,812,904.	13,817,845.	995,059.	
<b>23</b> Insurance	1,327,509.	1,277,547.	49,962.	
<b>24</b> Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
<b>a</b> <b>CONTRACTED SERVICES</b>	13,056,360.	11,176,154.	1,880,206.	
<b>b</b> <b>PROFESSIONAL FEES</b>	4,086,012.	3,230,837.	855,175.	
<b>c</b> <b>OTHER</b>	2,408,472.	1,503,312.	905,160.	
<b>d</b> <b>INT EXP DERIVATIVES</b>	447,107.	447,107.		
<b>e</b> All other expenses				
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e	292,016,957.	254,468,393.	37,548,564.	0.
<b>26</b> <b>Joint costs.</b> 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 Sheet**

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	8,283.	<b>1</b>	9,303.
	<b>2</b> Savings and temporary cash investments .....	11,397,678.	<b>2</b>	10,821,900.
	<b>3</b> Pledges and grants receivable, net .....		<b>3</b>	
	<b>4</b> Accounts receivable, net .....	30,008,106.	<b>4</b>	36,468,329.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L .....		<b>6</b>	
	<b>7</b> Notes and loans receivable, net .....		<b>7</b>	
	<b>8</b> Inventories for sale or use .....	10,296,699.	<b>8</b>	10,957,789.
	<b>9</b> Prepaid expenses and deferred charges .....	2,818,966.	<b>9</b>	3,511,967.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 346,024,726.		
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 156,750,109.		
	<b>11</b> Investments - publicly traded securities .....		<b>11</b>	
	<b>12</b> Investments - other securities. See Part IV, line 11 .....	311,152,657.	<b>12</b>	324,808,873.
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		<b>13</b>	
	<b>14</b> Intangible assets .....		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11 .....	49,584,292.	<b>15</b>	9,937,813.
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	552,767,271.	<b>16</b>	585,790,591.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	40,866,276.	<b>17</b>	45,070,839.
	<b>18</b> Grants payable .....		<b>18</b>	
	<b>19</b> Deferred revenue .....		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities .....		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		<b>24</b>	
	<b>25</b> 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 .....	162,503,653.	<b>25</b>	159,343,713.
	<b>26 Total liabilities.</b> Add lines 17 through 25 .....	203,369,929.	<b>26</b>	204,414,552.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	349,397,342.	<b>27</b>	381,376,039.
	<b>28</b> Temporarily restricted net assets .....		<b>28</b>	
	<b>29</b> Permanently restricted net assets .....		<b>29</b>	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		<b>32</b>	
<b>33</b> Total net assets or fund balances .....	349,397,342.	<b>33</b>	381,376,039.	
<b>34</b> Total liabilities and net assets/fund balances .....	552,767,271.	<b>34</b>	585,790,591.	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	311,598,771.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	292,016,957.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	19,581,814.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	349,397,342.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	12,396,883.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	381,376,039.

**Part XII Financial Statements and Reporting**

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

- 1** Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? \_\_\_\_\_  
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant? \_\_\_\_\_  
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? \_\_\_\_\_  
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? \_\_\_\_\_
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits \_\_\_\_\_

	Yes	No
<b>2a</b>		X
<b>2b</b>	X	
<b>2c</b>	X	
<b>3a</b>	X	
<b>3b</b>	X	



**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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> 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) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on .....						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					<b>12</b>	
<b>13 First five years.</b> 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 <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f)) .....	<b>14</b>	%
<b>15</b> Public support percentage from 2016 Schedule A, Part II, line 14 .....	<b>15</b>	%
<b>16a 33 1/3% support test - 2017.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 33 1/3% support test - 2016.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>17a 10% -facts-and-circumstances test - 2017.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 10% -facts-and-circumstances test - 2016.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		<input type="checkbox"/>

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> 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 .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</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 .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						

**14 First five 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**

<b>15</b> Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2016 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2017 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2016 Schedule A, Part III, line 17 .....	<b>18</b>	%

**19a 33 1/3% support tests - 2017.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**b 33 1/3% support tests - 2016.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

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

**Part IV Supporting Organizations**

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

**Section A. All Supporting Organizations**

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

**Part IV Supporting Organizations** (continued)

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

**Section B. Type I Supporting Organizations**

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

**Section C. Type II Supporting Organizations**

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

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> 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?		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
<b>2</b> Activities Test. Answer (a) and (b) below.		
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>		
<b>b</b> Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.		
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>		
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>		

**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.

<b>Section A - Adjusted Net Income</b>		(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	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	8	

<b>Section B - Minimum Asset Amount</b>		(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	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):		
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 1-1/2% 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 .035	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	

<b>Section C - Distributable Amount</b>		(A) Prior Year	Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 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	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

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

<b>Section D - Distributions</b>	<b>Current Year</b>
<b>1</b> Amounts paid to supported organizations to accomplish exempt purposes	
<b>2</b> Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
<b>3</b> Administrative expenses paid to accomplish exempt purposes of supported organizations	
<b>4</b> Amounts paid to acquire exempt-use assets	
<b>5</b> Qualified set-aside amounts (prior IRS approval required)	
<b>6</b> Other distributions (describe in <b>Part VI</b> ). See instructions.	
<b>7 Total annual distributions.</b> Add lines 1 through 6.	
<b>8</b> Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions.	
<b>9</b> Distributable amount for 2017 from Section C, line 6	
<b>10</b> Line 8 amount divided by line 9 amount	

<b>Section E - Distribution Allocations (see instructions)</b>	<b>(i) Excess Distributions</b>	<b>(ii) Underdistributions Pre-2017</b>	<b>(iii) Distributable Amount for 2017</b>
<b>1</b> Distributable amount for 2017 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2017 (reasonable cause required- explain in <b>Part VI</b> ). See instructions.			
<b>3</b> Excess distributions carryover, if any, to 2017			
<b>a</b>			
<b>b</b> From 2013			
<b>c</b> From 2014			
<b>d</b> From 2015			
<b>e</b> From 2016			
<b>f Total</b> of lines 3a through e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2017 distributable amount			
<b>i</b> Carryover from 2012 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
<b>4</b> Distributions for 2017 from Section D, line 7: \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2017 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from 4.			
<b>5</b> Remaining underdistributions for years prior to 2017, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>6</b> Remaining underdistributions for 2017. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>7 Excess distributions carryover to 2018.</b> Add lines 3j and 4c.			
<b>8</b> Breakdown of line 7:			
<b>a</b> Excess from 2013			
<b>b</b> Excess from 2014			
<b>c</b> Excess from 2015			
<b>d</b> Excess from 2016			
<b>e</b> Excess from 2017			



**Schedule B**

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

Name of the organization

SUBURBAN HOSPITAL, INC.

Employer identification number

52-0610545

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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

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

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

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

501(c)(3) taxable private foundation

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

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

**General Rule**

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

**Special Rules**

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), 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, 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, 990-EZ, or 990-PF), 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, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2017)

Name of organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
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**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	<hr/> <hr/> <hr/>	\$ <u>1,491,666.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	<hr/> <hr/> <hr/>	\$ <u>880,319.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	<hr/> <hr/> <hr/>	\$ <u>30,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	<hr/> <hr/> <hr/>	\$ <u>8,563.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	<hr/> <hr/> <hr/>	\$ <u>1,755,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization  <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number  <b>52-0610545</b>
------------------------------------------------------------	---------------------------------------------------------

**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div> <div style="border-bottom: 1px solid black; margin-bottom: 2px;"> </div>	\$ _____	_____

Name of organization  <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number  <b>52-0610545</b>
------------------------------------------------------------	---------------------------------------------------------

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

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

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2017**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

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

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

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

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

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

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

Name of organization

**SUBURBAN HOSPITAL, INC.**

Employer identification number

**52-0610545**

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

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

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

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

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

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

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

**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.

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) .....														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) .....														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) .....														
<b>d</b> Other exempt purpose expenditures .....														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) .....														
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width:65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e.													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.													
Over \$17,000,000	\$1,000,000.													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) .....														
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- .....														
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- .....														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

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

For each "Yes," response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
<b>1</b> 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:			
<b>a</b> Volunteers?		X	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
<b>c</b> Media advertisements?		X	
<b>d</b> Mailings to members, legislators, or the public?		X	
<b>e</b> Publications, or published or broadcast statements?		X	
<b>f</b> Grants to other organizations for lobbying purposes?		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	X		56,991.
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
<b>i</b> Other activities?		X	
<b>j</b> Total. Add lines 1c through 1i			56,991.
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> 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
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
<b>3</b> 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."**

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

**Part IV Supplemental Information**

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

**PART II-B, LINE 1, LOBBYING ACTIVITIES:**

THE HOSPITAL RETAINS LEGAL COUNSEL TO PERFORM LOBBYING ACTIVITIES ON ITS BEHALF. THE LOBBYING ACTIVITIES RELATE TO PRESERVING AND PROTECTING THE HOSPITAL'S INTERESTS WITH REGARDS TO MATTERS AFFECTING HEALTH CARE AND HEALTH FACILITIES, INCLUDING STATE GRANTS AND UNCOMPENSATED CARE.

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization SUBURBAN HOSPITAL, INC. Employer identification number 52-0610545

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

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

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

Form with multiple sections: 1. Purpose(s) of conservation easements (checkboxes for public use, natural habitat, open space, historic area, historic structure). 2. Conservation contribution details (2a-2d table). 3-8. Monitoring and enforcement details (states, policy, hours, expenses, requirements). 9. Reporting requirements.

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.

Form with 2 main sections: 1a. Reporting requirements for works of art, historical treasures, etc. 1b. Amounts relating to these items (revenue, assets). 2. Reporting requirements for financial gain (revenue, assets).

**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 are a significant use of its collection items

(check all that apply):

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
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					

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

- a Board designated or quasi-endowment  \_\_\_\_\_ %
- b Permanent endowment  \_\_\_\_\_ %
- c Temporarily restricted endowment  \_\_\_\_\_ %

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		345,094.		345,094.
b Buildings		111,718,304.	72,562,333.	39,155,971.
c Leasehold improvements		2,213,064.	814,031.	1,399,033.
d Equipment		102,917,896.	74,543,171.	28,374,725.
e Other		128,830,368.	8,830,574.	119,999,794.

**Total.** Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)  189,274,617.

**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) LONG TERM INV	324,808,873.	COST
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.)	<b>324,808,873.</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)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.)		

**Part IX Other Assets.**

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

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

**Part X Other Liabilities.**

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ADVANCES FROM THIRD PARTIES	7,073,358.
(3) HEDGE FAIR VALUE ADJUST	430,393.
(4) CAPITAL ACCUMULATION ACCOUNT	1,457,747.
(5) INTEREST PAYABLE	34,083.
(6) ACCRUED PENSION LONG TERM	3,121,000.
(7) 457B FOR DIRECTORS	20,821.
(8) DUE TO AFFILIATES	142,999,626.
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.)	<b>159,343,713.</b>

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 FIN 48 (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.

<b>1</b>	Total revenue, gains, and other support per audited financial statements		<b>1</b>	305,952,783.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>		
<b>b</b>	Donated services and use of facilities	<b>2b</b>		
<b>c</b>	Recoveries of prior year grants	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>	0.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>	305,952,783.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	5,645,988.	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>	5,645,988.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)		<b>5</b>	311,598,771.

**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.

<b>1</b>	Total expenses and losses per audited financial statements		<b>1</b>	291,569,874.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
<b>a</b>	Donated services and use of facilities	<b>2a</b>		
<b>b</b>	Prior year adjustments	<b>2b</b>		
<b>c</b>	Other losses	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	25.	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>	25.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>	291,569,849.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	447,108.	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>	447,108.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)		<b>5</b>	292,016,957.

**Part XIII Supplemental Information.**

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

**PART X, LINE 2:**

FASB'S GUIDANCE ON ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES CLARIFIES THE ACCOUNTING FOR UNCERTAINTY OF INCOME TAX POSITIONS. THIS GUIDANCE DEFINES THE THRESHOLD FOR RECOGNIZING TAX RETURN POSITIONS IN THE FINANCIAL STATEMENTS AS "MORE LIKELY THAN NOT" THAT THE POSITION IS SUSTAINABLE, BASED ON ITS TECHNICAL MERITS. THIS GUIDANCE ALSO PROVIDES GUIDANCE ON THE MEASUREMENT, CLASSIFICATION AND DISCLOSURE OF TAX RETURN POSITIONS IN THE FINANCIAL STATEMENTS. THE HOSPITAL HAS ADOPTED THIS GUIDANCE, AND THERE WAS NO IMPACT ON ITS FINANCIAL STATEMENTS DURING THE YEARS ENDED JUNE 30, 2018 AND 2017.

**PART XI, LINE 4B - OTHER ADJUSTMENTS:**

**Part XIII** Supplemental Information (continued)

REALIZED GAIN ON INVESTMENTS 5,646,011.

LOSS ON FIXED ASSET DISPOSAL -25.

ROUNDING 2.

TOTAL TO SCHEDULE D, PART XI, LINE 4B 5,645,988.

PART XII, LINE 2D - OTHER ADJUSTMENTS:

LOSS ON FIXED ASSET DISPOSAL 25.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

INT EXP DERIVATIVES 447,108.



**SCHEDULE H  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Hospitals**

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

OMB No. 1545-0047

**2017**

Open to Public Inspection

Name of the organization **SUBURBAN HOSPITAL, INC.** Employer identification number **52-0610545**

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	<input checked="" type="checkbox"/>	
<b>b</b> If "Yes," was it a written policy?	<input checked="" type="checkbox"/>	
<b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> 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.		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	<input checked="" type="checkbox"/>	
<b>b</b> Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>500</u> %	<input checked="" type="checkbox"/>	
<b>c</b> 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.		
<b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	<input checked="" type="checkbox"/>	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	<input checked="" type="checkbox"/>	
<b>c</b> 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?		<input checked="" type="checkbox"/>
<b>6a</b> Did the organization prepare a community benefit report during the tax year?	<input checked="" type="checkbox"/>	
<b>b</b> If "Yes," did the organization make it available to the public?	<input checked="" type="checkbox"/>	

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

**7 Financial Assistance and Certain Other Community Benefits at Cost**

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1)			5176153.	0.	5176153.	1.77%
<b>b</b> Medicaid (from Worksheet 3, column a)						
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b)						
<b>d Total</b> Financial Assistance and Means-Tested Government Programs			5176153.		5176153.	1.77%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4)			15539968.	1086132.	14453836.	4.95%
<b>f</b> Health professions education (from Worksheet 5)			4494326.	0.	4494326.	1.54%
<b>g</b> Subsidized health services (from Worksheet 6)			0.	0.		
<b>h</b> Research (from Worksheet 7)			1566012.	1566012.		
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8)			293,941.	0.	293,941.	.10%
<b>j Total.</b> Other Benefits			21894247.	2652144.	19242103.	6.59%
<b>k Total.</b> Add lines 7d and 7j			27070400.	2652144.	24418256.	8.36%





**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 SUBURBAN 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
<b>Community Health Needs Assessment</b>			
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		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C .....	2		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 .....	3	X	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The significant health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)			
j <input type="checkbox"/> Other (describe in Section C)			
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>15</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	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C .....	6a		X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C .....	6b		X
7 Did the hospital facility make its CHNA report widely available to the public? .....	7	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.HOPKINSMEDICINE.ORG/SUBURBAN HOSPITAL</u>			
b <input type="checkbox"/> Other website (list url): .....			
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility			
d <input checked="" type="checkbox"/> Other (describe in Section C)			
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 .....	8	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>15</u>			
10 Is the hospital facility's most recently adopted implementation strategy posted on a website? .....	10	X	
a If "Yes," (list url): <u>WWW.HOPKINSMEDICINE.ORG/SUBURBAN HOSPITAL/COMMUNITY_</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		X
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 SUBURBAN HOSPITAL, INC.

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? .....	<b>X</b>	
If "Yes," indicate the eligibility criteria explained in the FAP:		
<b>a</b> <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>500</u> %		
<b>b</b> <input type="checkbox"/> Income level other than FPG (describe in Section C)		
<b>c</b> <input checked="" type="checkbox"/> Asset level		
<b>d</b> <input checked="" type="checkbox"/> Medical indigency		
<b>e</b> <input type="checkbox"/> Insurance status		
<b>f</b> <input type="checkbox"/> Underinsurance status		
<b>g</b> <input checked="" type="checkbox"/> Residency		
<b>h</b> <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>X</b>	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>X</b>	
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):		
<b>a</b> <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
<b>b</b> <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
<b>c</b> <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
<b>d</b> <input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
<b>e</b> <input type="checkbox"/> Other (describe in Section C)		
<b>16</b> Was widely publicized within the community served by the hospital facility? .....	<b>X</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
<b>a</b> <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
<b>b</b> <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
<b>c</b> <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
<b>d</b> <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>e</b> <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>f</b> <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>g</b> <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
<b>h</b> <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
<b>i</b> <input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
<b>j</b> <input type="checkbox"/> Other (describe in Section C)		

**Part V Facility Information** (continued)

**Billing and Collections**

Name of hospital facility or letter of facility reporting group SUBURBAN HOSPITAL, INC.

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

**Policy Relating to Emergency Medical Care**

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

**Part V Facility Information** *(continued)*

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

Name of hospital facility or letter of facility reporting group SUBURBAN HOSPITAL, INC.

	Yes	No
<b>22</b> 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.		
<b>a</b> <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
<b>b</b> <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
<b>c</b> <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
<b>d</b> <input checked="" type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
<b>23</b> 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? .....	<b>23</b>	<b>X</b>
If "Yes," explain in Section C.		
<b>24</b> 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? .....	<b>24</b>	<b>X</b>
If "Yes," explain in Section C.		

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 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.

SUBURBAN HOSPITAL, INC.:

PART V, SECTION B, LINE 5: SUBURBAN HOSPITAL, INC. (SHI) TOOK INTO ACCOUNT INPUT FROM PERSONS WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY SERVED BY THE HOSPITAL THROUGH VARIOUS WAYS LISTED BELOW:

A) SHI SURVEYED 427 MONTGOMERY COUNTY RESIDENTS IN THE SEVEN ZIP CODES THAT WERE DETERMINED TO BE PART OF ITS COMMUNITY BENEFIT SERVICE AREA HIGH-NEED ZIP CODES IN ORDER TO GAIN A MORE COMPREHENSIVE UNDERSTANDING OF THE COMMUNITY'S HEALTH NEEDS. THE SURVEY WAS DISTRIBUTED THROUGHOUT DIVERSE LOCATIONS, SUCH AS SHOPPING CENTERS, DAY LABORER SITES, PUBLIC LIBRARIES, TRAIN AND BUS STOPS, FOOD RESTAURANT CHAINS, SENIOR CENTERS, PATIENT WAITING ROOM AREAS AT SAFETY-NET CLINICS, AND LARGE COMMUNITY EVENTS. THE SURVEY DISTRIBUTION PERIOD STARTED IN MARCH 2015 AND REACHED COMPLETION IN JUNE OF 2015.

B) ENGAGED COMMUNITY EXPERTS THROUGH THE COMMUNITY BENEFIT ADVISORY COUNCIL (CBAC) THAT ADVISES ON THE DIRECTION OF THE NEEDS ASSESSMENT. CHARTED BY THE HOSPITAL'S BOARD OF TRUSTEES AND CHAIRED BY A TRUSTEE, THE CBAC IS COMPRISED OF A DIVERSE GROUP OF LOCAL BUSINESS, NON-FOR-PROFIT EXECUTIVES AND COMMUNITY ADVOCACY LEADERS WHO REPRESENT THE PERSPECTIVE OF THE COUNTY'S MEDICALLY UNDERSERVED, LOW-INCOME AND RACIALLY/ETHNICALLY DIVERSE POPULATIONS. THE CBAC REPRESENTS DIVERSE SECTORS OF SHI'S SERVICE AREA AND ACTS AS A LIAISON WITH THE COMMUNITY AND THE HOSPITAL TO IDENTIFY HEALTH IMPROVEMENT OPPORTUNITIES AND NEEDS.

C) SHI'S COMMUNITY HEALTH AND WELLNESS DEPARTMENT (CHW) SERVED AS A KEY PLAYER BY INTEGRATING PUBLIC HEALTH KNOWLEDGE, PRINCIPLES AND EXPERTISE. THE CHW DEPARTMENT ACTED AS A PUBLIC HEALTH RESOURCE AND GUIDE, DUE IN PART TO THE EDUCATIONAL BACKGROUND OF THE STAFF, AND THE STRONG

**Part V Facility Information** *(continued)*

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 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.

RELATIONSHIPS BUILT IN THE COMMUNITY AND FIRSTHAND KNOWLEDGE OF THE MAJOR HEALTH CONCERNS, BARRIERS AND NEEDS.

D) THE MONTGOMERY COUNTY UNITED WAY REGIONAL COUNCIL (MCUWRC) CONSISTS OF VOLUNTEERS FROM BUSINESS, PUBLIC, AND NONPROFIT SECTORS IN THE COUNTY.

REGIONAL COUNCIL MEMBERS SERVE AS REPRESENTATIVES OF THEIR COMMUNITY BY PROVIDING ADVICE ABOUT UNIQUE SITUATIONS AND NEEDS.

E) THE HEALTHY MONTGOMERY WEBSITE WAS UTILIZED AS THE MAIN DATA RESOURCE FOR GATHERING QUANTITATIVE DATA FOR MONTGOMERY COUNTY RESIDENTS.

F) WITH THE ASSISTANCE OF MONTGOMERY COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS), KEY CORE MEASURES WERE ANALYZED AND PROCESSED FOR ALL SIX MONTGOMERY COUNTY HOSPITALS' COMMUNITY BENEFIT SERVICE AREAS. THEREFORE, THESE INDICATORS AND THEIR AVAILABLE DATASETS WERE ADOPTED AS A SOURCE FOR SECONDARY DATA.

SUBURBAN HOSPITAL, INC.:

PART V, SECTION B, LINE 7D: COMPONENTS OF SUBURBAN HOSPITAL'S COMMUNITY HEALTH NEEDS ASSESSMENT IS ALSO AVAILABLE IN PRINT THROUGH THE HOSPITAL'S QUARTERLY MAGAZINE. A SUPPLEMENTAL REPORT ON THE COMMUNITY WAS ALSO MADE AVAILABLE TO COMMUNITY STAKEHOLDERS AND LEGISLATORS IN BROCHURE FORM.

SUBURBAN HOSPITAL, INC.:

PART V, SECTION B, LINE 11: - INTEGRATING BOTH THE HOSPITAL'S IMPLEMENTATION AND INTERNAL STRATEGIC GOALS, THE STRATEGIC PLAN IS ALIGNED WITH THE OBJECTIVE OF PROVIDING A GUIDED HEALTHCARE SYSTEM TO OUR MOST VULNERABLE PATIENTS AND COMMUNITIES. DELIBERATELY APPLYING A COLLECTIVE

**Part V Facility Information** *(continued)*

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 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.

IMPACT APPROACH, COMMUNITY HEALTH AND WELLNESS AND CARE COORDINATION

GUIDES AND SUPPORTS THE FOLLOWING POPULATION HEALTH OBJECTIVES:

O THE HOSPITAL WILL SUPPORT ITS TRANSITION GUIDE NURSES WHOSE GOAL IS TO ENSURE A SEAMLESS TRANSITION AND BETTER MANAGE PATIENTS' COMPLEX NEEDS FROM HOSPITAL TO HOME THROUGH THE CARE PARTNER INITIATIVE.

O THE HOSPITAL WILL INITIATE A RE-ADMISSIONS REDUCTION STRATEGY BY SUPPORTING A VILLAGE ALLIANCE MODEL TO SUPPORT "AGING IN PLACE" WITHIN SHI'S COMMUNITY BENEFIT SERVICE AREA (CBSA) ZIP CODES.

O THE HOSPITAL WILL UTILIZE DATA ANALYTICS TO IDENTIFY VULNERABLE COMMUNITIES IN SUBURBAN CBSA ZIP CODES TO SUPPORT AND INTEGRATE POPULATION HEALTH-SPECIFIC INTERVENTIONS WITH THE GOAL OF REDUCING HEALTH INEQUITIES AS OUTLINED BY COMMUNITY HEALTH IMPROVEMENT REPORT.

O THE HOSPITAL WILL INTEGRATE POPULATION HEALTH INTERVENTIONS AIMED AT REDUCING HEALTH INEQUITIES AND PARTNER WITH SAFETY NET CLINICS IN MONTGOMERY COUNTY TO INCREASE ACCESS OF CARE TO UNDERSERVED POPULATIONS AND PROVIDE A CONTINUUM OF CARE IN CHRONIC DISEASE MANAGEMENT INTERVENTIONS.

O THE HOSPITAL WILL LEVERAGE CURRENT STAKEHOLDER RESOURCES TO IDENTIFY AND ADDRESS GAPS WITHIN POPULATION-SPECIFIC BEHAVIORAL HEALTH DISPARITIES AND SEEK TO IMPROVE ACCESS TO URGENT CARE MENTAL HEALTH SERVICES THROUGH HEALTHY MONTGOMERY AND BY PARTNERING WITH SAFETY NET CLINICS.

- FURTHERMORE, SHI IS A FOUNDING MEMBER OF NEXUSMONTGOMERY, A UNIQUE AND FORMAL HEALTH TRANSFORMATION COLLABORATIVE OF ALL SIX HOSPITALS IN MONTGOMERY COUNTY, MARYLAND, FOCUSED ON ACHIEVING QUALITY COMMUNITY HEALTH IMPROVEMENT VIA ENHANCING PATIENT CARE, IMPROVING POPULATION HEALTH AND LOWERING TOTAL HEALTH CARE COSTS FOR SENIORS.

**Part V Facility Information** *(continued)*

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 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.

SUBURBAN HOSPITAL, INC.

PART V, LINE 16A, FAP WEBSITE:

WWW.HOPKINSMEDICINE.ORG/PATIENT\_CARE/PAY\_BILL/ASSISTANCE\_POLICIES.HTML

SUBURBAN HOSPITAL, INC.

PART V, LINE 16B, FAP APPLICATION WEBSITE:

WWW.HOPKINSMEDICINE.ORG/SUBURBAN\_HOSPITAL/PLANNING\_YOUR\_VISIT/FINANCIAL\_INF

SUBURBAN HOSPITAL, INC.

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

WWW.HOPKINSMEDICINE.ORG/SUBURBAN\_HOSPITAL/PLANNING\_YOUR\_VISIT/FINANCIAL\_INF



**Part VI Supplemental Information**

Provide the following information.

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

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**PART I, LINE 7:**

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-A COST-TO-CHARGE RATIO (FROM WORKSHEET 2) IS USED TO CALCULATE THE AMOUNTS ON LINE 7A AND 7B (FINANCIAL ASSISTANCE AT COST AND UNREIMBURSED MEDICAID). THE AMOUNTS FOR LINES 7E-7I WOULD COME FROM OUR HSCRC COMMUNITY BENEFIT REPORT FILED WITH THE STATE OF MARYLAND AND WOULD NOT BE BASED ON A COST-TO CHARGE RATIO.

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- LINE 7B - MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL-PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY DIRECTED OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE. COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO. THE EXCEPTION TO THIS IS THE IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT. IN RECENT YEARS, THE STATE OF MARYLAND HAS CLOSED FISCAL GAPS

**Part VI** Supplemental Information (Continuation)

IN THE STATE MEDICAID BUDGET BY ASSESSING HOSPITALS THROUGH THE  
RATE-SETTING SYSTEM.

- LINE 7F COLUMN (D) MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE  
PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION.  
THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT  
THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL  
PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME  
HOSPITAL. MARYLAND'S UNIQUE ALL-PAYOR SYSTEM INCLUDES A METHOD FOR  
REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT  
ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO  
HEALTH PROFESSIONS EDUCATION.

## PART I, LINE 7G:

SUBURBAN HOSPITAL, INC. DOES NOT HAVE ANY SUBSIDIZED HEALTH SERVICES.

## PART II, COMMUNITY BUILDING ACTIVITIES:

SHI RECOGNIZES THE COMMUNITY'S UNMET OR POTENTIAL HEALTH NEEDS BY  
PARTICIPATING IN COMMUNITY COALITIONS, PARTNERSHIPS, ADVISORY GROUPS,  
BOARDS, PANELS, COMMITTEES, AND SERVING ON LOCAL COUNTY COMMISSIONS AND  
WORKING WITH PUBLIC HEALTH OFFICIALS AT MCDHHS.

SHI'S COMMUNITY BUILDING ACTIVITIES PROMOTE THE HEALTH OF THE COMMUNITY IT  
SERVES THROUGH A NUMBER OF INITIATIVES THEY HAVE DEVELOPED.

## PART III, LINE 2:

THE PROVISION FOR BAD DEBTS IS BASED UPON A COMBINATION OF THE PAYOR  
SOURCE, THE AGING OF RECEIVABLES AND MANAGEMENT'S ASSESSMENT OF HISTORICAL  
AND EXPECTED NET COLLECTIONS, TRENDS IN HEALTH INSURANCE COVERAGE, AND  
OTHER COLLECTION INDICATORS.

**Part VI** Supplemental Information (Continuation)

## PART III, LINE 3:

MARYLAND HOSPITALS ARE RATE REGULATED UNDER THE HSCRC, WHICH INCLUDES BAD DEBT AS PART OF THE REIMBURSEMENT FORMULA FOR EACH HOSPITAL. DUE TO THE RATE REGULATION, SHI CANNOT DETERMINE THE AMOUNT THAT REASONABLE COULD BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S CHARITY CARE POLICY.

## PART III, LINE 4:

THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION AND AFFILIATES AUDITED FINANCIAL STATEMENTS PAGE 15.

## PART III, LINE 8:

THE TRIAL BALANCE EXPENSES ARE ADJUSTED TO ALLOWABLE EXPENSE IN ACCORDANCE WITH THE MEDICARE COST REPORTING RULES AND REGULATIONS.

## PART III, LINE 9B:

THE HOSPITAL CONFORMS TO THE PRINCIPLES AND STANDARDS OF THE MHA HOSPITAL BILLING AND DEBT COLLECTION PRACTICES PRINCIPLES AS WELL AS THE MHA MINIMUM STANDARDS FOR FINANCIAL ASSISTANCE IN MARYLAND HOSPITALS.

## PART VI, LINE 2:

SHI'S COMMUNITY BENEFIT STRATEGIC PLAN IS INCORPORATED INTO THE HOSPITAL'S STRATEGIC PLAN TO ENSURE A COLLECTIVE APPROACH TO BUILDING QUALITY RELATIONSHIPS WITH COMMUNITY PARTNERS IN ADDRESSING THE HEALTH NEEDS OF THE COMMUNITY. THREE COMMUNITY HEALTH IMPROVEMENT GOALS WERE INCLUDED IN SHI'S FY18 STRATEGIC PLAN: 1.) INITIATE RE-ADMISSIONS REDUCTION STRATEGY BY SUPPORTING A VILLAGE ALLIANCE MODEL; 2.) LEVERAGE CURRENT STAKEHOLDER

**Part VI** Supplemental Information (Continuation)

RESOURCES TO ADDRESS POPULATION-SPECIFIC BEHAVIORAL HEALTH DISPARITIES;  
AND, 3.) INTEGRATE POPULATION HEALTH-SPECIFIC INTERVENTIONS THAT SUPPORT  
THE REDUCTION OF HEALTH INEQUITIES. THESE GOALS WERE MEASURED AND  
REPORTED QUARTERLY AS PART OF THE HOSPITAL'S OVERALL OPERATION PERFORMANCE  
SCORECARD. BY THE END OF FY18, THE THREE GOALS WERE ACHIEVED. INCLUDED  
AMONG THE PERFORMANCE MEASURES USED TO EVALUATE GOAL ATTAINMENT WERE A  
COMMUNICATION PLAN TO EDUCATE HOSPITAL EMPLOYEES AND PATIENTS ABOUT  
VILLAGES IN OPERATION; DELIVERY OF INTERVENTIONS TARGETING AGE, LANGUAGE,  
AND POPULATION-SPECIFIC COMMUNITIES; AND, ENSURING THAT 15% OF  
INTERVENTIONS DELIVERED SUPPORT HEALTH INEQUITIES.

PART VI, LINE 3:

SHI'S PATIENT ACCESS DEPARTMENT PROVIDES ALL PATIENTS REGISTERED FOR  
EMERGENCY, OUTPATIENT, OR INPATIENT CARE A COPY OF OUR FINANCIAL  
ASSISTANCE INFORMATION SHEET. SIGNS ARE POSTED IN ENGLISH AND SPANISH  
EXPLAINING THE AVAILABILITY OF FINANCIAL ASSISTANCE AND WHERE TO CALL FOR  
ASSISTANCE. THE SIGNS ARE LOCATED IN THE EMERGENCY, PEDIATRICS, CATH LAB,  
AND FINANCIAL COUNSELING DEPARTMENTS, AS WELL AS THE MAIN REGISTRATION  
DESK. A FINANCIAL ASSISTANCE APPLICATION IS GIVEN TO EVERY SELF-PAY  
PATIENT WITH INSTRUCTIONS ON HOW TO APPLY AND WHO TO CONTACT FOR  
ASSISTANCE. THE SAME INFORMATION IS PROVIDED TO ALL OTHER PATIENTS UPON  
REQUEST. THIS INFORMATION IS ALSO AVAILABLE IN SPANISH. NOTICE OF  
AVAILABILITY IS ALSO POSTED ON THE HOSPITALSS WEBSITE.

SUBURBAN HOSPITAL'S FINANCIAL COUNSELORS AND SOCIAL WORKERS ARE TRAINED TO  
ANSWER PATIENTS' QUESTIONS ABOUT FINANCIAL ASSISTANCE AND PROVIDE LINKAGE  
TO OTHER COMMUNITY ASSISTANCE RESOURCES PRIOR TO DISCHARGE. REGISTRATION  
AND PATIENT ACCOUNTING STAFF IS TRAINED TO ANSWER QUESTIONS REGARDING  
FINANCIAL ASSISTANCE AND WHO TO CONTACT TO APPLY. THE PATIENT ACCESS

**Part VI** Supplemental Information (Continuation)

DEPARTMENT ALSO HAS MEDICAID SPECIALISTS ONSITE TO ASSIST PATIENTS IN APPLYING FOR MARYLAND MEDICAL ASSISTANCE. ALL UNINSURED PATIENTS ARE SCREENED FOR MEDICAID UPON ADMISSION AND PROVIDED WITH INFORMATION AND REFERRAL FOR FINANCIAL ASSISTANCE. IN ADDITION, SINCE IMPLEMENTATION OF THE AFFORDABLE CARE ACT, SUBURBAN HOSPITAL NOW HAS STAFF MEMBERS WHO ARE CERTIFIED APPLICATION COUNSELORS AND AVAILABLE TO ASSIST PATIENTS WHO HAVE QUESTIONS ABOUT ELIGIBILITY REQUIREMENTS FOR THE MARYLAND HEALTH INSURANCE EXCHANGE. OUR CERTIFIED APPLICATION COUNSELORS PROVIDE INFORMATION AND ASSIST PATIENTS WITH INITIATION OF ONLINE HEALTH EXCHANGE PLAN ENROLLMENT WHEN REQUESTED.

## PART VI, LINE 4:

- SHI GEOGRAPHIC SERVICE AREA IS SUBURBAN.
- THE HOSPITAL CONSIDERS ITS COMMUNITY BENEFIT SERVICE AREA (CBSA) AS SPECIFIC POPULATIONS OR COMMUNITIES OF NEED TO WHICH THE HOSPITAL ALLOCATES RESOURCES THROUGH ITS COMMUNITY BENEFIT PLAN AND DOES NOT LIMIT ITS COMMUNITY SERVICES TO THE PRIMARY SERVICE AREA. THE CBSA IS DEFINED BY THE GEOGRAPHIC AREA CONTAINED WITHIN THE FOLLOWING FIFTEEN ZIP CODES:  
20814, 20815, 20817, 20850, 20851, 20852, 20853, 20854, 20874, 20877,  
20878, 20895, 20902, 20906, AND 20910.
- THE GENERAL DATA FOR THIS COMMUNITY BENEFIT SERVICE AREA ARE AS FOLLOWS:  
TOTAL POPULATION WAS 616,364 OF WHICH 47.7% WERE MALES AND 52.3% WERE FEMALES, AVERAGE HOUSEHOLD INCOME WAS \$155,636, 2.58% OF RESIDENTS ARE UNINSURED, 13.6% OF RESIDENTS ARE COVERED BY MEDICAID/MEDICARE, 5.2% OF HOUSEHOLDS WITH INCOMES BELOW THE FEDERAL POVERTY GUIDELINES.
- NUMBER OF OTHER HOSPITALS SERVING THE COMMUNITY OR COMMUNITIES: 6
- FEDERALLY-DESIGNATED MEDICALLY UNDERSERVED AREAS OR POPULATIONS ARE PRESENT IN THE COMMUNITY .

**Part VI** Supplemental Information (Continuation)

## PART VI, LINE 5:

- SHI IS A COMMUNITY-BASED, NOT-FOR-PROFIT HOSPITAL THAT HAS SERVED MONTGOMERY COUNTY AND THE SURROUNDING AREA SINCE 1943. THE HOSPITAL PROVIDES ALL MAJOR SERVICES EXCEPT OBSTETRICS. ONE OF NINE REGIONAL TRAUMA CENTERS IN MARYLAND, THE HOSPITAL IS THE STATE-DESIGNATED LEVEL II TRAUMA CENTER FOR MONTGOMERY COUNTY WITH A FULLY EQUIPPED, ELEVATED HELIPAD. EACH YEAR, MORE THAN 40,000 PATIENTS ARE TREATED AT SHI'S EMERGENCY/SHOCK TRAUMA CENTER. THE HOSPITAL'S MAJOR SERVICES INCLUDE A COMPREHENSIVE CANCER AND RADIATION ONCOLOGY CENTER ACCREDITED BY THE AMERICAN COLLEGE OF SURGEONS COMMISSION ON CANCER; A CARDIAC SURGERY PROGRAM, PROVIDING CARDIAC SURGERY, ELECTIVE AND EMERGENCY ANGIOPLASTY AS WELL AS INPATIENT DIAGNOSTIC AND REHABILITATION SERVICES; ORTHOPEDICS WITH JOINT REPLACEMENT AND PHYSICAL REHABILITATION; BEHAVIORAL HEALTH; NEUROSCIENCES, INCLUDING A DESIGNATION AS A PRIMARY STROKE CENTER AND A 24/7 STROKE TEAM; AND SENIOR CARE PROGRAMS. IN ADDITION, SHI PROVIDES SERVICES INCLUDING THE NIH-SUBURBAN MRI CENTER; STATE-OF-THE-ART DIAGNOSTIC PATHOLOGY AND RADIOLOGY DEPARTMENTS; AN ADDICTION TREATMENT CENTER OFFERING DETOXIFICATION, INPATIENT AND OUTPATIENT PROGRAMS FOR ADOLESCENTS AND ADULTS; PREVENTION AND WELLNESS PROGRAMS; AND A FREE PHYSICIAN REFERRAL SERVICE (SUBURBAN ON-CALL). SHI IS ONE OF TWO HOSPITALS IN MONTGOMERY COUNTY TO ACHIEVE THE GOLD SEAL OF APPROVAL BY THE JOINT COMMISSION FOR ITS JOINT REPLACEMENT PROGRAM.

- FOR THE LAST 30 YEARS, MARYLAND HOSPITALS HAVE MET THEIR COMMUNITY BENEFIT OBLIGATIONS IN A UNIQUE MANNER THAT BUILDS THE COSTS OF UNCOMPENSATED CARE CHARITY CARE AND PATIENT BAD DEBT AND GRADUATE MEDICAL EDUCATION INTO THE RATES THAT HOSPITALS ARE REIMBURSED BY ALL PAYORS. THE SYSTEM IS BASED IN FEDERAL AND STATE LAW AND BENEFITS ALL MARYLAND

**Part VI** Supplemental Information (Continuation)

RESIDENTS, INCLUDING THOSE IN NEED OF FINANCIAL ASSISTANCE TO PAY THEIR HOSPITAL BILLS.

MARYLAND IS THE ONLY STATE IN WHICH ALL PAYORS GOVERNMENTALLY-INSURED, COMMERCIALY INSURED, OR SELF-PAYERS CHARGED THE SAME PRICE FOR SERVICES AT ANY GIVEN HOSPITAL.

UNDER THIS SYSTEM, MARYLAND HOSPITALS ARE REGULATED BY A STATE AGENCY THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) THAT IS REQUIRED TO:

PUBLICLY DISCLOSE INFORMATION ON THE COST AND FINANCIAL POSITION OF HOSPITALS; REVIEW AND APPROVE HOSPITAL RATES; COLLECT INFORMATION DETAILING TRANSACTIONS BETWEEN HOSPITALS AND FIRMS WITH WHICH THEIR TRUSTEES HAVE A FINANCIAL INTEREST; AND, MAINTAIN THE SOLVENCY OF EFFICIENT AND EFFECTIVE HOSPITALS.

SINCE 2000, THE RATE SETTING COMMISSION HAS HAD ITS OWN FRAMEWORK FOR REPORTING HOSPITALS' COMMUNITY BENEFITS AND ISSUING A REPORT ANNUALLY REGARDING HOSPITALS' COMMUNITY BENEFIT TOTALS. THAT REPORT IS AVAILABLE ON [HTTPS://HSCRC.STATE.MD.US/PAGES/INIT\\_CB.ASPX](https://hscrc.state.md.us/pages/init_cb.aspx)

BECAUSE OF THIS UNIQUE STRUCTURE MARYLAND HOSPITALS' COMMUNITY BENEFITS NUMBERS WILL NOT COMPARE WITH THE REST OF THE NATION'S HOSPITALS.

HOWEVER, MARYLAND HOSPITALS MEET OR EXCEED THE COMMUNITY BENEFIT STANDARD ESTABLISHED BY THE IRS IN 1969. ADDITIONAL DETAIL ILLUSTRATING THIS CAN BE FOUND WITHIN THIS SCHEDULE H REPORT.

PART VI, LINE 6:

THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION (JHHSC) IS INCORPORATED IN THE STATE OF MARYLAND TO, AMONG OTHER THINGS, FORMULATE POLICY AMONG AND PROVIDE CENTRALIZED MANAGEMENT FOR JHHSC AND AFFILIATES (JHHS). JHHS IS ORGANIZED AND OPERATED FOR THE PURPOSE OF PROMOTING HEALTH BY FUNCTIONING AS A PARENT HOLDING COMPANY OF AFFILIATES WHOSE COMBINED MISSION IS TO

**Part VI** Supplemental Information (Continuation)

PROVIDE PATIENT CARE IN THE TREATMENT AND PREVENTION OF HUMAN ILLNESS WHICH COMPARES FAVORABLY WITH THAT RENDERED BY ANY OTHER INSTITUTION IN THIS COUNTRY OR ABROAD.

JHHSC IS THE SOLE MEMBER OF THE JOHNS HOPKINS HOSPITAL (JHH), AN ACADEMIC MEDICAL CENTER, JOHNS HOPKINS BAYVIEW MEDICAL CENTER, INC. (JHBMC), A COMMUNITY BASED TEACHING HOSPITAL AND LONG-TERM CARE FACILITY, HOWARD COUNTY GENERAL HOSPITAL, INC. (HCGH), A COMMUNITY BASED HOSPITAL, SUBURBAN HOSPITAL, INC. (SHI), A COMMUNITY BASED HOSPITAL, SIBLEY MEMORIAL HOSPITAL (SMH), A D.C. COMMUNITY BASED HOSPITAL, AND JOHNS HOPKINS ALL CHILDRENS HOSPITAL, INC (JHACH), A FL ACADEMIC CHILDRENS HOSPITAL.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

MD

**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

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

▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.**

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Name of the organization **SUBURBAN HOSPITAL, INC.** Employer identification number **52-0610545**

**Part I General Information on Grants and Assistance**

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

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

<b>1 (a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC section (if applicable)	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of noncash assistance	<b>(h)</b> Purpose of grant or assistance
MARYLAND PATIENT SAFETY CENTER, INC. - 6820 DEERPATH ROAD - ELKRIDGE, MD 21075	26-2188491	501(C)(3)	5,000.	0.			LOCAL COMMUNITY ASSISTANCE
MONTGOMERY COUNTY CHAMBER OF COMMERCE - 51 MONROE STREET SUITE 1800 - ROCKVILLE, MD 20850	52-0735621	501(C)(6)	24,000.	0.			LOCAL COMMUNITY ASSISTANCE
THE GREATER BETHESDA CHEVY CHASE CHAMBER OF COMMERCE - 7910 WOODMONT AVENUE SUITE 1204 - BETHESDA, MD 20814	52-0545799	501(C)(6)	7,000.	0.			LOCAL COMMUNITY ASSISTANCE
WOMANS BOARD AMERICAN HEART ASSOCIATION - 3810 NORTH TAZEWELL STREET - ARLINGTON, VA 22203	13-5613787	501(C)(3)	5,000.	0.			LOCAL COMMUNITY ASSISTANCE
MARYS CENTER FOR MATERNAL AND CHILD CARE, INC. - 2333 ONTARIO RD NW - WASHINGTON, DC 20009	52-1594116	501(C)(3)	5,000.	0.			LOCAL COMMUNITY ASSISTANCE
GIRLS ON THE RUN OF MONTGOMERY COUNTY - 11821 PARKLAWN DRIVE - ROCKVILLE, MD 20852	20-5531978	501(C)(3)	5,056.	0.			LOCAL COMMUNITY ASSISTANCE

- 2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table **6.**
- 3** Enter total number of other organizations listed in the line 1 table

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

Schedule I (Form 990) (2017)



**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

OMB No. 1545-0047

**2017**

Open to Public Inspection

Name of the organization

**SUBURBAN HOSPITAL, INC.**

Employer identification number

**52-0610545**

**Part I Questions Regarding Compensation**

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

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

- b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain .....
- 2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a? .....

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

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

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

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

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

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

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

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

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

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

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

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

	Yes	No
<b>1b</b>	X	
<b>2</b>		X
<b>4a</b>		X
<b>4b</b>	X	
<b>4c</b>		X
<b>5a</b>		X
<b>5b</b>		X
<b>6a</b>		X
<b>6b</b>		X
<b>7</b>	X	
<b>8</b>		X
<b>9</b>		

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

Schedule J (Form 990) 2017

**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 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) RONALD R. PETERSON CORPORATE VICE CHAIRMAN	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	1,454,645.	806,842.	827,434.	42,910.	23,046.	3,154,877.	34,000.
(2) KEVIN W. SOWERS, M.S.N., R.N., CORPORATE VICE CHAIRMAN	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	0.	250,000.	117,110.	0.	0.	367,110.	0.
(3) PATRICIA M.C. BROWN, ESQ. TRUSTEE	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	499,235.	150,556.	126,199.	43,734.	21,231.	840,955.	103,596.
(4) JACKY SCHULTZ PRESIDENT, TRUSTEE	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	460,656.	254,283.	23,836.	50,758.	9,664.	799,197.	0.
(5) MARTIN BASSO SR VP FINANCE & TREASURER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	421,753.	91,774.	120,967.	41,718.	20,104.	696,316.	0.
(6) JUNE M. FALB VP DEVELOPMENT	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	170,270.	36,942.	4,890.	37,355.	4,085.	253,542.	0.
(7) JOSEPH LINSTROM VP OPERATIONS	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	229,347.	47,501.	5,143.	37,573.	10,586.	330,150.	0.
(8) PETER B. MANCINO, ESQ. SECRETARY	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	278,180.	52,325.	12,248.	26,680.	21,500.	390,933.	0.
(9) LEIGHANN SIDONE, R.N. VP NURSING & CNO	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	200,443.	41,942.	12,041.	27,378.	20,037.	301,841.	0.
(10) ERIC DOBKIN VP MEDICAL AFFAIRS	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	162,002.	30,000.	19,458.	0.	8,578.	220,038.	0.
(11) GABRIEL PUSHKAS PHYSICIAN ADVISOR	(i)	218,100.	0.	4,100.	13,314.	0.	235,514.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(12) BRADLEY FIELD CHIEF PERFUSIONIST	(i)	174,991.	0.	33,525.	12,639.	4,127.	225,282.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(13) CHARLES HOOKS SR DIR INFORMATION SYSTEMS	(i)	165,647.	10,000.	8,250.	11,133.	8,605.	203,635.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(14) THOMAS STEWART SR DIR AMBULATORY SERVICES	(i)	157,482.	22,000.	767.	10,850.	6,246.	197,345.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(15) STEVEN COHEN PHYSICIAN ASST.	(i)	153,027.	0.	82,185.	14,523.	27,612.	277,347.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(16) BRIAN GRAGNOLATI FORMER OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	0.	0.	220,837.	0.	0.	220,837.	0.

**Part III Supplemental Information**

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

**PART I, LINE 1A:**

JHHS PAID A HOUSING ALLOWANCE TO AN OFFICER OF SHI FOR RECRUITMENT PURPOSES.

**PART I, LINE 4B:**

THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION'S MAKE WHOLE AND SERP I PLANS ARE FROZEN, NON-TAX QUALIFIED DEFINED BENEFIT PLANS. PARTICIPATION IN THE PLANS IS LIMITED TO THE EXISTING PLAN PARTICIPANTS. THE BENEFITS UNDER THE PLANS ARE BASED UPON THE PARTICIPANT'S LENGTH OF SERVICE AND COMPENSATION. THE MAKE WHOLE PLAN WAS DESIGNED TO REPLACE THE BENEFITS THE PARTICIPANTS LOST DUE TO THE COMPENSATION LIMITS IMPOSED BY LAW UPON OUR QUALIFIED DEFINED BENEFIT PLAN. IN THE MANNER REQUIRED BY APPLICABLE IRS RULES, THE DESIGN OF EACH OF THESE ARRANGEMENTS WAS APPROVED AS REASONABLE, IN ADVANCE, BY AN INDEPENDENT COMPENSATION COMMITTEE, WHICH BASED ITS DECISION ON DATA PROVIDED BY AN INDEPENDENT COMPENSATION CONSULTANT. PARTICIPANTS' INTERESTS UNDER THESE ARRANGEMENTS ARE NOT GUARANTEED OR SECURED AT ANY WAY AND AT ALL TIMES ARE SUBJECT TO CLAIMS OF EMPLOYER'S BANKRUPTCY/INSOLVENCY CREDITORS. FURTHERMORE, IF A PARTICIPANT VOLUNTARILY TERMINATES EMPLOYMENT OR IS TERMINATED BY THE EMPLOYER FOR CAUSE PRIOR TO THE APPLICABLE VESTING

**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.

DATE UNDER THE MAKE WHOLE PLAN, THE PARTICIPANT'S ENTIRE MAKE WHOLE PLAN BENEFIT IS FORFEITED. IF A PARTICIPANT TERMINATES EMPLOYMENT FOR ANY REASON PRIOR TO THE APPLICABLE VESTING DATE UNDER THE SERP I, THE PARTICIPANT'S ENTIRE SERP I BENEFIT IS FORFEITED. IN ADDITION, UNDER CURRENT LAW, INTERESTS UNDER THESE ARRANGEMENTS ARE REPORTABLE AS TAXABLE COMPENSATION WHEN THEY BECOME VESTED, EVEN IF THOSE AMOUNTS ARE NOT YET PAYABLE TO THE PARTICIPANT (AND EVEN IF THOSE AMOUNTS ARE NEVER PAID TO THE PARTICIPANT). NO ROLLOVER OR OTHER TAX-DEFERRAL OPTIONS ARE AVAILABLE TO PARTICIPANTS. NOTE THAT ANY MAKE WHOLE PLAN OR SERP I VESTED AMOUNT OR PAYMENT BEING REPORTED AS COMPENSATION MAY ALSO HAVE BEEN REPORTED IN PREVIOUS YEAR(S) WHEN THAT INTEREST ACCRUED UNDER THE PLAN.

THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION'S SERP II AND SRP PLANS ARE ACTIVE; NON-TAX QUALIFIED DEFINED CONTRIBUTION TARGET BENEFIT PLANS. THE PLANS ARE DESIGNED TO ACHIEVE A REASONABLE TARGETED RETIREMENT BENEFIT LEVEL FOR EACH PARTICIPANT (IN COMBINATION WITH THE OTHER RETIREMENT PROGRAMS OF THE EMPLOYER) BASED UPON CERTAIN CRITERIA, SUCH AS EACH PARTICIPANT'S LENGTH OF SERVICE AND COMPENSATION. IN THE MANNER REQUIRED BY APPLICABLE IRS RULES, THE DESIGN OF EACH OF THESE ARRANGEMENTS WAS APPROVED AS REASONABLE, IN ADVANCE, BY AN INDEPENDENT COMPENSATION

**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.

COMMITTEE, WHICH BASED ITS DECISION ON DATA PROVIDED BY AN INDEPENDENT  
COMPENSATION CONSULTANT. PARTICIPANTS' INTERESTS UNDER THESE ARRANGEMENTS  
ARE NOT GUARANTEED OR SECURED AT ANY WAY AND AT ALL TIMES ARE SUBJECT TO  
CLAIMS OF EMPLOYER'S BANKRUPTCY/INSOLVENCY CREDITORS. IF A PARTICIPANT  
VOLUNTARILY TERMINATES EMPLOYMENT OR IS TERMINATED BY THE EMPLOYER FOR  
CAUSE PRIOR TO THE APPLICABLE VESTING DATE UNDER EACH ARRANGEMENT, THE  
PARTICIPANT'S ACCOUNT IS FORFEITED. IN ADDITION, UNDER CURRENT LAW,  
INTERESTS UNDER THESE ARRANGEMENTS ARE REPORTABLE AS TAXABLE COMPENSATION  
WHEN THEY BECOME VESTED, EVEN IF THOSE AMOUNTS ARE NOT YET PAYABLE TO THE  
PARTICIPANT (AND EVEN IF THOSE AMOUNTS ARE NEVER PAID TO THE PARTICIPANT).  
NO ROLLOVER OR OTHER TAX-DEFERRAL OPTIONS ARE AVAILABLE TO PARTICIPANTS.  
NOTE THAT ANY SERP II OR SRP PLAN VESTED AMOUNT OR PAYMENT BEING REPORTED  
AS COMPENSATION MAY ALSO HAVE BEEN REPORTED IN PREVIOUS YEAR(S) WHEN THAT  
INTEREST ACCRUED UNDER THE PLAN.

THE FOLLOWING INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A  
PARTICIPATED IN A NONQUALIFIED RETIREMENT PLAN WITH THE RELATED  
ORGANIZATION JOHNS HOPKINS HEALTH SYSTEM CORPORATION AND RECEIVED ACCRUED  
DEFERRED COMPENSATION THAT IS REPORTED ON SCHEDULE J, PART II, COLUMN (C):  
JUNE FALB \$10,260; PETER MANCINO \$1,500 AND LEIGHANN SIDEONE \$11,242.

**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.

THE FOLLOWING INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A PARTICIPATED IN A NON QUALIFIED RETIREMENT PLAN AND RECEIVED PAYMENT FROM THE PLAN, IT IS REPORTED ON SCHEDULE J, PART II, COLUMN (B)(III) AS WELL AS SCHEDULE J, PART II, COLUMN (F) IF THEY WERE REQUIRED TO BE DISCLOSED ON PRIOR YEAR'S FORMS 990:

PATRICIA M.C. BROWN \$103,596; MARTY BASSO \$99,140; BRIAN GRAGNOLATI \$220,837.24; RON PETERSON \$34,000 AND PETER MANCINO \$9,747.

PART I, LINE 7:

BONUSES: THE BONUSES ARE ISSUED ON A WEIGHTED FORMULA BASED ON THE ATTAINMENT OF QUANTIFIABLE ORGANIZATION OBJECTIVES SET BY THE TRUSTEE COMPENSATION COMMITTEE EACH YEAR. THEY ARE REVIEWED BY MANAGEMENT THAT USES DISCRETION TO DETERMINE PAYMENT.

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

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

▶ Attach to Form 990 or 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

Open to Public  
Inspection

Name of the organization

SUBURBAN HOSPITAL, INC.

Employer identification number

52-0610545

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

SURROUNDING AREA SINCE 1943. WE ARE A NOT-FOR-PROFIT HEALTHCARE PROVIDER GUIDED BY THE NEEDS OF OUR PATIENTS AND COMMUNITY. ON JUNE 30, 2009, SUBURBAN HOSPITAL BECAME A MEMBER OF JOHNS HOPKINS MEDICINE. THE DESIGNATED TRAUMA CENTER FOR MONTGOMERY COUNTY, SUBURBAN HOSPITAL IS AFFILIATED WITH MANY LOCAL HEALTHCARE ORGANIZATIONS, INCLUDING THE NATIONAL INSTITUTES OF HEALTH. IT IS COMMITTED TO CONTINUOUS IMPROVEMENT AND APPROPRIATE USE OF RESOURCES, AND CREATES AN ENVIRONMENT THAT ENCOURAGES THE SUCCESS AND FULFILLMENT OF OUR PHYSICIANS, STAFF, AND VOLUNTEERS.

SUBURBAN HOSPITAL WILL SET THE STANDARD FOR EXCELLENCE IN HEALTHCARE IN THE WASHINGTON METROPOLITAN REGION. THROUGH OUR AFFILIATIONS, WE ASPIRE TO PROVIDE WORLD-CLASS PATIENT CARE, TECHNOLOGY, AND CLINICAL RESEARCH.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

SURGICAL INPATIENTS. 9,028 OPERATING ROOM CASES WERE PERFORMED.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

IMPROVE CARE PROCESSES RELATED TO KEY TARGET ZERO QUALITY INITIATIVES:

- (1) FALLS WITH INJURY (2) CENTRAL-LINE ASSOCIATED BLOODSTREAM INFECTION  
(3) VENTILATOR ASSOCIATED PNEUMONIA (4) PRESSURE ULCER RATES.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:

THERE WERE 1,658 ADMISSIONS AND 214 OPEN HEART SURGERY CASES.

Name of the organization

SUBURBAN HOSPITAL, INC.

Employer identification number

52-0610545

FORM 990, PART VI, SECTION A, LINE 6:

JOHNS HOPKINS HEALTH SYSTEM, INC., A IRC 501(C)(3) TAX EXEMPT ORGANIZATION,  
IS THE SOLE CORPORATE MEMBER OF SUBURBAN HOSPITAL, INC.

FORM 990, PART VI, SECTION A, LINE 7A:

JOHNS HOPKINS HEALTH SYSTEM CORPORATION, AN IRC 501C (3) TAX EXEMPT  
ORGANIZATION AND THE SOLE MEMBER OF SUBURBAN HOSPITAL, INC. ELECTS THE  
MAJORITY OF THE BOARD OF TRUSTEES.

FORM 990, PART VI, SECTION A, LINE 7B:

THE GOVERNING BODY OF SUBURBAN HOSPITAL, INC. IS EMPOWERED BY ITS BY-LAWS  
TO MAKE CERTAIN DECISIONS; ALL OTHER DECISIONS ARE SUBJECT TO APPROVAL OF  
THE SOLE MEMBER JOHNS HOPKINS HEALTH SYSTEM CORPORATION.

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

A COPY OF THE FORM 990 WAS PROVIDED TO THE BOARD OF TRUSTEES AND THE  
EXECUTIVE COMMITTEE BEFORE IT WAS FILED.

FORM 990, PART VI, SECTION B, LINE 12C:

THE CONFLICT OF INTEREST POLICY IS A PART OF THE ANNUAL DISCLOSURE  
STATEMENT PROCESS. ALL OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES  
ARE REQUIRED TO REPORT ANY CONFLICTS OF INTEREST AND TO COMPLY WITH THE  
CONFLICT OF INTEREST POLICY ON AN ANNUAL BASIS.

FORM 990, PART VI, SECTION B, LINE 15:

EVERY THREE YEARS AN INDEPENDENT STUDY IS CONDUCTED GATHERING INDUSTRY  
COMPENSATION AVERAGES FROM SELECT PEER INSTITUTIONS. EVERY YEAR THE JOHNS

Name of the organization

SUBURBAN HOSPITAL, INC.

Employer identification number

52-0610545

HOPKINS BOARD OF TRUSTEES COMPENSATION COMMITTEE REVIEWS COMPENSATION AMOUNTS FOR OFFICERS AND ALL EMPLOYEES AT THE DIRECTOR AND HIGHER LEVELS.

FORM 990, PART VI, SECTION C, LINE 19:

INTERNAL POLICIES, INCLUDING CONFLICT OF INTEREST POLICY, ARE PROVIDED TO THE PUBLIC ON THE ORGANIZATIONS WEBSITE. FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST, THE GOVERNING DOCUMENTS HAVE BEEN MADE AVAILABLE IN OUR PUBLIC FILING WITH THE STATE OF MARYLAND AND THE INTERNAL REVENUE SERVICE.

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

CHANGE IN DEFINED BENEFIT PLAN	733,000.
CHANGE IN MARKET VALUE ON SWAP	569,437.
NET ASSETS RELEASED FOR RESTRICTION	1,404,139.
CHANGE IN PENSION	328,000.
UNREALIZED LOSS ON ALTERNATIVE INVESTMENTS	9,357,931.
PREMIER ALLOCATION	4,376.
TOTAL TO FORM 990, PART XI, LINE 9	12,396,883.

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

Open to Public Inspection

Name of the organization

**SUBURBAN HOSPITAL, INC.**

Employer identification number

**52-0610545**

**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
SUBURBAN PHYSICIAN ASSISTANT ASSOCIATES, LLC - 01-0642496, 8600 OLD GEORGETOWN ROAD, BETHESDA, MD 20814	MEDICAL SERVICES	MARYLAND	684,645.	1,991.	SUBURBAN HOSPITAL, INC

**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
SUBURBAN HOSPITAL FOUNDATION, INC. - 52-2019696, 8600 OLD GEORGETOWN ROAD, BETHESDA, MD 20814	SUPPORTING ORGANIZATION	MARYLAND	501(C)(3)	LINE 12B, II	SUBURBAN HOSPITAL, INC	X	
JOHNS HOPKINS HEALTH SYSTEM CORPORATION - 52-1465301, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	SUPPORTING ORGANIZATION	MARYLAND	501(C)(3)	LINE 12D, III-0	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
HOWARD COUNTY GENERAL HOSPITAL, INC. - 52-2093120, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HOSPITAL	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
HOWARD COUNTY LIQUIDATION CORPORATION - 52-0892284, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	INACTIVE TAX-EXEMPT ORGANIZATION	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X

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

Schedule R (Form 990) 2017

**Part II** Continuation of Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization?	
						Yes	No
JOHNS HOPKINS BAYVIEW MEDICAL CENTER, INC. - 52-1341890, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HOSPITAL	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
JOHNS HOPKINS COMMUNITY PHYSICIANS, INC. - 52-1467441, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HEALTHCARE SERVICES	MARYLAND	501(C)(3)	LINE 12D, III-O	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
JOHNS HOPKINS MEDICAL SERVICES CORPORATION - 52-1232569, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HEALTHCARE SERVICES	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
THE JOHNS HOPKINS HOSPITAL - 52-0591656 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 430 BALTIMORE, MD 21211	HOSPITAL	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
SUBURBAN HOSPITAL HEALTHCARE SYSTEM, INC. - 52-2052354, 8600 OLD GEORGETOWN ROAD, BETHESDA, MD 20814	HEALTHCARE SERVICES	MARYLAND	501(C)(3)	LINE 12D, III-O	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
HEALTHCARE INITIATIVE FOUNDATION - 23-7324576, 7910 WOODMONT AVENUE, BETHESDA, MD 20814	SUPPORTING ORGANIZATION	MARYLAND	501(C)(3)	PF	HEALTHCARE INITIATIVE FOUNDATION		X
LUCY WEBB HAYES NATIONAL TRAINING SCHOOL FOR DEACONESSES & - 53-0196602, 5255 LOUGHBORO RD, NW, WASHINGTON, DC 20016	HOSPITAL	DISTRICT OF COLUMBIA	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
POTOMAC HOME SUPPORT INC - 52-1750383 6001 MONTROSE ROAD NO 1020 ROCKVILLE, MD 20852	HOME HEALTH CARE	MARYLAND	501(C)(3)	LINE 11	N/A		X
SIBLEY SUBURBAN HOME HEALTH AGENCY - 52-1450142, 6001 MONTROSE ROAD NO 307, ROCKVILLE, MD 20852	HOME HEALTH CARE	MARYLAND	501(C)(3)	LINE 11	N/A		X
PEDIATRIC PHYSICIAN SERVICES, INC - 59-3425191, 501 SIXTH AVENUE SOUTH, ST. PETERSBURG, FL 33701	PEDIATRIC MEDICAL SERVICES	FLORIDA	501(C)(3)	LINE 11	ALL CHILDREN'S HEALTH SYSTEM INC		X
ALL CHILDREN'S HOSPITAL FOUNDATION, INC - 59-2481738, 501 SIXTH AVENUE SOUTH, ST. PETERSBURG, FL 33701	FOUNDATION	FLORIDA	501(C)(3)	LINE 7	ALL CHILDREN'S HEALTH SYSTEM INC		X
ALL CHILDREN'S HOSPITAL, INC. - 59-0683252 501 SIXTH AVENUE SOUTH ST. PETERSBURG, FL 33701	HOSPITAL	FLORIDA	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X



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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
OPHTHALMOLOGY ASSOCIATES, LLC - 52-1890957, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	OPHTHALMOLOGY SERVICES	MD	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
SUBURBAN WELLNESS CENTER, LLC - 56-2296930, 20500 GOLDENROD LANE, GERMANTOWN, MD 20874	REAL ESTATE	MD	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
GCM SUBURBAN IMAGING, LLC - 52-2326237, 1201 SEVEN LOCKS ROAD, STE 200, ROCKVILLE, MD 20854	OUTPATIENT RADIOLOGY	MD	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
ROCKVILLE IMAGING, LLC - 14-1944128, 1201 SEVEN LOCKS ROAD, STE 200, ROCKVILLE, MD 20854	OUTPATIENT RADIOLOGY	MD	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

**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
HOWARD COUNTY HEALTH SERVICES, INC. - 52-1434783, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HEALTHCARE MANAGEMENT	MD	N/A	C CORP	N/A	N/A	N/A		X
HSI MEDICAL SERVICES CORPORATION - 52-1847705, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HEALTHCARE SLEEP DIAGNOSTICS	MD	N/A	C CORP	N/A	N/A	N/A		X
JOHNS HOPKINS MEDICAL MANANGEMENT CORPORATION - 52-1250028, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD	NURSING SERVICES	MD	N/A	C CORP	N/A	N/A	N/A		X
JOHNS HOPKINS EMPLOYER HEALTH PROGRAMS, INC - 52-1947678, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	BENEFIT PLANS	MD	N/A	C CORP	N/A	N/A	N/A		X
TCAS, INC - 52-1979344 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300 BALTIMORE, MD 21211	NURSING SERVICES	MD	N/A	C CORP	N/A	N/A	N/A		X





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

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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) SUBURBAN HOSPITAL FOUNDATION, INC	C	0.	FMV
(2)			
(3)			
(4)			
(5)			
(6)			



**Part VII** Supplemental Information.

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

**PART III, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS PARTNERSHIP:**

NAME OF RELATED ORGANIZATION:

SUBURBAN WELLNESS CENTER, LLC

DIRECT CONTROLLING ENTITY: SUBURBAN HEALTH ENTERPRISES, INC.

NAME OF RELATED ORGANIZATION:

GCM SUBURBAN IMAGING, LLC

DIRECT CONTROLLING ENTITY: SUBURBAN HEALTH ENTERPRISES, INC.

NAME, ADDRESS, AND EIN OF RELATED ORGANIZATION:

HEALTHCARE SUPPLY CHAIN INNOVATIONS, LLC

EIN: 47-2509307

3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A

BALTIMORE, MD 21211

DIRECT CONTROLLING ENTITY: JOHNS HOPKINS MEDICAL MANAGEMENT CORPORATION

NAME, ADDRESS, AND EIN OF RELATED ORGANIZATION:

JOHNS HOPKINS REGIONAL SUPPLY CHAIN NETWORK, LLC

EIN: 47-2912848

3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A

BALTIMORE, MD 21211

DIRECT CONTROLLING ENTITY: JOHNS HOPKINS MEDICAL MANAGEMENT CORPORATION

**PART IV, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS CORP OR TRUST:**

NAME, ADDRESS, AND EIN OF RELATED ORGANIZATION:

JOHNS HOPKINS MEDICAL MANANGEMENT CORPORATION

**Part VII** Supplemental Information.

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

EIN: 52-1250028

3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A

BALTIMORE, MD 21211

NAME OF RELATED ORGANIZATION:

TCAS, INC

DIRECT CONTROLLING ENTITY: JOHNS HOPKINS MEDICAL MANAGEMENT CORPORATION

NAME OF RELATED ORGANIZATION:

SUBURBAN HEALTH ENTERPRISES, INC.

DIRECT CONTROLLING ENTITY: SUBURBAN HOSPITAL HEALTHCARE SYSTEM, INC

Electronic Filing PDF Attachment

# **The Johns Hopkins Health System Corporation and Affiliates**

**Consolidated Financial Statements and  
Supplementary Information  
June 30, 2018 and 2017**

# The Johns Hopkins Health System Corporation and Affiliates

## Index

June 30, 2018 and 2017

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## Report of Independent Auditors

To the Board of Trustees of  
The Johns Hopkins Health System Corporation and Affiliates:

We have audited the accompanying consolidated financial statements of The Johns Hopkins Health System Corporation and Affiliates ("JHHS"), which comprise the consolidated balance sheets as of June 30, 2018 and 2017, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the JHHS' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the JHHS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Johns Hopkins Health System Corporation and Affiliates as of June 30, 2018 and 2017, and the results of their operations and changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

Baltimore, Maryland  
September 27, 2018

**The Johns Hopkins Health System Corporation and Affiliates**  
**Consolidated Balance Sheets**  
**June 30, 2018 and 2017**  
**(in thousands)**

ASSETS	2018	2017
Current assets:		
Cash and cash equivalents	\$ 579,793	\$ 566,331
Short-term investments	57,384	152,434
Assets whose use is limited - used for current liabilities	14,343	14,183
Patient accounts receivable, net of estimated uncollectibles of \$107,397 and \$106,622 as of June 30, 2018 and 2017, respectively	583,952	539,552
Due from others, current portion	106,747	93,437
Due from affiliates, current portion	35,292	30,917
Inventories of supplies	122,486	112,809
Estimated malpractice recoveries, current portion	44,395	44,653
Prepaid expenses and other current assets	46,434	69,741
Total current assets	<u>1,590,826</u>	<u>1,624,057</u>
Assets whose use is limited		
By donors or grantors for:		
Pledges receivable	30,826	34,912
Other	119,196	104,549
By Board of Trustees	570,316	626,180
Other	19,938	26,018
Total assets whose use is limited	<u>740,276</u>	<u>791,659</u>
Investments	<u>2,984,149</u>	<u>2,740,332</u>
Property, plant and equipment	5,230,722	4,971,701
Less: allowance for depreciation and amortization	<u>(2,256,453)</u>	<u>(2,081,138)</u>
Total property, plant and equipment, net	2,974,269	2,890,563
Due from affiliates, net of current portion	97,280	96,390
Estimated malpractice recoveries, net of current portion	34,042	37,392
Swap counterparty deposit	33,851	46,095
Other assets	22,768	37,124
Total assets	<u>\$ 8,477,461</u>	<u>\$ 8,263,612</u>

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

**The Johns Hopkins Health System Corporation and Affiliates**  
**Consolidated Balance Sheets, continued**  
**June 30, 2018 and 2017**  
**(in thousands)**

LIABILITIES AND NET ASSETS	2018	2017
Current liabilities:		
Current portion of long-term debt and obligations under capital leases	\$ 54,025	\$ 542,775
Accounts payable and accrued liabilities	646,770	561,591
Medical claims reserve	118,184	119,631
Deferred revenue	140,826	129,124
Due to affiliates, current portion	10,125	12,905
Accrued vacation	80,394	78,272
Advances from third-party payors	114,096	139,507
Current portion of estimated malpractice costs	46,559	47,244
Total current liabilities	<u>1,210,979</u>	<u>1,631,049</u>
Long-term debt and obligations under capital leases, net of current portion	1,996,423	1,588,282
Estimated malpractice costs, net of current portion	128,253	130,057
Net pension liability	733,018	761,439
Other long-term liabilities	233,122	285,729
Total liabilities	<u>4,301,795</u>	<u>4,396,556</u>
Net assets:		
Unrestricted	4,009,562	3,683,545
Temporarily restricted	102,886	123,248
Permanently restricted	63,218	60,263
Total net assets	<u>4,175,666</u>	<u>3,867,056</u>
Total liabilities and net assets	<u>\$ 8,477,461</u>	<u>\$ 8,263,612</u>

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

**The Johns Hopkins Health System Corporation and Affiliates**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**For the Years Ended June 30, 2018 and 2017**  
**(in thousands)**

	2018	2017
Operating revenues:		
Net patient service revenue before provision for bad debts	\$ 5,780,195	\$ 5,471,917
Provision for bad debts	<u>(102,127)</u>	<u>(100,796)</u>
Net patient service revenue, less the provision for bad debts	5,678,068	5,371,121
Other revenue	801,295	693,717
Investment income	64,049	65,387
Net assets released from restrictions used for operations	<u>15,080</u>	<u>22,786</u>
Total operating revenues	<u>6,558,492</u>	<u>6,153,011</u>
Operating expenses:		
Salaries, wages and benefits	2,362,279	2,253,722
Purchased services	2,604,489	2,403,249
Supplies and other	1,055,690	1,017,610
Interest	59,992	49,761
Depreciation and amortization	<u>286,160</u>	<u>275,512</u>
Total operating expenses	<u>6,368,610</u>	<u>5,999,854</u>
Income from operations	189,882	153,157
Non-operating revenues and expenses:		
Interest expense on swap agreements	(20,511)	(24,405)
Change in fair value of interest rate swap agreements	48,207	80,794
Net realized and changes in unrealized gains on investments	134,767	195,103
Loss on advance refunding of debt	-	(15,530)
Other components of net periodic pension cost	(74,400)	(58,676)
Other non-operating expenses	<u>(28,540)</u>	<u>(29,781)</u>
Excess of revenues over expenses before noncontrolling interests	249,405	300,662
Noncontrolling interests	<u>7,867</u>	<u>4,098</u>
Excess of revenues over expenses	257,272	304,760
Contributions from affiliates	24,711	4,273
Change in funded status of defined benefit plans	23,267	72,873
Net assets released from restrictions used for purchases of property, plant, and equipment	24,663	14,392
Noncontrolling interests	(7,867)	(4,098)
Other	<u>3,971</u>	<u>15,847</u>
Increase in unrestricted net assets	<u>326,017</u>	<u>408,047</u>
Changes in temporarily restricted net assets:		
Gifts, grants and bequests	21,938	42,427
Net assets released from restrictions used for purchases of property, plant, and equipment	(24,663)	(14,392)
Net assets released from restrictions used for operations	(15,080)	(22,786)
Other	<u>(2,557)</u>	<u>(2,651)</u>
(Decrease) increase in temporarily restricted net assets	<u>(20,362)</u>	<u>2,598</u>
Changes in permanently restricted net assets:		
Gifts, grants and bequests	<u>2,955</u>	<u>2,340</u>
Increase in permanently restricted net assets	<u>2,955</u>	<u>2,340</u>
Increase in net assets	308,610	412,985
Net assets at beginning of year	<u>3,867,056</u>	<u>3,454,071</u>
Net assets at end of year	<u>\$ 4,175,666</u>	<u>\$ 3,867,056</u>

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

**The Johns Hopkins Health System Corporation and Affiliates**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30, 2018 and 2017**  
**(in thousands)**

	2018	2017
Operating activities:		
Change in net assets	\$ 308,610	\$ 412,985
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	284,958	273,860
Provision for bad debts	102,127	100,796
Net realized and changes in unrealized gains on investments	(134,767)	(195,103)
Change in fair value of interest rate swap agreements	(48,207)	(80,794)
Change in funded status of defined benefit plans	(23,267)	(72,873)
Restricted contributions and investment income received	(17,240)	(37,717)
Return on equity investments	(5,542)	(11,869)
Advance refunding of debt	-	15,530
Contributions attributable to noncontrolling interests	(24,711)	(10,010)
Other operating activities	125	(4,974)
Change in assets and liabilities:		
Patient accounts receivable	(146,526)	(24,212)
Inventories of supplies, prepaid expenses and other current assets	479	(23,542)
Due from affiliates, net	(6,132)	2,158
Pledges receivable	4,324	2,380
Other assets	17,833	124,699
Accounts payable, accrued liabilities and accrued vacation	62,176	(31,184)
Medical claims reserve	(1,447)	24,521
Deferred revenue	11,467	117,440
Advances from third-party payors	(16,390)	(19,967)
Accrued pension benefit costs	2,507	36,540
Estimated malpractice costs	(3,372)	2,189
Other long-term liabilities	(1,911)	(5,065)
Net cash and cash equivalents provided by operating activities	<u>365,094</u>	<u>595,788</u>
Investing activities:		
Purchases of property, plant and equipment	(348,742)	(340,029)
(Investment in) return of equity investments	(5,553)	(22,986)
Purchases of investment securities	(1,537,617)	(2,205,910)
Sales of investment securities	1,586,016	1,585,300
Payments received on Affiliate notes	15,593	17,703
Advances on Affiliate notes	(16,737)	(4,252)
Other investing activities	(219)	350
Net cash and cash equivalents used in investing activities	<u>(307,259)</u>	<u>(969,824)</u>
Financing activities:		
Restricted contributions and investment income received	17,240	37,717
Proceeds from long-term borrowings	355,646	667,348
Repayment of long-term debt and obligations under capital lease	(442,824)	(202,876)
Contributions attributable to noncontrolling interests	24,711	10,010
Other financing activities	854	2,367
Net cash and cash equivalents (used in) provided by financing activities	<u>(44,373)</u>	<u>514,566</u>
Change in cash and cash equivalents	13,462	140,530
Cash and cash equivalents at beginning of year	566,331	425,801
Cash and cash equivalents at end of year	<u>\$ 579,793</u>	<u>\$ 566,331</u>
Supplemental disclosure of cash flow information:		
Purchases of property and equipment in accounts payable	\$ 33,888	\$ 21,077
Assets acquired under capital leases	7,144	13,869
Interest paid	82,545	73,513

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

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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#### 1. Organization and Summary of Significant Accounting Policies

*Organization.* The Johns Hopkins Health System Corporation (“JHHSC”) is incorporated in the State of Maryland to, among other things, formulate policy among and provide centralized management for JHHSC and Affiliates (“JHHS”). In addition, it provides certain shared services including finance, human resources, payroll, accounts payable, purchasing, patient financial services, legal, and other functions. JHHS is organized and operated for the purpose of promoting health by functioning as a parent holding company of affiliates whose combined mission is to provide patient care in the treatment and prevention of human illness which compares favorably with that rendered by any other institution in this country or abroad.

JHHSC is the sole member of The Johns Hopkins Hospital (“JHH”), an academic medical center, Johns Hopkins Bayview Medical Center, Inc. (“JHBMC”), a community based teaching hospital, Howard County General Hospital, Inc. (“HCGH”), a community based hospital, Suburban Hospital, Inc. (“SHI”), a community based hospital, Sibley Memorial Hospital (“SMH”), a community based hospital, Johns Hopkins All Children’s Hospital, Inc. (“JHACH”), an academic children’s hospital, Suburban Hospital Healthcare System, Inc. (“SHHS”), a diverse healthcare system, All Children’s Health System (“ACHS”), a diverse healthcare system, Johns Hopkins Community Physicians (“JHCP”), a community based physician practice group, The Johns Hopkins Medical Services Corporation (“JHMSC”), the contracting entity for the Uniformed Services Family Health Plan (“USFHP) contract, and the HCGH OB/GYN Associates Series, LLC (“HCOB”), a taxable community based obstetrics and gynecology practice. JHHSC is also the sole shareholder of Howard County Health Services, Inc. (“HCSI”), a taxable entity organized to hold interests in various health care enterprises, Johns Hopkins Medical Management Corp. (“JHMMC”), a taxable entity that provides temporary nursing and clerical staffing, promotes ambulatory care arrangements in support of JHHS, and houses commercial supply chain business units, and Johns Hopkins Employer Health Programs, Inc. (“EHP”), a taxable third-party administrator for employee health benefit plans self-funded by the constituent employee sponsors. JHHSC owns a 99.8% interest in Ophthalmology Associates, LLC (“OA”), a taxable professional services organization which operates an ophthalmology center at Green Spring Station. JHHSC and the Johns Hopkins University (the “University”) each own a 50% membership interest in Johns Hopkins HealthCare LLC (“JHHC”), a taxable managed care entity supporting JHHS and the University in cooperative strategies by which patient care, education, and research may be advanced. JHHSC consolidates JHHC. These entities are collectively known as the “Affiliates.”

The University is a privately endowed institution that provides education and related services to students and others, research and related services to sponsoring organizations, and professional medical services to patients. The University is a separate legal entity from JHHSC with its own Board of Trustees. The University does not assume any responsibility or liability for the financial obligations of JHHS. The University owns membership interests in some of the affiliates of JHHS. Professional clinical services are also provided by members of the University’s faculty to patients at JHHS hospitals.

*Use of estimates.* The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include the estimated net realizable value of patient receivables, valuation of alternative investments, the actuarially determined pension and other postretirement benefits, medical claims reserve, and malpractice and self-insurance reserves.

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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*Basis of presentation.* The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Principles of consolidation.* The consolidated financial statements include the accounts of JHHSC and all Affiliates after elimination of all significant intercompany accounts and transactions.

*Cash and cash equivalents.* Cash and cash equivalents include amounts invested in accounts with depository institutions which are readily convertible to cash, with original maturities of three months or less. Total deposits maintained at these institutions at times exceed the amount insured by federal agencies and therefore, bear a risk of loss. JHHS has not experienced such losses on these funds.

Through arrangements with banks, excess operating cash is invested daily. This investment is considered a cash equivalent in the accompanying Consolidated Balance Sheets. JHHS earns interest on these funds at a rate that is based upon the bank's Federal Funds rate. The interest is recorded in the Consolidated Statements of Operations and Changes in Net Assets as investment income.

*Due from others.* Due from others balances primarily include receivables related to the hospital discharge pharmacies.

*Due from affiliates.* Due from affiliates balances primarily include loans and other receivable balances from certain affiliates that do not consolidate within JHHS.

*Inventories of supplies.* Inventories of supplies are composed of medical supplies, drugs, linen, and parts inventory for repairs. Inventories of supplies are recorded at lower of cost or net realizable value using a first in, first out method.

*Assets whose use is limited.* Assets whose use is limited ("AWUIL") or restricted by the donor are recorded at fair value at the date of donation. Investment income or losses on investments of temporarily or permanently restricted assets is recorded as an increase or decrease in temporarily or permanently restricted net assets to the extent restricted by the donor or law. The cost of securities sold is based on the specific identification method.

Assets whose use is limited include assets held by trustees under debt agreements, assets restricted by the board of trustees for future capital improvements, pledges receivable, beneficial interest remainder trusts, and net assets set aside pursuant to their temporarily and permanently restricted nature. The carrying amounts reported in the Consolidated Balance Sheets represent fair value.

*Investments and investment income.* Investments in equity securities with readily determinable fair values and all investments in debt securities are classified as trading and are recorded at fair value in the Consolidated Balance Sheets. Debt and equity securities traded on a national securities and international exchange are valued as of the last reported sales price on the last business day of the fiscal year; investments traded on the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices.

Investments include managed funds, which include hedge funds, private partnerships and other investments (collectively "alternative investments") which do not have readily ascertainable fair values and may be subject to withdrawal restrictions. The income or loss from these alternative investments is included in the Consolidated Statements of Operations and Changes in Net Assets as an unrealized gain or loss above excess of revenues over expenses.

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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Alternative investments are less liquid than other types of investments held by JHHS. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments, and nondisclosure of portfolio composition.

Investment income earned on cash and investment balances (interest and dividends) is reported in the operating income section of the Consolidated Statements of Operations and Changes in Net Assets under 'Investment income'. Realized gains or losses related to the sale of investments, and changes in unrealized gains or losses on investments are included in the non-operating section of the Consolidated Statements of Operations and Changes in Net Assets included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Investments classified as non-current on the Consolidated Balance Sheets include investments that are not expected to be converted to cash within one year.

*Participation in Joint Ventures.* JHHS participates in several joint ventures which JHHS has determined are central to its operations and mission. These investments are recorded in long-term investments on the Consolidated Balance Sheets. Investments in companies in which JHHS does not have control, but has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method of accounting, and operating results flow through other revenue on the Consolidated Statements of Operations and Changes in Net Assets. Dividends received are recorded as a reduction of the carrying amount of the investment. Investments in companies in which JHHS does not have control, nor has the ability to exercise significant influence over operating and financial policies, are accounted for using the cost method of accounting. Investments are originally recorded at cost, with dividends received being recorded as other revenue.

*Property, plant and equipment.* Property, plant and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of lease term or estimated useful life of the equipment. Estimated useful lives assigned by JHHS range from 2 to 25 years for land improvements, 3 to 45 years for buildings and improvements, 2 to 25 years for fixed and movable equipment, and 2 to 20 years for leasehold improvements (using the lesser of the lease term or the useful life of the improvement). Interest costs incurred on borrowed funds, net of income earned, during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Repair and maintenance costs are expensed as incurred. When property, plant and equipment are retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operating income.

Capitalized costs of software include payment to vendors for the purchase of software and assistance in its installation, payroll costs of employees directly involved in the software installation, and capitalized interest costs of the software project. Preliminary costs to document system requirements, vendor selection, and any costs incurred before the software purchase are expensed. Capitalization of costs ends when the project is completed and is ready to be used. Where implementation of the project is in phases, only those costs incurred which further the development of the project are capitalized. Costs incurred to maintain the system are expensed.

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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

*Impairment of long-lived assets.* Long-lived assets are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. JHHS' policy is to record an impairment loss when it is determined that the carrying amount of the asset exceeds the sum of the expected undiscounted future cash flows resulting from use of the asset and its eventual disposition. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No material impairment charges were recorded in 2018 or 2017.

*Medical claims reserve.* JHHC's medical claims reserve is an estimate of payments to be made for reported claims and losses incurred but not reported. The estimate was developed using actuarial methods based upon historical data for payment patterns, cost trends, and other relevant factors. The estimate is continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operating income.

*Deferred revenue.* JHHC's capitated receipts received in advance for future services to be provided are recorded as deferred revenue.

*Accrued vacation.* JHHS records a liability for amounts due to employees for future absences which are attributable to services performed in the current and prior periods.

*Advances from third-party payors.* JHHS receives advances from some of its third-party payors so that those payors can receive the stated prompt pay discount allowed in the State of Maryland. Advances are recorded as a current liability in the Consolidated Balance Sheets.

*Estimated malpractice costs.* The provision for estimated medical malpractice claims includes estimates of the ultimate gross costs for both reported claims and claims incurred but not reported. Additionally, an insurance recovery has been recorded representing the amount expected to be recovered from the self-insured captive insurance company.

*Swap agreements.* JHHS follows accounting guidance on derivative financial instruments that are based on whether the derivative instrument meets the criteria for designation as cash flow or fair value hedges. All of JHHS' derivative financial instruments are interest rate swap agreements without hedge accounting designation. JHHS does not hold derivative instruments for the purpose of managing credit risk and limits the amount of credit exposure to any one counterparty and enters into derivative transactions with high quality counterparties. JHHS recognizes gains and losses from changes in fair values of interest rate swap agreements as a non-operating revenue or expense within excess of revenues over expenses on the Consolidated Statements of Operations and Changes in Net Assets.

The value of the interest rate swap agreements entered into by JHHS are adjusted to fair value monthly at the close of each accounting period based upon quotations from market makers. The change in fair value, if any, is recorded in the non-operating section of the Consolidated Statements of Operations and Changes in Net Assets. Entering into interest rate swap agreements involves, to varying degrees, elements of credit, default, prepayment, market and documentation risk in excess of the amounts recognized on the Consolidated Balance Sheets. Such risks involve

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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the possibility that there will be no liquid market for these agreements. The counterparty to these agreements may default on its obligation to perform and there may be unfavorable changes in interest rates.

*Noncontrolling interests.* JHHC is owned by JHHSC and the University, each member having a 50% interest. JHHC's profits are divided between the members based on product line. Based on control via majority voting interest, JHHSC consolidates JHHC and records noncontrolling interests for the profits attributable to the University. Additionally, JHHC owns a 50% interest in Priority Partners Managed Care Organization, Inc. ("Priority Partners"), a for-profit joint venture approved by the State of Maryland to operate as an authorized Medicaid managed care organization. Based on controlling financial interest, JHHC consolidates Priority Partners and records noncontrolling interests for 50% of the profits.

*Temporarily and permanently restricted net assets.* Temporarily restricted net assets are those whose use has been limited by donors or law to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Income generated from these assets is available as restricted by the donor or for general program support.

*Donor restricted gifts.* Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unconditional promises to give cash to JHHS greater than one year are discounted using a rate of return that a market participant would expect to receive at the date the pledge is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the condition is satisfied. The gifts are reported as either temporarily or permanently restricted support 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 for the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Changes in Net Assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received and unrestricted contributions are reported as other revenue in the Consolidated Statements of Operations and Changes in Net Assets.

*Grants.* JHHS receives various grants from individuals and agencies of the Federal and State Governments for the purpose of furthering its mission of providing patient care. Grants are recognized as support and the related project costs are recorded as expenses when services related to grants are incurred. Grant receivables are included in due from others in the Consolidated Balance Sheets and grant income is included in other revenue in the Consolidated Statements of Operations and Changes in Net Assets.

*Other revenue.* Other revenue contains ancillary services such as discharge pharmacies, lab services, and community programs, as well as the equity share of income/(loss) from joint ventures, revenue from grants, and revenue from shared services provided to non-consolidating affiliates.

*Excess of revenues over expenses.* The Consolidated Statements of Operations and Changes in Net Assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include, among other items, change in funded status of defined benefit plans, permanent transfers of assets to and from affiliates for other than goods or services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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*Non-operating revenues and expenses.* For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as non-operating revenues and expenses. For the years ended June 30, 2018 and 2017, non-operating revenues and expenses are composed primarily of interest paid and changes in market value on interest rate swap agreements, realized and changes in unrealized gains (losses) on investments, other non-service cost components of net periodic pension cost, and non-operating services.

*Income taxes.* JHHSC and Affiliates, except JHMMC, EHP, HCSI, OA, HCOB, and JHHC are not-for-profit organizations that qualify under Section 501(c)(3) of the Internal Revenue Code, and are therefore not subject to tax under current income tax regulations.

JHHC is classified as a partnership for Federal and State income tax purposes and accordingly, there is no provision for income taxes in the accompanying consolidated financial statements. Taxable income or loss passes through to and is reported by the members in their respective tax returns. Taxable subsidiaries of Affiliates account for income taxes in accordance with Financial Accounting Standards Board ("FASB") guidance on accounting for income taxes. Deferred income taxes are recognized for the tax consequences in future years for differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end. Affiliate subsidiaries otherwise exempt from Federal and State taxation are nonetheless subject to taxation at corporate tax rates at both the Federal and State levels on their unrelated business income. Total taxes paid to Federal and State tax authorities during the years ended June 30, 2018 and 2017 amounted to \$33.4 million and \$30.7 million, respectively.

FASB's guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its technical merits. The guidance also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. There was no impact on JHHS' consolidated financial statements during the years ended June 30, 2018 and 2017.

*New accounting standards.* In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers". This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory". The core principle of the standard is that an entity should measure inventory at the "lower of cost and net realizable value" and options that currently exist for "market value" will be eliminated. The standard defines net realizable value as the "estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation." The guidance is effective for years beginning after December 15, 2016.

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In January 2016, the FASB issued ASU 2016-01, “Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities”. ASU 2016-01 addresses accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Entities that are not considered public business entities will no longer be required to disclose the fair value of financial instruments carried at amortized cost. The amendments in ASU 2016-01 are effective for years beginning after December 15, 2018, and early adoption is permitted. JHHS early adopted the provisions of this standard for the fiscal year ended June 30, 2018 that no longer requires disclosure of the fair value of financial instruments carried at amortized cost.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)”. ASU 2016-02 will require organizations that lease assets—referred to as “lessees”—to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The accounting by organizations that own the assets leased by the lessee—also known as lessor accounting— will remain largely unchanged from current Generally Accepted Accounting Principles (Topic 840 in the Accounting Standards Codification). The guidance is effective for fiscal years beginning after December 15, 2018 for JHHS, and early adoption is permitted.

In August 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements for Not-for-Profit Entities”. The new guidance requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources to donors, grantors, creditors and other users. The standard is effective for fiscal years beginning after December 15, 2017.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments”, which adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows with the intent to alleviate diversity in practice. The update is effective for fiscal years beginning after December 15, 2018, with early adoption permitted.

In November 2016, the FASB issued ASU 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash”, which clarifies the classification and presentation of changes in restricted cash in the statement of cash flows. The guidance requires reporting entities to explain the changes in the combined total of restricted and unrestricted cash and cash equivalent balances in the statement of cash flows. The update is effective for fiscal years beginning after December 15, 2018, with early adoption permitted.

In June 2018, the FASB issued ASU 2018-08, “Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”. The new standard applies to all entities that receive or make contributions. The guidance clarifies the definition of transactions accounted for as an exchange transaction subject to ASU 2014-09 or other applicable guidance, and transactions that should be accounted for as contributions (non-exchange) subject to the contribution accounting model. Further, the guidance provides criteria for evaluating whether contributions are unconditional or conditional. Conditional contributions must specify a barrier that the recipient must overcome and a right of return that releases the donor from its obligation if the barrier is not achieved, otherwise the contribution is unconditional. The update is effective for fiscal years beginning after June 15, 2018, with early adoption permitted.

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#### 2. Net Patient Service Revenue

JHHS has agreements with third-party payors that provide for payments to JHHS at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Adjustments mandated by the Health Services Cost Review Commission ("Commission" or "HSCRC") are also included in contractual adjustments, a portion of which are also included in established rates.

The State of Maryland has been granted a waiver by the federal government exempting the State from national Medicare and Medicaid reimbursement principles. JHH, JHBMC, HCGH and SHI charges for inpatient as well as outpatient and emergency services performed at the hospitals are regulated by the HSCRC. JHHS' management has made all submissions required by the HSCRC and believes JHHS is in compliance with HSCRC requirements. Phase II of the agreement was approved in July of 2018 and will extend the waiver through December 31, 2023.

Effective January 1, 2014, with retroactive application to revenues generated by services provided after June 30, 2013, the HSCRC and the Center for Medicare and Medicaid Services entered into a new demonstration model for the Maryland waiver. The new demonstration model moved from a Medicare per admission methodology to a per capita population health based methodology. The methodology also includes a waiver test, under which growth in revenue per capita is limited to a rate of 3.58% for the State of Maryland in total. To facilitate the goals of the new demonstration model, the HSCRC and Maryland hospitals entered into Global Budget Revenue Agreements ("GBR"). The agreements set a hospital's revenue base annually under a global budget arrangement, whereby revenue would be fixed regardless of changes in volume and patient mix for Maryland residents. Hospital revenue for Maryland residents receiving care at Maryland hospitals is subject to this global budget. However, JHH and JHBMC have the opportunity to receive additional rate authority for any growth in the volume of out of state patients receiving care at those hospitals. When the hospitals' out of state volume exceeds a revenue floor established by the HSCRC, the hospitals will be allowed to recognize incremental revenues at a 50% variable cost factor. This variable cost factor can then increase to 75% when that out of state revenue increases to a certain level. For HCGH and SHI, out of state volume is currently included in their global budget; therefore, all in state and out of state volumes are subject to their global budget.

Under the HSCRC reimbursement methodology, amounts collected for services to patients under the Medicare and Medicaid programs are computed at approximately 94% of HSCRC approved charges. Other payors are eligible to receive up to a 2.25% discount on prompt payment of claims.

SMH and JHACH operate outside of the State of Maryland, and are paid prospectively based upon negotiated rates for commercial insurance carriers, and predetermined rates per discharge for Medicaid and Medicare program beneficiaries.

JHACH's Medicaid interim rates are based on the Medicaid cost report which has been audited by the fiscal intermediary for the cost report years 2009, 2010, 2011, 2012, 2013, 2014 and 2015. The cost reports for 2016 and 2017 are in the process of being audited by the fiscal intermediary as of June 30, 2018. Final audited rates for 2009, 2010, 2011, 2012, 2013 and 2014 have been issued by Medicaid as of June 30, 2018. Estimated impacts of the anticipated changes in interim rates after audit of the cost reports are recorded at year end. Substantial time may elapse between receipt of a final audited cost report and the actual processing of the audited rates by the State of Florida ("State") Agency for Health Care Administration ("AHCA").

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Effective July 1, 2017, AHCA implemented a new outpatient payment method utilizing Enhanced Ambulatory Patient Groups (“EAPGs”) for Florida Medicaid. EAPGs are an outpatient visit-based patient classification available for all outpatient services and settings. Hospital rates will be set and adjusted on a prospective basis without requiring cost report settlements.

During the year ended June 30, 2018, SMH received final audits for Medicare cost report years 2015 and 2016. As of June 30, 2018, SMH has Medicare cost report years 2010, 2011, 2013 and 2014 open.

Managed care revenues include premium revenue recognized during the period in which JHHC or Priority Partners is obligated to provide services to its enrollees. For the years ended June 30, 2018 and 2017, premium revenue recognized was \$1.937 billion and \$1.785 billion, respectively. Global contract revenue is based on global rate agreements with various third-party payors who, based on medical procedures, pay contractual packaged prices. Management fees represent payments for management services from the University, JHMSC, and EHP, are recognized when obligated to provide the service, and are included in other revenue in the Consolidated Statements of Operations and Changes in Net Assets.

JHMSC entered into a contract with the Department of Defense to provide the TRICARE Prime benefit to eligible beneficiaries enrolled in the USFHP. Under the USFHP contract, JHMSC provides services covered under the TRICARE Designated Provider Contract to enrollees for a monthly capitation fee. Revenues generated under the contract were \$412.4 million and \$398.1 million for the years ended June 30, 2018 and 2017, respectively. The current sole source commercial contract was awarded for the period commencing October 1, 2013 through September 30, 2023, with a Base Year and nine one-year Option Periods to be exercised at the Government’s discretion. The Base Year was exercised and the fifth Option Period will begin on October 1, 2018.

JHHS’ not-for-profit Affiliates provide care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such patients are identified based on information obtained from the patient and subsequent analysis. Because the Affiliates do not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Direct and indirect costs for these services amounted to \$59.0 million and \$47.8 million for the years ended June 30, 2018 and 2017, respectively. The costs of providing charity care services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on JHHS’ total expenses divided by gross patient service revenue.

Patient accounts receivable are reported net of estimated allowances for uncollectible accounts and contractual adjustments in the accompanying consolidated financial statements. The provision for bad debts is based upon a combination of the payor source, the aging of receivables and management’s assessment of historical and expected net collections, trends in health insurance coverage, and other collection indicators. The provision for bad debts related to patient service revenue is presented as a deduction from patient service revenue on the face of the Consolidated Statements of Operations and Changes in Net Assets. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospitals uninsured patients will be unable or unwilling to pay for the services provided. Thus, a significant provision for bad debts is recorded related to uninsured patients in the period services are provided. Management continuously assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience and payment trends by payor classification.

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Patient service revenue, net of contractual allowances (but before the provision for bad debts), recognized in the year ending June 30, 2018 from these major payor sources is as follows:

	<b>Third-Party Payors</b>		<b>Self-pay</b>		<b>Total All Payors</b>
Patient service revenue (net of contractual allowances)	\$ 5,722,066		\$ 58,129		\$ 5,780,195

Patient service revenue, net of contractual allowances (but before the provision for bad debts), recognized in the year ending June 30, 2017 from these major payor sources is as follows:

	<b>Third-Party Payors</b>		<b>Self-pay</b>		<b>Total All Payors</b>
Patient service revenue (net of contractual allowances)	\$ 5,427,070		\$ 44,847		\$ 5,471,917

The following table depicts the mix of gross accounts receivable from patients and third-party payors as of June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Medicare	16.5%	18.5%
Medicaid	10.6%	10.7%
Blue Cross and Blue Shield	12.5%	12.2%
Medicaid managed care organizations	13.7%	12.3%
Self pay	10.7%	10.3%
Other third-party payors	36.0%	36.0%
Total	<u>100.0%</u>	<u>100.0%</u>

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**3. Pledges Receivable**

As of June 30, 2018 and 2017, the value of pledges receivable before discounts was \$33.4 million and \$42.3 million, respectively. Pledges receivable have been discounted at rates ranging from 0.11% to 5.00% and consist of the following (in thousands):

As of June 30, 2018	1 Year	2 –5 Years	5 Years or Greater	Totals
Departmental campaigns	\$ 3,999	\$ 7,511	\$ 15	\$ 11,525
Future campus development	3,795	5,889	9,617	19,301
	<u>\$ 7,794</u>	<u>\$ 13,400</u>	<u>\$ 9,632</u>	<u>\$ 30,826</u>
As of June 30, 2017	1 Year	2 –5 Years	5 Years or Greater	Totals
Departmental campaigns	\$ 3,810	\$ 11,134	\$ 330	\$ 15,274
Future campus development	3,816	6,109	9,713	19,638
	<u>\$ 7,626</u>	<u>\$ 17,243</u>	<u>\$ 10,043</u>	<u>\$ 34,912</u>

Pledges are deemed to be fully collectible and therefore, no significant allowance for uncollectible pledges has been recorded.

**4. Fair Value Measurements**

FASB's guidance on the fair value option for financial assets and financial liabilities permits companies to choose to measure many financial assets and liabilities, and certain other items at fair value. This guidance requires a company to record unrealized gains and losses on items for which the fair value option has been elected in its performance indicator. The fair value option may be applied on an instrument by instrument basis. Once elected, the fair value option is irrevocable for that instrument. The fair value option can be applied only to entire instruments and not to portions thereof. JHHS has not elected fair value accounting for any asset or liability that is not currently required to be measured at fair value.

JHHS follows the guidance on fair value measurements, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. This guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, this guidance does not require any new fair value measurements.

This guidance discusses valuation techniques such as the market approach, cost approach and income approach. The guidance establishes a three-tier level hierarchy for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted market prices for identical assets or liabilities in active markets;
- Level 2 – Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and

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- Level 3 – Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions. There are no instruments requiring Level 3 classification.

The financial instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Interest rate swap agreements are valued using the income approach, while each of the remaining financial instruments below have been valued utilizing the market approach.

The following table presents the financial instruments carried at fair value as of June 30, 2018 grouped by hierarchy level:

<u>Assets</u>	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash and cash equivalents (1)	\$ 627,880	\$ 627,880	\$ -
Commercial paper (1)	89,719	-	89,719
Certificates of deposit (1)	6,893	-	6,893
U.S. Treasuries (2)	344,462	-	344,462
Corporate bonds (2)	438,581	-	438,581
Asset backed securities (2)	328,829	-	328,829
Equities and equity funds (3)	1,286,312	1,286,312	-
Fixed income funds (4)	220,886	220,886	-
Totals	<u>\$ 3,343,562</u>	<u>\$ 2,135,078</u>	<u>\$ 1,208,484</u>
<u>Liabilities</u>			
Interest rate swap agreements (5)	<u>\$ 171,879</u>	<u>\$ -</u>	<u>\$ 171,879</u>

The following table presents the financial instruments carried at fair value as of June 30, 2017 grouped by hierarchy level:

<u>Assets</u>	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash and cash equivalents (1)	\$ 620,978	\$ 620,978	\$ -
Commercial paper (1)	99,832	-	99,832
Certificates of deposit (1)	6,833	-	6,833
U.S. Treasuries (2)	445,477	-	445,477
Corporate bonds (2)	526,901	-	526,901
Asset backed securities (2)	358,793	-	358,793
Equities and equity funds (3)	1,144,969	1,144,969	-
Fixed income funds (4)	186,940	186,940	-
Totals	<u>\$ 3,390,723</u>	<u>\$ 1,952,887</u>	<u>\$ 1,437,836</u>
<u>Liabilities</u>			
Interest rate swap agreements (5)	<u>\$ 220,089</u>	<u>\$ -</u>	<u>\$ 220,089</u>

- (1) Cash equivalents, commercial paper, money market funds, and overnight investments include investments with original maturities of three months or less. Certificates of deposit and commercial paper are carried at amortized cost. Certificates of deposit and commercial paper that have original maturities greater than three months, but less than one year are

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considered short-term investments. Cash and cash equivalents, money market funds, and overnight investments are rendered level 1 due to their frequent pricing and ease of converting to cash. Computed prices and frequent evaluation versus fair value render commercial paper and the certificates of deposit level 2.

- (2) For investments in U.S. Treasuries (notes, bonds, and bills), corporate bonds, and asset backed securities, fair value is based on quotes for similar securities; therefore these investments are rendered level 2. These investments fluctuate in value based upon changes in interest rates.
- (3) Equities include individual equities and investments in mutual funds. The individual equities and mutual funds are valued based on the closing price on the primary market and are rendered level 1.
- (4) Fixed income funds are investments in mutual funds. The underlying fixed investments are principally U.S. Treasuries, corporate bonds, commercial paper, and mortgage backed securities. The mutual funds are valued based on the closing price on the primary market and are rendered level 1.
- (5) The interest rate swap agreements, discussed further in footnote 9 "Derivative Financial Instruments," are valued using a swap valuation model that utilizes an income approach using observable market inputs including long-term interest rates, LIBOR swap rates, and credit default swap rates.

During 2018 and 2017, there were no significant transfers between level 1 and 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while JHHS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

JHHS holds investments that are not traded on national exchanges or over-the counter markets. These investments are valued utilizing the NAV provided by the underlying investment companies unless management determines some other valuation is more appropriate. There are no unfunded commitments related to JHHS' investments measured using NAV as a practical expedient.

The following table displays information by strategy for investments measured using NAV as a practical expedient as of June 30, 2018 (in thousands):

	<b>Fair Value</b>	<b>Redemption Frequency</b>	<b>Notice Period</b>
Absolute return hedge funds (1)	\$ 187,078	Monthly	5 to 14 days
Equity long/short hedge funds (2)	121,059	Monthly or quarterly	5 to 60 days
Hedge Fund of Funds (3)	64,515	Quarterly	45 to 70 days
Commingled Equity Funds (4)	213,987	Daily or monthly	1 to 10 days
Commingled Fixed Income (5)	87,857	Daily or monthly	1 to 5 days
Event driven hedge funds (6)	31,471	Quarterly	60 days
Total	<u>\$ 705,967</u>		

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The following table displays information by strategy for investments measured at NAV as a practical expedient as of June 30, 2017 (in thousands):

	<b>Fair Value</b>	<b>Redemption Frequency</b>	<b>Notice Period</b>
Absolute return hedge funds (1)	\$ 154,498	Daily or monthly	5 days
Equity long/short hedge funds (2)	76,005	Monthly or quarterly	5 to 60 days
Hedge Fund of Funds (3)	60,658	Quarterly	45 to 70 days
Commingled Equity Funds (4)	163,947	Daily or monthly	1 to 30 days
Commingled Fixed Income (5)	85,611	Daily or monthly	1 to 5 days
Event driven hedge funds (6)	20,100	Quarterly	60 days
<b>Total</b>	<u>\$ 560,819</u>		

- (1) Absolute return hedge funds: Investment managers who seek low correlation to global equity markets. Strategies have the ability to identify opportunities across multiple sectors, asset classes, and geographic regions.
- (2) Equity long/short hedge funds: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. Strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure and leverage employed.
- (3) Hedge Fund of Funds: Invest with multiple hedge fund managers to create a diversified portfolio of hedge funds. Hedge Fund of Funds strategies serve to dampen volatility within the overall investment portfolio, while offering the investor more frequent liquidity terms and lower capital requirements as compared to investing with an individual hedge fund manager. The Fund of Funds manager has discretion in choosing the individual investment strategies for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers across multiple strategies.
- (4) Commingled equity funds: Long-only equity strategies that invest exclusively in publicly traded companies, though the funds are not traded on a public exchange.
- (5) Commingled fixed income: Fixed income strategies that invest in publicly-issued debt instruments, though the funds are not traded on a public exchange.
- (6) Event-Driven hedge funds: Investment Managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments.

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**5. Cash and Cash Equivalents, Investments, and Assets Whose Use is Limited**

Cash and cash equivalents and investments (short and long-term) as of June 30 consisted of the following (in thousands):

	<b>2018 Carrying Amount</b>	<b>2017 Carrying Amount</b>
Cash and cash equivalents measured at fair value	\$ 627,880	\$ 620,978
Cash and cash equivalents included in AWUIL	<u>(48,087)</u>	<u>(54,647)</u>
Total cash and cash equivalents	<u>\$ 579,793</u>	<u>\$ 566,331</u>
U.S. Treasuries	273,061	362,684
Commercial paper	89,719	99,832
Certificates of deposit	6,893	6,833
Corporate bonds	337,385	394,011
Asset backed securities	255,600	277,994
Fixed income funds	193,474	159,887
Equities and equity funds	<u>907,621</u>	<u>773,269</u>
Short and long-term investments measured at fair value	2,063,753	2,074,510
Investments in affiliates	275,484	261,129
Investments measured at NAV as a practical expedient	<u>702,296</u>	<u>557,127</u>
Total short and long-term investments	<u>\$ 3,041,533</u>	<u>\$ 2,892,766</u>

Assets whose use is limited as of June 30 consisted of the following (in thousands):

	<b>2018 Carrying Amount</b>	<b>2017 Carrying Amount</b>
U.S. Treasuries	\$ 71,401	\$ 82,793
Corporate bonds	101,196	132,890
Asset backed securities	73,229	80,799
Fixed income funds	27,412	27,053
Equities and equity funds	<u>378,691</u>	<u>371,700</u>
Assets whose use is limited measured at fair value	651,929	695,235
Cash in AWUIL reported as cash and cash equivalents on leveling table	48,087	54,647
Investments measured at NAV as a practical expedient	3,671	3,692
Pledges receivable	30,826	34,912
Beneficial interest remainder trust	17,752	16,617
Other	<u>2,354</u>	<u>739</u>
Total assets whose use is limited	<u>\$ 754,619</u>	<u>\$ 805,842</u>

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The investment and assets whose use is limited balances noted above include amounts invested in pooled accounts shared by the affiliates of JHHS. The amounts held within the liquid, intermediate and other investment pools were \$249.6 million, \$697.9 million, and \$1.3 billion, respectively, as of June 30, 2018. The amounts held within the liquid, intermediate and other investment pools were \$272.5 million, \$956.4 million, and \$1.1 billion, respectively, as of June 30, 2017.

Realized and unrealized gains on investments for the years ended June 30, included in the non-operating revenues and expenses section of the Consolidated Statement of Operations and Changes in Net Assets consisted of the following (in thousands):

	<b>2018</b>	<b>2017</b>
Realized gains on investments	\$ 45,977	\$ 27,436
Changes in unrealized gains on investments	88,790	167,667
Total	<u>\$ 134,767</u>	<u>\$ 195,103</u>

Investments recorded under the cost or equity method as of June 30 consisted of the following (in thousands):

<b>Investment</b>	<b>Cost / Equity</b>	<b>%</b>	<b>2018</b>	<b>2017</b>
Johns Hopkins Medicine International, LLC ("JHI")	Equity	50.00%	\$ 63,631	\$ 57,460
Johns Hopkins Home Care Group, Inc. ("JHHCG")	Equity	50.00%	12,320	10,119
FSK Land Corporation	Equity	50.00%	12,509	11,810
Mt. Washington Pediatric Hospital and Foundation	Equity	50.00%	47,781	41,396
JHMI Utilities, LLC	Equity	50.00%	19,166	16,384
Sibley-Suburban Home Health Agency, Inc.	Equity	50.00%	5,438	6,009
West County, LLC	Equity	50.00%	6,945	6,699
Medbridge Healthcare	Equity	25.00%	3,606	6,612
Baltimore County Dialysis, LLC	Equity	49.00%	-	11,442
JH Surgery Center	Equity	50.00%	16,450	8,060
MCIC Bermuda	Cost	10.00%	65,263	64,467
Other			22,375	20,671
			<u>\$ 275,484</u>	<u>\$ 261,129</u>

Summarized below are the aggregate assets, liabilities, revenues and expenses for JHI, Mt. Washington Pediatric Hospital and Foundation, and JHMI Utilities, LLC as of and for the year ended June 30, 2018 and 2017 (in thousands):

	<b>2018</b>	<b>2017</b>
Assets	\$ 618,761	\$ 601,900
Liabilities	343,828	365,727
Revenues	308,217	307,407
Expenses	284,995	280,820

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JHHS consolidates certain affiliates that it owns 50% or more, but less than 100%, because JHHS has control over those affiliates. The unrestricted net asset activity attributable to the noncontrolling interests consisted of the following as of June 30, (in thousands):

	<b>2018</b>	<b>2017</b>
Net assets attributable to noncontrolling interests at beginning of period	\$ 54,435	\$ 48,523
Losses attributable to noncontrolling interests	(7,867)	(4,098)
Contributions attributable to noncontrolling interests	24,711	10,010
Other	2,739	-
Net assets attributable to noncontrolling interests at end of period	<u>\$ 74,018</u>	<u>\$ 54,435</u>

**6. Property, Plant and Equipment**

Property, plant and equipment and accumulated depreciation and amortization consisted of the following as of June 30 (in thousands):

	<u>2018</u>		<u>2017</u>	
	<b>Cost</b>	<b>Accumulated Depreciation and Amortization</b>	<b>Cost</b>	<b>Accumulated Depreciation and Amortization</b>
Land and land improvements	\$ 175,677	\$ 23,753	\$ 172,840	\$ 17,426
Buildings and improvements	2,481,198	1,009,216	2,406,928	928,269
Fixed and moveable equipment	2,083,862	1,110,624	1,966,474	1,000,594
Capitalized software	138,499	112,845	170,856	134,849
Construction in progress	351,486	15	254,603	-
	<u>\$ 5,230,722</u>	<u>\$ 2,256,453</u>	<u>\$ 4,971,701</u>	<u>\$ 2,081,138</u>

Accruals for purchases of property, plant and equipment as of June 30, 2018 and 2017 amounted to \$33.9 million and \$21.1 million, respectively, and are included in accounts payable and accrued liabilities in the Consolidated Balance Sheets. Depreciation and amortization expense for the years ended June 30, 2018 and 2017 amounted to \$286.2 million and \$275.5 million, respectively.

During the year ended June 30, 2018 and 2017, JHHS retired long-lived assets determined to have no future value. During 2018, the original cost and corresponding accumulated depreciation of these long-lived assets was \$113.4 million and \$110.3 million, respectively. During 2017, the original cost and corresponding accumulated depreciation of these long-lived assets was \$104.2 million and \$103.4 million, respectively. No proceeds from retirement were received in 2018 or 2017.

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**7. Medical Claims Reserves**

JHHC's activity related to its liability for unpaid health claims for the years ended June 30 are summarized in the table below (in thousands):

	<b>2018</b>	<b>2017</b>
Balance, July 1	\$ 161,207	\$ 126,705
Incurred related to:		
Current year	1,433,884	1,317,798
Prior year	<u>(30,048)</u>	<u>(28,199)</u>
Total incurred	<u>1,403,836</u>	<u>1,289,599</u>
Paid related to:		
Current year	1,276,257	1,156,591
Prior year	<u>131,159</u>	<u>98,506</u>
Total paid	<u>1,407,416</u>	<u>1,255,097</u>
Balance, June 30	<u>\$ 157,627</u>	<u>\$ 161,207</u>

The medical claims reserve is inherently subject to a number of highly variable circumstances, including changes in payment patterns, cost trends and other relevant factors. Consequently, the actual experience may vary materially from the original estimate. The above medical claims reserves include intercompany activity that is eliminated in consolidation.

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

## 8. Debt

Debt as of June 30 is summarized as follows (in thousands):

	Interest Rate(s)	Final Maturity	Renewal Date	Issued Amount	2018	2017
Tax Exempt Maryland Health and Higher Education Facilities Authority ("MHHEFA") Bonds and Notes:						
1985 Series A and B – Pooled Loan Program Issue (JHHSC)	1.00%	2035	8/27/2019	\$ -	\$ 2,268	\$ 2,507
1990 Series - Revenue Bonds (JHH)	7.30% to 7.35%	2019	N/A	90,169	16,867	24,573
2004 – Commercial Paper Revenue Notes Series B (JHBMC)	0.74%	2025	9/9/2019	101,990	52,880	57,995
2011 Series A - Revenue Bonds (JHH)	2.00% to 5.00%	2026	N/A	74,615	57,575	64,510
2012 Series B - Revenue Bonds (JHH)	2.00% to 5.00%	2033	N/A	97,560	81,665	85,000
2012 Series C – Revenue Bonds (JHH)	1.66%	2038	N/A	84,610	-	82,830
2012 Series D – Revenue Bonds (JHH)	1.66%	2038	N/A	85,060	-	82,995
2012 Series E – Floating Rate Note (JHH)	1.60%	2029	N/A	100,000	-	100,000
2013 Series A – Revenue Bonds (JHHSC)	1.58%	2046	N/A	88,250	-	88,250
2013 Series B – Revenue Bonds (JHHSC)	1.56%	2029	N/A	61,850	-	52,800
2013 Series C – Revenue Bonds (JHHSC)	3.00% to 5.00%	2043	N/A	238,000	231,415	232,965
2015 Series A - Revenue Bonds (JHHSC)	2.00% to 5.00%	2040	N/A	134,735	128,735	130,820
2015 Series B - Revenue Bonds (JHHSC)	1.50%	2048	N/A	48,245	-	48,245
2016 Series A - Revenue Bonds (JHHSC)	1.43%	2023	5/31/2023	48,565	44,170	47,635
2016 Series B - Revenue Bonds (JHHSC)	1.46%	2042	5/31/2023	48,245	48,245	48,245
2017 Series B - Revenue Bonds (JHHSC)	1.78%	2038	10/1/2024	165,825	164,920	-
2012E/2017C Series - Revenue Bonds (JHHSC)	1.60%	2057	11/1/2022	100,000	100,000	-
2018 Series A - Revenue Bonds (JHHSC)	1.93%	2048	6/1/2023	48,245	48,245	-
2018 Series B - Revenue Bonds (JHHSC)	1.97%	2046	6/1/2023	88,250	88,250	-
Tax Exempt City of St. Petersburg Health Facilities Authority Revenue						
2012 Series A – Revenue Refunding Bonds (JHACH)	2.14%	2034	6/1/2022	102,400	91,900	93,800
Taxable Revenue Bonds:						
2013 Series – Taxable Bonds (JHHSC)	1.42% to 2.77%	2023	N/A	148,165	100,000	148,165
2016 Series – Taxable Bonds (JHHSC)	3.84%	2046	N/A	500,000	500,000	500,000
2017 Series A - Taxable Revenue Bonds (JHHSC)	2.31%	2027	1/25/2027	165,200	164,223	164,973
2018 Series - Taxable Revenue Bonds (JHHSC)	2.56%	2029	6/1/2029	50,320	50,320	-
Other debt:						
Note Payable (JHHC)	3.41%	2022	12/18/2022	3,006	2,728	-
Johns Hopkins Endowment (JHHSC)	6.00%	2018	N/A	6,100	-	513
					1,974,406	2,056,821
Unamortized premiums and discounts, net					18,823	21,686
Unamortized debt issuance costs					(6,790)	(8,047)
Obligations under capital leases					64,009	60,597
					2,050,448	2,131,057
Current maturities of long-term debt and capital leases					(54,025)	(542,775)
Total long-term debt and obligations under capital leases, net of current portion					\$ 1,996,423	\$ 1,588,282

**Financing expenses.** Financing expenses incurred in connection with the issuance of debt are presented in the Consolidated Balance Sheet as a direct deduction from the carrying value of the associated debt. The expenses are being amortized over the terms of the related debt issues using the effective interest method. The total amount expensed for the period ended June 30, 2018 and 2017 was \$1.3 million and \$0.9 million, respectively.

### Obligated Group

The Johns Hopkins Health System Obligated Group ("JHHS Obligated Group") consists of JHH, JHBMC, HCGH, SHI, SHHS, SMH, JHACH and JHHSC. All of the debt of JHH, JHBMC, HCGH, SHI, SHHS, SMH, JHACH and JHHSC is parity debt, and as such is jointly and separately liable through a claim on and a security interest in all of JHH's, JHBMC's, HCGH's, SHI's, SHHS', SMH's, JHACH's, and JHHSC's receipts as defined in the Master Loan Agreement with MHHEFA. JHH, JHBMC, HCGH, SHI, SHHS, SMH, JHACH and JHHSC are required to achieve a defined minimum debt service coverage ratio each year. The outstanding JHHS Obligated Group parity debt was \$2.0 billion and \$2.1 billion as of June 30, 2018 and 2017, respectively.

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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#### **2018 Series Taxable Revenue Bonds - JHHS**

In May 2018, JHHSC closed the Series 2018 taxable revenue bonds issuance of \$50.3 million to refund its JHHS Series 2013B tax-exempt bonds. The Series 2018 taxable bonds mature in June 2029 and pay principal annually and interest monthly based on a spread over a floating base rate.

#### **2018B Series Tax-Exempt Revenue Bonds - JHHS**

In May 2018, JHHSC closed the Series 2018B tax-exempt revenue bonds issuance of \$88.3 million to refund its JHHS Series 2013A tax-exempt bonds. The Series 2018B bonds are subject to mandatory purchase in June 2023. The bonds pay interest monthly based on a spread over a floating base rate.

#### **2018A Series Tax-Exempt Revenue Bonds - JHHS**

In April 2018, JHHSC closed the Series 2018A tax-exempt revenue bonds issuance of \$48.2 million to refund its JHHS Series 2015B tax-exempt bonds. The Series 2018A bonds are subject to mandatory purchase in June 2023. The bonds pay interest monthly based on a spread over a floating base rate.

#### **2012E/2017C Series Tax-Exempt Revenue Bonds – JHHS**

In November 2017, JHHSC closed on a transaction that amended certain terms relating to the Series 2012E Bonds pursuant to which the 2012E Bonds were re-designated as the 2012E/2017C Bond. The principal amount outstanding of the 2012E/2017C Bond shall not at any one time exceed the principal amount of \$100.0 million. The Series 2012E/2017C Bond is subject to mandatory purchase in November 2022. The bonds pay interest monthly based on a spread over a floating base rate.

#### **2017B Series Tax-Exempt Revenue Bonds - JHHS**

In October 2017, JHHSC closed the Series 2017B tax-exempt bond issuance of \$165.8 million to refund its JHH 2012C and JHH 2012D series revenue bonds. The Series 2017B bond is subject to mandatory purchase in October 2024. The bonds pay principal annually and interest monthly based on a spread over a floating base rate.

#### **2012A Series Tax-Exempt Revenue Bonds - JHACH**

On June 1, 2017, JHACH closed on the conversion of \$93.8 million of the JHACH 2012A tax exempt bonds to a new index rate period. The JHACH 2012A bonds had an initial index rate period with a mandatory purchase on June 1, 2017. The holder of the bonds elected to retain the JHACH 2012A bonds for a new index rate period that runs through June 1, 2022. The bonds pay interest monthly based on a floating rate equal to 70% of one-month Libor plus 0.45%, and the underlying principal amortizes through 2034.

#### **2017A Series Taxable Revenue Bonds - JHHSC**

In January 2017, JHHSC closed the Series 2017A taxable bond issuance of \$165.2 million to advance refund its JHH 2010 Series revenue bonds. The Series 2017A bonds mature in 2047 and pay principal and interest monthly. Interest payments are based on a floating rate equal to one month LIBOR plus 84 basis points. The advance refunding created a charge of \$15.5 million that is included in the non-operating section of the Consolidated Statements of Operations and Changes in Net Assets.

#### **2016 Series Taxable Bonds - JHHSC**

On November 3, 2016, JHHS successfully priced the Johns Hopkins Health System Series 2016 taxable bond issuance with a total par amount of \$500 million, structured as a 30-year bullet, maturing in 2046, with a coupon rate of 3.837% ("2016 Bonds"). The transaction closed on November 10, 2016, at which time the net proceeds of \$497.7 million were received by JHHS.

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**2012 Series E Bonds - JHH**

On July 1, 2016, JHH made a \$2.8 million principal payment related to the scheduled maturity of its 2012 Series E bonds. In connection with this principal payment, in April 2017, JHH issued an additional \$2.8 million of bonds to replace the matured principal amount. On July 1, 2015, JHH made a \$9.0 million principal payment related to the scheduled maturity of its 2012 Series E bonds. In connection with this principal payment, in February 2016, JHH issued an additional \$9.0 million of bonds to replace the matured principal amount. The additional bonds are subject to the same terms and conditions of the original 2012 Series E bonds.

**Letters of Credit & Intermediate Financing Vehicles**

In connection with the 2004 MHHEFA Commercial Paper Revenue Notes, JHBMC has a \$52.9 million line of credit agreement with Wells Fargo to provide for payment of such commercial paper at maturity, subject to certain conditions described therein. This agreement expires on September 9, 2019 subject to extension or earlier termination. No amounts were outstanding as of June 30, 2018 or 2017.

JHHS utilizes public floating rate notes and bank direct purchase facilities as the core component of its variable-rate debt structure. These vehicles provide intermediate-term financing, typically 3 – 10 years, as a means to finance longer-lived assets. These variable-rate notes are structured with a mandatory purchase at the end of their term, at which time JHHS is required to purchase the bonds back from the investors. Due to the long-term nature of the underlying assets financed, JHHS has historically refunded all intermediate-term debt prior to the mandatory purchase dates. The table above notes the renewal dates for the outstanding variable-rate notes.

For the debt of JHHS and Affiliates, total maturities of debt and sinking fund requirements, excluding capital leases, during the next five fiscal years and thereafter are as follows as of June 30, 2018 (in thousands):

2019	\$	49,755
2020		60,395
2021		45,441
2022		49,072
2023		151,578
Thereafter		<u>1,618,165</u>
	\$	<u>1,974,406</u>

For the debt of JHHS and Affiliates described above, interest costs on debt and interest rate swaps incurred, paid and capitalized in the years ended June 30 are as follows (in thousands):

	2018	2017
Net interest costs:		
Capitalized	\$ 8,054	\$ 4,513
Expensed	80,503	74,166
Allocated to others	55	55
	<u>\$ 88,612</u>	<u>\$ 78,734</u>
Interest costs paid	<u>\$ 82,545</u>	<u>\$ 73,513</u>

**The Johns Hopkins Health System Corporation and Affiliates**  
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**Capital Leases**

SHHS has a lease agreement with an unrelated party for the lease of real property. The leased property consists of land and a building, located in north Bethesda, Maryland, which is known as the Suburban Outpatient Medical Center ("SOMC"). The lease term began on August 1, 2001 and will continue through December 31, 2026. The base rent escalates 2.25% per year, in accordance with the lease agreement. The lease contains four optional renewal periods for five years each. The SOMC lease has been recorded as a capital lease.

JHHSC has a lease agreement with an unrelated party for the lease of real property. The leased property consists of land and building, located in Baltimore, Maryland, which is known as the Science and Technology Park at Johns Hopkins. The lease commenced in June 2016 and will continue through June 2031. The base rent escalates 2.5% per year, in accordance with the lease agreement. JHHSC has recorded this as a capital lease.

JHBMC has a lease agreement with an unrelated party for the lease of real property. The leased property consists of a building, located in Baltimore, Maryland, which is known as 5500 Lombard Street. The lease term began on May 1, 2017 and will continue through April 30, 2032. The base rent escalates 2.5% per year, in accordance with the lease agreement. JHBMC has recorded this as a capital lease.

JHACH has a lease agreement with an unrelated party for the lease of real property. The leased property consists of land and building, located in St. Petersburg, FL, which is known as the Bayfront Medical Plaza. The lease commenced in December 2017 and will continue through November 2027. The base rent escalates 3% per year, in accordance with the lease agreement. JHACH has recorded this as a capital lease.

The total leased property of \$74.6 and \$70.6 million is reflected in property, plant and equipment as of June 30, 2018 and 2017, respectively. Accumulated depreciation on the leased assets was \$28.0 and \$25.7 million as of June 30, 2018 and 2017, respectively. Depreciation expense on these leased assets is included within depreciation expense in the Consolidated Statements of Operations and Changes in Net Assets.

The future minimum lease payments required under JHHS capital leases are as follows as of June 30, 2018 (in thousands):

	<b>Capital Lease Payments</b>
2019	\$ 7,781
2020	7,920
2021	8,104
2022	8,104
2023	8,234
2024 and thereafter	<u>46,648</u>
Minimum lease payments	86,791
Interest on capital lease obligations	<u>(22,782)</u>
Net minimum payments	64,009
Current portion of capital lease obligation	<u>(4,270)</u>
Capital lease obligation, less current	<u>\$ 59,739</u>

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**9. Derivative Financial Instruments**

JHHS' primary objective for holding derivative financial instruments is to manage interest rate risk. Derivative financial instruments are recorded at fair value and are included in other long-term liabilities. The total notional amount of interest rate swap agreements was \$1.024 billion and \$1.036 billion as of June 30, 2018 and 2017, respectively.

Each swap agreement has certain collateral thresholds whereby, on a daily basis, if the fair value of the swap agreement declines such that its devaluation exceeds the threshold, cash must be deposited by JHHS with the swap counterparty for the difference between the threshold amount and the fair value. As of June 30, 2018 and 2017, the amount of required collateral was \$33.9 and \$46.1 million, respectively.

**Swap Novation**

In February 2017, JHHSC closed two swap novation contracts with PNC Bank, N.A. (PNC) and Goldman Sachs. The two existing \$150 million swaps with Goldman Sachs were split into four \$150 million swaps—two swaps with ten year terms and two forward-starting swaps with longer terms. PNC became the counterparty on the two ten-year term swaps each with effective dates from February 2017 through December 2026. Goldman Sachs remains the counterparty on the two forward-starting swaps, with effective dates from December 2026 through May 2039 and May 2040, respectively. JHHSC and PNC executed the agreements on the two current swaps without a credit support annex. As a result, \$63.1 million of swap collateral, equivalent to the mark-to-market value of the two swaps with PNC, was returned to JHHSC upon execution of the swap novation contracts. The two swaps with PNC carry fixed rates of 4.122% and 4.133% respectively, for the receipt of a floating interest rate of 67% of one-month LIBOR. The two swaps with Goldman Sachs carry fixed rates of 3.911% and 3.922% respectively, for the receipt of a floating interest rate of 67% of one-month LIBOR.

The following table summarizes JHHSC interest rate swap agreements (in thousands):

Swap Type	Expiration Date	Counterparty	JHHS Pays	JHHS Receives	Notional Amount at June 30	
					2018	2017
Fixed	2022	J.P. Morgan	3.3290%	67% of 1-Month LIBOR	\$ 46,670	\$ 47,635
Fixed	2025	Bank of America	3.3265%	67% of 1-Month LIBOR	52,880	57,995
Fixed	2021	J.P. Morgan	3.9190%	68% of 1-Month LIBOR	15,725	19,830
Fixed	2034	Royal Bank of Canada	3.6235%	62.2% of 1-Month LIBOR + 0.27%	14,280	14,345
Fixed	2034	Citibank, N.A.	3.6235%	62.2% of 1-Month LIBOR + 0.27%	23,820	23,930
Fixed	2026	PNC	4.1220%	67% of 1-Month LIBOR	150,000	150,000
Fixed	2026	PNC	4.1330%	67% of 1-Month LIBOR	150,000	150,000
Fixed	2039	Goldman Sachs Capital Markets, L.P.	3.9110%	67% of 1-Month LIBOR	150,000	150,000
Fixed	2040	Goldman Sachs Capital Markets, L.P.	3.9220%	67% of 1-Month LIBOR	150,000	150,000
Fixed	2039	Goldman Sachs Capital Markets, L.P.	3.9460%	67% of 1-Month LIBOR	40,000	40,000
Fixed	2038	Goldman Sachs Capital Markets, L.P.	3.8190%	67% of 1-Month LIBOR	81,550	82,025
Fixed	2038	Merrill Lynch Capital Services	3.8091%	67% of 1-Month LIBOR	81,950	82,425
Fixed	2025	Goldman Sachs Capital Markets, L.P.	3.6910%	67% of 1-Month LIBOR	7,070	7,715
Fixed	2047	Citibank, N.A.	3.8505%	61.8% of 1-Month LIBOR + 0.25%	60,000	60,000
					<u>\$ 1,023,945</u>	<u>\$ 1,035,900</u>

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Fair value of derivative instruments as of June 30 (in thousands):

	<b>Derivatives Reported as Liabilities</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Balance Sheet Caption</b>	<b>Fair Value</b>	<b>Balance Sheet Caption</b>	<b>Fair Value</b>
Interest rate swaps not designated as hedging instruments	Other long-term liabilities	\$ 171,879	Other long-term liabilities	\$ 220,089

Derivatives not designated as hedging instruments as of June 30 (in thousands):

<b>Classification of Derivative Loss in Statement of Operations</b>	<b>Amount of Gain (loss) Recognized in Change in Unrestricted Net Assets</b>	
	<b>2018</b>	<b>2017</b>
	Interest rate swaps: Non-operating expense	\$ 48,207

**10. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets as of June 30 (in thousands) are restricted to:

	<b>2018</b>	<b>2017</b>
Purchase of property, plant, and equipment	\$ 24,882	\$ 41,948
Health care services	48,178	57,511
Health education and counseling	6,325	6,142
Indigent care	3,068	2,282
Restricted Pledge Fund	20,433	15,365
	<u>\$ 102,886</u>	<u>\$ 123,248</u>

Permanently restricted net assets as of June 30 (in thousands) are restricted to:

	<b>2018</b>	<b>2017</b>
Health care services	\$ 48,720	\$ 47,055
Health education and counseling	14,498	13,208
	<u>\$ 63,218</u>	<u>\$ 60,263</u>

The JHHS endowments do not include amounts designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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The Board of Trustees of JHHS has interpreted UPMIFA in the State of Maryland, the State of Florida, and the District of Columbia as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, JHHS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

#### 11. Pension Plans

The Affiliates sponsor a variety of defined benefit pension plans (the "Plans") covering most of their employees. The retirement income benefits are based on a combination of years of service and compensation at various points of service. The FASB's guidance on employer's accounting for defined benefit pension and other postretirement plans requires that the funded status of defined benefit postretirement plans be recognized on JHHS' Consolidated Balance Sheets, and changes in the funded status be reflected as a change in net assets. Changes in unrestricted net assets during the year ended June 30, 2018 reflect an adjustment of \$65.8 million related to a special benefit liability. During the year ended June 30, 2018, the SMH board of trustees approved the termination of the SMH plan. The plan termination is expected to take up to eighteen months to settle all liabilities.

The funding policy of all Affiliates is to make sufficient contributions to meet the Internal Revenue Service minimum funding requirements. Assets in the Plans as of June 30, 2018 and 2017 consisted of cash and cash equivalents, equities and equity funds, fixed income funds, and alternative investments. All assets are managed by external investment managers, consistent with the Plans' investment policy.

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The change in benefit obligation, plan assets, and funded status of the Plans is shown below (in thousands):

<u>Change in benefit obligation</u>	<b>2018</b>	<b>2017</b>
Benefit obligation as of beginning of year	\$ 2,289,041	\$ 2,186,513
Service cost	78,509	77,666
Interest cost	95,246	87,225
Special benefit liability	65,829	-
Actuarial gain	(54,815)	(3,474)
Benefits paid	<u>(72,302)</u>	<u>(58,889)</u>
Benefit obligation as of June 30	<u>\$ 2,401,508</u>	<u>\$ 2,289,041</u>

<u>Change in plan assets</u>	<b>2018</b>	<b>2017</b>
Fair value of plan assets as of beginning of year	\$ 1,536,263	\$ 1,397,403
Actual return on plan assets	53,505	97,392
Employer contribution	151,949	100,357
Benefits paid	<u>(72,302)</u>	<u>(58,889)</u>
Fair value of plan assets as of June 30	<u>\$ 1,669,415</u>	<u>\$ 1,536,263</u>

<u>Funded Status as of June 30</u>	<b>2018</b>	<b>2017</b>
Fair value of plan assets	\$ 1,669,415	\$ 1,536,263
Projected benefit obligation	<u>(2,401,508)</u>	<u>(2,289,041)</u>
Unfunded status	<u>\$ (732,093)</u>	<u>\$ (752,778)</u>

Amounts recognized in the Consolidated Balance Sheets consist of (in thousands):

	<b>2018</b>	<b>2017</b>
Net pension asset (SMH - included in other assets)	\$ 925	\$ 8,661
Net pension liability	<u>(733,018)</u>	<u>(761,439)</u>
Net amount recognized	<u>\$ (732,093)</u>	<u>\$ (752,778)</u>

Aside from the SMH plan, the projected benefit obligation is greater than the fair value of plan assets for all plans that are aggregated with these statements.

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Amounts not yet recognized in net periodic benefit cost and included in unrestricted net assets consist of (in thousands):

	<b>2018</b>	<b>2017</b>
Actuarial net loss	\$ 739,136	\$ 828,106
Prior service cost	108	234
	<u>\$ 739,244</u>	<u>\$ 828,340</u>
Accumulated benefit obligation	<u>\$ 2,125,116</u>	<u>\$ 2,107,606</u>

**Net Periodic Pension Cost**

Components of net periodic pension cost (in thousands):

	<b>2018</b>	<b>2017</b>
Service cost	\$ 78,509	\$ 77,666
Interest cost	95,246	87,225
Expected return on plan assets	(105,434)	(103,905)
Amortization of prior service cost	126	76
Recognized net actuarial loss	83,545	73,987
Settlement loss recognized	2,539	1,849
Net periodic pension cost	<u>\$ 154,531</u>	<u>\$ 136,898</u>

Other Changes in Plan Assets and Benefit Obligations  
Recognized in Unrestricted Net Assets

	<b>2018</b>	<b>2017</b>
Net (gain) loss	\$ (2,886)	\$ 3,039
Amortization of net loss	(86,084)	(75,836)
Amortization of prior service cost	(126)	(76)
	<u>(89,096)</u>	<u>(72,873)</u>
Special benefit liability	<u>65,829</u>	<u>-</u>
Total recognized in unrestricted net assets	<u>\$ (23,267)</u>	<u>\$ (72,873)</u>
Total loss recognized in net periodic benefit cost and unrestricted net assets	<u>\$ 131,264</u>	<u>\$ 64,025</u>

The estimated net loss and prior service cost that will be amortized from unrestricted net assets into net periodic pension cost over the next fiscal year are \$89.1 million and \$108.0 thousand, respectively.

**The Johns Hopkins Health System Corporation and Affiliates**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

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The assumptions used in determining net periodic pension cost for all plans, except the SMH plan where noted, are as follows for the years ended June 30:

	<b>2018</b>	<b>2017</b>
Discount rate - service cost	4.32%	4.26%
Discount rate - benefit obligation	4.11%	4.05%
Expected return on plan assets	7.50%	7.60%
Rate of compensation increase - ultimate	2.50%	2.50%

The SMH plan utilized a rate of return on assets of 6.00% for the years ended June 30, 2018 and 2017, respectively, due to the nature of the plan being frozen and management's future expectations surrounding this plan.

The assumptions used in determining the benefit obligations for all plans, except the SMH plan where noted, are as follows as of July 1:

	<b>2018</b>	<b>2017</b>
Discount rate	4.41%	4.11%
Expected return on plan assets	7.50%	7.60%
Rate of compensation increase - ultimate	2.50%	2.50%

The SMH plan utilized an expected rate of return on assets of 5.50% and 6.00% for the years ended June 30, 2018 and 2017 due to the nature of the plan being frozen and management's future expectations surrounding this plan.

The expected rate of return on plan assets assumption, excluding SMH, was developed based on historical returns for the major asset classes. This review also considered both current market conditions and projected future conditions.

**Plan Assets**

Pension plan weighted average asset allocations as of June 30 by asset class are as follows:

<u>Asset Class</u>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	1.28%	2.69%
Equities and equity funds	8.82%	10.13%
Fixed income funds	32.14%	35.21%
Investments measured at NAV as a practical expedient	57.76%	51.97%
Total	<u>100.00%</u>	<u>100.00%</u>

The Plans assets are invested among and within various asset classes in order to achieve sufficient diversification in accordance with JHHS' risk tolerance. This is achieved through the utilization of asset managers and systematic allocation to investment management style(s), providing a broad exposure to different segments of the fixed income and equity markets. The Plans, except the SMH plan, strive to allocate assets between equity securities (including global asset allocation) and debt securities at a target rate of approximately 75% and 25% respectively. During the year ended June 30, 2018, the SMH plan adjusted its investment allocation to mostly fixed income to reduce the risk of market volatility as it moves towards terminating the plan.

**The Johns Hopkins Health System Corporation and Affiliates**  
**Notes to Consolidated Financial Statements**  
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**Fair Value of Plan Assets**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted market prices for identical assets or liabilities in active markets;
- Level 2 – Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions.

The following table presents the plan assets carried at fair value as of June 30, 2018 grouped by hierarchy level (in thousands):

Assets	Fair Value	Level 1	Level 2
Cash equivalents (1)	\$ 21,329	\$ 21,329	\$ -
Equities and equity funds (2)	147,222	147,222	-
Fixed income funds (3)	536,474	435,501	100,973
	<u>705,025</u>	<u>604,052</u>	<u>100,973</u>
Investments measured at NAV as a practical expedient	964,390		
	<u>964,390</u>		
Total plan assets	<u>\$ 1,669,415</u>		

The following table presents the plan assets carried at fair value as of June 30, 2017 grouped by hierarchy level (in thousands):

Assets	Fair Value	Level 1	Level 2
Cash equivalents (1)	\$ 41,332	\$ 41,332	\$ -
Equities and equity funds (2)	155,692	155,692	-
Fixed income funds (3)	540,990	457,990	83,000
	<u>738,014</u>	<u>655,014</u>	<u>83,000</u>
Investments measured at NAV as a practical expedient	798,249		
	<u>798,249</u>		
Total plan assets	<u>\$ 1,536,263</u>		

- (1) Cash and cash equivalents and money market funds include investments with original maturities of three months or less, and are rendered level 1 due to their frequent pricing and ease of converting to cash.
- (2) Equities include individual equities and investments in mutual funds. The individual equities and mutual funds are valued based on the closing price on the primary market and are rendered level 1.
- (3) Fixed income funds are investments in mutual funds and fixed income instruments. The underlying fixed investments are principally U.S. Treasuries, corporate bonds, commercial paper, and mortgage backed securities. For the fixed income instruments, fair value is based on quotes for similar securities; therefore these investments are rendered level 2.

**The Johns Hopkins Health System Corporation and Affiliates**  
**Notes to Consolidated Financial Statements**  
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There are no unfunded commitments related to the Plans' investments measured at NAV as a practical expedient. The following table displays information by strategy for investments measured at NAV as a practical expedient as of June 30, 2018 (in thousands):

	Fair Value	Redemption Frequency	Notice Period
Absolute return hedge funds (1)	\$ 270,855	Monthly	5 to 30 days
Equity long/short hedge funds (2)	98,176	Monthly or quarterly	15 to 60 days
Event driven hedge funds (3)	77,198	Quarterly	60 to 65 days
Relative value hedge funds (4)	32,673	Quarterly	95 days
Commingled Equity Funds (5)	221,826	Daily or monthly	3 to 15 days
Commingled Fixed Income (6)	<u>263,662</u>	Daily or monthly	10 to 30 days
Total	<u>\$ 964,390</u>		

The following table displays information by strategy for investments measured at NAV as a practical expedient as of June 30, 2017 (in thousands):

	Fair Value	Redemption Frequency	Notice Period
Absolute return hedge funds (1)	\$ 226,824	Monthly	5 to 30 days
Equity long/short hedge funds (2)	93,565	Monthly or quarterly	15 to 60 days
Event driven hedge funds (3)	75,065	Quarterly	60 to 65 days
Relative value hedge funds (4)	30,626	Quarterly	95 days
Commingled Equity Funds (5)	151,802	Daily or monthly	3 to 15 days
Commingled Fixed Income (6)	<u>220,367</u>	Daily or monthly	10 to 15 days
Total	<u>\$ 798,249</u>		

- (1) Absolute return hedge funds: Investment managers who seek low correlation to global equity markets. Strategies have the ability to identify opportunities across multiple sectors, asset classes, and geographic regions.
- (2) Equity long/short hedge funds: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. Strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure and leverage employed.
- (3) Event-Driven hedge funds: Investment Managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments.
- (4) Relative Value hedge funds: Investment Managers with an investment thesis predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types can range broadly across equity, fixed income, derivative or other security types.
- (5) Commingled equity funds: Long-only equity strategies that invest exclusively in publicly traded companies, though the funds are not traded on a public exchange.
- (6) Commingled fixed income: Fixed income strategies that invest in publicly-issued debt instruments, though the funds are not traded on a public exchange.

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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#### Contributions and Estimated Future Benefit Payments

JHHS expects to contribute \$182.8 million to its pension plans in the fiscal year ending June 30, 2018.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in each of the following fiscal years as of June 30, 2018 (in thousands):

2019	\$	183,041
2020		81,814
2021		89,172
2022		96,714
2023		104,179
Next five years		623,648

The fiscal 2019 expected benefit payments includes \$105.9 million due to the expected settlement of all participant pension liabilities pursuant to Sibley's plan termination.

#### 12. Professional and General Liability Insurance

The University and JHHS participate in an agreement with four other medical institutions to provide a program of professional and general liability insurance for each member institution. As part of this program, the participating medical institutions have formed a risk retention group ("RRG") and a captive insurance company to provide self-insurance for a portion of their risk.

JHH and the University each have a 10% ownerships interest in the RRG and the captive insurance company, which is included in investments on the Consolidated Balance Sheets. The medical institutions obtain primary and excess liability insurance coverage from commercial insurers and the RRG. The primary coverage is written by the RRG, and a portion of the risk is reinsured with the captive insurance company. Commercial excess insurance and reinsurance is purchased under a claims-made policy by the participating institutions for claims in excess of primary coverage retained by the RRG and the captive. Primary retentions range between \$1.0 million and \$5.0 million per incident. Primary coverage is insured under a retrospectively rated claims-made policy; premiums are accrued based upon an estimate of the ultimate cost of the experience to date of each participating member institution. The basis for loss accruals for unreported claims under the primary policy is an actuarial estimate of asserted and unasserted claims including reported and unreported incidents and includes costs associated with settling claims. Projected losses were discounted using 1.60% and 1.10% as of June 30, 2018 and 2017, respectively.

JHHS applies the provisions of ASU 2010-24, "Presentation of Insurance Claims and Related Insurance Recoveries", which clarifies that health care entities should not net insurance recoveries against the related claims liabilities. JHHS recorded an increase in its assets and liabilities in the accompanying Consolidated Balance Sheet as of June 30, 2018 and 2017 as follows:

**The Johns Hopkins Health System Corporation and Affiliates**  
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**For the Years Ended June 30, 2018 and 2017**

Caption on Consolidated Balance Sheet	<b>2018</b>	<b>2017</b>
Estimated malpractice recoveries, current portion	\$ 44,395	\$ 44,653
Estimated malpractice recoveries, net of current	<u>34,042</u>	<u>37,392</u>
Total assets	<u>\$ 78,437</u>	<u>\$ 82,045</u>
Current portion of estimated malpractice costs	\$ 44,395	\$ 44,653
Estimated malpractice costs, net of current portion	<u>34,042</u>	<u>37,392</u>
Total liabilities	<u>\$ 78,437</u>	<u>\$ 82,045</u>

The assets and liabilities represent JHHS' estimated self-insured captive insurance recoveries for claims reserves and certain claims in excess of self-insured retention levels. The insurance recoveries and liabilities have been allocated between short-term and long-term assets and liabilities based upon the expected timing of the claims payments.

Professional and general liability insurance expense incurred by JHHS was \$55.4 and \$53.5 million for the years ended June 30, 2018 and 2017, respectively. Reserves were \$174.8 million and \$177.3 million as of June 30, 2018 and 2017, respectively.

**13. Related Party Transactions**

During the years ended June 30, 2018 and 2017, JHHS and its Affiliates engaged in various related party transactions. These transactions were not eliminated because these entities are not consolidated. The following is a summary of the significant related party transactions and balances for the year ended June 30:

(Expense) transactions (in thousands):

	<b>2018</b>	<b>2017</b>
Pharmacy management and patient discharge planning costs to JHHCG	\$ (35,121)	\$ (32,617)
Security and management of housekeeping and parking garage services provided by Broadway Services, Inc	(22,117)	(21,856)
Utility, telecommunication and clinical application services provided by JHMI Utilities, LLC	(107,907)	(103,280)

**The Johns Hopkins Health System Corporation and Affiliates**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

Due from/(to) related party balances as of June 30 (in thousands):

	2018	2017
Note receivable - JHMI Utilities, LLC	\$ 15,834	\$ 11,294
Note receivable - JHI	3,317	3,145
Note receivable - FSK Land Corporation	1,454	\$ -
Due from other affiliates, net	4,562	3,573
Due from affiliates, current portion, net	<u>\$ 25,167</u>	<u>\$ 18,012</u>
Note receivable - JHMI Utilities, LLC	\$ 65,429	\$ 80,684
Note receivable - JHI	7,197	10,516
Note receivable - FSK Land Corporation	17,986	\$ -
Due from other affiliates	6,668	5,190
Due from affiliates, net of current portion	<u>\$ 97,280</u>	<u>\$ 96,390</u>

Affiliate Notes Receivable:

JHHS has made loans to certain non-controlled affiliates that do not consolidate within JHHS. The loans to these affiliates do not eliminate in consolidation. The short-term portion of these notes receivable are included in Due from affiliates, current portion, and the long-term portion is included in Due from affiliates, net of current portion in the Consolidated Balance Sheets.

JHH and JHHSC have affiliate notes receivable with JHMI Utilities, LLC. JHH's note receivable has a balance of \$5.0 million as of June 30, 2018 and 2017. JHHSC's note receivable has a balance of \$60.4 million and \$87.0 million as of June 30, 2018 and 2017, respectively. The JHH note receivable has an initial repayment date of December 1, 2019, accrues interest in the initial period at a fixed rate of 6.0%, with interest payments paid monthly. The JHHSC note receivable is due in April 2023, accrues interest at a fixed rate of 5.85%, with principal and interest payments paid monthly.

JHH has an affiliate note receivable with JHI. JHH's note receivable has a balance of \$10.5 million and \$13.7 million as of June 30, 2018 and 2017, respectively. The note is due in June 2021, accrues interest in the initial period at a fixed rate of 5.4%, with principal payments paid quarterly and interest payments paid monthly.

**14. Contracts, Commitments and Contingencies**

There are several lawsuits pending in which JHHS has been named as a defendant. In the opinion of JHHS' management, after consultation with legal counsel, the potential liability, in the event of adverse settlement, will not have a material impact on JHHS' financial position.

In one case, on April 1, 2015, a complaint was filed against the University, its Bloomberg School of Public Health and its School of Medicine, JHHSC and JHH (collectively the "Johns Hopkins Defendants"), as well as another institution and a pharmaceutical company. The claims arise from human experiments conducted in Guatemala between 1946 and 1948 (the "Study") under the auspices of the United States Public Health Service, the Guatemala government, and the Pan American Sanitary Bureau. The plaintiffs' third amended complaint alleges that physicians and scientists employed by defendants "approved, encouraged, and directed nonconsensual and nontherapeutic human experiments in Guatemala" in which research subjects were intentionally exposed to and infected with venereal diseases without informed consent, and that the individuals

# The Johns Hopkins Health System Corporation and Affiliates

## Notes to Consolidated Financial Statements

### For the Years Ended June 30, 2018 and 2017

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were not told about the consequences of the experiments or given follow-up care, treatment, or education. The third amended complaint alleges claims under both the Guatemala civil code and the federal Alien Tort Statute (the “ATS”), and seeks compensatory damages in excess of \$75,000 and punitive damages of \$1 billion. The Johns Hopkins Defendants dispute both the factual allegations and legal claims in the complaint. The Johns Hopkins Defendants did not initiate, pay for, direct, or conduct the Study. In 2010, the United States government accepted responsibility for the Study and apologized to all who were affected by it. A prior lawsuit against officials of the United States government for the same injuries alleged in the suit against the Johns Hopkins Defendants was dismissed by the U.S. District Court for the District of Columbia.

On August 30, 2016, the Court issued a memorandum decision dismissing all of plaintiffs’ Guatemala law claims, but denying defendants’ motion to dismiss the third amended complaint with respect to the ATS claims. On May 16, 2018, defendants filed a motion for judgment on the pleadings based upon the Supreme Court’s decision in *Jesner v. Arab Bank, PLC*, 138 S. Ct. 1386 (2018), which holds that the ATS does not authorize federal courts to create federal common law causes of action against foreign corporations, as doing so would usurp Congress’s role and violate the separation of powers. Defendants argue that although the Supreme Court’s formal holding applied to foreign corporations—the only type of corporation that was a party to the case—the Supreme Court’s reasoning should apply to domestic corporations as well. Although a hearing was originally set for July 26, 2018, the judge assigned to the case retired suddenly, and the case was reassigned to the Honorable Theodore D. Chuang. The hearing has not yet been rescheduled. In the meantime, discovery is underway. The Johns Hopkins Defendants intend to vigorously defend this lawsuit.

#### JHHS

JHHS has agreements with the University, under which the University provides medical administration and educational services, conducts medical research programs, provides patient care medical services, provides resident physicians who furnish services at JHHS hospitals, and provides certain other administrative and technical support services through the physicians employed by The Johns Hopkins University School of Medicine (“JHUSOM”). Compensation for providing medical administration and educational services is paid to the University by JHHS; funding for services in conducting medical research is paid from grant funds and by JHHS; compensation for patient care medical care services is derived from billings to patients (or third-party payors) by the University; and compensation for other support services is paid to the University by JHHS. The aggregate amount of purchased services incurred by JHHS under these agreements was \$339.4 million and \$319.9 million for the years ended June 30, 2018 and 2017, respectively.

Commitments for leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2018, that have initial or remaining lease terms in excess of one year (in thousands).

2019	\$	29,272
2020		25,540
2021		23,050
2022		20,217
2023		18,422

Rental expense for all operating leases for the years ended June 30, 2018 and 2017 amounted to \$53.9 million and \$41.3 million, respectively.

**The Johns Hopkins Health System Corporation and Affiliates**  
**Notes to Consolidated Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

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**The Johns Hopkins Hospital**

In 2005, JHH and the University created a Limited Liability Company (JHMI Utilities, LLC) to provide utility and telecommunication services for their East Baltimore Campus. Each member owns 50% of the LLC and shares equally in the governance of the LLC. The LLC has also assumed the liability for the JHH's 1985 Pooled Loan obligation of \$8.5 million. The cost of acquiring and upgrading the existing utility facilities, the construction of a new power plant and an upgrade of the telecommunication system have been financed through the issuance of tax exempt bonds by MHHEFA and the proceeds of the Pooled Loan program sponsored by MHHEFA. JHH and the University have guaranteed the total debt issued by MHHEFA. As of June 30, 2018, the amount of the debt guarantee by JHH was \$98.8 million. JHH accounts for this investment under the equity method of accounting.

JHH has pledged investments, having an aggregate market value of \$28.9 million and \$25.9 million as of June 30, 2018 and 2017, for JHHS compliance with regulations of the Workers Compensation Commission and the Department of Economic and Employment Development's Unemployment Insurance Fund. These investments are included in assets whose use is limited by board of trustees in the Consolidated Balance Sheet.

**15. Functional Expenses**

JHHS provides general health care services to residents within its geographic location as well as to national and international patients. Expenses related to providing these services for the years ended June 30 consisted of the following (in thousands):

	<b>2018</b>	<b>2017</b>
Health care services	\$ 5,062,180	\$ 4,799,216
General and administrative services	1,284,624	1,182,344
Fundraising	7,218	6,797
Program service	14,588	11,497
Total operating expenses	<u>\$ 6,368,610</u>	<u>\$ 5,999,854</u>

**16. The Johns Hopkins Hospital Endowment Fund, Incorporated**

The Endowment Corporation was organized for the purpose of holding and managing the endowment and certain other funds transferred from and for the benefit of JHHS. The affairs of the Endowment Corporation are managed by a Board of Trustees, comprised of Trustees who are self-perpetuating. Neither JHHS nor any Affiliate holds legal title to any Endowment Corporation funds. The Board of Trustees may, in its discretion, award funds from the Endowment Corporation to organizations other than JHHS if the Board of Trustees determines that doing so is for the support, benefit of, or in furtherance of the mission of JHHS. Accordingly, these amounts are not presented in the consolidated financial statements of JHHS and its Affiliates until they are subsequently distributed to JHHS and its affiliates from the Endowment Corporation. The Endowment Corporation's net assets were \$702.3 million and \$676.2 million as of June 30, 2018 and 2017, respectively. The Endowment Corporation's distributions from net assets to JHHS and its affiliates were \$13.2 million and \$11.6 million for the years ended June 30, 2018 and 2017, respectively, and were recorded as other revenue.

**17. Subsequent Events**

JHHS has performed an evaluation of subsequent events through September 27, 2018, which is the date the financial statements were issued.

## **Supplementary Information**



## Report of Independent Auditors

To the Board of Trustees of  
The Johns Hopkins Health System Corporation and Affiliates

We have audited the consolidated financial statements of The Johns Hopkins Health System Corporation and Affiliates as of June 30, 2018 and 2017 and for the years then ended and our report thereon appears on pages 1 and 2 of this document. Those audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating 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 taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and changes in net assets and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and changes in net assets and cash flows of the individual companies.

*PricewaterhouseCoopers LLP*

September 27, 2018

# The Johns Hopkins Health System Corporation and Affiliates

## Supplementary Consolidating Balance Sheets

### June 30, 2018

(in thousands)

	The Johns Hopkins Hospital	Johns Hopkins Bayview Medical Center, Inc.	Howard County General Hospital, Inc.	Suburban Hospital, Inc. and Consolidated Entities	Sibley Memorial Hospital	Sibley Other Affiliates	Johns Hopkins All Children's Hospital, Inc.	The Johns Hopkins Health System Corporation	Suburban Hospital Healthcare System, Inc.	Eliminations	Johns Hopkins Health System Obligated Group Subtotal	Johns Hopkins HealthCare LLC and Subsidiaries	Johns Hopkins HealthCare Imaging	Howard Hospital Foundation	Johns Hopkins All Children's Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
<b>ASSETS</b>																		
Current assets:																		
Cash and cash equivalents	\$ 80,848	\$ 20,060	\$ 10,414	\$ 10,424	\$ 28,692	\$ 3,617	\$ 31,561	\$ 200,154	\$ 87	\$ -	\$ 385,857	\$ 134,719	\$ 14,395	\$ 1,153	\$ 4,970	\$ 38,699	\$ -	\$ 579,793
Short-term investments	-	150	49	407	772	170	100	55,407	200	-	57,255	-	-	-	129	-	-	57,384
Assets whose use is limited - used for curr liabs	12,864	-	-	1,479	-	-	-	-	-	-	14,343	-	-	-	-	-	-	14,343
Patient accounts receivables, net of estimated uncollectibles of \$107,397	291,818	58,492	30,409	36,467	39,363	-	81,735	-	152	-	538,436	60,994	-	-	-	18,871	(34,349)	583,952
Due from others, current portion	49,253	6,999	906	3,810	4,690	111	3,445	4,343	294	-	73,851	23,350	1,907	19	137	7,483	-	106,747
Due from affiliates, current portion	16,333	320	359	963	-	-	1,187	80,535	178	(59,543)	40,332	22,911	3,779	-	4	44,415	(76,149)	36,292
Inventories of supplies	69,999	10,510	5,012	10,958	7,078	-	10,597	7,863	194	-	122,211	-	-	-	-	275	-	122,486
Estimated malpractice recoveries, current portion	25,469	2,760	1,109	921	1,881	-	6,810	-	-	-	38,960	992	-	-	-	4,453	-	44,395
Prepaid expenses and other current assets	12,714	1,512	936	4,155	4,242	33	5,249	2,562	138	-	31,541	13,089	15	12	34	1,743	-	46,434
Total current assets	559,298	100,803	49,194	69,584	86,718	3,931	140,684	350,864	1,243	(59,543)	1,302,776	256,055	20,096	1,184	5,274	115,939	(110,498)	1,590,826
Assets whose use is limited																		
By donors or grantors for:																		
Pledges receivable	875	186	-	7,777	-	11,971	205	-	-	-	21,014	-	-	3,963	5,849	-	-	30,826
Other	6,584	7,824	-	24,389	4,372	49,573	6,255	-	-	-	98,997	-	-	3,400	16,799	-	-	119,196
By Board of Trustees	68,086	54,243	20,046	-	73,447	337,980	15,801	-	-	-	569,603	-	-	-	713	-	-	570,316
Other	2,318	964	18,406	111	-	-	70,058	15,990	222	-	108,069	200	-	-	-	-	(88,331)	19,938
Total assets whose use is limited	77,863	63,217	38,452	32,277	77,819	399,524	92,319	15,990	222	-	797,683	200	-	7,363	23,361	-	(88,331)	740,276
Investments	1,059,366	62,064	144,754	325,097	409,315	14,011	393,193	253,515	22,841	-	2,684,156	235,146	-	9,339	116,316	32,240	(93,048)	2,984,149
Property, plant and equipment	2,289,910	534,021	285,162	346,063	676,881	198	648,617	157,115	80,279	-	5,018,246	59,410	20,420	519	23,318	108,809	-	5,230,722
Less: allowance for depreciation and amort	(1,024,887)	(330,268)	(136,309)	(156,788)	(146,506)	(43)	(209,534)	(85,793)	(43,102)	-	(2,133,230)	(21,763)	(13,111)	(67)	(4,044)	(84,238)	-	(2,256,453)
Total property, plant and equipment, net	1,265,023	203,753	148,853	189,275	530,375	155	439,083	71,322	37,177	-	2,885,016	37,647	7,309	452	19,274	24,571	-	2,974,269
Due from affiliates, net of current portion	131,464	-	2,985	1,529	-	-	-	1,392,637	-	(1,396,012)	132,603	-	-	-	-	1,197	(36,520)	97,280
Estimated malpractice recoveries, net of current portion	19,529	2,116	850	706	1,443	-	5,222	-	-	-	29,866	761	-	-	-	3,415	-	34,042
Swap counterparty deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,851	-	33,851
Other assets	6,947	-	31	-	3,488	-	-	1,457	1,792	-	13,715	5	7,446	-	-	1,602	-	22,768
Total assets	\$ 3,119,490	\$ 431,953	\$ 385,119	\$ 618,468	\$ 1,109,158	\$ 417,621	\$ 1,070,501	\$ 2,085,785	\$ 63,275	\$ (1,455,555)	\$ 7,845,815	\$ 529,814	\$ 34,851	\$ 18,338	\$ 164,225	\$ 212,815	\$ (328,397)	\$ 8,477,461
<b>LIABILITIES AND NET ASSETS</b>																		
Current liabilities:																		
Current portion of long-term debt and obligations under capital leases																		
\$ 19,879	\$ 6,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,520	\$ 22,526	\$ 1,962	\$ -	\$ 53,182	\$ -	\$ 843	\$ -	\$ -	\$ -	\$ -	\$ 54,025
Accounts payable and accrued liabilities	188,422	47,182	18,258	37,083	40,545	6,015	58,314	106,409	675	-	502,903	87,396	1,084	(1)	555	54,833	-	646,770
Medical claims reserve	-	-	-	-	-	-	-	-	-	-	-	157,627	-	-	-	-	-	(39,443)
Deferred revenue	2,711	5,804	461	89	1,292	-	1,057	375	-	-	11,789	127,209	-	2	-	1,826	-	140,826
Due to affiliates, current portion	29,897	7,062	9,614	6,686	17,672	56	41,152	3,028	545	(59,543)	56,169	14,152	1,610	51	1,505	7,693	(71,055)	10,125
Accrued vacation	21,398	6,373	6,700	8,012	9,625	79	4,067	16,811	83	-	73,148	12	162	-	-	7,072	-	80,394
Advances from third-party payors	81,956	14,878	10,189	7,073	-	-	-	-	-	-	114,096	-	-	-	-	-	-	114,096
Current portion of est malpractice costs	26,609	2,928	1,175	939	1,961	-	7,099	-	-	-	40,711	-	-	-	-	4,817	-	46,559
Total current liabilities	370,872	90,522	46,397	59,882	71,095	6,150	114,209	149,149	3,265	(59,543)	851,998	387,427	3,699	52	2,060	76,241	(110,498)	1,210,979
Long-term debt and obligations under capital leases, net of current portion																		
146,053	59,707	-	-	-	-	-	96,247	1,665,810	25,898	-	1,993,715	-	2,708	-	-	-	-	1,996,423
Est malpractice costs, net of current portion	72,670	9,926	3,910	1,572	5,963	-	19,211	-	-	-	113,252	2,573	-	-	-	12,428	-	128,253
Net pension liability	360,595	149,617	1,901	3,121	-	-	-	217,784	-	-	733,018	-	-	-	-	-	-	733,018
Other long-term liabilities	766,690	63,288	186,674	140,200	308,607	216	152,628	2,283	227	(1,396,012)	224,801	916	1,823	13	422	41,667	(36,520)	233,122
Total liabilities	1,716,880	373,060	238,882	204,775	385,665	6,366	382,295	2,035,026	29,390	(1,455,555)	3,916,784	390,916	8,230	65	2,482	130,336	(147,018)	4,301,795
Net assets:																		
Unrestricted	1,394,528	50,883	135,169	382,751	719,792	365,224	669,536	50,759	33,885	-	3,802,526	138,898	26,621	7,963	52,972	81,593	(101,011)	4,009,562
Temporarily restricted	8,082	3,486	7,669	18,983	1,856	34,121	4,836	-	-	-	79,033	-	-	6,910	81,375	886	(65,318)	102,886
Permanently restricted	-	4,524	3,400	11,959	1,845	11,910	13,834	-	-	-	47,472	-	-	3,400	27,396	-	(15,050)	63,218
Total net assets	1,402,610	58,893	146,237	413,693	723,493	411,255	688,206	50,759	33,885	-	3,929,031	138,898	26,621	18,273	161,743	82,479	(181,379)	4,175,666
Total liabilities and net assets	\$ 3,119,490	\$ 431,953	\$ 385,119	\$ 618,468	\$ 1,109,158	\$ 417,621	\$ 1,070,501	\$ 2,085,785	\$ 63,275	\$ (1,455,555)	\$ 7,845,815	\$ 529,814	\$ 34,851	\$ 18,338	\$ 164,225	\$ 212,815	\$ (328,397)	\$ 8,477,461

# The Johns Hopkins Health System Corporation and Affiliates

## Supplementary Consolidating Balance Sheets

### June 30, 2017

(in thousands)

	The Johns Hopkins Hospital	Johns Hopkins Bayview Medical Center, Inc.	Howard County General Hospital, Inc.	Suburban Hospital, Inc. and Consolidated Entities	Sibley Memorial Hospital	Sibley Other Affiliates	Johns Hopkins Children's Hospital, Inc.	The Johns Hopkins Health System Corporation	Suburban Hospital Healthcare System, Inc.	Eliminations	Johns Hopkins Health System Obligated Group Subtotal	Johns Hopkins HealthCare LLC and Subsidiaries	Johns Hopkins HealthCare Imaging	Howard Hospital Foundation	Johns Hopkins All Children's Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
<b>ASSETS</b>																		
<b>Current assets:</b>																		
Cash and cash equivalents	\$85,367	\$6,828	\$7,445	\$11,202	\$35,622	\$1,525	\$28,050	\$216,326	\$73	\$0	\$392,438	\$121,804	\$4,738	\$1,106	\$8,797	\$37,448	\$0	\$566,331
Short-term investments	-	150	49	204	773	275	300	150,256	-	-	152,007	-	-	-	427	-	-	152,434
Assets whose use is limited - used for curr liabs	12,704	-	-	1,479	-	-	-	-	-	-	14,183	-	-	-	-	-	-	14,183
Patent accounts receivables, net of estimated uncollectibles of \$106,622	305,228	57,155	30,675	30,007	27,785	-	53,520	-	38	-	504,408	56,495	79	-	-	17,881	(39,311)	539,552
Due from others, current portion	46,006	6,883	791	3,850	5,454	100	3,344	4,772	136	-	71,136	13,926	1,828	22	67	-	-	93,437
Due from affiliates, current portion	16,398	1,899	336	2,364	-	-	1,941	59,209	236	(38,794)	43,599	26,804	3,391	-	1	42,401	(85,269)	30,917
Inventories of supplies	64,250	10,695	4,661	10,297	5,315	-	12,326	4,899	162	-	112,605	-	-	-	-	204	-	112,809
Estimated malpractice recoveries, current portion	25,311	2,913	1,104	931	2,511	-	6,629	-	-	-	39,399	818	-	-	-	4,436	-	44,653
Prepaid expenses and other current assets	10,159	1,791	1,438	3,608	3,741	49	6,298	2,499	73	-	29,656	38,059	37	18	239	1,732	-	69,741
<b>Total current assets</b>	<b>565,423</b>	<b>88,114</b>	<b>46,499</b>	<b>63,942</b>	<b>81,201</b>	<b>1,949</b>	<b>112,408</b>	<b>437,961</b>	<b>718</b>	<b>(38,794)</b>	<b>1,359,421</b>	<b>257,906</b>	<b>10,073</b>	<b>1,146</b>	<b>9,531</b>	<b>110,560</b>	<b>(124,580)</b>	<b>1,624,057</b>
<b>Assets whose use is limited</b>																		
<b>By donors or grantors for:</b>																		
Pledges receivable	1,288	161	-	6,331	-	12,325	177	-	-	-	20,282	-	-	5,910	8,572	148	-	34,912
Other	853	7,752	-	21,312	4,419	44,802	7,059	-	-	-	86,197	-	-	3,400	14,952	-	-	104,549
By Board of Trustees	67,941	43,492	30,000	36,905	98,985	328,376	19,616	-	-	-	625,315	-	-	-	865	-	-	626,180
Other	9,311	930	18,212	281	-	69,619	-	14,973	190	-	113,516	200	-	-	-	-	(87,698)	26,018
<b>Total assets whose use is limited</b>	<b>79,393</b>	<b>52,335</b>	<b>48,212</b>	<b>64,829</b>	<b>103,404</b>	<b>385,503</b>	<b>96,471</b>	<b>14,973</b>	<b>190</b>	<b>-</b>	<b>845,310</b>	<b>200</b>	<b>-</b>	<b>9,310</b>	<b>24,389</b>	<b>148</b>	<b>(87,698)</b>	<b>791,659</b>
Investments	939,266	84,623	136,899	312,720	347,134	13,461	424,656	197,262	22,982	-	2,488,833	198,975	-	7,341	108,887	32,469	(94,173)	2,740,932
Property, plant and equipment	2,307,144	513,157	268,035	284,929	594,802	198	583,312	148,133	75,743	-	4,779,453	48,101	17,499	519	23,318	102,811	-	4,671,701
Less: allowance for depreciation and amort	(980,519)	(303,157)	(123,639)	(147,427)	(114,511)	(37)	(185,577)	(78,162)	(40,514)	-	(1,973,543)	(13,615)	(10,632)	(27)	(3,550)	(79,771)	-	(2,081,138)
<b>Total property, plant and equipment, net</b>	<b>1,326,625</b>	<b>210,000</b>	<b>144,396</b>	<b>137,502</b>	<b>480,291</b>	<b>161</b>	<b>397,735</b>	<b>69,971</b>	<b>39,229</b>	<b>-</b>	<b>2,805,910</b>	<b>34,486</b>	<b>6,867</b>	<b>492</b>	<b>19,768</b>	<b>23,040</b>	<b>-</b>	<b>2,890,563</b>
Due from affiliates, net of current portion	153,871	436	320	2,537	543	-	405	1,152,349	-	(1,165,125)	145,336	-	-	-	-	1,329	(50,275)	96,390
Estimated malpractice recoveries, net of current portion	21,131	2,432	921	777	2,096	-	5,535	-	-	-	32,892	796	-	-	-	3,704	-	37,392
Swap counterparty deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,095	-	46,095
Other assets	6,947	-	24	-	11,598	-	-	6,556	1,465	-	26,590	5	8,521	-	-	2,008	-	37,124
<b>Total assets</b>	<b>\$ 3,092,656</b>	<b>\$ 447,940</b>	<b>\$ 377,181</b>	<b>\$ 582,307</b>	<b>\$ 1,026,267</b>	<b>\$ 401,074</b>	<b>\$ 1,037,210</b>	<b>\$ 1,879,092</b>	<b>\$ 64,484</b>	<b>\$ (1,203,919)</b>	<b>\$ 7,704,292</b>	<b>\$ 490,368</b>	<b>\$ 25,461</b>	<b>\$ 18,289</b>	<b>\$ 162,575</b>	<b>\$ 219,353</b>	<b>\$ (356,726)</b>	<b>\$ 8,263,612</b>
<b>LIABILITIES AND NET ASSETS</b>																		
<b>Current liabilities:</b>																		
Current portion of long-term debt and obligations under capital leases	\$ 285,464	\$ 5,838	\$ -	\$ -	\$ -	\$ -	\$ 1,900	\$ 247,288	\$ 1,706	\$ -	\$ 542,196	\$ (9)	\$ 588	\$ -	\$ -	\$ -	\$ -	\$ 542,775
Accounts payable and accrued liabilities	168,460	46,894	20,399	32,986	29,446	6,245	41,596	102,185	501	-	448,712	57,402	1,365	1	390	53,721	-	561,591
Medical claims reserve	-	-	-	-	-	-	-	-	-	-	-	161,207	-	-	-	-	-	119,631
Deferred revenue	-	5,966	401	170	1,577	-	2,322	375	-	-	10,811	117,232	-	7	-	1,074	-	129,124
Due to affiliates, current portion	22,559	7,875	10,143	5,558	7,028	62	34,818	5,197	145	(38,794)	54,591	16,487	1,387	189	3,963	17,292	(83,004)	12,905
Accrued vacation	20,511	6,282	6,528	7,837	11,410	66	4,934	15,908	89	-	73,565	-	-	-	-	4,707	-	78,272
Advances from third-party payors	91,478	21,045	10,305	7,658	-	-	9,021	-	-	-	139,507	-	-	-	-	-	-	139,507
Current portion of est malpractice costs	26,640	3,086	1,171	949	2,597	-	7,984	-	-	-	42,427	-	-	-	-	4,817	-	47,244
<b>Total current liabilities</b>	<b>615,112</b>	<b>96,986</b>	<b>48,947</b>	<b>55,158</b>	<b>52,058</b>	<b>6,373</b>	<b>102,575</b>	<b>370,953</b>	<b>2,441</b>	<b>(38,794)</b>	<b>1,311,809</b>	<b>354,319</b>	<b>3,340</b>	<b>197</b>	<b>4,353</b>	<b>81,611</b>	<b>(124,580)</b>	<b>1,631,049</b>
Long-term debt and obligations under capital leases, net of current portion	165,241	65,995	-	-	-	-	91,900	1,236,503	27,860	-	1,587,499	-	783	-	-	-	-	1,588,282
Est malpractice costs, net of current portion	72,986	10,133	3,918	1,934	8,304	-	19,734	-	-	-	117,009	-	-	-	-	13,048	-	130,057
Net pension liability	382,682	161,234	1,649	4,487	-	-	-	211,387	-	-	761,439	-	-	-	-	-	-	761,439
Other long-term liabilities	552,859	66,803	194,074	141,871	314,821	-	162,036	8,302	219	(1,165,125)	275,860	3,207	2,456	13	372	54,096	(50,275)	285,729
<b>Total liabilities</b>	<b>1,788,880</b>	<b>401,151</b>	<b>248,588</b>	<b>203,450</b>	<b>375,183</b>	<b>6,373</b>	<b>376,245</b>	<b>1,827,145</b>	<b>30,520</b>	<b>(1,203,919)</b>	<b>4,053,616</b>	<b>357,526</b>	<b>6,579</b>	<b>210</b>	<b>4,725</b>	<b>148,755</b>	<b>(174,855)</b>	<b>4,396,556</b>
<b>Net assets:</b>																		
Unrestricted	1,277,176	38,876	116,246	351,214	647,260	351,763	642,152	49,499	33,964	-	3,508,150	132,842	18,882	6,178	48,245	69,599	(100,351)	3,683,545
Temporarily restricted	26,600	3,389	8,947	16,709	1,979	31,192	5,431	2,448	-	-	96,895	-	-	8,501	83,957	999	(66,904)	123,248
Permanently restricted	-	4,524	3,400	10,934	1,845	11,746	13,382	-	-	-	45,831	-	-	3,400	25,648	-	(14,616)	60,263
<b>Total net assets</b>	<b>1,303,776</b>	<b>46,789</b>	<b>128,593</b>	<b>378,857</b>	<b>651,084</b>	<b>394,701</b>	<b>660,965</b>	<b>51,947</b>	<b>33,964</b>	<b>-</b>	<b>3,650,676</b>	<b>132,842</b>	<b>18,882</b>	<b>18,079</b>	<b>157,850</b>	<b>70,598</b>	<b>(181,871)</b>	<b>3,867,056</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,092,656</b>	<b>\$ 447,940</b>	<b>\$ 377,181</b>	<b>\$ 582,307</b>	<b>\$ 1,026,267</b>	<b>\$ 401,074</b>	<b>\$ 1,037,210</b>	<b>\$ 1,879,092</b>	<b>\$ 64,484</b>	<b>\$ (1,203,919)</b>	<b>\$ 7,704,292</b>	<b>\$ 490,368</b>	<b>\$ 25,461</b>	<b>\$ 18,289</b>	<b>\$ 162,575</b>	<b>\$ 219,353</b>	<b>\$ (356,726)</b>	<b>\$ 8,263,612</b>

**The Johns Hopkins Health System Corporation and Affiliates**  
**Supplementary Consolidating Statements of Operations and Changes in Net Assets**  
**June 30, 2018**  
**(in thousands)**

	The Johns Hopkins Hospital	Johns Hopkins Bayview Medical Center, Inc.	Howard County General Hospital, Inc.	Suburban Hospital, Inc. and Consolidated Entities	Sibley Memorial Hospital	Sibley Other Affiliates	Johns Hopkins All Children's Hospital, Inc.	The Johns Hopkins Health System Corporation	Suburban Hospital Healthcare System, Inc.	Eliminations	Johns Hopkins System Obligated Group Subtotal	Johns Hopkins HealthCare LLC and Subsidiaries	Johns Hopkins HealthCare Imaging	Howard Hospital Foundation	Johns Hopkins All Children's Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
<b>Operating revenues:</b>																		
Net patient service revenue before provision for bad debts	\$ 2,074,422	\$ 585,632	\$ 274,894	\$ 288,603	\$ 350,640	\$ -	\$ 447,246	\$ -	\$ 2,991	\$ -	\$ 4,024,428	\$ 2,042,605	\$ -	\$ -	\$ -	\$ 700,673	\$ (987,511)	\$ 5,780,195
Provision for bad debts	(33,103)	(15,665)	(6,768)	(6,872)	(12,581)	-	(11,474)	-	(15)	-	(86,478)	(5,878)	-	-	-	(9,771)	-	(102,127)
Net patient service revenue, less the provision for bad debts	2,041,319	569,967	268,126	281,731	338,059	-	435,772	-	2,976	-	3,937,950	2,036,727	-	-	-	690,902	(987,511)	5,678,068
Other revenue	365,931	55,293	5,409	20,397	35,813	1,173	57,263	408,219	9,303	(258,715)	700,086	84,805	45,659	864	7,662	199,337	(237,118)	801,295
Investment income	15,421	2,495	2,735	4,788	7,363	6,180	10,205	8,404	220	-	57,811	3,487	-	92	2,600	59	-	64,049
Net assets released from restrict used for operations	152	722	625	1,755	2,421	334	1,164	-	-	-	7,173	-	-	1,527	6,360	20	-	15,080
<b>Total operating revenues</b>	<b>2,422,823</b>	<b>628,477</b>	<b>276,895</b>	<b>308,671</b>	<b>383,656</b>	<b>7,667</b>	<b>504,404</b>	<b>416,623</b>	<b>12,499</b>	<b>(258,715)</b>	<b>4,703,020</b>	<b>2,125,019</b>	<b>45,659</b>	<b>2,483</b>	<b>16,622</b>	<b>890,318</b>	<b>(1,224,629)</b>	<b>6,558,492</b>
<b>Operating expenses:</b>																		
Salaries, wages and benefits	826,137	261,421	128,956	132,074	152,651	1,247	222,394	198,661	1,605	-	1,925,146	123,766	16,156	769	2,759	305,512	(11,829)	2,362,279
Purchased services	729,506	217,328	76,316	68,616	66,782	2,098	133,170	146,229	4,282	(216,443)	1,227,884	1,967,113	12,757	606	11,371	552,970	(1,168,212)	2,604,489
Supplies and other	634,638	104,354	39,376	75,207	94,890	71	76,831	2,121	1,895	-	1,029,383	5,280	3,809	32	423	25,941	(9,178)	1,055,690
Interest	20,107	3,379	6,028	3,111	10,632	-	4,110	51,426	2,540	(42,272)	59,061	541	215	-	72	240	(137)	59,992
Depreciation and amortization	129,216	31,095	12,711	16,184	36,527	6	26,874	12,141	2,914	-	267,688	8,159	4,515	40	494	5,284	-	286,160
<b>Total operating expenses</b>	<b>2,339,604</b>	<b>617,577</b>	<b>263,387</b>	<b>295,192</b>	<b>361,482</b>	<b>3,422</b>	<b>463,379</b>	<b>410,578</b>	<b>13,236</b>	<b>(258,715)</b>	<b>4,509,142</b>	<b>2,104,859</b>	<b>37,452</b>	<b>1,447</b>	<b>15,119</b>	<b>889,947</b>	<b>(1,189,356)</b>	<b>6,368,610</b>
Income from operations	83,219	10,900	13,508	13,479	22,174	4,265	41,025	6,045	(737)	-	193,878	20,160	8,207	1,036	1,503	371	(35,273)	189,882
<b>Non-operating revenues and expenses:</b>																		
Interest expense on swap agreements	(14,987)	(1,409)	(1,169)	(447)	-	-	(2,499)	-	-	-	(20,511)	-	-	-	-	-	-	(20,511)
Change in fair value of interest swap agreements	36,095	2,470	3,139	569	-	-	5,934	-	-	-	48,207	-	-	-	-	-	-	48,207
Net realized and changes in unrealized gains (losses) on investments	33,155	2,423	2,639	15,467	39,534	31,052	11,888	(5,565)	694	-	131,287	(1,456)	-	380	4,556	-	-	134,767
Loss on advance refunding of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other components of net periodic pension cost	(41,731)	(13,562)	(837)	328	595	-	-	(10,139)	-	-	(65,346)	(3,312)	(468)	-	-	(5,274)	-	(74,400)
Other non-operating expenses	(10,311)	(11)	713	4	(2,201)	-	(12,440)	(5,775)	-	-	(30,021)	-	-	-	-	(194)	-	(28,540)
Excess of revenues over (under) expenses before noncontrolling interests	85,440	811	17,993	29,400	60,102	35,317	43,908	(15,434)	(43)	-	257,494	15,392	7,739	1,416	6,059	(5,097)	(33,598)	249,405
Noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	12,567	-	-	(1,833)	(2,867)	-	7,867
Excess of revenues over (under) expenses	85,440	811	17,993	29,400	60,102	35,317	43,908	(15,434)	(43)	-	257,494	27,959	7,739	1,416	6,059	(6,930)	(36,465)	257,272
Contributions (to) from affiliates	(17,000)	-	292	-	-	-	(16,524)	18,000	-	-	(15,232)	(9,336)	-	(649)	(1,209)	17,091	34,046	24,711
Change in funded status of defined benefit plans	28,314	10,195	244	733	(9,572)	-	(6,647)	-	-	-	23,267	-	-	-	-	-	-	23,267
Net assets released from restrictions used for purchases of property, plant, and equipment	20,598	1,001	393	1,404	146	-	1,121	-	-	-	24,663	-	-	-	-	-	-	24,663
Noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	(12,567)	-	-	-	1,833	2,867	(7,867)
Other	-	-	-	-	21,857	(21,857)	-	4,220	(36)	-	4,184	-	-	1,018	(123)	-	(1,108)	3,971
Increase (decrease) in unrestricted net assets	117,352	12,007	18,922	31,537	72,533	13,460	27,384	1,260	(79)	-	294,376	6,056	7,739	1,785	4,727	11,994	(660)	326,017
<b>Changes in temporarily restricted net assets:</b>																		
Gifts, grants and bequests	2,232	1,820	(260)	5,433	(32)	5,739	569	1,121	-	-	16,622	-	-	954	3,887	(93)	568	21,938
Net assets released from restrictions used for purchases of property, plant, and equipment	(20,598)	(1,001)	(393)	(1,404)	-	(146)	-	(1,121)	-	-	(24,663)	-	-	-	-	-	-	(24,663)
Net assets released from restrict used for operations	(152)	(722)	(625)	(1,755)	(92)	(2,663)	(1,164)	-	-	-	(7,173)	-	-	(1,527)	(6,360)	(20)	-	(15,080)
Other	-	-	-	-	-	-	(2,448)	-	-	-	(2,448)	-	-	(1,018)	(109)	-	1,018	(2,557)
(Decrease) increase in temporarily restricted net assets	(18,518)	97	(1,278)	2,274	(124)	2,930	(595)	(2,448)	-	-	(17,662)	-	-	(1,591)	(2,582)	(113)	1,586	(20,332)
<b>Changes in permanently restricted net assets:</b>																		
Gifts, grants and bequests	-	-	-	1,025	-	164	452	-	-	-	1,641	-	-	-	1,748	-	(434)	2,955
Increase in permanently restricted net assets	-	-	-	1,025	-	164	452	-	-	-	1,641	-	-	-	1,748	-	(434)	2,955
<b>Increase (decrease) in net assets</b>	<b>98,834</b>	<b>12,104</b>	<b>17,644</b>	<b>34,836</b>	<b>72,409</b>	<b>16,554</b>	<b>27,241</b>	<b>(1,188)</b>	<b>(79)</b>	<b>-</b>	<b>278,355</b>	<b>6,056</b>	<b>7,739</b>	<b>194</b>	<b>3,893</b>	<b>11,881</b>	<b>492</b>	<b>308,610</b>
Net assets at beginning of year	1,303,776	46,789	128,593	378,857	651,084	394,701	660,965	51,947	33,964	-	3,650,676	132,842	18,882	18,079	157,850	70,598	(181,871)	3,867,056
<b>Net assets at end of year</b>	<b>\$ 1,402,610</b>	<b>\$ 58,893</b>	<b>\$ 146,237</b>	<b>\$ 413,693</b>	<b>\$ 723,493</b>	<b>\$ 411,255</b>	<b>\$ 688,206</b>	<b>\$ 50,759</b>	<b>\$ 33,885</b>	<b>\$ -</b>	<b>\$ 3,929,031</b>	<b>\$ 138,898</b>	<b>\$ 26,621</b>	<b>\$ 18,273</b>	<b>\$ 161,743</b>	<b>\$ 82,479</b>	<b>\$ (181,379)</b>	<b>\$ 4,175,666</b>

**The Johns Hopkins Health System Corporation and Affiliates**  
**Supplementary Consolidating Statements of Operations and Changes in Net Assets**  
**June 30, 2017**  
**(in thousands)**

	The Johns Hopkins Hospital	Johns Hopkins Bayview Medical Center, Inc.	Howard County General Hospital, Inc.	Suburban Hospital, Inc. and Consolidated Entities	Sibley Memorial Hospital	Sibley Other Affiliates	Johns Hopkins All Children's Hospital, Inc.	The Johns Hopkins Health System Corporation	Suburban Hospital Healthcare System, Inc.	Eliminations	Johns Hopkins Health System Obligated Group Subtotal	Johns Hopkins HealthCare LLC and Subsidiaries	Johns Hopkins HealthCare Imaging	Howard Hospital Foundation	Johns Hopkins All Children's Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
<b>Operating revenues:</b>																		
Net patient service revenue before provision for bad debts	\$ 2,042,462	\$ 564,352	\$ 265,216	\$ 273,890	\$ 291,224	\$ -	\$ 417,287	\$ -	\$ 7,260	\$ -	\$ 3,861,691	\$ 1,886,493	\$ -	\$ -	\$ -	\$ 683,329	\$ (959,596)	\$ 5,471,917
Provision for bad debts	(40,121)	(9,710)	(5,379)	(6,072)	(10,402)	-	(8,931)	-	(16)	-	(80,631)	(6,069)	-	-	-	(14,096)	-	(100,796)
Net patient service revenue, less the provision for bad debts	2,002,341	554,642	259,837	267,818	280,822	-	408,356	-	7,244	-	3,781,060	1,880,424	-	-	-	669,233	(959,596)	5,371,121
Other revenue	323,315	52,722	5,698	21,330	31,451	1,331	49,710	324,424	8,239	(230,422)	587,798	73,942	32,036	140	6,021	162,812	(169,032)	693,717
Investment income	13,395	2,083	3,071	4,334	6,934	5,603	7,203	61,143	239	-	104,005	1,491	-	19	1,564	719	(42,411)	65,387
Net assets released from restrict used for operations	465	837	4,911	1,478	2,592	2,475	2,155	-	-	-	14,913	-	-	1,104	6,754	15	-	22,786
<b>Total operating revenues</b>	<b>2,339,516</b>	<b>610,284</b>	<b>273,517</b>	<b>294,960</b>	<b>321,799</b>	<b>9,409</b>	<b>467,424</b>	<b>385,567</b>	<b>15,722</b>	<b>(230,422)</b>	<b>4,487,776</b>	<b>1,955,857</b>	<b>32,036</b>	<b>1,263</b>	<b>14,339</b>	<b>832,779</b>	<b>(1,171,039)</b>	<b>6,153,011</b>
<b>Operating expenses:</b>																		
Salaries, wages and benefits	797,617	258,387	126,582	126,416	154,200	981	206,954	178,741	3,363	-	1,853,241	114,133	11,502	265	2,277	283,407	(11,103)	2,253,722
Purchased services	701,378	204,174	70,850	68,352	64,551	2,223	110,629	152,085	6,450	(198,761)	1,181,931	1,788,171	10,063	200	10,965	529,400	(1,117,481)	2,403,249
Supplies and other	610,171	105,421	42,707	72,493	76,964	20	69,583	3,103	2,237	-	982,699	4,829	3,362	23	503	26,174	-	1,017,610
Interest	18,124	3,138	5,758	1,726	9,530	-	4,464	35,597	2,679	(31,661)	49,355	207	102	-	93	48	(44)	49,761
Depreciation and amortization	131,045	28,568	12,524	13,298	29,862	7	26,603	14,261	3,014	-	259,182	5,890	4,042	21	498	5,879	-	275,512
<b>Total operating expenses</b>	<b>2,258,335</b>	<b>599,688</b>	<b>258,421</b>	<b>282,285</b>	<b>335,107</b>	<b>3,231</b>	<b>418,233</b>	<b>383,787</b>	<b>17,743</b>	<b>(230,422)</b>	<b>4,326,408</b>	<b>1,913,230</b>	<b>29,091</b>	<b>509</b>	<b>14,336</b>	<b>844,908</b>	<b>(1,128,628)</b>	<b>5,999,854</b>
Income from operations	81,181	10,596	15,096	12,675	(13,308)	6,178	49,191	1,780	(2,021)	-	161,368	42,627	2,945	754	3	(12,129)	(42,411)	153,157
<b>Non-operating revenues and expenses:</b>																		
Interest expense on swap agreements	(17,424)	(1,914)	(1,385)	(679)	-	-	(3,003)	-	-	-	(24,405)	-	-	-	-	-	-	(24,405)
Change in fair value of interest swap agreements	58,738	3,648	5,948	919	-	-	11,541	-	-	-	80,794	-	-	-	-	-	-	80,794
Net realized and changes in unrealized gains (losses) on investments	52,328	3,145	4,837	22,980	39,691	36,112	28,026	(874)	1,285	-	187,530	(943)	-	310	8,206	-	-	195,103
Loss on advance refunding of debt	(15,530)	-	-	-	-	-	-	-	-	-	(15,530)	-	-	-	-	-	-	(15,530)
Other components of net periodic pension cost	(31,443)	(12,232)	(607)	(383)	940	-	-	(8,653)	-	-	(52,378)	(2,110)	(246)	-	-	(3,942)	-	(58,676)
Other non-operating expenses	(9,302)	33	889	58	(106)	-	(12,439)	(4,983)	-	-	(25,850)	(4,193)	-	-	-	(113)	375	(29,781)
Excess of revenues over (under) expenses before noncontrolling interests	118,548	3,276	24,778	35,570	27,217	42,290	73,316	(12,730)	(736)	-	311,529	35,381	2,699	1,064	8,209	(16,184)	(42,036)	300,662
Noncontrolling interests	-	-	-	-	-	-	-	-	(22)	-	(22)	8,529	-	-	-	1,228	(5,637)	4,098
<b>Excess of revenues over (under) expenses</b>	<b>118,548</b>	<b>3,276</b>	<b>24,778</b>	<b>35,570</b>	<b>27,217</b>	<b>42,290</b>	<b>73,316</b>	<b>(12,730)</b>	<b>(758)</b>	<b>-</b>	<b>311,507</b>	<b>43,910</b>	<b>2,699</b>	<b>1,064</b>	<b>8,209</b>	<b>(14,956)</b>	<b>(47,673)</b>	<b>304,760</b>
<b>Contributions from (to) affiliates:</b>																		
Change in funded status of defined benefit plans	67,429	25,840	285	2,652	(1,169)	-	(22,164)	-	-	-	72,873	-	-	-	-	-	-	72,873
Net assets released from restrictions used for purchases of property, plant, and equipment	3,840	103	84	623	8,070	-	1,584	88	-	-	14,392	-	-	-	-	-	-	14,392
Noncontrolling interests	-	-	-	-	-	-	-	-	22	-	(8,529)	-	-	-	-	(1,228)	-	(4,098)
Other	-	-	120	119	9,723	(9,723)	-	(11)	1,359	-	1,587	10,014	-	4,994	4,278	2,784	(7,810)	15,847
<b>Increase (decrease) in unrestricted net assets</b>	<b>191,042</b>	<b>29,219</b>	<b>24,445</b>	<b>40,264</b>	<b>43,841</b>	<b>32,567</b>	<b>58,565</b>	<b>(29,826)</b>	<b>(1,677)</b>	<b>-</b>	<b>388,440</b>	<b>51,563</b>	<b>2,699</b>	<b>6,058</b>	<b>3,209</b>	<b>9,353</b>	<b>(53,275)</b>	<b>408,047</b>
<b>Changes in temporarily restricted net assets:</b>																		
Gifts, grants and bequests	19,939	(193)	2,021	5,890	(6)	5,105	945	702	-	-	34,403	-	-	697	6,614	178	535	42,427
Net assets released from restrictions used for purchases of property, plant, and equipment	(3,840)	(103)	(84)	(623)	-	(8,070)	(1,584)	(88)	-	-	(14,392)	-	-	-	-	-	-	(14,392)
Net assets released from restrict used for operations	(465)	(837)	(4,911)	(1,478)	(2,592)	(2,475)	(2,155)	-	-	-	(14,913)	-	-	(1,104)	(6,754)	(15)	-	(22,786)
Other	-	-	(120)	-	2,889	(2,889)	-	2	-	-	(18)	-	-	(4,994)	(4,278)	(16)	-	(6,755)
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>15,634</b>	<b>(1,133)</b>	<b>(3,094)</b>	<b>3,789</b>	<b>291</b>	<b>(8,329)</b>	<b>(2,794)</b>	<b>616</b>	<b>-</b>	<b>-</b>	<b>4,980</b>	<b>-</b>	<b>-</b>	<b>(5,401)</b>	<b>(4,418)</b>	<b>147</b>	<b>7,290</b>	<b>2,598</b>
<b>Changes in permanently restricted net assets:</b>																		
Gifts, grants and bequests	-	999	-	15	-	(1,432)	553	-	-	-	135	-	-	-	2,741	-	(536)	2,340
<b>Increase (decrease) in permanently restricted net assets</b>	<b>-</b>	<b>999</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>(1,432)</b>	<b>553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,741</b>	<b>-</b>	<b>(536)</b>	<b>2,340</b>
<b>Increase (decrease) in net assets</b>	<b>206,676</b>	<b>29,085</b>	<b>21,351</b>	<b>44,068</b>	<b>44,132</b>	<b>22,806</b>	<b>56,324</b>	<b>(29,210)</b>	<b>(1,677)</b>	<b>-</b>	<b>393,555</b>	<b>51,563</b>	<b>2,699</b>	<b>657</b>	<b>1,532</b>	<b>9,500</b>	<b>(46,521)</b>	<b>412,985</b>
Net assets at beginning of year	1,097,100	17,704	107,242	334,789	606,952	371,895	604,641	81,157	35,641	-	3,257,121	81,279	16,183	17,422	156,318	61,098	(135,350)	3,454,071
<b>Net assets at end of year</b>	<b>\$ 1,303,776</b>	<b>\$ 46,789</b>	<b>\$ 128,593</b>	<b>\$ 378,857</b>	<b>\$ 651,084</b>	<b>\$ 394,701</b>	<b>\$ 660,965</b>	<b>\$ 51,947</b>	<b>\$ 33,964</b>	<b>\$ -</b>	<b>\$ 3,650,676</b>	<b>\$ 132,842</b>	<b>\$ 18,882</b>	<b>\$ 18,079</b>	<b>\$ 157,850</b>	<b>\$ 70,598</b>	<b>\$ (181,871)</b>	<b>\$ 3,867,056</b>

# **The Johns Hopkins Health System Corporation and Affiliates**

## **Notes to Supplementary Consolidating Financial Statements**

### **for the year ended June 30, 2018 and 2017**

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#### **1. Basis of Presentation and Accounting**

The Supplementary Consolidating Financial Statements presented on pages 43-46 were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial positions and changes in net assets of the individual companies within JHHS and are not a required part of the consolidated financial statements. The individual affiliates within JHHS as presented within the supplementary consolidating financial statements are disclosed within Note 1 to the consolidated financial statements.