

PUBLIC DISCLOSURE COPY

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2021

Open to Public Inspection

Form 990

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

Do not enter social security numbers on this form as it may be made public. Go to www.irs.gov/Form990 for instructions and the latest information.

Department of the Treasury Internal Revenue Service

A For the 2021 calendar year, or tax year beginning 07/01, 2021, and ending 06/30, 2022

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization: **FREDERICK HEALTH HOSPITAL, INC.**
 Doing business as
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
400 WEST SEVENTH STREET
 City or town, state or province, country, and ZIP or foreign postal code
FREDERICK, MD 21701

D Employer identification number: **52-0591612**

E Telephone number: **(240) 566-3000**

G Gross receipts \$: **444,579,628**

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list. See instructions.
H(c) Group exemption number ▶

I Tax-exempt status: 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

J Website: ▶ **WWW.FREDERICKHEALTH.ORG**

K Form of organization: Corporation Trust Association Other ▶ **L** Year of formation: **1897** **M** State of legal domicile: **MD**

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: TO POSITIVELY IMPACT THE WELL-BEING OF EVERY INDIVIDUAL IN OUR COMMUNITY.		
	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)	3	18
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	15
	5	Total number of individuals employed in calendar year 2021 (Part V, line 2a)	5	3,571
	6	Total number of volunteers (estimate if necessary)	6	286
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	527,031
	b	Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year 14,123,721	Current Year 2,164,588
	9	Program service revenue (Part VIII, line 2g)	401,077,347	406,201,939
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	23,432,513	9,572,985
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	41,288	432,921
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	438,674,869	418,372,433
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	194,650,075	214,900,164
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	36,000	33,000
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 579,554		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	189,822,978	191,098,059
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	384,509,053	406,031,223
	19	Revenue less expenses. Subtract line 18 from line 12	54,165,816	12,341,210
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year 696,031,572	End of Year 635,327,125
	21	Total liabilities (Part X, line 26)	368,824,007	336,326,595
	22	Net assets or fund balances. Subtract line 21 from line 20	327,207,565	299,000,530

Part II Signature Block

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

Sign Here Signature of officer: *Hannah R Jacobs* Date: **5/10/2023**
 Type or print name and title: **HANNAH R JACOBS, SR VP, CFO**

Paid Preparer Use Only Print/Type preparer's name: **MELANIE MCPEAK** Preparer's signature: *Melanie M. Peak* Date: **05/12/2023** Check if self-employed PTIN: **P01346034**
 Firm's name ▶ **ERNST & YOUNG US LLP** Firm's EIN ▶ **34-6565596**
 Firm's address ▶ **201 N FRANKLIN ST, TAMPA, FL 33602** Phone no. **(813) 225-4800**

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

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11282Y Form 990 (2021)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III Yes No

1 Briefly describe the organization's mission:
TO POSITIVELY IMPACT THE WELL-BEING OF EVERY INDIVIDUAL IN OUR COMMUNITY.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 52,852,334 including grants of \$ 0) (Revenue \$ 94,568,288)
SEE SCHEDULE O.

4b (Code:) (Expenses \$ 30,343,663 including grants of \$ 0) (Revenue \$ 59,325,599)
SEE SCHEDULE O.

4c (Code:) (Expenses \$ 22,595,846 including grants of \$ 0) (Revenue \$ 51,068,277)
SEE SCHEDULE O.

4d Other program services (Describe on Schedule O.)
(Expenses \$ 239,924,302 including grants of \$ 0) (Revenue \$ 200,641,966)

4e Total program service expenses ▶ 345,716,145

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

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

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

Part V Statements Regarding Other IRS Filings and Tax Compliance <i>(continued)</i>		Yes	No		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,571		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. See instructions.	2b		✓	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		✓	
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	3b		✓	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			✓
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a			✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	Organizations that may receive deductible contributions under section 170(c).				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			✓
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			✓
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			✓
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8			
9	Sponsoring organizations maintaining donor advised funds.				
a	Did the sponsoring organization make any taxable distributions under section 4966?	9a			
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b			
10	Section 501(c)(7) organizations. Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations. Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.				
a	Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			✓
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	14b			
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.	15		✓	
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16			✓
17	Section 501(c)(21) organizations. Did the trust, any disqualified person, or mine operator engage in any activities that would result in the imposition of an excise tax under section 4951, 4952 or 4953? If "Yes," complete Form 6069.	17			

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		
	1a 18		
b	Enter the number of voting members included on line 1a, above, who are independent		
	1b 15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		<input checked="" type="checkbox"/>
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?		<input checked="" type="checkbox"/>
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	<input checked="" type="checkbox"/>	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		<input checked="" type="checkbox"/>
6	Did the organization have members or stockholders?	<input checked="" type="checkbox"/>	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	<input checked="" type="checkbox"/>	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	<input checked="" type="checkbox"/>	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	<input checked="" type="checkbox"/>	
b	Each committee with authority to act on behalf of the governing body?	<input checked="" type="checkbox"/>	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O		<input checked="" type="checkbox"/>

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	<input checked="" type="checkbox"/>	
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?	<input checked="" type="checkbox"/>	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<input checked="" type="checkbox"/>	
b	Describe on Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	<input checked="" type="checkbox"/>	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input checked="" type="checkbox"/>	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe on Schedule O how this was done.	<input checked="" type="checkbox"/>	
13	Did the organization have a written whistleblower policy?	<input checked="" type="checkbox"/>	
14	Did the organization have a written document retention and destruction policy?	<input checked="" type="checkbox"/>	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	<input checked="" type="checkbox"/>	
b	Other officers or key employees of the organization	<input checked="" type="checkbox"/>	
	If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	<input checked="" type="checkbox"/>	
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?	<input checked="" type="checkbox"/>	

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► MD
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain on Schedule O)
- 19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records ►
 HANNAH R. JACOBS, 400 WEST SEVENTH STREET, FREDERICK, MD 21701, (240) 566-3350

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

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

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

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

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

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

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/ 1099-MISC/ 1099-NEC)	(E) Reportable compensation from related organizations (W-2/ 1099-MISC/ 1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) THOMAS A. KLEINHANZL PRESIDENT AND CEO	40.0 10.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1,172,096	0	367,679
(2) MICHELLE K. MAHAN SR. VP AND CFO (ENDED 4/4/22)	40.0 6.0	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	688,930	0	80,702
(3) CHERYL L. CIOFFI SVP COO	14.0 26.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	530,783	0	52,553
(4) MIHIR M. JANI, M.D. CHIEF OF STAFF	2.0 42.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	537,424	29,523
(5) DONALD R. SCHILLING VP AMBULATORY SERVICES	6.0 34.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	348,874	0	28,173
(6) MARY A. MCDONALD MEDICAL DIR HOSPICE	4.0 36.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	338,576	0	29,874
(7) KATHY J. WEISHAAR VP MEDICAL AFFAIRS & CMO	40.0 2.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	321,621	0	23,925
(8) CHRISTOPHER M. BUMBAUGH VP HUMAN RESOURCES	30.0 10.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	313,465	0	28,114
(9) HEATHER R. KIRBY VP INTEGRATED CARE DELIVERY & CPHO	36.0 4.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	307,940	0	27,586
(10) DIANE M. MCFARLAND CHIEF NURSING OFFICER	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	322,169	0	12,337
(11) JENNIFER G. TEETER VP CLINICAL INTEGRATION	16.0 24.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	314,601	0	14,695
(12) JACKIE L. RICE VP CHIEF INFORMATION OFFICER	33.0 7.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	314,858	0	13,508
(13) TAMARA L. KILE MEDICAL DIRECTOR	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	276,482	0	30,665
(14) HANNAH R. JACOBS SR. VP & CFO (STARTED 4/4/22)	40.0 6.0	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	277,122	0	25,790

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) CRAIG F. ROSENDALE VP CHIEF COMPLIANCE OFFICER	40.0 0.0				✓			270,335	0	24,645
(16) DUSTIN M. SIMONSON CHIEF PHYSICIST SUPV	40.0 0.0					✓		263,553	0	28,610
(17) JAMIE B. WHITE VP QLTY ASSURANCE & CQO	40.0 0.0				✓			273,129	0	15,760
(18) MICHAEL T. EWING DIRECTOR OF SUPPLY CHAIN	40.0 0.0					✓		239,574	0	21,698
(19) MICHAEL G. MCLANE JR. VP SUPPORT SVCS	37.0 7.0				✓			232,967	0	24,431
(20) CARLOS T. GRAVERAN DIRECTOR-HOSPICE	24.0 16.0					✓		227,554	0	25,547
(21) ROBIN R. ROSE VP DEVELOPMENT	40.0 0.0				✓			202,278	0	24,776
(22) JAMES B. SHERWOOD VP BUSINESS DEV AND STRATEGY	40.0 0.0				✓			206,593	0	9,641
(23) MARY D. BARTON VP BUSINESS DEV AND STRATEGY	30.0 10.0				✓			191,650	0	12,265
(24) BRENT L. PURSCHELLEY AVP AMBULATORY SERVICES	40.0 0.0				✓			176,228	0	23,937
(25) (SEE STATEMENT)										
1b Subtotal								7,811,378	537,424	976,434
c Total from continuation sheets to Part VII, Section A								173,670	0	8,503
d Total (add lines 1b and 1c)								7,985,048	537,424	984,937

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 **▶** 299

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
TX:TEAM REHAB, INC., 9101 WESLEYAN RD, SUITE 100, INDIANAPOLIS, IN 46268	REHAB SERVICES	8,782,325
QUALIVIS, 5930 CORNERSTONE CT, SAN DIEGO, CA 92121	LABORATORY SERVICES	1,706,925
QUEST DIAGNOSTICS, PO BOX 740709, ATLANTA, GA 30374	LABORATORY SERVICES	1,535,698
NEXERA, 13034 BALLANTINE CORP PL, CHARLOTTE, NC 28277	CONSULTING SERVICES	1,093,383
MED SPEED, 140 INDUSTRIAL DR, ELMHURST, IL 60126	COURIER SERVICES	959,027

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 **▶** 67

Part VIII Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants, and Other Similar Amounts	1a Federated campaigns	1a	0				
	b Membership dues	1b	0				
	c Fundraising events	1c	0				
	d Related organizations	1d	0				
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	2,164,588				
	g Noncash contributions included in lines 1a-1f	1g	\$ 20,124				
	h Total. Add lines 1a-1f		2,164,588				
	Program Service Revenue			Business Code			
2a INPATIENT REVENUE		624110	220,808,067	220,808,067	0	0	
b OUTPATIENT REVENUE		621410	179,168,812	179,168,812	0	0	
c COVID RELIEF FUNDS		900099	3,221,384	3,221,384	0	0	
d ALL OTHER PROGRAM SERVICE		525990	3,003,676	3,003,676	0	0	
e							
f All other program service revenue			0	0	0	0	
g Total. Add lines 2a-2f		406,201,939					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		3,920,520	0	527,031	3,393,489	
	4 Income from investment of tax-exempt bond proceeds		0	0	0	0	
	5 Royalties		0	0	0	0	
	6a Gross rents	6a	(i) Real	1,030,730	0		
			(ii) Personal	0	0		
				1,030,730	0		
	b Less: rental expenses	6b	0	0			
	c Rental income or (loss)	6c	1,030,730	0			
	d Net rental income or (loss)		1,030,730	0	0	1,030,730	
	7a Gross amount from sales of assets other than inventory	7a	(i) Securities	31,854,788	4,872		
			(ii) Other	0	0		
				26,207,195	0		
	b Less: cost or other basis and sales expenses	7b	26,207,195	0			
	c Gain or (loss)	7c	5,647,593	4,872			
	d Net gain or (loss)		5,652,465	0	0	5,652,465	
	8a Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c). See Part IV, line 18	8a		0			
				0			
			0				
b Less: direct expenses	8b	0					
c Net income or (loss) from fundraising events		0		0	0		
9a Gross income from gaming activities. See Part IV, line 19	9a		0				
			0				
			0				
b Less: direct expenses	9b	0					
c Net income or (loss) from gaming activities		0	0	0	0		
10a Gross sales of inventory, less returns and allowances	10a		0				
			0				
			0				
b Less: cost of goods sold	10b	0					
c Net income or (loss) from sales of inventory		0	0	0	0		
Miscellaneous Revenue			Business Code				
	11a CAFETERIA REVENUE	722511	951,796	951,796	0	0	
	b LOSSES INTEREST RATE SWAP	900099	(1,549,605)	(1,549,605)	0	0	
	c						
	d All other revenue		0	0	0	0	
e Total. Add lines 11a-11d		(597,809)					
12 Total revenue. See instructions		418,372,433	405,604,130	527,031	10,076,684		

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	0	0		
2	Grants and other assistance to domestic individuals. See Part IV, line 22	0	0		
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	7,097,776	0	7,097,776	0
6	Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7	Other salaries and wages	166,521,091	146,486,348	19,844,741	190,002
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	5,267,095	4,443,973	817,358	5,764
9	Other employee benefits	23,384,776	19,715,527	3,643,645	25,604
10	Payroll taxes	12,629,426	10,934,990	1,679,525	14,911
11	Fees for services (nonemployees):				
a	Management	1,521,929	0	1,521,929	0
b	Legal	1,589,048	0	1,589,048	0
c	Accounting	658,920	0	658,920	0
d	Lobbying	22,000	0	22,000	0
e	Professional fundraising services. See Part IV, line 17	33,000			33,000
f	Investment management fees	386,118	0	386,118	0
g	Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Schedule O.)	60,686,775	55,020,443	5,635,462	30,870
12	Advertising and promotion	1,644,315	117,882	1,306,233	220,200
13	Office expenses	8,748,330	7,063,589	1,666,474	18,267
14	Information technology	13,642,108	13,408,916	233,192	
15	Royalties	0	0	0	0
16	Occupancy	6,486,790	6,413,147	73,643	
17	Travel	58,802	40,485	18,251	66
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	81,202	55,908	25,204	90
20	Interest	4,728,177	4,430,302	288,419	9,456
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	27,297,852	19,387,927	7,886,102	23,823
23	Insurance	4,543,165	0	4,543,165	0
24	Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
a	SUPPLIES AND COGS	59,002,528	58,196,708	798,319	7,501
b	-----	0	0	0	0
c	-----	0	0	0	0
d	-----	0	0	0	0
e	All other expenses	0	0	0	0
25	Total functional expenses. Add lines 1 through 24e	406,031,223	345,716,145	59,735,524	579,554
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	0	1	0
	2 Savings and temporary cash investments	85,593,365	2	26,229,436
	3 Pledges and grants receivable, net	5,084,476	3	5,925,638
	4 Accounts receivable, net	60,383,921	4	63,346,659
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)	0	6	0
	7 Notes and loans receivable, net	0	7	0
	8 Inventories for sale or use	8,157,015	8	9,037,232
	9 Prepaid expenses and deferred charges	4,809,768	9	5,366,584
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 646,119,734		
	b Less: accumulated depreciation	10b 389,816,254	240,916,285	10c 256,303,480
	11 Investments—publicly traded securities	190,454,663	11	169,817,089
	12 Investments—other securities. See Part IV, line 11	0	12	0
	13 Investments—program-related. See Part IV, line 11	41,335,598	13	41,205,162
	14 Intangible assets	0	14	0
	15 Other assets. See Part IV, line 11	59,296,481	15	58,095,845
16 Total assets. Add lines 1 through 15 (must equal line 33)	696,031,572	16	635,327,125	
Liabilities	17 Accounts payable and accrued expenses	57,701,830	17	63,399,255
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	0
	20 Tax-exempt bond liabilities	113,909,588	20	109,400,863
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	93,875,000	23	93,057,000
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D	103,337,589	25	70,469,477
	26 Total liabilities. Add lines 17 through 25	368,824,007	26	336,326,595
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions	317,424,195	27	286,696,913
	28 Net assets with donor restrictions	9,783,370	28	12,303,617
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds	0	29	0
	30 Paid-in or capital surplus, or land, building, or equipment fund	0	30	0
	31 Retained earnings, endowment, accumulated income, or other funds	0	31	0
32 Total net assets or fund balances	327,207,565	32	299,000,530	
33 Total liabilities and net assets/fund balances	696,031,572	33	635,327,125	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	418,372,433
2	Total expenses (must equal Part IX, column (A), line 25)	2	406,031,223
3	Revenue less expenses. Subtract line 2 from line 1	3	12,341,210
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	327,207,565
5	Net unrealized gains (losses) on investments	5	(30,122,913)
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain on Schedule O)	9	(10,425,332)
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	299,000,530

Part XII Financial Statements and Reporting

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

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		✓
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	✓	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	✓	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		✓
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits.		

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (Check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(25) KRISTEN B. FLETCHER ----- VP CHIEF COMPLIANCE OFFICER	40.0 ----- 0.0				✓			156,100	0	8,503
(26) MICHELE GHIM, M.D. ----- VICE CHIEF OF STAFF	2.0 ----- 1.0	✓						13,332	0	0
(27) GERRIT SCHIPPER, M.D. ----- PAST CHIEF OF STAFF	2.0 ----- 1.0	✓						4,238	0	0
(28) ALAN D. MAWDSLEY ----- TREASURER	2.0 ----- 2.0	✓		✓				0	0	0
(29) ELIZABETH PAKENAS ----- SECRETARY/TREASURER (ENDED 9/21)	2.0 ----- 1.0	✓		✓				0	0	0
(30) GORDON COOLEY ----- VICE CHAIRMAN	2.0 ----- 4.0	✓		✓				0	0	0
(31) NIKKI MOBERLY ----- SECRETARY	2.0 ----- 2.0	✓		✓				0	0	0
(32) STEPHEN JOHNSON ----- CHAIRMAN	2.0 ----- 2.0	✓		✓				0	0	0
(33) DARYL BOFFMAN ----- DIRECTOR	2.0 ----- 1.0	✓						0	0	0
(34) DOUGLAS STAUFFER ----- DIRECTOR (ENDED 6/16/22)	2.0 ----- 3.0	✓						0	0	0
(35) GEORGE LITRELL III ----- DIRECTOR	2.0 ----- 1.0	✓						0	0	0
(36) J. FREDERICK MANNING ----- PAST CHAIRMAN	1.0 ----- 2.0	✓						0	0	0
(37) JAMES PLAMONDON ----- DIRECTOR	2.0 ----- 1.0	✓						0	0	0
(38) KARLYS KLINE ----- CHAIRMAN, FH DEVELOPMENT COUNCIL	2.0 ----- 1.0	✓						0	0	0
(39) MANO KOILPILLAI ----- DIRECTOR (ENDED 6/28/22)	2.0 ----- 1.0	✓						0	0	0
(40) NANCY NEWMISTER ----- DIRECTOR	2.0 ----- 4.0	✓						0	0	0
(41) PATRICIA HANBERRY ----- DIRECTOR	2.0 ----- 1.0	✓						0	0	0
(42) PATRICIA L. RAY ----- PRESIDENT OF THE AUXILIARY	4.0 ----- 1.0	✓						0	0	0
(43) RICHARD H. OHNMACHT ----- DIRECTOR	2.0 ----- 1.0	✓						0	0	0
(44) SHUCHI SHARMA ----- DIRECTOR	2.0 ----- 4.0	✓						0	0	0

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (Check all that apply)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
(45) THOMAS MUNRO, M.D. ----- CHIEF OF STAFF/DIR. (ENDED 9/21)	5.0 ----- 1.0	✓					0	0	0

**SCHEDULE A
(Form 990)**

Public Charity Status and Public Support

OMB No. 1545-0047

2021

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

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

Name of the organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
--	---

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

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990).)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vii)**. (Complete Part II.)
- 9 An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 An organization that normally receives (1) more than 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations
- g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total					0	0

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2021 (line 6, column (f), divided by line 11, column (f))	14	%
15 Public support percentage from 2020 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2021. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test—2020. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2021. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2020. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a 33 1/3% support tests—2021. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests—2020. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

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

Part IV Supporting Organizations

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

Section A. All Supporting Organizations

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

Part IV Supporting Organizations (continued)

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

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

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

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

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

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

Schedule A (Form 990) 2021

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

Section D—Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	1
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3
4	Amounts paid to acquire exempt-use assets	4
5	Qualified set-aside amounts (prior IRS approval required—provide details in Part VI)	5
6	Other distributions (describe in Part VI). See instructions.	6
7	Total annual distributions. Add lines 1 through 6.	7
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	8
9	Distributable amount for 2021 from Section C, line 6	9
10	Line 8 amount divided by line 9 amount	10

Section E—Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2021	(iii) Distributable Amount for 2021
1 Distributable amount for 2021 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2021 (reasonable cause required—explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2021			
a From 2016			
b From 2017			
c From 2018			
d From 2019			
e From 2020			
f Total of lines 3a through 3e			
g Applied to underdistributions of prior years			
h Applied to 2021 distributable amount			
i Carryover from 2016 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2021 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2021 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2021, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI . See instructions.			
6 Remaining underdistributions for 2021. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2022. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2017 . . .			
b Excess from 2018 . . .			
c Excess from 2019 . . .			
d Excess from 2020 . . .			
e Excess from 2021 . . .			

Schedule B (Form 990)

Department of the Treasury Internal Revenue Service

Schedule of Contributors

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

OMB No. 1545-0047

2021

Name of the organization FREDERICK HEALTH HOSPITAL, INC.

Employer identification number 52-0591612

Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ [x] 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

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

Special Rules

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

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

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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	----- ----- -----	\$ 4,445,003	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	----- ----- -----	\$ 2,560,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	----- ----- -----	\$ 1,177,063	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	----- ----- -----	\$ 259,139	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	----- ----- -----	\$ 80,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	----- ----- -----	\$ 75,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
7	----- ----- -----	\$ ----- 69,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	----- ----- -----	\$ ----- 35,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	----- ----- -----	\$ ----- 30,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	----- ----- -----	\$ ----- 27,500	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
11	----- ----- -----	\$ ----- 25,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
12	----- ----- -----	\$ ----- 25,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
13		\$ 20,124	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
14		\$ 20,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
15		\$ 16,524	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
16		\$ 15,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
17		\$ 15,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
18		\$ 13,750	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
19	----- ----- -----	\$ 12,500	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
20	----- ----- -----	\$ 12,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
21	----- ----- -----	\$ 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
22	----- ----- -----	\$ 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
23	----- ----- -----	\$ 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
24	----- ----- -----	\$ 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
25	----- ----- -----	\$ ----- 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
26	----- ----- -----	\$ ----- 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
27	----- ----- -----	\$ ----- 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
28	----- ----- -----	\$ ----- 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
29	----- ----- -----	\$ ----- 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
30	----- ----- -----	\$ ----- 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
31	----- ----- -----	\$ 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
32	----- ----- -----	\$ 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
33	----- ----- -----	\$ 9,500	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
34	----- ----- -----	\$ 8,044	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
35	----- ----- -----	\$ 8,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
36	----- ----- -----	\$ 7,500	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
37	----- ----- -----	\$ ----- 6,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
38	----- ----- -----	\$ ----- 5,919	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
39	----- ----- -----	\$ ----- 5,675	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
40	----- ----- -----	\$ ----- 5,625	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
41	----- ----- -----	\$ ----- 5,500	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
42	----- ----- -----	\$ ----- 5,250	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
43	----- ----- -----	\$ ----- 5,100	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
44	----- ----- -----	\$ ----- 5,100	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
45	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
46	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
47	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
48	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
49	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
50	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
51	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
52	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
53	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
54	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
55	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
56	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
57	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
58	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
59	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
60	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
61	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
62	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
63	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
64	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
65	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
66	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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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
67	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
68	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
69	----- ----- -----	\$ ----- 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) <small>(See instructions.)</small>	(d) Date received
13	457 SHARES BANK OF AMERICA CORP (BAC) ----- ----- -----	\$ 20,124	12/31/2021
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) <small>(See instructions.)</small>	(d) Date received
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) <small>(See instructions.)</small>	(d) Date received
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) <small>(See instructions.)</small>	(d) Date received
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) <small>(See instructions.)</small>	(d) Date received
-----	----- ----- -----	\$ -----	-----

Name of organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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Part III *Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor.* Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ \$ _____
 Use duplicate copies of Part III if additional space is needed.

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

SCHEDULE C
(Form 990)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2021

Department of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

Open to Public Inspection

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

- Section 501(c)(3) organizations: Complete Parts I-A and 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 FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52-0591612
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

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

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

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		✓	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
c Media advertisements?		✓	
d Mailings to members, legislators, or the public?		✓	
e Publications, or published or broadcast statements?		✓	
f Grants to other organizations for lobbying purposes?		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
i Other activities?	✓		22,000
j Total. Add lines 1c through 1i			22,000
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

SEE NEXT PAGE

Part IV

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

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

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

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.

2021

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization FREDERICK HEALTH HOSPITAL, INC.

Employer identification number 52-0591612

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

Table with 3 columns: Line number, Description, (a) Donor advised funds, (b) Funds and other accounts. Includes rows for total number, aggregate value, and donor/grantee notification questions.

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

Table with 3 columns: Line number, Description, Held at the End of the Tax Year. Includes rows for purpose of easements, total number, acreage, and monitoring details.

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

Table with 3 columns: Line number, Description, Amount. Includes rows for art collection reporting requirements and revenue/asset amounts.

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

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):

- a** Public exhibition
- b** Scholarly research
- c** Preservation for future generations
- d** Loan or exchange program
- e** Other

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

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

Part IV Escrow and Custodial Arrangements.

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

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

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

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

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

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

- a** Board designated or quasi-endowment ▶ 0.00 %
- b** Permanent endowment ▶ 100.00 %
- c** Term endowment ▶ 0.00 %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) Unrelated organizations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(ii) Related organizations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	<input type="checkbox"/>	<input type="checkbox"/>

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,793,774		2,793,774
b Buildings		280,144,309	136,922,797	143,221,512
c Leasehold improvements		20,626,130	15,588,432	5,037,698
d Equipment		297,382,625	237,305,025	60,077,600
e Other		45,172,896		45,172,896
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				256,303,480

Part VII Investments—Other Securities.

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

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

Part VIII Investments—Program Related.

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

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) INVESTMENTS IN SUBSIDIARIES	31,785,157	END OF YEAR MARKET VALUE
(2) ASSETS LIMITED AS TO USE	9,420,005	END OF YEAR MARKET VALUE
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) . ▶	41,205,162	

Part IX Other Assets.

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

(a) Description	(b) Book value
(1) RIGHT OF USE ASSETS	17,929,292
(2) INTERCOMPANY RECEIVABLES	29,948,000
(3) OTHER ASSETS	10,218,553
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	58,095,845

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) LEASES - OPERATING	22,007,298
(3) ADVANCES FROM THIRD PARTIES	22,189,292
(4) INTEREST RATE SWAP	3,514,604
(5) AR CREDIT LIABILITY	4,954,999
(6) MALPRACTICE LIABILITY	4,046,000
(7) OTHER LIABILITIES	306,638
(8) DEFERRED COMP TRUST	3,010,777
(9) LEASES - FINANCING	10,439,869
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	70,469,477

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

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

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include description, sub-row labels (2a-2d, 4a-4b), and final totals (1, 2e, 3, 4c, 5).

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

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include description, sub-row labels (2a-2d, 4a-4b), and final totals (1, 2e, 3, 4c, 5).

Part XIII Supplemental Information.

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

SEE STATEMENT

Series of horizontal dashed lines for providing supplemental information.

Part XIII

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

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

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No. 1545-0047

2021

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

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

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

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

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

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in the region	(d) Activities conducted in the region (by type) (such as, fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in the region	(f) Total expenditures for and investments in the region
(1) CENTRAL AMERICA AND THE CARIBBEAN	1	0	INVESTMENTS		25,658,623
(2) CENTRAL AMERICA AND THE CARIBBEAN	1	0	PROGRAM SERVICES	SELF INSURANCE	4,607,499
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Subtotal	2	0			30,266,122
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	2	0			30,266,122

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

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

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

3 Enter total number of other organizations or entities . . . ▶

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

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

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* Yes No

- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to separately file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A; don't file with Form 990)* Yes No

- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations (see Instructions for Form 5471)* Yes No

- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* Yes No

- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* Yes No

- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713; don't file with Form 990)* Yes No

Part V

Supplemental Information. Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

Return Reference - Identifier	Explanation
SCHEDULE F, PART I, LINE 3 - METHOD USED TO ACCOUNT FOR EXPENDITURES ON ORG'S FINANCIAL STATEMENTS	CENTRAL AMERICA AND THE CARIBBEAN

**SCHEDULE G
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

▶ Attach to Form 990 or Form 990-EZ.

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

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

Part I Fundraising Activities. Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

- 1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a** Mail solicitations
 - b** Internet and email solicitations
 - c** Phone solicitations
 - d** In-person solicitations
 - e** Solicitation of non-government grants
 - f** Solicitation of government grants
 - g** Special fundraising events
- 2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees, or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? **Yes** **No**
- b** If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1 PRIDE PHILANTHROPY, 885 WOODSTOCK RD, ROSWELL, GA 30075-2374	DEV CNSL SV SRVCS		✓	33,000		
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total				33,000	0	0

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

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

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

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

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

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

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

b If "No," explain: _____

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

b If "Yes," explain: _____

- 11** Does the organization conduct gaming activities with nonmembers? Yes No
- 12** Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming? Yes No
- 13** Indicate the percentage of gaming activity conducted in:

a The organization's facility	13a	%
b An outside facility	13b	%

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ► _____

Address ► _____

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

Name ► _____

Address ► _____

16 Gaming manager information:

Name ► _____

Gaming manager compensation ► \$ _____

Description of services provided ► _____

- Director/officer
- Employee
- Independent contractor

17 Mandatory distributions:

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

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

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2021

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization FREDERICK HEALTH HOSPITAL, INC.	Employer identification number 52 0591612
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Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			0	0	0	0.00
b Medicaid (from Worksheet 3, column a)			58,900,534	57,234,981	1,665,553	0.41
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0.00
d Total. Financial Assistance and Means-Tested Government Programs	0	0	58,900,534	57,234,981	1,665,553	0.41
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			4,878,596	553,697	4,324,899	1.07
f Health professions education (from Worksheet 5)			0	0	0	0.00
g Subsidized health services (from Worksheet 6)			34,808,835	0	34,808,835	8.57
h Research (from Worksheet 7)			420,297	72,128	348,169	0.09
i Cash and in-kind contributions for community benefit (from Worksheet 8)			148,317	0	148,317	0.04
j Total. Other Benefits	0	0	40,256,045	625,825	39,630,220	9.76
k Total. Add lines 7d and 7j	0	0	99,156,579	57,860,806	41,295,773	10.17

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

Cat. No. 50192T

Schedule H (Form 990) 2021

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	140,870,807
6 Enter Medicare allowable costs of care relating to payments on line 5	6	133,980,381
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	6,890,426
8 Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest—see instructions)
 How many hospital facilities did the organization operate during the tax year? 1

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

1 **FREDERICK HEALTH HOSPITAL, INC.**
400 WEST SEVENTH STREET, FREDERICK, MD 21701
WWW.FREDERICKHEALTH.ORG STATE LICENSE NO. :
10001

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Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
✓	✓					✓			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

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

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

		Yes	No
Community Health Needs Assessment			
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?		✓
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		✓
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	✓	
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: <u>20 22</u>		
5	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	✓	
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		✓
6b	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	✓	
7	Did the hospital facility make its CHNA report widely available to the public?	✓	
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>(SEE STATEMENT)</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 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	✓	
9	Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 19</u>		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website?	✓	
a	If "Yes," (list url): <u>(SEE STATEMENT)</u>		
b	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
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)?		✓
12b	If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

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

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:	✓	
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>2 0 0</u> % and FPG family income limit for eligibility for discounted care of <u>5 0 0</u> %		
b	<input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input type="checkbox"/> Insurance status		
f	<input type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input checked="" type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	✓	
15	Explained the method for applying for financial assistance? If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):	✓	
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Was widely publicized within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	✓	
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
c	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations		
j	<input checked="" 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 FREDERICK HEALTH HOSPITAL, INC.

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

Policy Relating to Emergency Medical Care

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

Part V Facility Information *(continued)*

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

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

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

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

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 5 - INPUT FROM PERSONS WHO REPRESENT BROAD INTERESTS OF COMMUNITY SERVED</p>	<p>Facility Name: FREDERICK HEALTH HOSPITAL, INC.</p> <p>Description: THE CHNA WAS CONDUCTED BY THE FREDERICK COUNTY HEALTH CARE COALITION, WITH SUPPORT FROM FREDERICK HEALTH HOSPITAL AND FREDERICK COUNTY HEALTH DEPARTMENT. THE HEALTH CARE COALITION IS LED BY A COMMUNITY ADVISORY BOARD COMPRISED OF ORGANIZATIONS AND INDIVIDUALS WITH EXPERTISE IN HEALTH SERVICE DELIVERY, EVALUATION AND PUBLIC HEALTH. A PRIMARY RESPONSIBILITY OF THE COALITION IS TO CONDUCT PERIODIC HEALTH STATUS ASSESSMENTS USING APPROPRIATE PLANNING METHODOLOGIES AND SUBJECT MATTER EXPERTS TO GUIDE THE PLANNING PROCESS.</p> <p>THE CHNA PROCESS INCLUDED THE COLLECTION OF QUANTITATIVE AND QUALITATIVE DATA TO UNDERSTAND THE HEALTH HABITS, PRIORITIES AND ACCESS TO CARE BARRIERS OF THE COMMUNITY AT LARGE, AND AMONG VULNERABLE AND HEALTH DISPARITY POPULATIONS WITHIN FREDERICK COUNTY. THE DATA COLLECTION PROCESS WAS DESIGNED TO SOLICIT INPUT FROM REPRESENTATIVE SAMPLES OF DEMOGRAPHICS, GEOGRAPHIC DISTRIBUTION AND TARGETED POPULATIONS. PUBLIC INPUT WAS OBTAINED THROUGH TWO FORMAL MECHANISMS - COMMUNITY SURVEY AND POPULATION-SPECIFIC FOCUS GROUPS.</p> <p>THE COMMUNITY SURVEY WAS CONDUCTED VIA WEB, WITH AN OPTION TO COMPLETE A WRITTEN SURVEY FOR THOSE WITHOUT INTERNET ACCESS. THE SURVEY CONSISTED OF 50 QUESTIONS, WHICH INCLUDED DEMOGRAPHICS, PERCEPTIONS OF COMMUNITY HEALTH STATUS, BARRIERS TO ACCESSING HEALTH CARE, OPPORTUNITIES TO INCREASE ACCESS TO HEALTH CARE, ENGAGEMENT WITH HEALTH CARE, PERSONAL HEALTH, AND EXPERIENCES WITH SOCIAL DETERMINANTS OF HEALTH. THE WEB SURVEY WAS AVAILABLE IN ENGLISH AND SPANISH; WRITTEN SURVEYS WERE AVAILABLE IN ENGLISH, SPANISH. THE SELECTION OF LANGUAGE OPTIONS WAS BASED ON COUNTY DEMOGRAPHICS AS REPORTED TO LOCAL GOVERNMENT. PARTNER ORGANIZATIONS WERE ENGAGED TO PROMOTE THE SURVEY AND TO PROVIDE ASSISTANCE TO THOSE WHO HAD LITERACY OR LANGUAGE BARRIERS. PRESS RELEASES, AS WELL AS WEB AND SOCIAL MEDIA OUTLETS WERE ALSO UTILIZED TO PROMOTE THE SURVEY TO THE COMMUNITY, YIELDING A STATISTICALLY RELEVANT SAMPLE OF 4,094 RESPONSES. OVERALL, SURVEY RESPONDENTS REFLECTED THE RACIAL AND ETHNICITY COMPOSITION OF THE POPULATION OF FREDERICK COUNTY.</p> <p>FOUR FOCUS GROUPS WERE CONDUCTED ON POPULATIONS FOR WHICH THERE WAS HEALTH DISPARITY OUTCOME DATA. TWO OF THE FOCUS GROUP POPULATIONS WERE IDENTIFIED IN THE PRIOR CHNA AS HAVING ACCESS CONCERNS. THE FOCUS GROUPS INCLUDED AFRICAN AMERICAN WOMEN (PREGNANT/CHILDBEARING), HISPANIC/LATINO WOMEN, VULNERABLE NEIGHBORHOOD (BASED ON SOCIAL VULNERABILITY INDEX SCORES VIA CENSUS TRACT DATA), LOW-INCOME/ALICE SENIORS. THE GOAL OF THE FOCUS GROUPS WAS TO UNDERSTAND THE TARGET POPULATIONS' HEALTH PRIORITIES AND UNDERLYING REASONS, IDENTIFY PERCEIVED/ACTUAL BARRIERS TO CARE, ASSESS POPULATION KNOWLEDGE OF PREVENTIVE SCREENINGS AND SELF-CARE, UNDERSTAND THE RELATIONSHIP OF HEALTH LITERACY TO PERSONAL HEALTH MANAGEMENT, AND IDENTIFY UNIQUE CULTURAL BELIEFS OR BEHAVIORS THAT AFFECT HEALTH OUTCOMES AND HEALTH EQUITY. IN GENERAL, FOCUS GROUP PARTICIPANTS WERE LOWER INCOME, OLDER, AND OF POORER HEALTH THAN THE COMMUNITY POPULATION.</p> <p>FINALLY, A HEALTH EQUITY SURVEY WAS CONDUCTED TO CAPTURE FURTHER INFORMATION ON POTENTIAL VULNERABLE OR OTHER SUB-POPULATIONS IN THE COMMUNITY FOR WHICH HEALTH OUTCOME DATA WAS LIMITED. EIGHT RESPONDENTS PARTICIPATED IN THE HEALTH EQUITY SURVEY WITH INSIGHTS ON ACCESS TO CARE AND SUGGESTIONS FOR IMPROVING THE HEALTH OF THE COMMUNITIES THEY SERVE. THE ADVOCATES REPRESENTED ALICE (ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED), DISABLED, HISPANIC, HOMELESS, LBGTQ, SENIORS AND YOUTH POPULATIONS.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 6B - CHNA CONDUCTED WITH ONE OR MORE ORGANIZATIONS OTHER THAN HOSPITAL FACILITIES</p>	<p>Facility Name: FREDERICK HEALTH HOSPITAL, INC.</p> <p>Description: THE CHNA WAS CONDUCTED BY THE FREDERICK COUNTY HEALTH CARE COALITION, WITH SUPPORT FROM FREDERICK HEALTH HOSPITAL AND THE FREDERICK COUNTY HEALTH DEPARTMENT. THE COALITION IS A NONPROFIT ORGANIZATION FORMED IN 2006 IN RESPONSE TO A NEED TO COORDINATE EFFORTS TO ADDRESS BARRIERS TO HEALTH CARE ACCESS. THE COALITION IS LED BY A COMMUNITY ADVISORY BOARD COMPRISED OF ORGANIZATIONS AND INDIVIDUALS WITH EXPERTISE IN HEALTH SERVICE DELIVERY, EVALUATION AND PUBLIC HEALTH ISSUES. FREDERICK HEALTH HOSPITAL IS A FOUNDING MEMBER OF THE COALITION AND SERVES ON THE BOARD. A PRIMARY RESPONSIBILITY OF THE COALITION IS TO CONDUCT PERIODIC HEALTH STATUS ASSESSMENTS, AND TO CONVENE INTERESTED PARTIES AND THE PUBLIC TO ESTABLISH A LOCAL HEALTH IMPROVEMENT PLAN TO ADDRESS THE TOP HEALTH PRIORITIES.</p> <p>A HEALTH IMPROVEMENT PRIORITY PLANNING SUMMIT WAS HELD ON JANUARY 19, 2022 WITH MORE THAN 140 COMMUNITY PARTICIPANTS. THE SUMMIT INCLUDED REPRESENTATIVES OF COMMUNITY ORGANIZATIONS, BUSINESS, GOVERNMENT, ADVOCATES AND CITIZENS WHO PROVIDED INPUT INTO THE CHNA PRIORITIES.</p> <p>PARTICIPANTS INCLUDED:</p> <ul style="list-style-type: none"> - HEALTH CARE (INCLUDING PROVIDERS OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES) - FREDERICK HEALTH, MISSION OF MERCY, MENTAL HEALTH ASSOCIATION OF FREDERICK COUNTY, CORELIFE, DANY INSTITUTE/CENTRAL EAST MENTAL HEALTH TECHNOLOGY GROUP, ENCOMPASS INTEGRATIVE WELLNESS, LLC, HOME CENTRIS PERSONAL CARE, SHEPPARD PRATT FREDERICK INSURANCE INDUSTRY - AETNA BETTER HEALTH OF MARYLAND, NCI/NIH, - LOCAL GOVERNMENT/LAW ENFORCEMENT - OFFICE OF THE FREDERICK COUNTY EXECUTIVE, FREDERICK COUNTY GOVERNMENT (INCLUDING CITIZENS & SENIOR SERVICES, HEALTH DEPARTMENT DEVELOPMENT CENTER, TRANSIT, FIRE AND RESCUE SERVICES, FAMILY PARTNERSHIP, CHILDREN AND FAMILIES), FREDERICK COUNTY COUNCIL, MARYLAND DEPARTMENT OF HEALTH, OFFICE OF SENATOR VANHÖLLEN - SOCIAL SERVICES ORGANIZATIONS - FREDERICK CITY DEPARTMENT OF HOUSING AND HUMAN NEEDS (ALSO A FEDERALLY QUALIFIED HEALTH CENTER), FREDERICK COUNTY DEPARTMENT OF SOCIAL SERVICES - NONPROFIT ORGANIZATIONS - ASIAN AMERICAN CENTER OF FREDERICK, CHILDREN OF INCARCERATED PARENTS PARTNERSHIP, COMMUNITY COLLABORATION CENTER, CORE SERVICE AGENCY, THE FREDERICK CENTER, THE RANCH, WELLS HOUSE, YMCA OF FREDERICK COUNTY, COMMUNITY ENGAGEMENT AND CONSULTATIVE GROUP, FREDERICK COUNTY HEALTH CARE COALITION, GOLDEN MILE ALLIANCE, HEALTHCARE IS A HUMAN RIGHT FREDERICK CHAPTER, MARYLAND HUNGER SOLUTIONS, NIGERIAN IN FREDERICK, ON OUR OWN - EDUCATIONAL INSTITUTIONS - FREDERICK COUNTY PUBLIC SCHOOLS (INCLUDING NUTRITION SERVICES AND SCHOOL HEALTH COUNCIL), HOOD COLLEGE, UNIVERSITY OF MARYLAND EXTENSION SERVICE, FREDERICK COMMUNITY COLLEGE, GEORGE WASHINGTON UNIVERSITY, UNIVERSITY OF MARYLAND SPH HOROWITZ CENTER FOR HEALTH LITERACY, ZERO TO THREE - PHILANTHROPY - THE UNITED WAY OF FREDERICK COUNTY, THE COMMUNITY FOUNDATION OF FREDERICK, AUSHERMAN FAMILY FOUNDATION, HELEN J. SERINI FOUNDATION, LISTEN LOVE PRAY FOUNDATION, LOVE FOR LOCHLIN FOUNDATION, - BUSINESS - FREDERICK COUNTY CHAMBER OF COMMERCE, LEIDOS BIOMEDICAL RESEARCH, THE FREDERICK NEWS POST, RESTORATION FAMILY CHIROPRACTIC, ANALYTIC-COMMUNICATIONS LLC, CURA STRATEGIES, - RELIGIOUS ORGANIZATIONS - SETON CENTER NATIONAL ACADEMIES/QUINN CHAPEL AMC CHURCH, - SENIOR CARE - ADVOCATES FOR THE AGING IN FREDERICK COUNTY, FREDERICK COUNTY SENIOR SERVICES DIVISION, SENIOR SERVICES ADVISORY BOARD - COMMUNITY REPRESENTATIVES - GENERAL PUBLIC, FREDERICK NEWS POST, ONE FREDERICK COLLABORATIVE, DR. RACHEL MANDEL, SENIOR SERVICES ADVISORY BOARD, - SERVICE/CARE PROVIDERS - COMMUNITY LIVING, INC
<p>SCHEDULE H, PART V, SECTION B, LINE 7 - HOSPITAL FACILITY'S WEBSITE (LIST URL)</p>	<p>YES, THE CHNA IS WIDELY AVAILABLE TO THE PUBLIC ON THE HEALTH SYSTEM WEBSITE HTTPS://WWW.FREDERICKHEALTH.ORG/DOCUMENTS/PAGE%20LINKS/COMMUNITY%20HEALTH/2022-FREDERICK-COUNTY-CHNA-FINAL_202204290701407122.PDF AND THE FREDERICK COUNTY HEALTH DEPARTMENT WEBSITES. FORUMS WERE CONDUCTED IN SEVERAL LOCATIONS WITHIN FREDERICK COUNTY TO REVIEW THE STUDY FINDINGS AND TO ADDRESS PUBLIC QUESTIONS. ADDITIONALLY, THE INTERIM CHNA REPORT WAS POSTED ON THE HEALTH SYSTEM AND FREDERICK COUNTY HEALTH DEPARTMENT WEBSITES FOR PUBLIC COMMENT PRIOR TO FINALIZATION.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 10 - IF "YES", (LIST URL)</p>	<p>HTTPS://WWW.FREDERICKHEALTH.ORG/DOCUMENTS/CHNA-IMPLEMENTATION-STRATEGY-FINAL-DRAFT-10.17.22.PDF</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 11 - HOW HOSPITAL FACILITY IS ADDRESSING NEEDS IDENTIFIED IN CHNA</p>	<p>Facility Name: FREDERICK HEALTH HOSPITAL, INC.</p> <p>Description: THREE CHNA PRIORITIES WERE IDENTIFIED IN THE 2019 ASSESSMENT: - DIABETES - ADVERSE CHILDHOOD EXPERIENCES - MENTAL HEALTH</p> <p>FREDERICK HEALTH HOSPITAL HAS ADOPTED IMPLEMENTATION STRATEGIES AROUND THESE INITIATIVES, AS DESCRIBED BELOW.</p> <p>1. DIABETES: THE GOALS ARE (1) TO INCREASE AWARENESS OF WHAT PRE-DIABETES AND DIABETES IS, INCLUDING MODIFIABLE RISK FACTORS, PARTICULARLY IN POPULATIONS EXPERIENCING A HEALTH DISPARITY, (2) INCREASE SCREENING FOR PRE-DIABETES RISK, ESPECIALLY IN PRIORITY POPULATIONS, TO REDUCE THE INCIDENCE OF DIABETES, (3) IMPROVE THE MANAGEMENT OF INDIVIDUALS WITH DIABETES, ESPECIALLY IN PRIORITY POPULATIONS, OR POPULATIONS EXPERIENCING A HEALTH DISPARITY. FREDERICK HEALTH'S IMPLEMENTATION STRATEGY INCLUDES: (1) CONDUCTING LISTENINGS SESSIONS AND GATHER INPUT FROM PRIORITY POPULATIONS, (2) PROVIDE HEALTH LITERACY TRAINING, (3) LAUNCH A PRE-DIABETES/DIABETES AWARENESS CAMPAIGN, (4) EDUCATE PROVIDERS AND COMMUNITY ORGANIZATIONS, ENGAGE THEM IN RECRUITMENT AND REFERRAL OF PATIENTS/CLIENTS TO PROGRAMS INCLUDING DIABETES PREVENTION AND DIABETES SELF-MANAGEMENT WORKSHOPS, (5) CONDUCT COOKING/MEAL PREP CLASSES, (6) CONDUCT AT LEAST ONE GROCERY STORE TOUR PER MONTH, (7) CONDUCT AT LEAST ONE 5K FUN RUN WITH WALKING OPTIONS.</p> <p>2. ADVERSE CHILDHOOD EXPERIENCES: THE GOALS ARE (1) INCREASE AWARENESS REGARDING ACES - ALL SECTORS OF FREDERICK COUNTY WILL RECOGNIZE THE IMPACT OF TRAUMA ON HEALTH FROM PRECONCEPTION ONWARD AND PROVIDE OR SUPPORT SERVICES FOR RAISING HEALTHY CHILDREN IN SAFE, STABLE AND NURTURING ENVIRONMENTS (2) PREVENTION: ALL FREDERICK COUNTY RESIDENTS WILL HAVE ACCESS TO EVIDENCE BASED OR RESEARCH-INFORMED PROGRAMS, RESOURCES, INFORMATION, AND SKILLS TO RAISE HEALTHY CHILDREN IN SAFE, STABLE AND NURTURING ENVIRONMENTS (3) TREATMENT AND INTERVENTION: AN EQUITABLE COMMUNITY-WIDE SYSTEM FOR TRAUMA-INFORMED CARE PROVIDES ACCESSIBLE EVIDENCE-BASED TREATMENTS FROM TRAINED, KNOWLEDGEABLE, AND CULTURALLY LITERATE SPECIALIST IN ADEQUATE SUPPLY. FREDERICK HEALTH'S IMPLEMENTATION STRATEGY INCLUDES: (1) PROMOTE TRAININGS AND WORKSHOPS PROVIDING CMES AND CEUS AS ABLE, (2) PLAN AND IMPLEMENT THE FAMILY CONNECTS UNIVERSAL HOME VISITING PROGRAM, (3) COLLABORATE WITH THE ADVERSE CHILDHOOD EXPERIENCES WORKGROUP TO OUTREACH AND ENGAGE PEDIATRIC PRACTICES TO ENSURE KNOWLEDGE AND UNDERSTANDING OF ACES AND THE IMPORTANCE OF PREVENTION, TREATMENT AND INTERVENTION.</p> <p>3. MENTAL HEALTH: THE GOALS ARE: (1) REDUCE THE NUMBER OF PEOPLE THAT DIE BY SUICIDE IN FREDERICK COUNTY, (2) REDUCE THE STIGMA ABOUT MENTAL HEALTH ISSUES AND SERVICES, (3) FREDERICK COUNTY RESIDENTS WILL BE ABLE TO ACCESS THE FULL CONTINUUM OF CULTURALLY COMPETENT, TRAUMA-INFORMED, HIGH QUALITY MENTAL HEALTH TREATMENT SERVICES IN A TIMELY MANNER, THROUGH AN INCREASED CAPACITY FOR MENTAL HEALTH PROFESSIONALS AND OTHER TRAINED SUPPORT PERSONS. FREDERICK HEALTH IMPLEMENTATION STRATEGY INCLUDES: (1) ACTIVELY ENGAGE IN SUICIDE PREVENTIONS COALITION, (2) COLLABORATE WITH THE LHIP WORKGROUP IN A SUSTAINABLE CAMPAIGN THAT REDUCES MENTAL HEALTH STIGMA THROUGH EDUCATION ABOUT THE IMPORTANCE OF NORMALCY OF MENTAL HEALTH NEEDS AND SERVICES, (3) PROVIDE EDUCATION FROM THE ANTI-STIGMA CAMPAIGN TO STAFF AND PATIENTS FROM A PERSONAL AND PROFESSIONAL PERSPECTIVE, (4) EXPLORE OPPORTUNITIES TO EXPAND BEHAVIORAL HEALTH AVAILABILITY AT THE COMPREHENSIVE CARE CENTER TO ASSIST WITH MEDICATION MANAGEMENT AND TO BRIDGE SERVICES TO COMMUNITY BASED MENTAL HEALTH PROVIDERS, (5) PROVIDE OPPORTUNITIES FOR COMMUNITY HEALTH WORKERS AND PEER RECOVERY SPECIALIST TO ASSIST PROVIDERS IN ALLEVIATING THE BARRIERS TO CARE AND ASSIST WITH ADDRESSING SOCIAL DETERMINANTS OF HEALTH, (6) EXPLORE PARTNERSHIPS WITH ORGANIZATIONS ENROLLED IN HRSA PROGRAMS THAT MAY PROVIDE OPPORTUNITIES FOR PAID INTERNSHIPS AND OR CREATE A PROFESSIONAL PIPELINE FOR INDIVIDUALS INTERESTED IN MENTAL HEALTH PROFESSIONS.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 13H - OTHER ELIGIBILITY CRITERIA FOR FINANCIAL ASSISTANCE</p>	<p>Facility Name: FREDERICK HEALTH HOSPITAL, INC.</p> <p>Description: STATE REGULATIONS.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 16A - FAP AVAILABLE WEBSITE</p>	<p>HTTPS://WWW.FREDERICKHEALTH.ORG/ABOUT/BILLING-FINANCIAL-ASSISTANCE/</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 16B - FAP APPLICATION FORM WEBSITE</p>	<p>HTTPS://WWW.FREDERICKHEALTH.ORG/ABOUT/BILLING-FINANCIAL-ASSISTANCE/</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 16C - PLAIN LANGUAGE FAP SUMMARY WEBSITE</p>	<p>HTTPS://WWW.FREDERICKHEALTH.ORG/ABOUT/BILLING-FINANCIAL-ASSISTANCE/</p>

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

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
 (list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 8

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

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's 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.

Return Reference - Identifier	Explanation
SCHEDULE H, PART I, LINE 3C - SCHEDULE H, PART I, LINE 3C	IF THE PATIENT/GUARANTOR'S MONETARY ASSETS ARE ABOVE \$25,000, LESS THAN 100% FINANCIAL ASSISTANCE MAY BE PROVIDED. THE FINANCIAL ASSISTANCE COMMITTEE WILL REVIEW THESE CASES AND DETERMINE THE FINANCIAL ASSISTANCE AMOUNT. UP TO \$150,000 OF PRIMARY RESIDENCE EQUITY IS EXEMPT FROM CONSIDERATION.
SCHEDULE H, PART I, LINE 6A - SCHEDULE H, PART I, LINE 6	THE 2022 COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS CONDUCTED BY THE FREDERICK COUNTY HEALTH CARE COALITION (COALITION) TO IDENTIFY HEALTH ISSUES IN FREDERICK COUNTY AND TO PROVIDE CRITICAL INFORMATION TO THOSE IN A POSITION TO TAKE POSITIVE STEPS THAT WILL IMPACT THE HEALTH OF AREA RESIDENTS. THE COALITION IS A NONPROFIT ORGANIZATION FORMED IN 2006 IN RESPONSE TO A NEED TO COORDINATE EFFORTS TO ADDRESS BARRIERS TO HEALTH CARE ACCESS. THE COALITION'S MISSION IS TO PROMOTE QUALITY HEALTH CARE IN FREDERICK COUNTY THROUGH COLLECTIVE IMPACT EFFORTS THAT ENGAGE LOCAL ORGANIZATIONS AND CITIZENRY. A CORE RESPONSIBILITY OF THE COALITION IS THE COMPLETION OF A PERIODIC ASSESSMENT THAT INFORMS AND ENGAGES THE COMMUNITY IN HEALTH IMPROVEMENT INITIATIVES. THE ASSESSMENT PROCESS IS REPEATED EVERY THREE YEARS TO REFLECT CHANGING LOCAL CONDITIONS.
SCHEDULE H, PART III, LINE 4 - FOOTNOTE IN ORGANIZATION'S FINANCIAL STATEMENTS DESCRIBING BAD DEBT	BAD DEBT VALUATION WAS CALCULATED USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2. WE ESTIMATE APPROXIMATELY 7.5% OF BAD DEBT EXPENSE IS ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER OUR FINANCIAL ASSISTANCE POLICY. WE CONTINUE OUR EFFORTS TO QUALIFY PATIENTS FOR FREE OR REDUCED CARE.
SCHEDULE H, PART III, LINE 8 - DESCRIBE EXTENT ANY SHORTFALL FROM LINE 7 TREATED AS COMMUNITY BENEFIT AND COSTING METHOD USED	MEDICARE PS&R REPORTS USED AS SOURCE OF COSTS AND PAYMENTS.
SCHEDULE H, PART III, LINE 9B - DID COLLECTION POLICY CONTAIN PROVISIONS ON COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR ASSISTANCE	PATIENTS WHO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE ARE SPECIFICALLY EXCLUDED FROM THE COLLECTION PROCESS.

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 2 - NEEDS ASSESSMENT</p>	<p>THE CHNA PLANNING PROCESS WAS LED BY AN AD-HOC PLANNING COMMITTEE COMPRISED OF HEALTH CARE COALITION BOARD MEMBERS AND SENIOR STAFF FROM FREDERICK HEALTH HOSPITAL AND FREDERICK COUNTY HEALTH DEPARTMENT. THIS GROUP HAD OVERSIGHT RESPONSIBILITY FOR THE CHNA PROCESS AND REVIEWED THE PLANNING COMPONENTS AS THEY WERE ACCOMPLISHED. ADDITIONALLY, A CHNA DATA SUB-COMMITTEE WAS FORMED TO CONDUCT THE DETAILED DATA ANALYSIS, WHICH WAS THEN REPORTED TO THE CHNA PLANNING COMMITTEE.</p> <p>THE 2022 CHNA INCLUDED COLLATION OF DATA FROM PRIMARY (QUALITATIVE) AND SECONDARY (QUANTITATIVE) SOURCES. FOUR INPUTS WERE IDENTIFIED FOR INCLUSION IN THE DATA ANALYSIS. THREE OF THE INPUTS PROVIDE INSIGHTS ABOUT THE PERSPECTIVE AND PRIORITY OF HEALTH ISSUES AND SOCIAL DETERMINANTS BY THE FREDERICK COUNTY POPULATION. THE FOURTH INPUT INCLUDES HEALTH OUTCOME INDICATORS GATHERED FROM RELIABLE PUBLIC RESOURCES, AND WHERE POSSIBLE, INCLUDES DATA ON HEALTH DISPARITIES.</p> <p>THE CHNA PROCESS BEGAN WITH A COMMUNITY SURVEY AVAILABLE TO ANY ADULT (OVER 18 YEARS OF AGE) FREDERICK COUNTY RESIDENT. THE SURVEY WAS DESIGNED TO ASSESS RESPONDENTS' PERSONAL HEALTH STATUS, HEALTH RISK BEHAVIORS, PREVENTIVE HEALTH PRACTICES, EXPERIENCE WITH SOCIAL DETERMINANTS, PERCEIVED OR REAL BARRIERS TO HEALTH CARE AS WELL AS OPPORTUNITIES TO IMPROVE ACCESS TO HEALTH CARE. THE SURVEY WAS DISTRIBUTED IN TWO PRIMARY LANGUAGES USED BY COUNTY RESIDENTS. THE NEXT STEP IN THE CHNA PROCESS FOCUSED ON INPUT FROM VULNERABLE AND KNOWN HEALTH DISPARITY POPULATIONS AS GATHERED VIA FOUR FOCUS GROUPS. THE FOCUS GROUPS WERE CONDUCTED BY A QUALITATIVE RESEARCH FIRM AND THE GOAL WAS TO DELVE DEEPER INTO HEALTH BEHAVIORS AND ACCESS ISSUES IN THE TARGETED POPULATIONS, IN ORDER TO LEARN HOW TO MORE EFFECTIVELY TAILOR SERVICES AND INTERVENTIONS THAT WILL RESULT IN A REDUCTION IN HEALTH DISPARITIES. THE ADVOCATES REPRESENTED AFRICAN AMERICAN WOMEN (PREGNANT OR CHILDBEARING), LATINA WOMEN, LOW INCOME/ALICE SENIORS, SOCIALLY VULNERABLE NEIGHBORHOOD. SECONDARY DATA WAS GATHERED ON 40+ HEALTH INDICATORS. THE DATA WAS SOURCED FROM FEDERAL AND STATE VITAL STATISTICS, HEALTH REPORTS AND DATABASES. HEALTH OUTCOME DATA WAS REVIEWED FOR THE MOST RECENT TIME PERIOD, AS WELL AS TRENDS OVER TIME THAT WOULD INDICATE CHANGES IN CONDITION.</p> <p>THE QUALITATIVE AND QUANTITATIVE INFORMATION COLLECTIVELY INFORMS LOCAL ADVOCACY EFFORTS AND CAN BE USED FOR PROGRAM PLANNING. COMMUNITY SURVEY AND SECONDARY DATA WERE COMPILED FOR THE PRIORITIZATION COMPONENT OF THE CHNA PROCESS. A MODIFIED PRIORITIZATION MATRIC METHOD WAS USED FOR PRIORITIZATION OF THE DATA ACROSS SEVERAL CRITERIA IN ORDER TO NARROW DOWN THE INFORMATION INTO THE TOP HEALTH CONCERNS. THE INFORMATION WAS ALSO SYNTHESIZED INTO A CONSUMER-FRIENDLY PRESENTATION FOR PUBLIC INPUT THROUGH A LOCAL HEALTH SETTING SUMMIT. SUMMIT PARTICIPANTS, REPRESENTING APPROXIMATELY 69 ORGANIZATIONS AND PUBLIC, NARROWED DOWN THE HEALTH CONCERNS INTO THE TOP THREE PRIORITIES, OF WHICH TWO WERE CONTINUATIONS OF PRIOR CHNA PRIORITIES.</p> <p>THE CHNA PROCESS DID INCLUDE A REVIEW OF FOUR OTHER RECENT COMMUNITY ASSESSMENTS. THE ASSESSMENTS INCLUDED THE COUNTY COMPREHENSIVE PLAN, A REGIONAL REPORT ON HEALTH INEQUITY, A HUMAN SERVICES ASSESSMENT AND COUNTY ECONOMIC ASSESSMENT. FINDINGS AND ISSUES EMPHASIZED IN THESE ASSESSMENTS WERE SIMILAR TO CONCERNS EXPRESSED BY THE PUBLIC IN THE CHNA PROCESS. THESE ASSESSMENTS WERE CONSIDERED MOST USEFUL FOR THE COMMUNITY HEALTH PRIORITY WORKGROUPS AS THEY IDENTIFY TARGET POPULATIONS AND DESIGN IMPLEMENTATION STRATEGIES.</p>
<p>SCHEDULE H, PART VI, LINE 4 - COMMUNITY INFORMATION</p>	<p>FREDERICK HEALTH HOSPITAL'S SERVICE AREA IS DEFINED IN A WRITTEN AGREEMENT WITH THE MARYLAND HEALTH SERVICES COST REVIEW COMMISSION, THE DESIGNATED STATE ENTITY CHARGED WITH OVERSIGHT OF COMMUNITY BENEFIT. THE SERVICE AREA IS DETERMINED BASED ON HISTORICAL FACILITY UTILIZATION BY ZIP CODE. THE SERVICE AREA DEFINITION FOR FREDERICK HEALTH HOSPITAL IS ALL ZIP CODES IN FREDERICK COUNTY. THEREFORE, FOR CHNA PLANNING PURPOSES, FREDERICK COUNTY IS THE POPULATION SERVED.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH</p>	<p>DURING FY 2022, FREDERICK HEALTH HOSPITAL PROMOTED COMMUNITY HEALTH THROUGH THE FOLLOWING INITIATIVES: (TAKEN FROM THE FY HSCRC COMMUNITY BENEFIT REPORT)</p> <p>- CARE TRANSITIONS PROGRAM - THIS PROGRAM PROVIDES INTENSIVE COMMUNITY-BASED CARE MANAGEMENT SERVICES TO INDIVIDUALS WITH CHRONIC CONDITIONS AND THOSE WITH LIMITED ACCESS TO CARE, LOW HEALTH LITERACY AND OTHER SOCIAL DETERMINANTS OF HEALTH TO REDUCE UNNECESSARY HOSPITAL UTILIZATION AND IMPROVE INDIVIDUAL HEALTH STATUS. BY PROVIDING INFRASTRUCTURE TO SUPPORT SOME OF THE MOST CHRONICALLY ILL, FRAGILE AND SOCIALLY COMPLEX PATIENT POPULATIONS, HOSPITAL READMISSION RATES CAN BE REDUCED. HISTORICALLY, THESE PATIENTS RECEIVED LITTLE OR NO GUIDANCE RELATIVE TO FOLLOW-UP WITH PHYSICIANS, FILLING AND TAKING THEIR PRESCRIBED MEDICATIONS, AND MAKING APPOINTMENT FOR OTHER SERVICES. PATIENTS IDENTIFIED AS HIGH EMERGENCY DEPARTMENT UTILIZERS, AND/OR PATIENTS RETURNING TO THE HOSPITAL WITHIN 30 DAYS OF DISCHARGE MEET WITH AN RN OR SOCIAL WORK CASE MANAGER IN AN EFFORT TO UNDERSTAND WHY THEY HAVE RETURNED TO THE HOSPITAL FOR CARE. AN INDIVIDUALIZED COMPREHENSIVE POST DISCHARGE PLAN IS CREATED TO MEET THE SPECIFIC PATIENT NEEDS. THE SERVICES OFTEN INCLUDE FINANCIAL SUPPORT OF MEDICATIONS, TRANSPORTATION AND VARIOUS OTHER MEDICAL AND SOCIAL SUPPORT SERVICES IN THE COMMUNITY.</p> <p>IN FY 2022 2,156 UNIQUE PATIENTS RECEIVED SERVICES TOTALING 30,472 ENCOUNTERS (INCLUDING PHONE CALLS AND IN-PERSON VISITS) HOME/COMMUNITY BASED INTERVENTIONS FROM THE CARE TRANSITIONS TEAM, FOR A TOTAL OF ENCOUNTERS. THE HEALTH CARE TEAM PROVIDING SERVICES TO THESE INDIVIDUALS CONSISTS OF REGISTERED NURSES, SOCIAL WORKERS, PHARMACISTS, DIETITIANS AND A NURSE PRACTITIONER.</p> <p>- COLORECTAL CANCER SCREENING - THIS PROGRAM FOCUSED ON IDENTIFIED DISPARITY COMMUNITIES WITHIN FREDERICK COUNTY, PRIMARILY THE AFRICAN-AMERICAN COMMUNITY. THE GOAL OF THE PROGRAM WAS TO INCREASE THE NUMBER OF PERSONS SCREENED AND TREATED FOR COLORECTAL CANCER THROUGH ENGAGEMENT OF COMMUNITY PROVIDERS AND HOSTING AWARENESS EVENTS IN THE COMMUNITY TO RESULT IN AN OVERALL INCREASE IN LONG TERM FOLLOW-UP RATES IN DISPARITY COMMUNITIES. ENGAGEMENT OF COMMUNITY PHYSICIANS IN THE PROCESS WAS A KEY COMPONENT OF THE PROGRAM AND INCLUDED EDUCATION ON CURRENT CANCER SCREENING RECOMMENDATIONS, LOCAL DISPARITY DATA, CULTURAL BARRIERS/BIAS AND LOCAL REFERRAL PROCESS AND TREATMENT OPTIONS. PERIODIC SCREENING OF "AT RISK" INDIVIDUALS IS VITAL; IN ORDER TO DO THIS, A BASELINE POPULATION WAS ESTABLISHED IN FY2020 THROUGH INITIAL SCREENING. FUTURE EFFORTS INCLUDE THE PROVISION OF PERIODIC EDUCATION AND SCREENING TO HIGH-RISK INDIVIDUALS AS A MEANS OF TRACKING THESE PEOPLE OVER TIME. AS A RESULT OF THE PANDEMIC A GOAL WAS NOT SET FOR CANCER SCREENINGS DUE TO THE UNCERTAINTY OF COMMUNITY ACCESS POINTS. WE DID HOWEVER CONTINUE TO PROVIDE EDUCATION AND AWARENESS MATERIALS IN AN EFFORT TO ENCOURAGE CONVERSATIONS WITH PROVIDERS. ADDITIONALLY, A NEW PROCESS WAS ESTABLISHED TO STREAMLINE RESPONSES TO ONLINE OUTREACH, SOCIAL MEDIA ANNOUNCEMENTS, AND LIVE EVENTS WITH INFORMATION, REFERRALS AND NO-COST FIT KITS WHEN APPROPRIATE. TO DATE, NO CANCER DIAGNOSIS HAVE BEEN MADE, BUT HIGH-RISK INDICATORS SUCH AS PRE-CANCEROUS LESIONS AND POLYPS HAVE BEEN IDENTIFIED. THESE PATIENTS ARE TARGETED FOR CONTINUED FOLLOW-UP IN THE COMING YEAR.</p> <p>- HEALTHY EATING - 5-2-1-0 IS A BEHAVIOR AWARENESS APPROACH TO MAKING KEY LIFESTYLE CHANGES THAT WILL LEAD TO HEALTHY EATING HABITS. THIS PROGRAM FOCUSES ON INCREASING FRUIT AND VEGETABLE CONSUMPTION, REDUCING INGESTION OF SUGAR ADDED BEVERAGES, REDUCING RECREATION SCREEN TIME AND INCREASING PHYSICAL ACTIVITY. A DESIGNATED 5-2-1-0 COORDINATION IS A GRANT FUNDED EMPLOYEE OF FREDERICK HEALTH HOSPITAL AND WORKS WITH THE FREDERICK COUNTY SCHOOL HEALTH COUNCIL TO IMPLEMENT THE PROGRAM THROUGH THE FREDERICK COUNTY PUBLIC SCHOOL SYSTEM. ACTIVITIES INCLUDE ESTABLISHING STUDENT WELLNESS GOALS AT EACH SCHOOL, ONGOING EDUCATION EVENTS AND ONLINE RESOURCES FOR STUDENTS, PARENTS AND EDUCATORS. 6 FREDERICK COUNTY PUBLIC SCHOOLS RECEIVED GRANTS TO IMPLEMENT PROGRAMMING TARGETING AT LEAST ONE HEALTHY BEHAVIOR (INCREASED ACTIVITY, INCREASED WATER CONSUMPTION, REDUCED SCREEN TIME, INCREASED CONSUMPTION OF FRUITS AND VEGETABLES)</p> <p>- DIABETES - FREDERICK HEALTH PROVIDED PREDIABETES AND DIABETES SCREENING AT A VARIETY OF LOCAL EVENTS. SUCCESSFULLY TRAINED A TOTAL OF 22 DPP (CDC DIABETES PREVENTION PROGRAM COACHES) AND LAUNCHED 8 SEPARATE DIABETES PREVENTION PROGRAM COHORTS (IN ENGLISH AND SPANISH). FREDERICK HEALTH SUCCESSFULLY LAUNCHED A PROVIDER REFERRAL PROCESS AND ESTABLISHED PATIENT REGISTRIES TO SUPPORT NAVIGATION EFFORTS. BEHAVIORAL HEALTH SCREENINGS WERE INTEGRATED INTO THE REFERRAL PROCESS AND WE EXPANDED OUR COMMUNITY HEALTH WORKER WORKFORCE TO SUPPORT TARGETED OUTREACH TO COMMUNITIES EXPERIENCING A HEALTH DISPARITY.</p> <p>- PHYSICIAN SUBSIDIES - FREDERICK HEALTH HOSPITAL CONTRACTS FOR HOSPITAL-BASED PHYSICIANS COVERAGE FOR SPECIALIZED CARE. CONTRACTED SERVICES INCLUDE INTENSIVE CARE, OBSTETRICAL/LABOR CARE, NEONATAL INTENSIVE CARE NEUROLOGY/STROKE CARE, INPATIENT PEDIATRICS, PEDIATRIC OPHTHALMOLOGY, ANESTHESIA, EMERGENCY MEDICINE AND INTERVENTIONAL CARDIOLOGY. THE DEMAND FOR THESE SERVICES CANNOT BE MET BY PROVIDERS IN THE FREDERICK COMMUNITY, AS THERE ARE NO COMMUNITY BASED PROVIDERS.</p> <p>- THERE IS AN INSUFFICIENT NUMBER OF PRIMARY CARE PROVIDERS IN FREDERICK COUNTY WHO CARE FOR PATIENTS THAT REQUIRE ACUTE CARE SERVICES. THE MAJORITY OF PRIMARY CARE PHYSICIANS IN THE COMMUNITY DO NOT MAINTAIN HOSPITAL PRIVILEGES; THEREFORE, THE HOSPITAL CONTRACTS FOR HOSPITALIST SERVICES FOR RESIDENTS WHO REQUIRE ACUTE CARE DIAGNOSIS AND MANAGEMENT.</p> <p>- FREDERICK HEALTH HOSPITAL ALSO CONTRACTS WITH SPECIALITY PROVIDERS TO PROVIDE EMERGENCY CARE COVERAGE ON A 24/7 BASIS. CONTRACTUAL SERVICES INCLUDES ANESTHESIOLOGY, BARIATRIC SURGERY, CARDIOLOGY, ENT, GASTROENTEROLOGY, GENERAL DENTISTRY, GENERAL SURGERY, HEMATOLOGY/ONCOLOGY, INTERVENTIONAL CARDIOLOGY, NEPHROLOGY, NEUROLOGY, OPHTHALMOLOGY, ORAL/MAXILLO FACIAL, ORTHOPEDICS, PEDIATRICS, PLASTIC SURGERY, PULMONARY MEDICINE, UROLOGY, VASCULAR SURGERY AND NEUROSURGERY. WITHOUT SUBSIDIES FROM THE ORGANIZATION TO COMPENSATE PROVIDERS FOR THIS COVERAGE, MEDICAL PRACTICES WOULD NOT BE ABLE TO RECRUIT A SUFFICIENT NUMBER OF PERSONNEL TO PROVIDE COVERAGE TO THE EMERGENCY DEPARTMENT.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM</p>	<p>FREDERICK HEALTH HOSPITAL, INC. ('FHH') IS A PRIVATE, NON-STOCK, NOT-FOR-PROFIT 501(C)(3) MARYLAND CORPORATION ORGANIZED IN 1897. AS OF JULY 1, 2011, FREDERICK HEALTH, INC. (F.K.A. FREDERICK REGIONAL HEALTH SYSTEM) BECAME THE PARENT CORPORATION UNDER WHICH THE ENTITIES DESCRIBED BELOW EXIST AND OPERATE.</p> <p>FREDERICK HEALTH, INC. IS GOVERNED BY EIGHTEEN MEMBER BOARD OF DIRECTORS. THE BOARD MEETS MONTHLY, WITH ELECTION OF OFFICERS AND MEMBERS OCCURRING AT THE SEPTEMBER MEETING. MUCH OF THE BOARD'S WORK IS ACCOMPLISHED THROUGH STANDING COMMITTEES, INCLUDING THE EXECUTIVE, FINANCE, GOVERNANCE, EXECUTIVE COMPENSATION, JOINT CONFERENCE (WITH MEDICAL STAFF), PLANNING, AND HOSPITAL PERFORMANCE REVIEW COMMITTEES.</p> <p>FREDERICK HEALTH HOSPITAL IS A 314-BED ACUTE CARE HOSPITAL LOCATED IN FREDERICK, MARYLAND, APPROXIMATELY 50 MILES WEST OF BALTIMORE AND 45 MILES NORTHWEST OF WASHINGTON D. C. THE HOSPITAL OPENED IN 1902 AND IS CURRENTLY THE ONLY ACUTE CARE HOSPITAL IN FREDERICK COUNTY AND THE ONLY ACUTE CARE HOSPITAL WITHIN A 25-MILE RADIUS OF THE CITY OF FREDERICK.</p> <p>THE MAIN CAMPUS OF THE HOSPITAL IS LOCATED ON AN APPROXIMATELY 15.85-ACRE SITE IN FREDERICK, MARYLAND. THE TOTAL SQUARE FOOTAGE OF THE HOSPITAL IS APPROXIMATELY 596,000 SQUARE FEET. FHH'S HOSPITAL-BASED AND OFF-SITE OUTPATIENT SERVICES ACCOUNT FOR OVER 419,000 VISITS ANNUALLY INCLUDING HOME HEALTH SERVICES, WHICH MAKES APPROXIMATELY 35,000 VISITS PER YEAR. IN ADDITION, HOSPITAL-BASED HOSPICE SERVICES HANDLE APPROXIMATELY 74,000 VISITS PER YEAR.</p> <p>FREDERICK HEALTH HOSPITAL, INC. IS THE PARENT CORPORATION FOR FREDERICK HEALTH MEDICAL GROUP, LLC, A PHYSICIAN LED ENTERPRISE COMPOSED OF OWNED PRACTICES.</p> <p>FREDERICK HEALTH HOSPITAL, INC. PROVIDES A FULL RANGE OF ACUTE CARE SERVICES INCLUDING: MEDICINE, SURGERY, OBSTETRICS, GYNECOLOGY, PEDIATRICS, INTENSIVE CARE, CORONARY CARE, INTERVENTIONAL CARDIOLOGY, PRIMARY STROKE PROGRAM, WOUND CARE, JOINT REPLACEMENT PROGRAM, CYBERKNIFE RADIOSURGERY CENTER, PSYCHIATRIC CARE, MEDICAL FITNESS, WELLNESS PROGRAM/CENTER AND EMERGENCY SERVICES. IN ADDITION, FREDERICK HEALTH HOSPITAL, INC. PROVIDES A COMPREHENSIVE RANGE OF OUTPATIENT SERVICES, INCLUDING: EMERGENCY MEDICINE, OUTPATIENT SURGERY, HOME HEALTH, RADIATION THERAPY, MRI, PET AND CT SCANNING, MEDICAL ONCOLOGY, AND COMPREHENSIVE WOMEN'S SERVICES. THROUGH THE SATELLITE LOCATIONS AND OUTPATIENT CENTERS, THE HEALTH SYSTEM PROVIDES: URGENT CARE, LABORATORY, DIAGNOSTIC RADIOLOGY, AMBULATORY SURGERY, VASCULAR IMAGING, REHABILITATION SERVICES, PAIN AND PALLIATIVE CARE.</p>
<p>SCHEDULE H, PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT</p>	<p>MD</p>

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

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

OMB No. 1545-0047

2021

Open to Public Inspection

Employer identification number

52-0591612

Part I Questions Regarding Compensation

	Yes	No
<p>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.</p> <p> <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Travel for companions <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Personal services (such as maid, chauffeur, chef) </p>		
<p>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</p>		
1b		
<p>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?</p>		
2		
<p>3 Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</p> <p> <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 type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Approval by the board or compensation committee </p>		
<p>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:</p>		
<p>a Receive a severance payment or change-of-control payment?</p>		<input checked="" type="checkbox"/>
4a		<input checked="" type="checkbox"/>
<p>b Participate in or receive payment from a supplemental nonqualified retirement plan?</p>	<input checked="" type="checkbox"/>	
4b	<input checked="" type="checkbox"/>	
<p>c Participate in or receive payment from an equity-based compensation arrangement?</p>		<input checked="" type="checkbox"/>
4c		<input checked="" type="checkbox"/>
<p>If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.</p>		
<p>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.</p>		
<p>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:</p>		
<p>a The organization?</p>		<input checked="" type="checkbox"/>
5a		<input checked="" type="checkbox"/>
<p>b Any related organization?</p>		<input checked="" type="checkbox"/>
5b		<input checked="" type="checkbox"/>
<p>If "Yes" on line 5a or 5b, describe in Part III.</p>		
<p>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:</p>		
<p>a The organization?</p>		<input checked="" type="checkbox"/>
6a		<input checked="" type="checkbox"/>
<p>b Any related organization?</p>		<input checked="" type="checkbox"/>
6b		<input checked="" type="checkbox"/>
<p>If "Yes" on line 6a or 6b, describe in Part III.</p>		
<p>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</p>		<input checked="" type="checkbox"/>
7		<input checked="" type="checkbox"/>
<p>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</p>		<input checked="" type="checkbox"/>
8		<input checked="" type="checkbox"/>
<p>9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>		
9		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC and/or 1099-NEC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 THOMAS A. KLEINHANZL PRESIDENT AND CEO	(i)	859,836	308,906	3,354	352,656	15,023	1,539,775	0
	(ii)	0	0	0	0	0	0	0
2 MICHELLE K. MAHAN SR. VP AND CFO (ENDED 4/4/22)	(i)	540,890	138,134	9,906	67,029	13,673	769,632	0
	(ii)	0	0	0	0	0	0	0
3 CHERYL L. CIOFFI SVP COO	(i)	422,556	107,057	1,170	37,530	15,023	583,336	0
	(ii)	0	0	0	0	0	0	0
4 MIHIR M. JANI, M.D. CHIEF OF STAFF	(i)	0	0	0	0	0	0	0
	(ii)	479,447	57,425	552	14,500	15,023	566,947	0
5 DONALD R. SCHILLING VP AMBULATORY SERVICES	(i)	282,068	56,900	9,906	14,500	13,673	377,047	0
	(ii)	0	0	0	0	0	0	0
6 MARY A. MCDONALD MEDICAL DIR HOSPICE	(i)	329,367	8,933	276	14,500	15,374	368,450	0
	(ii)	0	0	0	0	0	0	0
7 KATHY J. WEISHAAR VP MEDICAL AFFAIRS & CMO	(i)	264,532	55,919	1,170	12,039	11,886	345,546	0
	(ii)	0	0	0	0	0	0	0
8 CHRISTOPHER M. BUMBAUGH VP HUMAN RESOURCES	(i)	256,477	53,634	3,354	13,091	15,023	341,579	0
	(ii)	0	0	0	0	0	0	0
9 HEATHER R. KIRBY VP INTEGRATED CARE DELIVERY & CPHO	(i)	251,885	54,885	1,170	12,563	15,023	335,526	0
	(ii)	0	0	0	0	0	0	0
10 DIANE M. MCFARLAND CHIEF NURSING OFFICER	(i)	262,831	55,984	3,354	11,786	551	334,506	0
	(ii)	0	0	0	0	0	0	0
11 JENNIFER G. TEETER VP CLINICAL INTEGRATION	(i)	256,676	54,559	3,366	6,505	8,190	329,296	0
	(ii)	0	0	0	0	0	0	0
12 JACKIE L. RICE VP CHIEF INFORMATION OFFICER	(i)	256,202	55,302	3,354	13,139	369	328,366	0
	(ii)	0	0	0	0	0	0	0
13 TAMARA L. KILE MEDICAL DIRECTOR	(i)	251,858	24,072	552	13,954	16,711	307,147	0
	(ii)	0	0	0	0	0	0	0
14 HANNAH R. JACOBS SR. VP & CFO (STARTED 4/4/22)	(i)	224,880	50,448	1,794	13,073	12,717	302,912	0
	(ii)	0	0	0	0	0	0	0
15 CRAIG F. ROSENDALE VP CHIEF COMPLIANCE OFFICER (SEE STATEMENT)	(i)	206,551	47,716	16,068	10,972	13,673	294,980	0
	(ii)	0	0	0	0	0	0	0
16	(i)							
	(ii)							

Part II

Officers, Directors, Trustees, Key Employees and Highest Compensated Employees (continued)

(a) Name		(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 reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(16) DUSTIN M. SIMONSON CHIEF PHYSICIST SUPV	(i)	261,736	1,273	544	13,587	15,023	292,163	0
	(ii)	0	0	0	0	0	0	0
(17) JAMIE B. WHITE VP QLTY ASSURANCE & CQO	(i)	224,712	47,247	1,170	9,155	6,605	288,889	0
	(ii)	0	0	0	0	0	0	0
(18) MICHAEL T. EWING DIRECTOR OF SUPPLY CHAIN	(i)	220,857	18,441	276	12,095	9,603	261,272	0
	(ii)	0	0	0	0	0	0	0
(19) MICHAEL G. MCLANE JR. VP SUPPORT SVCS	(i)	189,830	42,357	780	9,510	14,921	257,398	0
	(ii)	0	0	0	0	0	0	0
(20) CARLOS T. GRAVERAN DIRECTOR-HOSPICE	(i)	195,641	31,397	516	9,356	16,191	253,101	0
	(ii)	0	0	0	0	0	0	0
(21) ROBIN R. ROSE VP DEVELOPMENT	(i)	161,634	37,290	3,354	8,493	16,283	227,054	0
	(ii)	0	0	0	0	0	0	0
(22) JAMES B. SHERWOOD VP BUSINESS DEV AND STRATEGY	(i)	206,041	0	552	0	9,641	216,234	0
	(ii)	0	0	0	0	0	0	0
(23) MARY D. BARTON VP BUSINESS DEV AND STRATEGY	(i)	190,138	309	1,203	7,132	5,133	203,915	0
	(ii)	0	0	0	0	0	0	0
(24) BRENT L. PURSCHELLEY AVP AMBULATORY SERVICES	(i)	161,032	14,920	276	9,016	14,921	200,165	0
	(ii)	0	0	0	0	0	0	0
(25) KRISTEN B. FLETCHER VP CHIEF COMPLIANCE OFFICER	(i)	142,359	13,393	348	7,952	551	164,603	0
	(ii)	0	0	0	0	0	0	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.

Return Reference - Identifier	Explanation
<p>SCHEDULE J, PART I, LINE 3 - ARRANGEMENT USED TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION</p>	<p>THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. IN ADDITION TO THE BOARD'S COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT COMPENSATION. THE PRESIDENT AND CEO HAS A WRITTEN EMPLOYMENT CONTRACT.</p>
<p>SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN</p>	<p>FREDERICK HEALTH HOSPITAL HAS ONE 457(F) NON QUALIFIED DEFERRED COMPENSATION PLAN FOR CERTAIN MEMBERS OF SENIOR MANAGEMENT. UNDER THE PLAN, THEY MAY CONTRIBUTE AMOUNTS FROM THEIR COMPENSATION TO THE PLAN AND MAY RECEIVE A DISCRETIONARY EMPLOYER CONTRIBUTION. EMPLOYEES ARE FULLY VESTED IN ALL EMPLOYEE CONTRIBUTIONS TO THE PLAN. VESTING IN EMPLOYER CONTRIBUTIONS OCCURS IN ACCORDANCE WITH THE UNDERLYING PLAN DOCUMENTS. ALL ASSETS OF THE PLAN ARE HELD IN A SEPARATE TRUST. TOTAL HOSPITAL CONTRIBUTIONS TO THIS PLAN WERE AS FOLLOWS:</p> <p>MICHELLE K. MAHAN \$33,029 THOMAS A. KLEINHANZL \$318,656 CHERYL L. CIOFFI \$25,179</p>

**SCHEDULE K
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990.

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

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
							Yes	No	Yes	No	Yes	No
A	MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2020A	52-0936091	57421CAD6	06/25/2020	62,645,000	SEE PART VI		✓		✓		✓
B	MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2012A	52-0936091	57421BLY7	12/05/2012	96,240,000	SEE PART VI		✓		✓		✓
C	MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2017B	52-0936091		06/15/2017	60,645,000	SEE PART VI		✓		✓		✓
D												

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0	8,655,000	17,110,000					
2	Amount of bonds legally defeased	0	86,290,000	0					
3	Total proceeds of issue	65,768,798	108,345,805	60,645,000					
4	Gross proceeds in reserve funds	0	0	0					
5	Capitalized interest from proceeds	0	1,648,756	0					
6	Proceeds in refunding escrows	0	0	0					
7	Issuance costs from proceeds	1,159,217	1,203,561	400,000					
8	Credit enhancement from proceeds	0	0	0					
9	Working capital expenditures from proceeds	0	0	0					
10	Capital expenditures from proceeds	40,000,000	37,200,000	60,245,000					
11	Other spent proceeds	24,890,857	68,293,488	0					
12	Other unspent proceeds	0	0	0					
13	Year of substantial completion	2022	2014	2017					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a refunding issue of tax-exempt bonds (or, if issued prior to 2018, a current refunding issue)?	✓		✓		✓			
15	Were the bonds issued as part of a refunding issue of taxable bonds (or, if issued prior to 2018, an advance refunding issue)?		✓		✓		✓		
16	Has the final allocation of proceeds been made?		✓	✓		✓			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	✓		✓		✓			

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

Cat. No. 50193E

Schedule K (Form 990) 2021

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		✓		✓		✓		
2 Are there any lease arrangements that may result in private business use of bond-financed property?		✓	✓		✓			
3a Are there any management or service contracts that may result in private business use of bond-financed property?		✓	✓		✓			
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?			✓		✓			
c Are there any research agreements that may result in private business use of bond-financed property?		✓	✓		✓			
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?			✓		✓			
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government . . . ▶		0.00 %		0.64 %		0.27 %		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . . . ▶		0.00 %		0.00 %		0.00 %		%
6 Total of lines 4 and 5		0.00 %		0.64 %		0.27 %		%
7 Does the bond issue meet the private security or payment test?		✓		✓		✓		
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		✓		✓		✓		
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of			%	%		%		%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	✓		✓		✓			

Part IV Arbitrage

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

Part IV Arbitrage (continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		✓		✓		✓		
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
5a Were gross proceeds invested in a guaranteed investment contract (GIC)? .		✓		✓		✓		
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period? .	✓			✓		✓		
7 Has the organization established written procedures to monitor the requirements of section 148?	✓		✓		✓			

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation isn't available under applicable regulations?	✓		✓		✓			

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K. See instructions.

(SEE STATEMENT)

Part VI

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

Return Reference - Identifier	Explanation
SCHEDULE K, PART I, COLUMN (F) - LINE A	MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2020A: CURRENT REFUND 2017A BONDS ON 06/25/2020, FINANCE 2020 PROJECT AND PAY ISSUANCE COSTS.
SCHEDULE K, PART I, COLUMN (F) - LINE B	MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2012A: FINANCE 2012 PROJECT AND CURRENT REFUND 2002 BONDS WHICH FUNDED THE 2002 PROJECT. A REFUNDING ESCROW WAS ESTABLISHED WITH PROCEEDS OF TAXABLE DEBT TO REDEEM 86,290,000 OF 2012A BONDS, WHICH WAS ACCOMPLISHED ON JULY 1, 2022. MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2017B: TO REFUND THE 2012B BONDS.
SCHEDULE K, PART II, LINE 3 - COLUMN (A)	DIFFERENCE BETWEEN ISSUE PRICE AND TOTAL PROCEEDS MARYLAND HEALTH & HIGHER ED AUTHORITY 2020A ORIGINAL ISSUE PREMIUM OF \$3,405,074 LESS UNDERWRITER DISCOUNT OF \$281,276.
SCHEDULE K, PART III, LINE 9 -	THE ORGANIZATION HAS WRITTEN POLICIES AND PROCEDURES IN PLACE TO ENSURE TAX EXEMPT BOND POST ISSUANCE COMPLIANCE.

**SCHEDULE L
(Form 990)**

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**
▶ **Attach to Form 990 or Form 990-EZ.**
▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2021

Open To Public Inspection

Name of the organization

FREDERICK HEALTH HOSPITAL, INC.

Employer identification number

52-0591612

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefiting Interested Persons.

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) J. FREDERICK MANNING	DIRECTOR	\$159,604	PAYMENTS TO MANNING BROADCASTING, INC. FOR RADIO ADVERTISING. THE REALTIONSHIP BETWEEN THE HOSPITAL AND RADIO STATION EXISTED PRIOR TO MR. MANNING OWNING THE RADIO STATION AND PRIOR TO HIM BEING ON THE BOARD OF FHH.		✓

**SCHEDULE O
(Form 990)**

Department of Treasury Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

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

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the Organization
FREDERICK HEALTH HOSPITAL, INC.

Employer Identification Number
52-0591612

Return Reference - Identifier	Explanation
FORM 990, PART III, LINE 4A - ADULT INPATIENT SERVICES	IN FY 2021, FREDERICK HEALTH HOSPITAL'S INPATIENT MEDICAL-SURGICAL DEPARTMENTS PROVIDED QUALITY, PATIENT-CENTERED CARE, REGARDLESS OF ABILITY TO PAY, TO APPROXIMATELY 17,143 INPATIENTS AND OBSERVATION PATIENTS. MAJOR MEDICAL AND SURGICAL SERVICES INCLUDE CARDIOLOGY, CONGESTIVE HEART FAILURE, POST-CARDIAC CATHETERIZATION, CENTER FOR CHEST PAIN, HEMODIALYSIS, PERITONEAL DIALYSIS, NEUROLOGY, NEUROSURGERY, PULMONOLOGY, ONCOLOGY, ORTHOPEDICS, GENERAL MEDICINE AND SURGICAL CARE. INPATIENT CARE IS SUPPORTED BY A TEAM OF BOARD-CERTIFIED PHYSICIAN HOSPITALISTS. IN ADDITION, FHH IS DESIGNATED AS A PRIMARY STROKE CENTER BY THE MARYLAND INSTITUTE OF EMERGENCY MEDICAL SERVICE SYSTEMS (MIEMSS) AND IS RECOGNIZED WITH THE STROKE CENTER GOLD PERFORMANCE AWARD BY THE AMERICAN HEART ASSOCIATION. OUR BARIATRIC SURGICAL PROGRAM IS ACCREDITED BY THE AMERICAN SOCIETY FOR METABOLIC AND BARIATRIC SURGERY AS A BARIATRIC SURGERY CENTER OF EXCELLENCE. IN ADDITION TO THE PROGRAM SERVICE EXPENSES LISTED HERE, FHH INCURRED \$54.9 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.
FORM 990, PART III, LINE 4B - PERIOPERATIVE SERVICES	FREDERICK HEALTH HOSPITAL'S PERIOPERATIVE SERVICES PROVIDED HIGH QUALITY CARE TO 8,594 SURGICAL AND ENDOSCOPY PATIENTS IN FISCAL YEAR 2021. PROCEDURES WERE PERFORMED IN OUR STATE OF THE ART FACILITY WHICH INCLUDES A DEDICATED IMAGING ROOM FOR VASCULAR AND OTHER PROCEDURES. WE HAVE PARTICIPATED IN THE SCIP QUALITY IMPROVEMENT PROJECT FOR CONTINUAL IMPROVEMENTS IN CARE FOLLOWING EVIDENCE BASED MEDICINE. WE TRACKED OUR PATIENT SATISFACTION THROUGH PRESS GANEY TO BENCHMARK OUR RESULTS TO THE NATIONAL DATA BASE. IN ADDITION TO THE PROGRAM SERVICES EXPENSE LISTED HERE, FHH INCURRED \$54.9 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.
FORM 990, PART III, LINE 4C - CLINICAL LABORATORY	FREDERICK HEALTH HOSPITAL'S CLINICAL LABORATORY PLAYS A VITAL ROLE ACROSS THE ENTIRE CONTINUUM OF HEALTH CARE BOTH WITHIN THE HOSPITAL AND THE COMMUNITY. CLINICAL LABORATORY TESTING HEAVILY IMPACTS CLINICAL DECISION MAKING BY PROVIDING PHYSICIANS, NURSES AND OTHER HEALTH CARE PROVIDERS WITH IMPORTANT INFORMATION NEEDED FOR THE PREVENTION, DIAGNOSIS, TREATMENT AND MANAGEMENT OF DISEASE. UP TO 85 PERCENT OF DIAGNOSIS AND TREATMENT DECISIONS ARE BASED ON LABORATORY RESULTS. LABORATORY TEST RESULTS COMPRISE ABOUT 70 PERCENT OF THE AVERAGE PATIENT'S MEDICAL RECORD. VIRTUALLY EVERY PRACTICING PHYSICIAN DEPENDS UPON THE CLINICAL LABORATORY FOR THE CARE OF HIS OR HER PATIENT. FREDERICK HEALTH HOSPITAL LABORATORY PERFORMED OVER 1.6 MILLION BILLABLE LABORATORY TESTS INCLUDING 150,000 COVID-19 PCR TESTS. IN ADDITION TO THE PROGRAM SERVICE EXPENSES LISTED HERE, FHH INCURRED \$54.9 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.
FORM 990, PART III, LINE 4D - DESCRIPTION OF OTHER PROGRAM SERVICES	(EXPENSES \$239,924,302 INCLUDING GRANTS OF \$0)(REVENUE \$200,641,966) OTHER PROGRAM SERVICES INCLUDE BEHAVIORAL HEALTH, CARDIOLOGY, SLEEP, HOSPICE & HOME CARE, IMAGING, WOMEN AND CHILDREN AND WOUND CARE. THE PROGRAM SERVICES EXPENSE LISTED HERE INCLUDE \$54.9 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.
FORM 990, PART VI, LINE 4 - SIGNIFICANT CHANGES TO ORGANIZATIONAL DOCUMENTS	ON JUNE 22, 2021, FREDERICK HEALTH HOSPITAL'S BYLAWS WERE AMENDED TO CHANGE THE COMPOSITION OF THE ORGANIZATION'S BOARD.
FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS	THE SOLE MEMBER OF THE ORGANIZATION IS FREDERICK HEALTH, INC.
FORM 990, PART VI, LINE 7A - MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	THE SOLE MEMBER, FREDERICK HEALTH, INC., HAS THE POWER TO APPOINT THE PRESIDENT/CEO AND THE DIRECTORS OF FREDERICK HEALTH HOSPITAL.
FORM 990, PART VI, LINE 7B - DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	THE MEMBER, FREDERICK HEALTH, INC., MUST APPROVE THE INCURRENCE OF DEBT IF SUCH DEBT EXCEEDS A CERTAIN AMOUNT TO BE DESIGNATED BY THE MEMBER, CAPITAL EXPENDITURES EXCEEDING A CERTAIN AMOUNT TO BE DESIGNATED BY THE MEMBER, THE DECISION TO DISSOLVE OR LIQUIDATE, THE CREATION OF A SUBSIDIARY, AND AMENDMENTS TO THE BYLAWS.
FORM 990, PART VI, LINE 11B - REVIEW OF FORM 990 BY GOVERNING BODY	THE 990 IS PREPARED IN CONJUNCTION WITH OUTSIDE TAX ACCOUNTANTS AND REVIEWED BY UPPER MANAGEMENT PRIOR TO PROVIDING A COPY TO THE BOARD. A COPY OF FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD PRIOR TO FILING.

Return Reference - Identifier	Explanation																														
FORM 990, PART VI, LINE 12C - CONFLICT OF INTEREST POLICY	THE FREDERICK HEALTH HOSPITAL, INC. BOARD OF DIRECTORS IS COMMITTED TO MEETING ITS FIDUCIARY RESPONSIBILITIES AND MAINTAINING ITS DUTY OF LOYALTY TO THE HOSPITAL AND THE COMMUNITY IT SERVES. TO THIS END, THE BOARD WILL EXERCISE VIGILANCE IN IDENTIFYING ANY CONFLICTS OF INTEREST. THE BOARD WILL ALSO MAINTAIN TRANSPARENCY AND OBJECTIVITY IN MAKING DECISIONS ABOUT CONFLICTS OF INTEREST SO THAT THE ORGANIZATION'S MISSION IS ALWAYS THE FIRST PRIORITY. THE CHAIRPERSON (OR VICE CHAIRPERSON IF THE CHAIR IS INVOLVED) WILL NOTIFY ALL DIRECTORS OF A REPORTED CONFLICT OF INTEREST AND DECIDE WHETHER TO TAKE THE MATTER TO THE FULL BOARD TO DECIDE WHETHER A CONFLICT EXISTS AND, IF SO, WHAT ACTION TO TAKE, OR WILL REFER THE MATTER TO THE GOVERNANCE COMMITTEE FOR AN IN-DEPTH EXAMINATION, SUMMARY, AND RECOMMENDATION PRIOR TO A FULL BOARD DISCUSSION AND DECISION. IF TIME IS OF THE ESSENCE, THE CHAIRPERSON OR VICE CHAIRPERSON WILL TAKE THE MATTER TO THE EXECUTIVE COMMITTEE FOR DISCUSSION AND A DECISION, AND WILL THEN NOTIFY THE FULL BOARD. WHERE A CONFLICT OF INTEREST HAS BEEN IDENTIFIED, THE BOARD MEMBER SHALL NOT VOTE OR BE PRESENT FOR THE DISCUSSION OR THE VOTE REGARDING THE TRANSACTION AT THE FULL BOARD, EXECUTIVE COMMITTEE, OR GOVERNANCE COMMITTEE MEETINGS, EXCEPT TO ANSWER QUESTIONS THAT MAY BE ASKED OF HIM OR HER. TO PREVENT ACTUAL OR PERCEIVED INFLUENCE ON THE BOARD'S DECISION, THE CONFLICTED MEMBER IS PROHIBITED, AFTER INITIAL DISCLOSURE, FROM DISCUSSING THE CONFLICT OF INTEREST EITHER FORMALLY OR INFORMALLY WITH FELLOW DIRECTORS OR WITH MEMBERS OF THE MANAGEMENT. THERE WILL BE AN ANNUAL REVIEW OF ALL BOARD MEMBERS AND OFFICERS TRANSACTIONS PREPARED BY THE ADMINISTRATION AND REVIEWED BY THE GOVERNANCE COMMITTEE AND THE FULL BOARD OF DIRECTORS. AT THAT TIME, ALL DIRECTORS WILL BE REMINDED OF THE IRS INTERMEDIATE SANCTIONS REGULATION THAT ESTABLISHES EXCISE TAXES AS A SANCTION AGAINST ADMINISTRATORS AND DIRECTORS OF TAX EXEMPT ORGANIZATIONS WHO PARTICIPATE IN 'EXCESS BENEFIT TRANSACTIONS' (E.G., UNREASONABLY HIGH EMPLOYMENT COMPENSATION OR BUSINESS DEALS).																														
FORM 990, PART VI, LINE 15A - PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. IN ADDITION TO THE BOARD'S COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT THE PRESIDENT AND CEO HAVE A WRITTEN EMPLOYMENT CONTRACT.																														
FORM 990, PART VI, LINE 15B - PROCESS TO ESTABLISH COMPENSATION OF OTHER OFFICERS OR KEY EMPLOYEES	THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. IN ADDITION TO THE BOARD'S COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT THE PRESIDENT AND CEO HAVE A WRITTEN EMPLOYMENT CONTRACT.																														
FORM 990, PART VI, LINE 19 - REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC	GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY ARE AVAILABLE UPON REQUEST. FREDERICK HEALTH HOSPITAL, INC. CONSOLIDATED ANNUAL AUDITED FINANCIAL STATEMENTS ARE AVAILABLE AT HTTPS://WWW.FREDERICKHEALTH.ORG/DOCUMENTS/FY22_FREDERICK-HEALTH-INC.-AND-SUBSIDIARIES-FY2022-AUDITED-FINANCIAL-STATEMENTS.PDF																														
FORM 990, PART VII, SECTION A - FORM 990, PART VII	DIRECTOR MIHIR M. JANI RECEIVED COMPENSATION FOR PHYSICIAN SERVICES PERFORMED AND NOT FOR SERVING ON THE BOARD.																														
FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES	<table border="1"> <thead> <tr> <th data-bbox="467 1402 751 1463">(a) Description</th> <th data-bbox="760 1402 946 1463">(b) Total Expenses</th> <th data-bbox="954 1402 1133 1463">(c) Program Service Expenses</th> <th data-bbox="1141 1402 1320 1463">(d) Management and General Expenses</th> <th data-bbox="1328 1402 1513 1463">(e) Fundraising Expenses</th> </tr> </thead> <tbody> <tr> <td data-bbox="467 1474 751 1501">CONTRACT SERVICES</td> <td data-bbox="760 1474 946 1501">32,253,790</td> <td data-bbox="954 1474 1133 1501">28,070,787</td> <td data-bbox="1141 1474 1320 1501">4,152,926</td> <td data-bbox="1328 1474 1513 1501">30,077</td> </tr> <tr> <td data-bbox="467 1507 751 1535">PROFESSIONAL FEES</td> <td data-bbox="760 1507 946 1535">7,490,767</td> <td data-bbox="954 1507 1133 1535">6,735,036</td> <td data-bbox="1141 1507 1320 1535">755,731</td> <td data-bbox="1328 1507 1513 1535"></td> </tr> <tr> <td data-bbox="467 1541 751 1568">CONTRACT LABOR</td> <td data-bbox="760 1541 946 1568">14,897,552</td> <td data-bbox="954 1541 1133 1568">14,862,542</td> <td data-bbox="1141 1541 1320 1568">35,010</td> <td data-bbox="1328 1541 1513 1568"></td> </tr> <tr> <td data-bbox="467 1575 751 1602">OTHER EXPENSES</td> <td data-bbox="760 1575 946 1602">6,044,666</td> <td data-bbox="954 1575 1133 1602">5,352,078</td> <td data-bbox="1141 1575 1320 1602">691,795</td> <td data-bbox="1328 1575 1513 1602">793</td> </tr> <tr> <td data-bbox="467 1608 751 1635">Total</td> <td data-bbox="760 1608 946 1635">60,686,775</td> <td data-bbox="954 1608 1133 1635">55,020,443</td> <td data-bbox="1141 1608 1320 1635">5,635,462</td> <td data-bbox="1328 1608 1513 1635">30,870</td> </tr> </tbody> </table>	(a) Description	(b) Total Expenses	(c) Program Service Expenses	(d) Management and General Expenses	(e) Fundraising Expenses	CONTRACT SERVICES	32,253,790	28,070,787	4,152,926	30,077	PROFESSIONAL FEES	7,490,767	6,735,036	755,731		CONTRACT LABOR	14,897,552	14,862,542	35,010		OTHER EXPENSES	6,044,666	5,352,078	691,795	793	Total	60,686,775	55,020,443	5,635,462	30,870
(a) Description	(b) Total Expenses	(c) Program Service Expenses	(d) Management and General Expenses	(e) Fundraising Expenses																											
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Total	60,686,775	55,020,443	5,635,462	30,870																											
FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table border="1"> <thead> <tr> <th data-bbox="467 1663 1304 1690">(a) Description</th> <th data-bbox="1312 1663 1513 1690">(b) Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="467 1696 1304 1724">UNREALIZED GAINS - INTEREST RATE SWAP</td> <td data-bbox="1312 1696 1513 1724">4,151,192</td> </tr> <tr> <td data-bbox="467 1730 1304 1757">INTERCOMPANY LOAN FORGIVENESS</td> <td data-bbox="1312 1730 1513 1757">- 28,106,963</td> </tr> <tr> <td data-bbox="467 1764 1304 1791">ASSETS RELEASED FROM RESTRICTIONS</td> <td data-bbox="1312 1764 1513 1791">- 2,144,129</td> </tr> <tr> <td data-bbox="467 1797 1304 1824">JOINT VENTURE INCOME</td> <td data-bbox="1312 1797 1513 1824">5,395,059</td> </tr> <tr> <td data-bbox="467 1831 1304 1858">RESTRICTED GIFTS, BEQUESTS & CONTRIBUTIONS</td> <td data-bbox="1312 1831 1513 1858">10,111,377</td> </tr> <tr> <td data-bbox="467 1864 1304 1892">OTHER</td> <td data-bbox="1312 1864 1513 1892">168,132</td> </tr> </tbody> </table>	(a) Description	(b) Amount	UNREALIZED GAINS - INTEREST RATE SWAP	4,151,192	INTERCOMPANY LOAN FORGIVENESS	- 28,106,963	ASSETS RELEASED FROM RESTRICTIONS	- 2,144,129	JOINT VENTURE INCOME	5,395,059	RESTRICTED GIFTS, BEQUESTS & CONTRIBUTIONS	10,111,377	OTHER	168,132																
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RESTRICTED GIFTS, BEQUESTS & CONTRIBUTIONS	10,111,377																														
OTHER	168,132																														

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization
FREDERICK HEALTH HOSPITAL, INC.

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2021

Open to Public Inspection

Employer identification number
52-0591612

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) FREDERICK HEALTH HOSPICE, INC. (52-1164513) 400 WEST SEVENTH STREET, FREDERICK, MD 21701	HOSPICE CARE	MD	501(C)(3)	10	FHH, INC.	✓	
(2) FREDERICK HEALTH, INC. (45-4133096) 400 WEST SEVENTH STREET, FREDERICK, MD 21701	HEALTH SYSTEM	MD	501(C)(3)	12 TYPE II	N/A		✓
(3) FREDERICK HEALTH MEDICAL GROUP, LLC (45-3001639) 400 WEST SEVENTH STREET, FREDERICK, MD 21701	PHYSICIAN ORG	MD	501(C)(3)	10	FHI	✓	
(4)							
(5)							
(6)							
(7)							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512–514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												
(2) -----												
(3) -----												
(4) -----												
(5) -----												
(6) -----												
(7) -----												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) <u>(SEE STATEMENT)</u>									
(2) -----									
(3) -----									
(4) -----									
(5) -----									
(6) -----									
(7) -----									

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

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

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

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
FREDERICK HEALTH MEDICAL GROUP, LLC	Q	67,207,870	DIRECT COSTING
(1) FREDERICK HEALTH MEDICAL GROUP, LLC	S	44,350,000	CASH
(2) FREDERICK HEALTH, INC.	S	3,665,000	CASH
(3) FREDERICK HEALTH MEDICAL GROUP, LLC	J	2,547,900	FMV
(4) FREDERICK HEALTH, INC.	O	1,566,733	DIRECT COSTING
(5) (SEE STATEMENT)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512–514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

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

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C-corp, S-corp or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) FREDERICK HEALTH SERVICES CORPORATION (52-1851661) 400 WEST SEVENTH STREET, FREDERICK, MD 21701	HEALTH CARE	MD	FHI	C CORPORATION				✓	
(2) MONOCACY INSURANCE LTD (98-1011570) PO BOX 1159, GRAND CAYMAN, KY1-1102, CJ	SELF INSURANCE	CAYMAN ISLANDS	FHI	C CORPORATION				✓	

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount Involved	(d) Method of determining amount involved
(6) FREDERICK HEALTH MEDICAL GROUP, LLC	O	1,132,994	DIRECT COSTING
(7) FREDERICK HEALTH, INC.	Q	582,530	DIRECT COSTING
(8) FREDERICK HEALTH VILLAGE, LLC	Q	558,846	DIRECT COSTING
(9) FREDERICK HEALTH HOSPICE, INC.	S	550,000	CASH
(10) FREDERICK HEALTH SERVICES CORP	K	483,455	FMV
(11) FREDERICK HEALTH HOSPICE, INC.	O	274,090	DIRECT COSTING
(12) FREDERICK HEALTH SERVICES CORP	A	78,000	FMV
(13) MONOCACY INSURANCE, LTD	C	50,000	CASH

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Frederick Health, Inc. and Subsidiaries
Years Ended June 30, 2022 and 2021
With Report of Independent Auditors

Ernst & Young LLP



Frederick Health, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2022 and 2021

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Report of Independent Auditors

The Board of Directors
Frederick Health, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Frederick Health, Inc. and Subsidiaries (the System), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the System at June 30, 2022 and 2021, and the results of its operations, net assets, and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Monocacy Insurance, Ltd., a wholly-owned subsidiary, which statements reflect total assets of \$25,658,623 in 2022 and \$28,844,034 in 2021 and net loss after elimination of intercompany revenues of \$4,607,499 in 2022 and \$4,295,423 in 2021 of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Monocacy Insurance, Ltd., is based solely on the report of the other auditors.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating and combining/combined information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst + Young LLP

October 12, 2022

Frederick Health, Inc. and Subsidiaries

Consolidated Balance Sheets
(In Thousands)

	June 30	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,267	\$ 95,758
Patient receivables	70,954	68,918
Other receivables	2,629	2,541
Inventory	10,993	9,693
Prepaid expenses	5,890	5,016
Assets limited as to use	6,409	18,725
Promises to give, net	730	781
Total current assets	<u>129,872</u>	<u>201,432</u>
Net property and equipment	287,076	271,031
Right-of-use assets, net	28,261	25,561
Other assets:		
Assets limited as to use	3,047	2,549
Investments – donor restricted	6,378	4,699
Promises to give, net	5,196	4,304
Long-term investments	184,844	210,969
Other investments	21,744	9,512
Other assets	9,146	9,067
Total other assets	<u>230,355</u>	<u>241,100</u>
Total assets	<u><u>\$ 675,564</u></u>	<u><u>\$ 739,124</u></u>

	June 30	
	2022	2021
Liabilities and net assets		
Current liabilities:		
Current maturities of long-term debt	\$ 6,095	\$ 4,875
Accounts payable	33,432	30,371
Accrued expenses	33,715	34,064
Advances from third-party payors	22,189	64,040
Leases, current	3,258	3,505
Other current liabilities	8,297	6,875
Total current liabilities	<u>106,986</u>	<u>143,730</u>
Long-term liabilities, net of current portion:		
Long-term debt	196,363	202,910
Interest rate swap contract	3,515	7,666
Accrued pension expense	—	360
Other long-term liabilities	34,763	27,970
Leases, long term	29,780	26,952
Total long-term liabilities, net of current portion	<u>264,421</u>	<u>265,858</u>
Total liabilities	<u>371,407</u>	<u>409,588</u>
Net assets:		
Without donor restrictions	291,854	319,753
With donor restrictions	12,303	9,783
Total net assets	<u>304,157</u>	<u>329,536</u>
Total liabilities and net assets	<u>\$ 675,564</u>	<u>\$ 739,124</u>

See accompanying notes.

Frederick Health, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
(In Thousands)

	Year Ended June 30	
	2022	2021
Net assets without donor restrictions:		
Unrestricted revenues:		
Net patient service revenue	\$ 477,343	\$ 469,508
Other revenue	19,221	28,271
Total unrestricted revenues	<u>496,564</u>	<u>497,779</u>
Operating expenses:		
Salaries and wages	238,232	207,057
Employee benefits	53,099	43,481
Professional fees	10,957	14,047
Cost of goods sold	81,661	80,866
Supplies	16,590	18,327
Contract services	58,187	63,532
Other	15,721	12,644
Utilities	6,294	5,684
Insurance	2,203	5,632
Depreciation and amortization	29,672	28,099
Interest	4,728	5,260
Total operating expenses	<u>517,344</u>	<u>484,629</u>
(Loss) income from operations	<u>(20,780)</u>	13,150
Other income (loss), net:		
Gain on sale of assets	6	4,987
Investment gain, net	8,236	19,689
Change in unrealized (losses) gains on trading securities, net	(31,418)	25,349
Realized losses and unrealized gains on interest rate swap contract, net	2,601	995
Periodic pension credit (cost)	1,829	(1,196)
Other nonoperating gains (losses), net	6,560	(578)
Total other (loss) income, net	<u>(12,186)</u>	<u>49,246</u>
(Deficit) excess of revenue over expenses	<u>\$ (32,966)</u>	<u>\$ 62,396</u>

Continued on page 7.

Frederick Health, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, June 30, 2020	\$ 244,974	\$ 7,677	\$ 252,651
Excess of revenue over expenses	62,396	–	62,396
Pension adjustment	12,355	–	12,355
Other changes in unrestricted net assets	19	–	19
Released from restriction used to purchase capital	9	(9)	–
Assets released from restrictions	–	(12,347)	(12,347)
Restricted gifts, bequests, and contributions	–	14,462	14,462
Changes in net assets	<u>74,779</u>	<u>2,106</u>	<u>76,885</u>
Net assets, June 30, 2021	319,753	9,783	329,536
Deficit of revenue over expenses	(32,966)	–	(32,966)
Pension adjustment	220	–	220
Released from restriction used to purchase capital	4,847	(4,847)	–
Assets released from restrictions	–	(4,320)	(4,320)
Restricted gifts, bequests, and contributions	–	11,687	11,687
Changes in net assets	<u>(27,899)</u>	<u>2,520</u>	<u>(25,379)</u>
Net assets, June 30, 2022	<u>\$ 291,854</u>	<u>\$ 12,303</u>	<u>\$ 304,157</u>

See accompanying notes.

Frederick Health, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended June 30	
	2022	2021
Operating activities		
Changes in net assets	\$ (25,379)	\$ 76,885
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation of property and equipment	29,672	28,099
Noncash pension adjustment	(220)	(12,355)
Amortization of premium and deferred financing	(368)	(43)
Equity in earnings of joint ventures	(6,070)	(940)
Gain on sale of property and equipment	-	(4,987)
Unrealized losses (gains) and realized losses (gains) on unrestricted investments	28,464	(45,208)
Proceeds from restricted contributions	(7,530)	(1,447)
Change in fair value of interest rate swap, net of realized losses	(2,601)	(2,738)
Increase (decrease) in:		
Receivables, patient, and other	(2,124)	(13,717)
Inventories and prepaids	(2,174)	(819)
Pledges receivable	(841)	(659)
Other assets	(340)	(1,223)
Accounts payable	3,061	4,043
Accrued expenses	(349)	5,892
Accrued pension expense	-	(2,804)
Advances from third-party payors	(41,851)	(3,696)
Other short-term liabilities	60	1,577
Other long-term liabilities	(221)	4,959
Net cash (used in) provided by operating activities	<u>(28,811)</u>	30,819
Investing activities		
Realized losses on interest rate swap contract	(1,550)	(1,743)
Other investments	38	-
Purchases of property and equipment	(51,915)	(37,927)
Net (purchases) sales of long term investments and assets limited as to use	<u>(4,516)</u>	28,965
Net cash used in investing activities	<u>(57,943)</u>	(10,705)

Frederick Health, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

(In Thousands)

	Year Ended June 30	
	2022	2021
Fundraising and financing activities		
Proceeds from restricted contributions	\$ 7,530	\$ 1,447
Repayments of long-term debt	(4,875)	(24,630)
Proceeds from equipment borrowings	10,000	—
Repayments of leases and equipment	(1,624)	(1,041)
Deferred financing costs paid	(84)	(257)
Net cash provided by (used in) fundraising and financing activities	<u>10,947</u>	<u>(24,481)</u>
Net decrease in cash, cash equivalents, and restricted cash	(75,807)	(4,367)
Cash, cash equivalents, and restricted cash at the beginning of the year	114,483	118,850
Cash, cash equivalents, and restricted cash at the end of the year	<u>\$ 38,676</u>	<u>\$ 114,483</u>
Cash and cash equivalents	\$ 32,267	\$ 95,758
Restricted cash, included in assets limited as to use	6,409	18,725
	<u>\$ 38,676</u>	<u>\$ 114,483</u>
Supplemental disclosures		
Cash paid for interest	<u>\$ 4,728</u>	<u>\$ 5,324</u>

See accompanying notes.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements *(Dollars in Thousands)*

June 30, 2022

1. Organization and Mission

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

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

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

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

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

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

1. Organization and Mission (continued)

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

The Obligated Group, consisting of the Hospital, Medical Group and the System, is responsible for repayment of the Maryland Health and Higher Education Facilities (MHHEFA) Series 2012A, Series 2017B and Series 2020 Bonds, Promissory Note 2020 and any outstanding amount on the 2013 Line of Credit. Refer to Note 9 for additional information on long term debt.

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

Global Pandemic

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. Patient volumes and the related revenue for most services were significantly impacted beginning in mid-March 2020 through early May 2020 as various policies were implemented by federal, state, and local governments such as suspension of elective procedures. Since that time, gradual improvement in volumes and related revenue have been experienced and as COVID-19 volumes surge, the System monitors elective and non-emergent procedures based on COVID-19 volumes, available staffing, and capacity.

The impact of COVID-19 on future operations and financial results will depend upon many factors, many of which could be beyond the System's ability to control or predict. The System's future operations and financial results may be materially impacted by developments related to COVID-19 including, but not limited to, the potential impact on future COVID-19 patient volumes resulting from new variants of the virus, the length of time and severity of the spread of the pandemic; and the volume of cancelled or rescheduled elective procedures and the volume of COVID-19 patients treated at our hospital and other healthcare facilities.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

1. Organization and Mission (continued)

The Maryland Health Services Cost Review Commission (HSCRC or the Commission) has publicly announced its intention to support Maryland hospitals during the state of emergency and catastrophic health emergency within the State of Maryland and its collaboration with other Maryland regulatory agencies to remove licensure, regulatory, and other barriers to hospitals in the provision of emergency healthcare services. Recognizing that hospitals experienced volume decline due to self-quarantining and cancelled elective surgeries, the HSCRC permitted Maryland hospitals to increase rate corridors up to the 10% threshold or by an additional 5% from their current charging position, whichever is greater, for periods in both fiscal year 2021 and 2022 in order to make up for lost revenue.

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law on March 27, 2020. The CARES Act authorizes funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Relief Fund). Payments from the relief fund are to be used to prevent, prepare for, and respond to Coronavirus, and shall reimburse the recipient for healthcare related expenses or lost revenues attributable to Coronavirus and are not required to be repaid, provided the recipients attest to and comply with the terms and conditions. In addition to the relief funding, the CARES Act provided for an expansion of the Medicare Accelerated and Advance Payment Program whereby inpatient acute care hospitals and other eligible providers were able to request accelerated payment of up to 100% of their Medicare payment amount for a six-month period to be repaid through withholding of future Medicare fee-for-service payments. The Company's accounting policies for the recognition of CARES funding received are discussed within Note 2.

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and transactions of the System and its wholly owned subsidiaries: Hospital, MIL, FHSC, Medical Group, FIHN, FHCE and the Village.

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

FHSC has two wholly owned subsidiaries: Rosehill of Frederick, LLC and Frederick Health Employer Solutions, LLC, both of which are for-profit limited liability companies that have been consolidated with FHSC into the System in the accompanying consolidated financial statements.

The accompanying consolidated financial statements include the accounts of the System and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

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

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as donor restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the asset is reclassified to without donor restrictions if restricted for capital or reported in the statements of operations as net assets released from restrictions if restricted for operating purposes. Donations received are reported as unrestricted contributions in the accompanying consolidated statements of operations as other operating revenues.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid financial instruments with an original maturity of three months or less, excluding assets limited as to use and those classified as long-term investments.

Other Revenue

Other revenue consists primarily of other operating revenue as well as gifts, bequests and contributions.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

On December 16, 2021, July 20, 2020, April 9, 2020 and, the System received \$2,478, \$10,100 and \$11,922, respectively, in provider relief funds authorized in the CARES Act from the U.S. Department of Health and Human Services (HHS). The recognition of amounts received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020, certification that payment will be used to prevent, prepare for and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues, as defined by HHS, that are attributable to coronavirus, as well as receipt of the funds. The System follows grant accounting to recognize the stimulus funding as other operating revenue based on guidance from the HHS. These CARES funds were reported as donor restricted when they were received and released when used for operating purposes to cover lost revenue and COVID-related expenditures and reported in the consolidated statement of operations and changes in net assets as other revenue.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

Cost of Goods Sold

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

Investments and Assets Limited as to Use

The fair values of individual investments, excluding private equity investments and hedge fund investments, are based on quoted market prices of individual securities or investments or estimated amounts using quoted market prices of similar investments. Private equity investments and hedge funds are recorded based on net asset value of these investments which is discussed further in Note 7, Fair Value Measurements. Realized and unrealized investment returns from all unrestricted investments and assets limited as to use are included in the consolidated statements of operations as part of nonoperating gains and losses. Long-term investments represent investments without donor restrictions and income earned on investments with and without donor restrictions. The cost of securities sold is based on the specific-identification method. Investments are classified as either current or noncurrent based on maturity dates and availability for current operations.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Substantially all of the System's investment portfolio (excluding certain assets limited as to use) is classified as trading, with unrealized gains and losses included in (deficit) excess of revenue over expenses. Certain trustee assets that are included in assets limited as to use are classified as other than trading. These assets primarily consist of funds held for payment of principal and interest on bonds and deferred compensation trusts.

Investment Risk and Liquidity Management

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

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

Property and Equipment

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Leases

Effective January 1, 2019, the System adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, using the modified retrospective approach. For the impact of adoption and other required disclosures, see Note 16. The System enters into lease agreements for equipment, office space and certain facilities in conducting its normal business operations. Operating leases are included in long-term right-of-use assets, current lease liability and long-term lease liability in the accompanying consolidated balance sheets. Finance leases are included in net property and equipment, other current liabilities, and other long-term liabilities in the accompanying consolidated balance sheets.

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

Topic 842 includes an accounting policy election for non-public business entities to use the risk-free rate for the measurement of lease liabilities. The System elected to utilize the risk-free rate for the measurement of lease liabilities for initial transition and going forward. This rate will be applied to all leases using a period comparable to the lease. The System also elected the practical expedient which allows the System to treat the lease and non-lease components of a contract as a single component and account for as a lease.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Valuation of Long-Lived Assets

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

Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Debt Issuance Costs

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

Net Patient Service Revenue and Patient Accounts Receivable

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

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

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

Patient receivable includes charges for amounts due from all patients less price concessions relating to allowances for the excess of established charges over the payments to be received on behalf of patients covered by Medicare, Medicaid and other insurers. The provision for price concessions is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the price concessions based upon historical experience of self-pay accounts receivable, including those balances after insurance payments and not covered by insurance.

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

Performance Indicator

The performance indicator is the (deficit) excess of revenue over expenses. Other changes in net assets, consistent with industry practice, include pension adjustments and net assets released from restriction for capital purposes.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments

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

Advances From Third-Party Payors

On May 4, 2020, the System received \$60,014 from the Centers for Medicare and Medicaid Services (CMS) Accelerated and Advance Payment Program, which allowed inpatient acute care hospitals to request accelerated payments of up to 100% of their Medicare payment amount for a six-month period. Consistent with the terms and conditions of the program repayments began in April 2021. As of June 30, 2022, CMS has recovered \$46,982, with the remaining \$13,032 representing contract liabilities as defined in ASC 606, which have been recorded within advances from third-party payors in the accompanying consolidated balance sheet at June 30, 2022.

Use of Estimates

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

Net Assets

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

When the specific purposes are met, either through passage of a stipulated time period or when the purpose for restriction is accomplished, they are released to other operating revenues in the statement of operations and changes in net assets. Resources restricted by donors for additions to property, plant and equipment are initially reported as net assets with donor restrictions and are

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

transferred to net assets without donor restrictions when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as net assets with donor restrictions.

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

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experiences, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022, including interim periods within those fiscal years, and a modified retrospective approach is required, with a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. Management is currently evaluating the impact of adopting this new accounting guidance.

3. Patient Receivables and Patient Service Revenue

Patient receivables consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Gross patient receivables	\$ 107,266	\$ 111,524
Less estimated uncollectible accounts and contractual allowances	<u>(36,312)</u>	<u>(42,606)</u>
Net patient receivables	<u>\$ 70,954</u>	<u>\$ 68,918</u>

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

3. Patient Receivables and Patient Service Revenue (continued)

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

	<u>2022</u>	<u>2021</u>
Inpatient charges	\$ 256,061	\$ 247,870
Outpatient charges	380,206	374,969
Gross charges	<u>\$636,267</u>	622,839
Less contractual and other allowances	<u>(158,924)</u>	(153,331)
Net patient service revenue	<u>\$ 477,343</u>	<u>\$ 469,508</u>

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

The System has also elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the System's expectation that the period between the time the service is provided to a patient and the time that the patient or third-party payor pays for that service will be one year or less.

The System does not pursue collection of amounts determined to qualify as charity care, therefore these revenues are not reported as net patient service revenue. Using the cost to charge ratio to approximate cost, charity care provided for the years ended June 30, 2022 and 2021, was \$8,758 and \$5,762, respectively. The state of Maryland rate system includes components within the rates to partially compensate hospitals for uncompensated care.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

4. Assets Limited as to Use

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

	<u>2022</u>	<u>2021</u>
Current:		
Principal, interest, and other – bonds	\$ 2,612	\$ 2,523
Construction funds	–	16,177
Other	<u>3,797</u>	<u>25</u>
	<u>\$ 6,409</u>	<u>\$ 18,725</u>
Noncurrent:		
Deferred compensation trusts	\$ 3,047	\$ 2,549
	<u>\$ 3,047</u>	<u>\$ 2,549</u>

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

	<u>2022</u>	<u>2021</u>
Current:		
Cash and money market accounts	\$ 6,409	\$ 18,725
	<u>\$ 6,409</u>	<u>\$ 18,725</u>
Noncurrent:		
Mutual funds	\$ 3,047	\$ 2,549
	<u>\$ 3,047</u>	<u>\$ 2,549</u>

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

5. Promises to Give

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

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 859	\$ 918
One to five years	2,839	2,843
More than five years	<u>3,859</u>	<u>2,953</u>
	7,557	6,714
Less discounting and allowance for uncollectible promises	<u>1,631</u>	<u>1,629</u>
Total promises to give, net	5,926	5,085
Less current portion of promises to give, net	730	781
	<u>\$ 5,196</u>	<u>\$ 4,304</u>

Promises to give include \$2,491 and \$1,611 for the years ended June 30, 2022 and 2021, respectively, related to charitable remainder trusts. This net amount represents the excess of the fair value of the related trust accounts over the net present value of the annuities to be paid out of the trust to the named beneficiaries over their estimated life expectancy.

6. Investments

Investments reported as a component of other long-term assets are summarized as follows:

	<u>2022</u>	<u>2021</u>
Investments – donor restricted	\$ 6,378	\$ 4,699
Long-term investments	<u>184,844</u>	<u>210,969</u>
	<u>\$ 191,222</u>	<u>\$ 215,668</u>

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

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

6. Investments (continued)

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

Long-term investments with and without donor restrictions recorded at fair value consist of the following at June 30:

	2022		2021	
	Cost	Fair Value/ NAV*	Cost	Fair Value/ NAV*
Cash and cash equivalents	\$ 7,779	\$ 7,779	\$ 6,493	\$ 6,493
U.S. government obligations	4,653	4,629	6,054	5,954
Corporate obligations	6,583	6,562	7,002	7,167
Mortgage-backed securities	4,434	4,070	3,854	3,892
Equity securities	42,780	54,818	44,926	69,531
Mutual funds	66,292	69,495	68,273	81,761
Private equity investments	9,702	16,550	11,472	13,515
Hedge funds	21,425	27,319	27,154	27,355
	\$ 163,648	\$ 191,222	\$ 175,228	\$ 215,668

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

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

	2022	2021
Unrestricted:		
Net realized gains	\$ 6,795	\$ 15,398
Interest and dividends, net of investment expense	3,406	3,590
Gains from joint ventures	626	701
	\$ 10,827	\$ 19,689

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

6. Investments (continued)

Investment expense was \$399 and \$485 for the years ended June 30, 2022 and 2021, respectively.

Other investments consist of the following at June 30:

	Carrying Value		Income (Loss)	
	2022	2021	2022	2021
Joint ventures	\$ 19,064	\$ 6,909	\$ 1,341	\$ 508
Other	2,680	2,603	–	–
	<u>\$ 21,744</u>	<u>\$ 9,512</u>	<u>\$ 1,341</u>	<u>\$ 508</u>

Investments in joint ventures are accounted for using the equity method at June 30 and are as follows:

	Entity	Interest %	2022	2021
Mt. Airy Health Services, LLC	Hospital	50	\$ 1,209	\$ 987
Frederick County Radiology, LLC	Hospital	35	11,398	–
Emmitsburg Wellness Pavilion, LLC	FH	50	700	–
Mt. Airy Med-Services, LLC	FHSC	50	3,402	3,613
Frederick Surgical Center, LLC	FHSC	40.6	936	1,150
MNR of Frederick, LLC	FHSC	22.5	1,062	845
Other	Multiple	6–50	357	314
			<u>\$ 19,064</u>	<u>\$ 6,909</u>

The fair value of these joint ventures is not readily determinable.

7. Fair Value Measurements

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

7. Fair Value Measurements (continued)

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

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

- Level 1 – Inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the System has the ability to access at the measurement date.
- Level 2 – Inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 – Inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. Inputs to determine the fair value of Level 3 assets and liabilities require management judgment and estimation.

In addition to amounts recorded at fair value, certain investments are recorded at net asset value.

Net Asset Value – Values are based on the calculated net asset value. The calculated net asset values (NAV) for underlying investments are fair value estimates determined by an external fund manager and other sources based on quoted market prices, operating results, and other business and market sector factors.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

7. Fair Value Measurements (continued)

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

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

	Fair Value Measurements at Reporting Date Using				NAV
	Fair Value at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Assets					
Cash and cash equivalents	\$ 46,419	\$ 46,419	\$ —	\$ —	\$ —
Equity securities	54,818	54,818	—	—	—
U.S. government obligations	4,448	—	4,448	—	—
Agency securities	182	—	182	—	—
Corporate and other bonds	6,562	—	6,562	—	—
Mutual funds	72,578	72,578	—	—	—
Mortgage-backed securities	4,070	—	4,070	—	—
Private equity investments	16,550	—	—	—	16,550
Hedge funds	27,319	—	—	—	27,319
Total assets	\$ 232,946	\$ 173,815	\$ 15,262	\$ —	\$ 43,869
Liabilities					
Interest rate swap liability	\$ (3,515)	\$ —	\$ —	\$ (3,515)	\$ —
Total liabilities	\$ (3,515)	\$ —	\$ —	\$ (3,515)	\$ —

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

7. Fair Value Measurements (continued)

	Fair Value Measurements at Reporting Date Using					NAV
	Fair Value at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)		
Assets						
Cash and cash equivalents	\$ 120,948	\$ 120,948	\$ –	\$ –	\$ –	–
Equity securities	69,531	69,531	–	–	–	–
U.S. government obligations	5,875	–	5,875	–	–	–
Agency securities	79	–	79	–	–	–
Corporate and other bonds	7,167	–	7,167	–	–	–
Mutual funds	84,338	84,338	–	–	–	–
Mortgage-backed securities	3,892	–	3,892	–	–	–
Private equity investments	13,515	–	–	–	–	13,515
Hedge funds	27,355	–	–	–	–	27,355
Total assets	<u>\$ 332,700</u>	<u>\$ 274,817</u>	<u>\$ 17,013</u>	<u>\$ –</u>	<u>\$ –</u>	<u>40,870</u>
Liabilities						
Interest rate swap liability	\$ (7,666)	\$ –	\$ –	\$ (7,666)	\$ –	–
Total liabilities	<u>\$ (7,666)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ (7,666)</u>	<u>\$ –</u>	<u>–</u>

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

7. Fair Value Measurements (continued)

Private equity investments and hedge funds are recorded at NAV. These amounts are not required to be categorized in the fair value hierarchy. The recorded value is based on the proportionate share of the NAV based on the most recent partners' capital statements received from the general partners, which is generally as of the balance sheet date. It is expected that NAV approximates fair value.

Interest Rate Swap

The System entered into an interest rate swap agreement in conjunction with the issuance of variable rate bonds. The swap contract is valued using models based on readily observable market parameters for all substantial terms of the contract. The change in the fair market value of the swap agreement is included in (deficit) excess of revenue over expenses, as the swap is not designated as an effective hedge.

Credit exposure associated with nonperformance by the counterparty to the derivative instrument is generally limited to the uncollateralized fair value of the asset related to instruments recognized in the balance sheets.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

8. Property and Equipment

Property and equipment consist of the following at June 30:

	Estimated Useful Lives	2022	2021
Land	–	\$ 10,967	\$ 10,967
Land improvements	8–20 years	4,625	4,512
Buildings	20–40 years	290,705	283,509
Fixed equipment	10–20 years	29,452	29,372
Movable equipment	3–20 years	286,355	274,321
Leasehold improvements	5–20 years	22,886	32,671
		644,990	635,352
Less accumulated depreciation		403,530	392,054
		241,460	243,298
Construction in process, renovations, and deposits		45,616	27,733
		\$ 287,076	\$ 271,031

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

Capitalized computer software, net of accumulated amortization, as of June 30, 2022 and 2021, was \$10,258 and \$10,600, respectively. Amortization of computer software was \$3,469 and \$2,427 for fiscal years 2022 and 2021, respectively.

The net book value of assets under financing lease arrangements totaled \$10,420 and \$2,064 as of June 30, 2022 and 2021, respectively. Depreciation expense related to assets under financing lease arrangements was \$1,194 and \$1,039 for the years ended June 30, 2022 and 2021, respectively.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

9. Long-Term Debt

Long-term debt consists of the following:

	Interest Rate	June 30	
		2022	2020
MHHEFA Series 2020 Bonds	3.25% to 4.00%	\$ 62,645	\$ 62,645
Promissory Note 2020	2.32%	93,550	93,875
MHHEFA Series 2017B Bonds	Variable	43,535	47,230
MHHEFA Series 2012 Bonds	3.00% to 5.00%	1,295	2,475
		201,025	206,225
Less: current maturities		(6,095)	(4,875)
Plus: unamortized premiums, net		3,178	3,292
Less: deferred financing costs, net		(1,745)	(1,732)
		\$ 196,363	\$ 202,910

Series 2020 MHHEFA Revenue Bonds

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

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

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

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

9. Long-Term Debt (continued)

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

The bond agreement contains certain financial covenants, all of which the System was in compliance with as of June 30, 2022.

Promissory Note 2020

On June 25, 2020 the System's obligated group issued a promissory note in favor of a lending institution in the amount \$93,875 facilitating legal defeasance of \$86,290 of the Series 2012A MHHEFA Revenue Bonds, pay related finance costs and to fund an escrow account to provide for future Series 2012A interest and principal payments. In conjunction with the issuance of this note, MHHEFA issued a tax exempt bond on July 1, 2022 in the principal amount of the remaining balance on this promissory note, in what is often referred to as a Cinderella bond. The transaction resulted in the incurrence of \$386 of deferred finance costs to be amortized over the life of the promissory note of 18 years.

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

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

The promissory note contains certain financial covenants, all of which the System was in compliance with as of June 30, 2022.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

9. Long-Term Debt (continued)

Series 2017B MHHEFA Revenue Bonds

In June 2017, the System obtained a loan of \$60,645 in MHHEFA Revenue Bonds, Frederick Memorial Hospital Issue, Series 2017B. Upon settlement of the bonds, MHHEFA and the obligated group entered into a financing agreement with BB&T whereby BB&T became the initial purchaser of the Series 2017B Bonds. The interest rate on the bonds is based on an index floating rate determined by BB&T equal to the applicable percentage of LIBOR plus the applicable spread plus the TEFRA adjustment, if any. The average interest rate on the bond loan was 1.036% for the year ended June 30, 2022. The carrying value of the 2017B Bonds approximates fair value.

The proceeds of the Series 2017B Bonds were used to pay financing costs and for the refunding of the Series 2012B Bonds.

Series 2017B Bonds are subject mandatory tender at June 1, 2024 and a redemption at the option of the authority at the principal amount of the Series 2017B Bonds to be redeemed plus accrued interest to the date set for redemption. The Series 2017B Bonds mature on July 1, 2035.

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

The System is required to make annual payments to BB&T sufficient to meet the annual debt service requirements for the succeeding year. Annual sinking fund installments for the Series 2017B Bonds range from \$3,155 on July 1, 2017, to \$2,090 on July 1, 2035.

The bond agreement contains certain financial covenants, all of which the System was in compliance with as of June 30, 2022.

Series 2012A MHHEFA Revenue Bonds

On June 25, 2020 the obligated group members of the System issued a promissory note in favor of a lending institution in the amount \$93,875, facilitating legal defeasance of \$86,290 of the Series 2012A MHHEFA Revenue Bonds.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Debt (continued)

Interest is payable semiannually on each January 1 and July 1, through July 1, 2038.

There is no debt service reserve requirement associated with the Series 2012A Bonds.

The bond agreement contains certain financial covenants, all of which the System was in compliance with as of June 30, 2022.

Debt service requirements on long-term debt, excluding original issue premium and deferred financing costs at June 30, 2022, of \$3,178 and \$1,745, respectively, are as follows:

	<u>Principal</u>
Years ending June 30:	
2023	\$ 6,095
2024	6,400
2025	6,650
2026	6,920
2027	7,195
Thereafter	<u>167,765</u>
	<u>\$ 201,025</u>

2013 Line of Credit

On September 9, 2013, the System entered into a \$20,000 revolving line of credit with a lending institution for the purpose of funding short-term working capital needs. The line of credit bears a variable interest rate of one-month LIBOR plus 1.50% per annum, adjusted and payable monthly.

Under the provisions of this revolving line of credit, the System has granted a security interest in all receipts now owned and hereafter acquired. Any outstanding amounts on this line of credit are secured with a deed of trust and security agreement applicable to the main hospital campus of the System and are secured ratably with the Series 2012A Bonds, Series 2017B Bonds, Promissory Note 2020 and the Series 2020 Bonds. All outstanding principal and interest must be repaid on the maturity date.

This agreement contains certain financial covenants, all of which the System was in compliance with as of June 30, 2022.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

9. Long-Term Debt (continued)

This line-of-credit agreement was amended on November 4, 2015, extending the maturity date to December 1, 2017, and decreased the revolving loan commitment from \$20,000 to \$15,000. A second amendment was made on January 1, 2017 reducing the variable interest rate to one-month LIBOR plus 1.25% per annum. A third amendment was made on November 30, 2017, extending the maturity date to January 31, 2020. A fourth amendment was made on October 29, 2019 reducing the variable interest rate to one-month LIBOR plus 1.05% and extending the maturity date to January 31, 2022. A fifth amendment was made on March 7, 2022, changing the interest rate to the secured overnight financing rate (SOFR) + 1.08% instead of LIBOR and extending the maturity date to January 31, 2024. The outstanding balance on this line of credit was \$0 as of June 30, 2022 and 2021, respectively.

10. Interest Rate Swap Contract

The System records its derivatives as assets or liabilities at fair value. A derivative is typically defined as an instrument, whose value is derived from an underlying instrument, index or rate, has a notional amount, requires little or no initial investment, and can be net settled. The System participates in an interest rate swap contract that is considered a derivative financial instrument.

The System has an interest rate swap contract with a third party with a notional amount of \$43,250 on June 30, 2022, which reduces annually by an amount equal to the sinking fund installment due on bonds until maturity on July 1, 2036. The System is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap contract. However, the System does not anticipate nonperformance by the counterparty. Under the swap contract, the System pays interest at a fixed rate of 3.804% per annum and receives interest at a variable rate equal to 67% of the one-month LIBOR of 0.16% as of June 29, 2022. The swap contract requires payments to be made or received monthly. The fair value of the swap contract was a liability of \$3,515 and \$7,666 at June 30, 2022 and 2021, respectively.

The System accrued net payments under its interest rate swap program of \$1,550 and \$1,743 during fiscal years 2022 and 2021, respectively. These amounts are included within realized and unrealized losses on interest rate swap contract, net, in the accompanying consolidated statements of operations and investing activities in the accompanying consolidated statements of cash flows.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

10. Interest Rate Swap Contract (continued)

The interest rate swap contract is not designated as an effective cash flow hedge. The System’s objectives of entering into the interest rate swap contract include limiting or hedging variable interest rate payments to achieve lower overall borrowing costs than a comparable unhedged fixed rate borrowing, to alter the pattern of debt service payments, and to improve asset/liability matching. Changes in the fair value of the derivative financial instrument are recognized in realized and unrealized losses on interest rate swap contract, net, in the accompanying consolidated statements of operations and investing activities in the accompanying consolidated statements of cash flows. The carrying value of the System’s derivative financial instrument approximates fair value. The interest rate swap contract is valued using models based on readily observable market parameters for all substantial terms of the contract.

Credit exposure associated with nonperformance by the counterparties to derivative instruments is generally limited to the uncollateralized fair value of the asset related to instruments recognized in the consolidated balance sheets. The System attempts to mitigate the risk of nonperformance by selecting counterparties with high credit ratings and monitoring their creditworthiness.

The System’s derivative agreements do not contain any credit support provisions that require it to post collateral if there are declines in the derivative value or its credit rating.

Balance Sheet location	Fair Value	
	2022	2021
Liability derivatives		
Interest rate swap contract	\$ 3,515	\$ 7,666
Total derivatives not designated as hedging instruments	\$ 3,515	\$ 7,666

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

10. Interest Rate Swap Contract (continued)

A summary of the effect of the non-hedging derivatives on the System’s consolidated statements of operations is as follows:

<u>Type of Non-hedging Derivatives</u>	<u>Statement of Operations Location of Loss Recognized</u>	<u>Derivative Loss Recognized</u>
Year ended June 30, 2022		
Interest rate swap contract – realized loss	Other loss	\$ (1,550)
Interest rate swap contract – unrealized gain	Other gain	<u>4,151</u>
Total		<u><u>\$ 2,601</u></u>
Year ended June 30, 2021		
Interest rate swap contract – realized loss	Other loss	\$ (1,743)
Interest rate swap contract – unrealized gain	Other gain	<u>2,738</u>
Total		<u><u>\$ 995</u></u>

11. Employee Benefit Plans

The System has a defined benefit pension plan (the Plan) that was curtailed on June 30, 2007. The System uses a measurement date of June 30 to determine plan assets and benefit obligations. The curtailment is such that participants will no longer accrue benefits under the Plan and no new participants will be accepted. Current participant accounts will not receive any service credits or increases in benefits for post-curtailed compensation increases beyond June 30, 2007; however, the System will make annual contributions to the Plan in accordance with actuarially determined amounts to meet future accumulated benefit obligations under the frozen Plan.

The Hospital’s Board of Directors approved a plan for terminating the Plan on August 26, 2020 and the System has notified participants of their options. In June 2022, the System completed its termination of the plan which converted remaining participants’ benefit interests into an annuity or lump-sum distributions.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

11. Employee Benefit Plans (continued)

The following provides a reconciliation of the changes in fair value of the Plan's assets and projected benefit obligations and the Plan's funded status based on a June 30, 2022 and 2021, measurement date:

	<u>2022</u>	<u>2021</u>
Accumulated benefit obligation	\$ N/A	\$ 53,278
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 53,278	\$ 61,007
Interest cost	1,440	1,625
Actuarial gain	(1,393)	(8,102)
Benefits paid and settlement	(53,325)	(1,252)
Projected benefit obligation at end of year	–	53,278
Change in plan assets:		
Fair value of plan assets at beginning of year	52,918	45,488
Actual return on plan assets	2,108	4,682
Employer contribution (receipt)	(1,700)	4,000
Benefits paid and settlement	(53,325)	(1,252)
Fair value of plan assets at end of year	–	52,918
Net amount recognized – funded status	<u>\$ –</u>	<u>\$ (360)</u>

Net amounts recognized in net assets without donor restrictions that have not been recognized in net periodic cost are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Net actuarial loss	\$ N/A	\$ 220
Total recognized in unrestricted net assets	<u>\$ N/A</u>	<u>\$ 220</u>

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

11. Employee Benefit Plans (continued)

The following table sets forth the weighted average assumptions used to determine benefit obligations:

	June 30	
	2022	2021
Discount rate	N/A	2.75%
Interest crediting rate	N/A	4.00%
Rate of compensation increase	N/A	N/A

The following table sets forth the weighted average assumptions used to determine net periodic benefit cost:

	Year Ended June 30	
	2022	2021
Discount rate	2.75%	2.70%
Expected return on plan assets	3.50%	3.75%
Interest crediting rate	4.00%	4.00%
Rate of compensation increase	N/A	N/A

Net periodic pension cost included the following components:

	2022	2021
Interest cost	\$ 1,440	\$ 1,625
Return on plan assets	(1,604)	(1,483)
Amortization of net loss	-	1,054
Effect of settlement	(1,665)	-
Net periodic pension (credit) cost	<u>\$ (1,829)</u>	<u>\$ 1,196</u>

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

11. Employee Benefit Plans (continued)

The System determines the expected long-term rate of return on plan assets by taking into consideration the historical returns of various asset classes and the types of investments the Plan is expected to hold.

The Plan's asset allocation as of the measurement date presented as a percentage of total plan assets for the year ended June 30, 2021 was as follows:

Equity securities	27%
Debt securities	57
Cash	10
Hedge funds	6
Total	<u>100%</u>

The Plan's assets are recorded at fair value and are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

11. Employee Benefit Plans (continued)

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

- Level 1 – Inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the System has the ability to access at the measurement date.
- Level 2 – Inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 – Inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In addition to amounts recorded at fair value, certain investments are recorded at net asset value.

Net Asset Value – Values are based on the calculated net asset value. The calculated net asset values (NAV) for underlying investments are fair value estimates determined by an external fund manager and other sources based on quoted market prices, operating results, and other business and market sector factors.

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

11. Employee Benefit Plans (continued)

The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities. The following tables present the Plan's assets and liabilities measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of June 30, 2021:

	Fair Value Measurements at Reporting Date Using				NAV
	Fair Value at June 30 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Assets					
Cash and cash equivalents	\$ 5,257	\$ 5,257	\$ –	\$ –	\$ –
Equity securities	14,367	14,367	–	–	–
Fixed income mutual funds	30,071	30,071	–	–	–
Hedge funds	3,223	–	–	–	3,223
Total assets	\$ 52,918	\$ 49,695	\$ –	\$ –	\$ 3,223

The fair value of the Plan's assets is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include exchange-traded equity securities and equity and fixed income mutual funds.

Hedge funds are recorded at NAV. These amounts are not required to be categorized in the fair value hierarchy. The recorded value is based on the proportionate share of the NAV based on the most recent partners' capital statements received from the general partners, which is generally as of the balance sheet date. It is expected that NAV approximates fair value.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

11. Employee Benefit Plans (continued)

Assets of the Plan are invested in a manner consistent with fiduciary standards of the Employee Retirement Income Security Act of 1974, namely: (a) the safeguards and diversity to which a prudent investor would adhere must be present and (b) all transactions undertaken on behalf of the Plan must be for the sole interest of plan participants and beneficiaries to provide benefits in a prudent manner. Investment objectives of the Plan also include the following:

- Achieve an annualized total return that equals or exceeds the actuarial target
- Preserve the value of the Plan's assets
- Diversify assets sufficiently and, in accordance with modern portfolio theory, avoid large specific risks (losses) and minimize the volatility of the portfolio
- Provide sufficient liquidity to plan benefit payment outflows and meet the Plan's requirements

The historical strategic target asset allocation for the Plan was 20% in equities, 62% in fixed income securities, 10% in hedge funds, 5% real estate, and 3% in cash.

The System also has a tax-deferred annuity savings (403(b)) plan available to substantially all employees. In conjunction with the curtailment of the defined benefit pension plan, the System modified the 403(b) plan effective July 1, 2007. Effective January 1, 2018, the plan was amended such that all new hires will be automatically enrolled in the 403(b) plan at 3% of employee earnings, which will be automatically increased 1% annually up to 10%. Employees can opt out of this automatic enrollment and annual increase. The System will match 100% on employee contributions up to 5.0% of employee earnings. Base contributions continue for employees with 5 to 10 years of service at 0.5% and 1.0% for employees with over 10 years of service. The System's contribution for base matching and transition credits totaled \$8,988 and \$7,962 for fiscal years 2022 and 2021, respectively.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Employee Benefit Plans (continued)

In December 2005, the System adopted two nonqualified deferred compensation plans with an effective date of December 15, 2004, for certain members of executive management. Under these plans, participating employees may contribute amounts from their compensation to the plan and may receive a discretionary employer contribution. Employees are fully vested in all employee contributions to the plans. Vesting in employer contributions occurs in accordance with the underlying plan documents. All assets of the plans are held in separate trusts. Total contributions by the System to the plans were \$498 and \$439 for the years ended June 30, 2022 and 2021, respectively.

12. Concentration of Credit Risk

The System has funds on deposit with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation. The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors (in percentages) at June 30 was as follows:

	2022	2021
Medicare	32%	28%
Medicaid	23	25
Blue Cross	16	13
HMOs and PPOs	17	20
Commercial insurance and other third-party payors	7	8
Patients	5	6
	100%	100%

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

13. Functional Expenses

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

	Program	General and Administrative	Total
Year ended June 30, 2022			
Salaries and wages	\$ 202,624	\$ 35,608	\$ 238,232
Employee benefits	45,657	7,442	53,099
Professional fees	6,184	4,773	10,957
Cost of goods sold	81,386	275	81,661
Supplies	15,708	882	16,590
Contract services	49,764	8,423	58,187
Other	11,078	4,643	15,721
Utilities	4,371	1,923	6,294
Insurance	1,181	1,022	2,203
Depreciation	26,493	3,179	29,672
Interest	4,428	300	4,728
	<u>\$ 448,874</u>	<u>\$ 68,470</u>	<u>\$ 517,344</u>
Year ended June 30, 2021			
Salaries and wages	\$ 171,270	\$ 35,787	\$ 207,057
Employee benefits	36,714	6,767	43,481
Professional fees	9,999	4,048	14,047
Cost of goods sold	80,830	36	80,866
Supplies	17,527	800	18,327
Contract services	54,476	9,056	63,532
Other	9,809	2,835	12,644
Utilities	4,197	1,487	5,684
Insurance	1,068	4,564	5,632
Depreciation	25,917	2,182	28,099
Interest	4,835	425	5,260
	<u>\$ 416,642</u>	<u>\$ 67,987</u>	<u>\$ 484,629</u>

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

14. Net Assets

Net assets with temporary donor restrictions are available for the following purposes or periods at June 30:

	2022	2021
Health care services:		
Buildings and equipment	\$ 5,549	\$ 6,005
Restricted by time only	2,491	1,611
Specific health care services	1,400	–
Staff resiliency programs	1,028	–
Education programs	418	777
Indigent care and research	441	414
	\$ 11,327	\$ 8,807

Net assets with permanent donor restrictions consist of investments to be held in perpetuity, the income from which is expendable for:

	2022	2021
General health care services (reported as other operating revenue)	\$ 971	\$ 971
Specific health care services (reported as net assets released from restrictions)	5	5
	\$ 976	\$ 976

During 2022 and 2021, net assets were released from donor restrictions by incurring expenses or capital expenditures satisfying the restricted purposes in the amounts of \$6,853 and \$12,356, respectively.

15. Commitments and Contingencies

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

15. Commitments and Contingencies (continued)

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

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

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

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

15. Commitments and Contingencies (continued)

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

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

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

Through MIL, a wholly owned subsidiary, the System maintains reserves, including excess coverage, in the amount of \$19,001 and \$19,898 at June 30, 2022 and 2021, respectively, and a related reinsurance receivable of \$7,639 and \$8,791 at June 30, 2022 and 2021, respectively. In addition, the System has also estimated a tail liability for claims incurred but not reported under the claims made policy totaling \$4,046 and \$3,710 as of June 30, 2022 and 2021, respectively. The System employs an independent actuary to estimate the ultimate settlement of such claims.

These reserves are recorded on an undiscounted basis at June 30, 2022 and 2021. In management's opinion, the amounts recorded provide an adequate reserve for loss contingencies. However, changes in circumstances affecting professional liability claims could cause these estimates to change upon final resolution of such matters.

Alternative investments include hedge fund, private equity, and commingled investment funds, which are valued using the equity method of accounting. The System had approximately \$8.3 million of unfunded commitments in alternative investments as of June 30, 2022.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

16. Leases

The System leases equipment, office space, and certain facilities. Included in the accompanying consolidated statement of operations and changes in net assets are lease expenses of approximately \$5,774 million and \$5,089 million in 2022 and 2021, respectively. The following table summarizes the components of lease expense for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Finance lease cost:		
Amortization	\$ 1,647	\$ 1,040
Interest	163	72
Total finance lease cost	<u>1,810</u>	1,112
Operating lease cost	3,616	3,658
Short-term lease cost	348	312
Total lease cost	<u>\$ 5,774</u>	<u>\$ 5,082</u>

As of June 30, 2022, the System recognized \$28,261 and \$10,440 of operating and financing right-of-use assets, respectively. As of June 30, 2021, the System recognized \$25,561 and \$2,064 of operating and financing right-of-use assets, respectively.

A summary of the components of operating and finance lease liabilities classified as current and noncurrent on the accompanying consolidated balance sheets are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
June 30, 2022			
Leases, current	\$ 3,258	\$ –	\$ 3,258
Leases, long term	29,780	–	29,780
Other current liabilities	–	2,029	2,029
Other long-term liabilities	–	8,411	8,411
Total lease liabilities	<u>\$ 33,038</u>	<u>\$ 10,440</u>	<u>\$ 43,478</u>
June 30, 2021			
Leases, current	\$ 3,505	\$ –	\$ 3,505
Leases, long term	26,952	–	26,952
Other current liabilities	–	667	667
Other long-term liabilities	–	1,397	1,397
Total lease liabilities	<u>\$ 30,457</u>	<u>\$ 2,064</u>	<u>\$ 32,521</u>

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

16. Leases (continued)

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

	<u>2022</u>	<u>2021</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	\$ 3,615	\$ 3,658
Operating cash flows paid for interest portion of finance leases	163	72
Financing cash flows paid for principal portion of finance leases	1,624	1,041
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	5,392	610
Finance leases	6,239	719

The weighted average discount rates and our weighted remaining lease terms as of June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Weighted average discount rate:		
Operating leases	2.18%	2.13%
Financing leases	1.89%	2.98%
Weighted average lease term		
Operating leases	11.16	11.83
Financing leases	5.78	3.10

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

16. Leases (continued)

The following table reconciles undiscounted future operating and finance lease obligations for each of the next five years and thereafter, as of June 30, 2022, to lease obligation recorded on the consolidated balance sheet at June 30, 2022:

	Operating Leases	Finance Leases	Total
Years ended June 30:			
2023	\$ 3,865	\$ 2,237	\$ 6,102
2024	3,563	2,066	5,629
2025	3,324	1,695	5,019
2026	3,297	1,517	4,814
2027	3,240	1,517	4,757
Thereafter	20,639	2,022	22,661
Total future undiscounted lease obligations	37,928	11,054	48,982
Less: lease payment representing interest	(4,890)	(614)	(5,504)
Present value of future lease payments	33,038	10,440	43,478
Less: current portion of future lease payments	(3,258)	(2,029)	(5,287)
Long-term lease obligations	<u>\$ 29,780</u>	<u>\$ 8,411</u>	<u>\$ 38,191</u>

Workers' Compensation

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

Letter of Credit

The System has a letter of credit issued by a lending institution in the amount of \$1,340. This letter of credit is renewed on an annual basis and is required by the state of Maryland as collateral for unemployment benefits.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

17. Liquidity and Availability

Financial assets available for general expenditure within one year of the balance sheet date comprise the following at June 30, 2022:

Cash and cash equivalents	\$ 32,267
Patient accounts receivable, net	70,954
Promises to give, net	730
Other receivables	2,629
Investments with daily and weekly liquidity	142,658
Total	<u>\$ 249,238</u>

The System's most restrictive bond covenant requires the obligated group to maintain unrestricted cash and marketable securities on hand to meet 75 days of normal operating expenses, which would be approximately \$100,265 as of June 30, 2022.

18. Regulatory Environment

Medicare and Medicaid

The Medicare and Medicaid reimbursement programs represent a substantial portion of the System's revenues. The System's operations are subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Over the past several years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of fines and penalties, as well as repayments for patient services previously billed. Compliance with fraud and abuse standards and other government regulations can be subject to future government review and interpretation.

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

18. Regulatory Environment (continued)

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

State of Maryland Health Services Cost Review Commission

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

Through June 2022, the current rate of reimbursement for principally all inpatient services and certain other services to patients under the Medicare and Medicaid programs is based on an agreement between CMS and the Commission. This agreement is based upon a waiver from Medicare prospective payment system reimbursement principles granted to the state of Maryland under Section 1814(b) of the Social Security Act. As of January 2014, CMS approved a modernized waiver that will be in place as long as Maryland hospitals commit to achieving significant quality improvements, limits on all-payor per capita hospital growth, and limits on annual Medicare per capita hospital cost growth to a rate lower than the national annual per capita growth rate.

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

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

18. Regulatory Environment (continued)

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

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

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

Overcharges and undercharges due to either patient volume or price variances, adjusted for penalties where applicable, are applied to decrease (in the case of overcharges) or increase (in the case of undercharges) future approved rates on an annual basis. The System was undercharged by \$1,781 and \$2,104 for the years ended June 30, 2022 and 2021, respectively.

While the System is expecting the HSCRC to allow for recovery in future periods of the undercharge experienced during the year, mainly due to lower volume as the result of the COVID-19 pandemic, uncertainty exists as to the final outcome of HSCRC rate setting decision making.

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

HSCRC established an uncompensated care fund whereby certain hospitals are required to contribute to the fund to help cover the costs associated with uncompensated care for all Maryland hospitals equitably. The System received from the fund \$1,428 and \$2,395 for the years ended June 30, 2022 and 2021, respectively.

Frederick Health, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

19. Subsequent Events

The System has evaluated subsequent events through October 12, 2022, the date of issuance of these consolidated financial statements. The system is unaware of any subsequent events that would require recognition or disclosure at this time except as noted below.

Series 2022 MHHEFA Revenue Bonds

On June 25, 2020 the System's obligated group issued a promissory note in favor of a lending institution in the amount \$93,875 facilitating legal defeasance of \$86,290 of the Series 2012A MHHEFA Revenue Bonds, pay related finance costs and to fund an escrow account to provide for future Series 2012A interest and principal payments. As planned, on July 1, 2022 the remaining principal balance of Promissory Note 2020 was converted to tax-exempt Series 2022 MHHEFA Revenue Bonds in the amount of \$93,550.

The interest rate on the Series 2022 MHHEFA Revenue Bonds is a fixed rate of 1.83% and is payable along with principal payments monthly through July 1, 2028. There is no debt service reserve requirements.

Under the provisions of the financing agreement, the System has granted a security interest in all receipts now owned and hereafter acquired.

The Series 2022 MHHEFA Revenue Bonds are also secured with a deed of trust and security agreement applicable to the main hospital campus of the System and are also secured ratably with the Series 2012A Bonds, Series 2017B Bonds, the Series 2020 Bonds, and any outstanding amounts on the 2013 Line of Credit and contain certain financial covenants, all of which the System was in compliance with as of June 30, 2022.

2013 Line of Credit

On July 27, 2022 the System requested and received a \$15,000 maximum advance according to the 2013 Line of Credit agreement, as amended. The funds were used to meet short term operating cash flows needs. The maturity date on the 2013 Line of Credit is January 31, 2024 and the variable interest rate is the secured overnight financing rate (SOFR) plus 1.08%, but not less than 1.08%, adjusted daily. On the date of issuance of these statements, October 12, 2022, the outstanding balance is \$15,000.

Supplementary Information

Frederick Health, Inc. and Subsidiaries

Supplementary Consolidating Balance Sheet

(In Thousands)

June 30, 2022

	Frederick Health Incorporated	Frederick Health Hospital Inc Consolidated	Monocacy Insurance, Ltd.	Frederick Health Medical Group, LLC	Frederick Health Services Corporation	Frederick Integrated Healthcare Network, LLC	Frederick Health Village, LLC	Elimination	Frederick Health Incorporated Consolidated
Assets									
Current assets:									
Cash and cash equivalents	\$ 71	\$ 29,122	\$ 154	\$ 1,996	\$ 711	\$ 203	\$ 10	\$	\$ 32,267
Patient receivables	–	60,959	–	8,733	1,262	–	–	–	70,954
Other receivables	–	2,388	4,736	241	–	–	–	(4,736)	2,629
Inventory	–	9,037	–	1,956	–	–	–	–	10,993
Prepaid expenses	–	5,367	6	283	175	–	59	–	5,890
Assets limited as to use	–	6,373	36	–	–	–	–	–	6,409
Promises to give, net	–	730	–	–	–	–	–	–	730
Total current assets	71	113,976	4,932	13,209	2,148	203	69	(4,736)	129,872
Net property and equipment	–	256,834	–	2,164	3,871	–	24,207	–	287,076
Right-of-use assets	–	17,929	–	7,261	3,071	–	–	–	28,261
Other assets:									
Assets limited as to use	–	3,047	–	–	–	–	–	–	3,047
Investments – donor restricted	–	6,378	–	–	–	–	–	–	6,378
Promises to give, net	–	5,196	–	–	–	–	–	–	5,196
Long-term investments	–	171,757	13,087	–	–	–	–	–	184,844
Other investments	320,567	31,785	–	–	5,427	–	–	(336,035)	21,744
Other assets	–	10,218	7,639	–	1,433	–	–	(10,144)	9,146
Intercompany receivables	–	29,948	–	–	–	230	–	(30,178)	–
Total other assets	320,567	258,329	20,726	–	6,860	230	–	(376,357)	230,355
Total assets	\$ 320,638	\$ 647,068	\$ 25,658	\$ 22,634	\$ 15,950	\$ 433	\$ 24,276	\$ (381,093)	\$ 675,564

Frederick Health, Inc. and Subsidiaries

Supplementary Consolidating Balance Sheet (continued)
(In Thousands)

June 30, 2022

	Frederick Health Incorporated	Frederick Health Hospital Inc Consolidated	Monocacy Insurance, Ltd.	Frederick Health Medical Group, LLC	Frederick Health Services Corporation	Frederick Integrated Healthcare Network, LLC	Frederick Health Village, LLC	Elimination	Frederick Health Incorporated Consolidated
Liabilities and net assets									
Current liabilities:									
Current maturities of long-term debt	\$ –	\$ 6,095	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 6,095
Accounts payable	–	36,981	–	579	88	233	287	(4,736)	33,432
Accrued expenses	–	26,438	44	6,965	268	–	–	–	33,715
Advances from third-party payors	–	22,189	–	–	–	–	–	–	22,189
Loans payable, affiliates	–	–	–	–	2,265	–	–	(2,265)	–
Leases, current	–	2,583	–	390	285	–	–	–	3,258
Other current liabilities	–	6,714	6,493	1,567	–	–	–	(6,477)	8,297
Total current liabilities	–	101,000	6,537	9,501	2,906	233	287	(13,478)	106,986
Long-term liabilities, net of current portion:									
Long-term debt	–	196,363	–	–	–	–	–	–	196,363
Interest rate swap contract	–	3,515	–	–	–	–	–	–	3,515
Other long-term liabilities	–	15,773	19,001	–	1,391	–	–	(1,402)	34,763
Leases, long term	–	19,424	–	7,407	2,949	–	–	–	29,780
Intercompany liabilities	233	230	–	5,726	–	–	23,989	(30,178)	–
Total long-term liabilities, net of current portion	233	235,305	19,001	13,133	4,340	–	23,989	(31,580)	264,421
Total liabilities	233	336,305	25,538	22,634	7,246	233	24,276	(45,058)	371,407
Net assets:									
Without donor restrictions	320,405	298,460	120	–	8,704	200	–	(336,035)	291,854
With donor restrictions	–	12,303	–	–	–	–	–	–	12,303
Total net assets	320,405	310,763	120	–	8,704	200	–	(336,035)	304,157
Total liabilities and net assets	\$ 320,638	\$ 647,068	\$ 25,658	\$ 22,634	\$ 15,950	\$ 433	\$ 24,276	\$ (381,093)	\$ 675,564

Frederick Health, Inc. and Subsidiaries

Supplementary Consolidating Statement of Operations and Changes in Net Assets
(In Thousands)

Year Ended June 30, 2022

	Frederick Health Incorporated	Frederick Health Hospital Inc Consolidated	Monocacy Insurance, Ltd.	Frederick Health Medical Group, LLC	Frederick Health Services Corporation	Frederick Integrated Healthcare Network, LLC	Frederick Health Village, LLC	Elimination	Frederick Health Incorporated Consolidated
Net patient service revenue	\$ -	\$ 399,976	\$ -	\$ 72,103	\$ 5,801	\$ -	\$ -	\$ (537)	\$ 477,343
Other	-	12,279	3,312	4,222	2,481	2,278	1,129	(6,480)	19,221
Total unrestricted revenues	-	412,255	3,312	76,325	8,282	2,278	1,129	(7,017)	496,564
Operating expenses:									
Salaries and contract labor	-	188,517	-	44,183	3,966	1,566	-	-	238,232
Employee benefits	-	43,329	-	8,584	830	356	-	-	53,099
Professional fees	-	11,328	-	228	31	114	-	(744)	10,957
Cost of goods sold	-	43,084	-	37,711	866	-	-	-	81,661
Supplies	-	15,786	-	742	-	1	71	-	16,590
Contract services	-	53,269	-	3,923	530	14	866	(414)	58,187
Other	-	11,291	1,471	3,898	952	5	374	(2,271)	15,721
Utilities	-	5,192	-	193	129	15	759	-	6,294
Insurance	-	4,544	-	1,086	94	-	73	(3,596)	2,203
Depreciation and amortization	-	27,328	-	487	219	-	1,636	-	29,672
Interest	-	4,728	-	-	78	-	-	(78)	4,728
Total operating expenses	-	408,396	1,471	101,035	7,695	2,071	3,779	(7,103)	517,344
Income (loss) from operations	-	3,859	1,841	(24,710)	587	207	(2,650)	86	(20,780)
Other income (loss), net:									
Gain on sale of assets	-	6	-	-	-	-	-	-	6
Investment (loss) gain, net	(26,088)	9,817	(1,841)	-	338	-	-	26,010	8,236
Change in unrealized losses on trading securities, net	-	(31,418)	-	-	-	-	-	-	(31,418)
Realized losses and unrealized gains on interest rate swap contract, net	-	2,601	-	-	-	-	-	-	2,601
Periodic pension credit	-	1,829	-	-	-	-	-	-	1,829
Other nonoperating gains (losses), net	-	5,734	-	-	881	-	(55)	-	6,560
Total other income (loss), net	(26,088)	(11,431)	(1,841)	-	1,219	-	(55)	26,010	(12,186)
(Deficit) excess of revenue over expenses	(26,088)	(7,572)	-	(24,710)	1,806	207	(2,705)	26,096	(32,966)

Frederick Health, Inc. and Subsidiaries

Supplementary Consolidating Statement of Operations and Changes in Net Assets (continued)
(In Thousands)

Year Ended June 30, 2022

	Frederick Health Incorporated	Frederick Health Hospital Inc Consolidated	Monocacy Insurance, Ltd.	Frederick Health Medical Group, LLC	Frederick Health Services Corporation	Frederick Integrated Healthcare Network, LLC	Frederick Health Village, LLC	Elimination	Frederick Health Incorporated Consolidated
(Deficit) excess of revenue over expenses (from previous page)	\$ (26,088)	\$ (7,572)	\$ –	\$ (24,710)	\$ 1,806	\$ 207	\$ (2,705)	\$ 26,096	\$ (32,966)
Other changes in net assets without donor restrictions:									
Pension adjustment	–	220	–	–	–	–	–	–	220
Other changes in unrestricted net assets* Released from restriction used to purchase capital	627	(28,110)	–	24,711	8	(8)	2,709	63	–
Released from restriction used to purchase capital	–	4,847	–	–	–	–	–	–	4,847
Total other changes in net assets without donor restrictions	627	(23,043)	–	24,711	8	(8)	2,709	63	5,067
(Decrease) increase in net assets without donor restrictions	(25,461)	(30,615)	–	1	1,814	199	4	26,159	(27,899)
Net assets with donor restrictions:									
Released from restriction used to purchase capital	–	(4,847)	–	–	–	–	–	–	(4,847)
Assets released from restrictions	–	(2,744)	–	(1,572)	–	(4)	–	–	(4,320)
Restricted gifts, bequests, and contributions	–	10,111	–	1,572	–	4	–	–	11,687
Increase in net assets with donor restrictions	–	2,520	–	–	–	–	–	–	2,520
(Decrease) increase in net assets	(25,461)	(28,095)	–	1	1,814	199	4	26,159	(25,379)
Net assets, beginning of year	345,866	338,858	120	(1)	6,890	1	(4)	(362,194)	329,536
Net assets, end of year	\$ 320,405	\$ 310,763	\$ 120	\$ –	\$ 8,704	\$ 200	\$ –	\$ (336,035)	\$ 304,157

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

Frederick Health, Inc. Obligated Group

Supplementary Combining Balance Sheet (In Thousands)

June 30, 2022

	Frederick Health Incorporated	Frederick Health Hospital Incorporated	Frederick Health Medical Group, LLC	Elimination	Frederick Health Obligated Group
Assets					
Current assets:					
Cash and cash equivalents	\$ 71	\$ 26,230	\$ 1,996	\$	\$ 28,297
Patient receivables	–	60,959	8,733	–	69,692
Other receivables	–	2,388	241	–	2,629
Inventory	–	9,037	1,956	–	10,993
Prepaid expenses	–	5,366	283	–	5,649
Assets limited as to use	–	6,373	–	–	6,373
Promises to give, net	–	730	–	–	730
Total current assets	71	111,083	13,209	–	124,363
Net property and equipment	–	256,308	2,164	–	258,472
Right-of-use assets	–	17,928	7,261	–	25,189
Other assets:					
Assets limited as to use	–	3,047	–	–	3,047
Investments – donor restricted	–	6,378	–	–	6,378
Promises to give, net	–	5,196	–	–	5,196
Long-term investments	–	163,438	–	–	163,438
Other investments	320,567	43,465	–	(327,011)	37,021
Other assets	–	10,219	–	–	10,219
Intercompany receivables	–	29,952	–	(5,959)	23,993
Total other assets	320,567	261,695	–	(332,970)	249,292
Total assets	\$ 320,638	\$ 647,014	\$ 22,634	\$ (332,970)	\$ 657,316

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

Frederick Health, Inc. Obligated Group

Supplementary Combining Balance Sheet (continued)

(In Thousands)

June 30, 2022

	Frederick Health Incorporated	Frederick Health Hospital Incorporated	Frederick Health Medical Group, LLC	Elimination	Frederick Health Obligated Group
Liabilities and net assets					
Current liabilities:					
Current maturities of long-term debt	\$ —	\$ 6,095	\$ —	\$ —	\$ 6,095
Accounts payable	—	36,977	579	—	37,556
Accrued expenses	—	26,423	6,965	—	33,388
Advances from third-party payors	—	22,189	—	—	22,189
Leases, current	—	2,583	390	—	2,973
Other current liabilities	—	6,679	1,567	—	8,246
Total current liabilities	—	100,946	9,501	—	110,447
Long-term liabilities, net of current portion:					
Long-term debt	—	196,363	—	—	196,363
Interest rate swap contract	—	3,515	—	—	3,515
Other long-term liabilities	—	15,773	—	—	15,773
Leases, long term	—	19,424	7,407	—	26,831
Intercompany liabilities	233	230	5,726	(5,959)	230
Total long-term liabilities, net of current portion	233	235,305	13,133	(5,959)	242,712
Total liabilities	233	336,251	22,634	(5,959)	353,159
Net assets:					
Without donor restrictions	320,405	298,460	—	(327,011)	291,854
With donor restrictions	—	12,303	—	—	12,303
Total net assets	320,405	310,763	—	(327,011)	304,157
Total liabilities and net assets	\$ 320,638	\$ 647,014	\$ 22,634	\$ (332,970)	\$ 657,316

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

Frederick Health, Inc. Obligated Group

Supplementary Combining Statement of Operations
and Changes in Net Assets
(In Thousands)

Year Ended June 30, 2022

	Frederick Health Incorporated	Frederick Health Hospital Incorporated	Frederick Health Medical Group, LLC	Elimination	Frederick Health Obligated Group
Net patient service revenue	\$ –	\$ 399,977	\$ 72,103	\$ (545)	\$ 471,535
Other	–	10,648	4,222	(6,480)	8,390
Total unrestricted revenues	–	410,625	76,325	(7,025)	479,925
Operating expenses:					
Salaries and contract labor	–	188,516	44,183	–	232,699
Employee benefits	–	43,330	8,584	–	51,914
Professional fees	–	11,329	228	(744)	10,813
Cost of goods sold	–	43,085	37,711	–	80,796
Supplies	–	15,672	742	–	16,414
Contract services	–	52,920	3,923	(414)	56,429
Other	–	11,127	3,898	(2,271)	12,754
Utilities	–	5,170	193	–	5,363
Insurance	–	4,543	1,086	(3,596)	2,033
Depreciation and amortization	–	27,270	487	–	27,757
Interest	–	4,728	–	–	4,728
Total operating expenses	–	407,690	101,035	(7,025)	501,700
Income (loss) from operations	–	2,935	(24,710)	–	(21,775)
Other income, net:					
Gain on sale of assets	–	5	–	–	5
Investment (loss) gain, net	(26,161)	9,443	–	28,178	11,460
Change in unrealized losses on trading securities, net	–	(30,124)	–	–	(30,124)
Realized losses and unrealized gains on interest rate swap contract, net	–	2,602	–	–	2,602
Periodic pension credit	–	1,829	–	–	1,829
Other nonoperating income	–	5,734	–	–	5,734
Total other (loss) income, net	(26,161)	(10,511)	–	28,178	(8,494)
(Deficit) excess of revenue over expenses	(26,161)	(7,576)	(24,710)	28,178	(30,269)

Continued on page 62.

Frederick Health, Inc. Obligated Group

Supplementary Combining Statement of Operations and Changes in Net Assets (continued) (In Thousands)

Year Ended June 30, 2022

	Frederick Health Incorporated	Frederick Health Hospital Incorporated	Frederick Health Medical Group, LLC	Elimination	Frederick Health Obligated Group
(Deficit) excess of revenue over expenses (from previous page)	\$ (26,161)	\$ (7,576)	\$ (24,710)	\$ 28,178	\$ (30,269)
Other changes in net assets without donor restrictions:					
Pension adjustment	–	220	–	–	220
Other changes in unrestricted net assets*	700	(28,107)	24,710	–	(2,697)
Released from restriction used to purchase capital	–	4,847	–	–	4,847
Total other changes in net assets without donor restrictions	700	(23,040)	24,710	–	2,370
(Decrease) increase in net assets without donor restrictions	(25,461)	(30,616)	–	28,178	(27,899)
Net assets with donor restrictions:					
Released from restriction used to purchase capital	–	(4,847)	–	–	(4,847)
Assets released from restrictions	–	(2,744)	(1,572)	–	(4,316)
Restricted gifts, bequests, and contributions	–	10,111	1,572	–	11,683
Increase in net assets with donor restrictions	–	2,520	–	–	2,520
(Decrease) increase in net assets	(25,461)	(28,096)	–	28,178	(25,379)
Net assets, beginning of year	345,866	338,859	–	(355,189)	329,536
Net assets, end of year	<u>\$ 320,405</u>	<u>\$ 310,763</u>	<u>\$ –</u>	<u>\$ (327,011)</u>	<u>\$ 304,157</u>

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

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

Frederick Health, Inc. Obligated Group

Supplementary Combined Statements of Cash Flows
(In Thousands)

	Year Ended June 30	
	2022	2021
Operating activities		
Changes in net assets	\$ (25,379)	\$ 76,885
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation of property and equipment	27,758	27,092
Noncash pension adjustment	(220)	(12,355)
Noncash changes in net assets	(2,007)	–
Amortization of original issue discount, premium, and bond issue costs	(368)	(43)
Equity in earnings and gain on joint ventures	(5,536)	(4,308)
Gain on sale of property and equipment	–	(4,987)
Unrealized losses (gains) and realized losses (gains) on unrestricted investments	26,980	(40,857)
Increase in investments – trading	–	(373)
Proceeds from restricted contributions	(7,530)	(1,447)
Change in fair value of interest rate swap	(2,601)	(2,738)
Changes in operating assets and liabilities:		
Receivables, patient, and other	(1,950)	(13,415)
Other assets	1,928	570
Inventories and prepaids	(2,139)	(901)
Pledges receivable	(841)	(659)
Accounts payable	5,356	5,607
Accrued expenses	(244)	6,004
Accrued pension expense	–	(2,804)
Change in ROU assets and liabilities	–	45
Advances from third-party payors	(41,851)	(3,696)
Intercompany receivable, net	514	(3,353)
Other short-term liabilities	29	1,567
Other long-term liabilities	780	1,104
Net cash (used in) provided by operating activities	<u>(27,321)</u>	26,938
Investing activities		
Net purchases of long term investments and assets limited as to use	(6,852)	26,757
Realized losses on interest rate swap contract	(1,550)	(1,743)
Other investments in subsidiaries	(700)	–
Purchases of property and equipment	(47,244)	(35,201)
Net cash used in investing activities	<u>(56,346)</u>	(10,187)

Frederick Health, Inc. Obligated Group

Supplementary Combined Statements of Cash Flows (continued)
(In Thousands)

	Year Ended June 30	
	2022	2021
Fundraising and financing activities		
Proceeds from restricted contributions	\$ 7,530	\$ 1,447
Repayments of long-term debt	(4,875)	(24,630)
Proceeds from equipment borrowings	10,000	–
Other	(5)	–
Payments for leases and equipment	(1,624)	(1,041)
Deferred financing costs paid	(84)	(257)
Net cash provided by (used in) fundraising and financing activities	<u>10,942</u>	<u>(24,481)</u>
Net decrease in cash, cash equivalents, and restricted cash	(72,725)	(7,730)
Cash, cash equivalents, and restricted cash at the beginning of the year	<u>107,395</u>	115,125
Cash, cash equivalents, and restricted cash at the end of the year	<u>\$ 34,670</u>	<u>\$ 107,395</u>
Cash and cash equivalents	\$ 28,297	\$ 88,695
Restricted cash, included in assets limited as to use	6,373	18,725
	<u>\$ 34,670</u>	<u>\$ 107,420</u>
Supplemental disclosures		
Cash paid for interest	<u>\$ 4,728</u>	<u>\$ 5,334</u>

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

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