

Form **990**
(Rev. January 2020)
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

▶ 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.

OMB No. 1545-0047

2019

Open to Public Inspection

A For the **2019** calendar year, or tax year beginning **JUL 1, 2019** and ending **JUN 30, 2020**

B Check if applicable: <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization SHEPPARD PRATT HEALTH SYSTEM, INC. Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 6501 N. CHARLES STREET City or town, state or province, country, and ZIP or foreign postal code BALTIMORE, MD 21204 F Name and address of principal officer: HARSH K. TRIVEDI SAME AS C ABOVE	D Employer identification number 52-0591684 E Telephone number 410-938-5401 G Gross receipts \$ 254,690,212. H(a) Is this a group return for subordinates? Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? Yes No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527		
J Website: ▶ WWW.SHEPPARDPRATT.ORG		
K Form of organization: <input checked="" type="checkbox"/> Corporation Trust Association Other ▶		L Year of formation: 1938 M State of legal domicile: MD

Part I Summary

	1	Briefly describe the organization's mission or most significant activities: PROVIDE INPATIENT BEHAVIORAL HEALTH CARE. PROVIDE RELATED BEHAVIORAL, SPECIAL EDUCATION, AND		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
Activities & Governance	3	Number of voting members of the governing body (Part VI, line 1a)	3	26
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	26
	5	Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	3254
	6	Total number of volunteers (estimate if necessary)	6	143
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	143,960.
	7b	Net unrelated business taxable income from Form 990-T, line 39	7b	0.
	Revenue	8	Contributions and grants (Part VIII, line 1h)	811,676.
9		Program service revenue (Part VIII, line 2g)	232,402,986.	217,816,019.
10		Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,279,063.	1,105,804.
11		Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	10,086,067.	8,724,262.
12		Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	244,579,792.	233,836,858.
Expenses		13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	7,500.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	154,787,115.	148,810,515.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 895,009.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	84,822,015.	80,626,105.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	239,616,630.	229,436,620.
	19	Revenue less expenses. Subtract line 18 from line 12	4,963,162.	4,400,238.
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	414,258,907.	415,003,440.
	21	Total liabilities (Part X, line 26)	240,084,471.	241,956,072.
	22	Net assets or fund balances. Subtract line 21 from line 20	174,174,436.	173,047,368.

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 KELLY SAVOCA, CFO Type or print name and title	Date			
Paid Preparer Use Only	Print/Type preparer's name LORI S. BURGHAUSER	Preparer's signature LORI S. BURGHAUSER	Date 05/09/21	Check if self-employed <input type="checkbox"/>	PTIN P00370694
	Firm's name ▶ SC&H TAX & ADVISORY SERVICES, LLC	Firm's EIN ▶ 41-2069731			
	Firm's address ▶ 910 RIDGEBROOK ROAD SPARKS, MD 21152	Phone no. 410-403-1500			

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: SHEPPARD PRATT, A NOT-FOR-PROFIT BEHAVIORAL HEALTH SYSTEM, IS DEDICATED TO IMPROVING THE QUALITY OF LIFE OF INDIVIDUALS AND FAMILIES BY COMPASSIONATELY SERVING THEIR MENTAL HEALTH, ADDICTION, SPECIAL EDUCATION, AND COMMUNITY SUPPORT NEEDS.

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

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

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

4a (Code:) (Expenses \$ 193,791,003. including grants of \$) (Revenue \$ 224,831,531.) SHEPPARD PRATT HEALTH SYSTEM PROVIDES INPATIENT BEHAVIORAL HEALTH CARE, OUTPATIENT/ANCILLARY CARE, RESIDENTIAL SERVICES, SPECIAL EDUCATION TO STUDENTS AND RESIDENCY TRAINING PROGRAMS.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe on Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 193,791,003.

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

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

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

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

		Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
	2a 3254		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	X	
	Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
b	If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
d	If "Yes," indicate the number of Forms 8282 filed during the year		
	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	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	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	14b	
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.	15	X
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16	X

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

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

Section A. Governing Body and Management

			Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.	1a	26		
b Enter the number of voting members included on line 1a, above, who are independent	1b	26		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?	3			X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6 Did the organization have members or stockholders?	6		X	
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		X	
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		X	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body?	8a		X	
b Each committee with authority to act on behalf of the governing body?	8b		X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O	9			X

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

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

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **▶ 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 **▶**
KELLY SAVOCA - (410) 938-5401
6501 N. CHARLES STREET, TOWSON, MD 21204

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

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

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

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

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

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JOSHUA KAKEL CHAIRPERSON, TRUSTEE	1.00 0.00	X		X				0.	0.	0.
(2) ALFRED SINGER VICE CHAIRPERSON, TRUSTEE	1.00 0.00	X		X				0.	0.	0.
(3) MARGARET ALLEN TRUSTEE	1.00 0.00	X						0.	0.	0.
(4) EMILE A. BENDIT TRUSTEE	1.00 0.00	X						0.	0.	0.
(5) KEVIN BENSON TRUSTEE	1.00 0.00	X						0.	0.	0.
(6) PENELOPE CORDISH TRUSTEE	1.00 0.00	X						0.	0.	0.
(7) ALAN EVANS TRUSTEE	1.00 0.00	X						0.	0.	0.
(8) SUSAN FENIMORE TRUSTEE	1.00 0.00	X						0.	0.	0.
(9) ELIZABETH FORBUSH TRUSTEE	1.00 0.00	X						0.	0.	0.
(10) ALAN GAMSE TRUSTEE	1.00 0.00	X						0.	0.	0.
(11) PHILLIP H. GRANTHAM TRUSTEE	1.00 0.00	X						0.	0.	0.
(12) WILLIAM HAUGH TRUSTEE	1.00 0.00	X						0.	0.	0.
(13) BONITA HEARN TRUSTEE	1.00 0.00	X						0.	0.	0.
(14) TIMOTHY HEARN TRUSTEE (PART YEAR)	1.00 0.00	X						0.	0.	0.
(15) TAMARA JACK TRUSTEE (PART YEAR)	1.00 0.00	X						0.	0.	0.
(16) NORMA PEDEN KILLEBREW TRUSTEE	1.00 0.00	X						0.	0.	0.
(17) MARTHA KIRKLAND TRUSTEE	1.00 0.00	X						0.	0.	0.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) ALTON KNIGHT TRUSTEE	1.00 0.00	X						0.	0.	0.
(19) ROBERT KRESSLEIN TRUSTEE	1.00 0.00	X						0.	0.	0.
(20) MITCH LAHR TRUSTEE (PART YEAR)	1.00 0.00	X						0.	0.	0.
(21) CRISTIN C. LAMBROS TRUSTEE	1.00 0.00	X						0.	0.	0.
(22) WILLIAM MORTON TRUSTEE	1.00 0.00	X						0.	0.	0.
(23) COLLIN MOTHUPI TRUSTEE	1.00 0.00	X						0.	0.	0.
(24) ROBERT SCHAFFTEL TRUSTEE	1.00 0.00	X						0.	0.	0.
(25) GAIL L. SHAWE TRUSTEE	1.00 0.00	X						0.	0.	0.
(26) JOHN W. STEELE, III TRUSTEE	1.00 0.00	X						0.	0.	0.
1b Subtotal								0.	0.	0.
c Total from continuation sheets to Part VII, Section A								4,921,972.	625,906.	455,895.
d Total (add lines 1b and 1c)								4,921,972.	625,906.	455,895.

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 **118**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
STEWART & TATE INC., 55 GWYNNS MILL COURT, OWINGS MILLS, MD 21117	CONSTRUCTION	32,066,762.
BENCHMARK CONSTRUCTION COMPANY INC., 4121 OREGON PIKE, P.O. BOX 806, BROWNSTOWN, PA	CONSTRUCTION MANAGEMENT	3,306,721.
CENTER FOR EATING DISORDERS PA, 6535 N. CHARLES ST. STE 300, BALTIMORE, MD 21204	PROFESSIONAL FEES	2,896,392.
MAXIM STAFFING SOLUTIONS, 12558 COLLECTIONS CENTER DR., CHICAGO, IL 60693	STAFFING	2,377,342.
GBMC 6701 N. CHARLES ST., BALTIMORE, MD 21204	PROFESSIONAL SERVICES	1,890,170.

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 **49**

SEE PART VII, SECTION A CONTINUATION SHEETS

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (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				
(27) JIM WIEDERHOLD TRUSTEE	1.00 0.00	X						0.	0.	0.	
(28) STEPHEN JUDSON WILLIAMS TRUSTEE	1.00 0.00	X						0.	0.	0.	
(29) PAMELA YOUNG TRUSTEE	1.00 0.00	X						0.	0.	0.	
(30) HARSH K. TRIVEDI, M.D. PRESIDENT & CEO	40.00 5.00			X				1,122,483.	0.	64,437.	
(31) ARMANDO E. COLOMBO EVP & COO (PART YEAR)	40.00 5.00			X				354,718.	0.	40,154.	
(32) KELLY SAVOCA VP, CFO	40.00 1.00			X				100,751.	123,484.	5,491.	
(33) THERESA PEDDICORD ASSISTANT SECRETARY	40.00 1.00			X				75,282.	0.	259.	
(34) STEPHANIE PROVENZA ASSISTANT SECRETARY (PART YEAR)	40.00 5.00			X				56,759.	0.	17,628.	
(35) TODD E. PETERS VP, CHIEF MED OFFICER, MED DIRECTOR	40.00 1.00				X			240,146.	263,280.	33,978.	
(36) JENNIFER W. WILKERSON SR VP STRATEGY & BUSINESS DVLPMT	40.00 1.00				X			347,103.	0.	44,702.	
(37) DONNA L. RICHARDSON VP & CDO	40.00 0.00				X			311,729.	0.	28,387.	
(38) LAURA L. WEBB VP & CNO	40.00 0.00				X			226,563.	0.	23,469.	
(39) KAREN ROBERTSON-KECK VP OF HR	40.00 0.00				X			223,167.	0.	7,814.	
(40) CHARLES K. MAUST CHIEF OF SCHOOLS	40.00 0.00				X			220,418.	0.	2,661.	
(41) THOMAS D. HESS CHIEF OF STAFF	40.00 0.00					X		223,947.	0.	15,907.	
(42) JEFFREY W. RICHARDSON VP & COO COMMUNITY BASED PROGRAMS	40.00 0.00					X		197,943.	239,142.	41,456.	
(43) GERALD A. NOLL TREASURER	40.00 0.00					X		225,566.	0.	41,965.	
(44) ANTONIO DEPAOLO CHIEF TRANSFORMATION OFFIC	40.00 0.00					X		196,883.	0.	31,290.	
(45) SHERRY L. MCGRAW STAFF NURSE	40.00 0.00					X		184,647.	0.	16,900.	
(46) RAY R. DZIESINSKI FORMER VP, CFO, SEC/TREASURER	0.00 0.00						X	469,467.	0.	27,546.	
Total to Part VII, Section A, line 1c											

Part VIII Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	5,217,373.				
	f All other contributions, gifts, grants, and similar amounts not included above ...	1f	973,400.				
	g Noncash contributions included in lines 1a-1f	1g	\$				
	h Total. Add lines 1a-1f			6,190,773.			
Program Service Revenue	2 a PATIENT SERVICE REVENUE	Business Code					
		621990	148,523,420.	148,523,420.			
	b EDUCATIONAL SERVICE REVENUE	611600	53,080,791.	53,080,791.			
	c RTC/RESPITE REVENUE	623000	16,211,808.	16,211,808.			
	d						
	e						
	f All other program service revenue						
g Total. Add lines 2a-2f			217,816,019.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		1,100,593.			1,100,593.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	6a	(i) Real				
			(ii) Personal				
				392,848.			
	b Less: rental expenses ...	6b	0.				
	c Rental income or (loss)	6c	392,848.				
	d Net rental income or (loss)			392,848.		392,848.	
	7 a Gross amount from sales of assets other than inventory	7a	(i) Securities				
			(ii) Other				
				20,834,246.	24,319.		
	b Less: cost or other basis and sales expenses	7b	20,809,152.	44,202.			
	c Gain or (loss)	7c	25,094.	-19,883.			
	d Net gain or (loss)			5,211.		5,211.	
8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	8a						
b Less: direct expenses	8b						
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19	9a						
b Less: direct expenses	9b						
c Net income or (loss) from gaming activities							
10 a Gross sales of inventory, less returns and allowances	10a						
b Less: cost of goods sold	10b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue	11 a INTERCORPORATE REVENUE	Business Code					
		900099	6,335,248.	6,335,248.			
	b CAFETERIA REVENUE	900099	969,186.			969,186.	
	c TELEPSYCHIATRY INCOME	900099	254,943.	254,943.			
	d All other revenue	900099	772,037.	425,321.	143,960.	202,756.	
e Total. Add lines 11a-11d			8,331,414.				
12 Total revenue. See instructions			233,836,858.	224,831,531.	143,960.	2,670,594.	

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

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>				
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 ...				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	4,657,104.		4,657,104.	
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	119,091,995.	107,508,544.	10,961,843.	621,608.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,146,762.	2,751,784.	379,067.	15,911.
9 Other employee benefits	12,995,986.	12,072,452.	853,732.	69,802.
10 Payroll taxes	8,918,668.	7,799,206.	1,074,367.	45,095.
11 Fees for services (nonemployees):				
a Management				
b Legal	663,397.	101,953.	558,756.	2,688.
c Accounting	376,321.		376,321.	
d Lobbying	171,160.		171,160.	
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	163,657.		163,657.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch. O.)	16,052,252.	14,647,444.	1,359,949.	44,859.
12 Advertising and promotion	1,611,852.	1,592,903.	18,949.	
13 Office expenses	3,384,363.	2,888,543.	467,558.	28,262.
14 Information technology	4,322,344.	1,542,372.	2,779,972.	
15 Royalties				
16 Occupancy	9,706,367.	7,767,451.	1,893,112.	45,804.
17 Travel	230,167.	215,214.	14,441.	512.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials ...				
19 Conferences, conventions, and meetings	702,503.	483,846.	215,151.	3,506.
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	15,479,505.	14,427,211.	1,046,697.	5,597.
23 Insurance	5,366,055.	650.	5,365,405.	
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 INTERCOMPANY CHARGES	9,036,325.	8,624,246.	412,079.	
b SUPPLIES	4,041,860.	3,881,953.	159,907.	
c REPAIRS AND MAINTENANCE	3,554,597.	2,784,268.	770,329.	
d FOOD	3,095,247.	3,092,819.	2,428.	
e All other expenses	2,668,133.	1,608,144.	1,048,624.	11,365.
25 Total functional expenses. Add lines 1 through 24e	229,436,620.	193,791,003.	34,750,608.	895,009.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				
Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year	
Assets	1 Cash - non-interest-bearing	17,302,745.	1	33,280,341.	
	2 Savings and temporary cash investments		2		
	3 Pledges and grants receivable, net		3		
	4 Accounts receivable, net	27,365,020.	4	19,789,234.	
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5		
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6		
	7 Notes and loans receivable, net		7		
	8 Inventories for sale or use		8		
	9 Prepaid expenses and deferred charges	7,298,972.	9	9,294,946.	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 461,001,800.			
	b Less: accumulated depreciation	10b 226,241,091.	188,974,775.	10c	234,760,709.
	11 Investments - publicly traded securities	20,677,016.	11	16,127,923.	
	12 Investments - other securities. See Part IV, line 11	141,257,065.	12	87,268,031.	
	13 Investments - program-related. See Part IV, line 11		13		
	14 Intangible assets		14		
	15 Other assets. See Part IV, line 11	11,383,314.	15	14,482,256.	
16 Total assets. Add lines 1 through 15 (must equal line 33)	414,258,907.	16	415,003,440.		
Liabilities	17 Accounts payable and accrued expenses	25,944,248.	17	32,648,334.	
	18 Grants payable		18		
	19 Deferred revenue		19		
	20 Tax-exempt bond liabilities	173,365,000.	20	169,261,000.	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21		
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22		
	23 Secured mortgages and notes payable to unrelated third parties		23		
	24 Unsecured notes and loans payable to unrelated third parties		24		
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	40,775,223.	25	40,046,738.	
	26 Total liabilities. Add lines 17 through 25	240,084,471.	26	241,956,072.	
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	160,029,603.	27	150,490,937.	
	28 Net assets with donor restrictions	14,144,833.	28	22,556,431.	
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.				
	29 Capital stock or trust principal, or current funds		29		
	30 Paid-in or capital surplus, or land, building, or equipment fund		30		
	31 Retained earnings, endowment, accumulated income, or other funds		31		
	32 Total net assets or fund balances	174,174,436.	32	173,047,368.	
	33 Total liabilities and net assets/fund balances	414,258,907.	33	415,003,440.	

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	233,836,858.
2	Total expenses (must equal Part IX, column (A), line 25)	2	229,436,620.
3	Revenue less expenses. Subtract line 2 from line 1	3	4,400,238.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	174,174,436.
5	Net unrealized gains (losses) on investments	5	-4,668,565.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	-858,741.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	173,047,368.

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 in Schedule O.			
2a Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a		X
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	2b	X	
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.	2c	X	
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? _____	3a	X	
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 _____	3b	X	

Form **990** (2019)

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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(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 five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2019 (line 6, column (f) divided by line 11, column (f))	14	
15 Public support percentage from 2018 Schedule A, Part II, line 14	15	
16a 33 1/3% support test - 2019. 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 - 2018. 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 - 2019. 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 - 2018. 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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2019 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2018 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2019 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2018 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2019. 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 - 2018. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

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

Part IV Supporting Organizations

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

Section A. All Supporting Organizations

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

Part IV Supporting Organizations (continued)

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

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

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

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

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

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

Section B - Minimum Asset Amount	(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a Average monthly value of securities	1a	
b Average monthly cash balances	1b	
c Fair market value of other non-exempt-use assets	1c	
d Total (add lines 1a, 1b, and 1c)	1d	
e Discount claimed for blockage or other factors (explain in detail in Part VI):		
2 Acquisition indebtedness applicable to non-exempt-use assets	2	
3 Subtract line 2 from line 1d.	3	
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6 Multiply line 5 by .035.	6	
7 Recoveries of prior-year distributions	7	
8 Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount	(A) Prior Year	(B) Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1	Current Year
2 Enter 85% of line 1.	2	
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4 Enter greater of line 2 or line 3.	4	
5 Income tax imposed in prior year	5	
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

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

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2019 from Section C, line 6	
10 Line 8 amount divided by line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2019	(iii) Distributable Amount for 2019
1 Distributable amount for 2019 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2019 (reasonable cause required- explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2019			
a From 2014			
b From 2015			
c From 2016			
d From 2017			
e From 2018			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2019 distributable amount			
i Carryover from 2014 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2019 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2019 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2019, 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 2019. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2020. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2015			
b Excess from 2016			
c Excess from 2017			
d Excess from 2018			
e Excess from 2019			

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

Horizontal lines for supplemental information input.

Schedule B

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

Department of the Treasury Internal Revenue Service

Schedule of Contributors

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

OMB No. 1545-0047

2019

Name of the organization

SHEPPARD PRATT HEALTH SYSTEM, INC.

Employer identification number

52-0591684

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 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000; or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

[] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

[] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions exclusively for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Don't complete any of the parts unless the General Rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions totaling \$5,000 or more during the year

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

Name of organization SHEPPARD PRATT HEALTH SYSTEM, INC.	Employer identification number 52-0591684
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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		\$ <u>4,648,060.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2		\$ <u>262,523.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3		\$ <u>158,376.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4		\$ <u>75,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5		\$ <u>32,308.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6		\$ <u>22,973.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization SHEPPARD PRATT HEALTH SYSTEM, INC.	Employer identification number 52-0591684
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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	<hr/> <hr/> <hr/>	\$ <u>20,987.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization SHEPPARD PRATT HEALTH SYSTEM, INC.	Employer identification number 52-0591684
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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) (See instructions.)	(d) Date received
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____
	_____	\$ _____	_____

Name of organization SHEPPARD PRATT HEALTH SYSTEM, INC.	Employer identification number 52-0591684
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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 info. once.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

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

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2019

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

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

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

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

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

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

Name of organization SHEPPARD PRATT HEALTH SYSTEM, INC.	Employer identification number 52-0591684
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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.
- 2 Political campaign activity expenditures ▶ \$ _____
- 3 Volunteer hours for political campaign activities _____

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

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

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

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule C (Form 990 or 990-EZ) 2019

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="width: 50%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%;">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) 2016	(b) 2017	(c) 2018	(d) 2019	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2019

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

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? ..	X		
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		152,773.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		201,193.
j Total. Add lines 1c through 1i			353,966.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

PART II-B, LINE 1, LOBBYING ACTIVITIES:

SHEPPARD PRATT RETAINS THREE LAW FIRMS AS REGISTERED LOBBYISTS TO KEEP THE ORGANIZATION INFORMED AS TO ANY NEW LEGISLATION THAT MAY IMPACT THE OPERATIONS OF THE HOSPITAL (TOTAL EXPENSE IN FY20: \$152,773). SHEPPARD PRATT EMPLOYS A CHIEF OF GOVERNMENT RELATIONS WHOSE SALARY IS INCLUDED IN LOBBYING ACTIVITY (TOTAL SALARY AND BENEFITS \$182,806). SHEPPARD

Part IV Supplemental Information (continued)

PRATT ALSO PAYS DUES TO AMERICAN HOSPITAL ASSOCIATION, MARYLAND
HOSPITAL ASSOCIATION, NATIONAL ASSOCIATION OF BEHAVIORAL HEALTHCARE,
MARYLAND HEALTH ASSOCIATION, MARYLAND BEHAVIORAL HEALTHCOALITION, AND
NATIONAL ASSOCIATION OF PSYCHIATRIC HEALTH SYSTEMS. A PORTION OF THE
DUES PAID ARE USED TO FUND LOBBYING ACTIVITIES (FY20: \$18,387).

Horizontal lines for supplemental information.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization **SHEPPARD PRATT HEALTH SYSTEM, INC.** Employer identification number **52-0591684**

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).
 Preservation of land for public use (for example, recreation or education) Preservation of a historically important land area
 Protection of natural habitat Preservation of a certified historic structure
 Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	1
b Total acreage restricted by conservation easements	0.00
c Number of conservation easements on a certified historic structure included in (a)	1
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	0

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ 0

4 Number of states where property subject to conservation easement is located ▶ 1

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ 1

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ 0.

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

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

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

▶ \$ 688,357.

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

▶ \$ _____

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a** Board designated or quasi-endowment ▶ _____ %
- b** Permanent endowment ▶ _____ %
- c** Term endowment ▶ _____ %
- The percentages on lines 2a, 2b, and 2c should equal 100%.
- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | | |
|---|---------------|---------------|
| (i) Unrelated organizations | Yes | No |
| (ii) Related organizations | 3a(ii) | 3a(ii) |
| b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? | 3b | 3b |
- 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		15,527,252.		15,527,252.
b Buildings		264,659,565.	165,584,978.	99,074,587.
c Leasehold improvements				
d Equipment		63,922,064.	51,019,019.	12,903,045.
e Other		116,892,919.	9,637,094.	107,255,825.

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) ▶ 234,760,709.

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) INVESTMENTS LIMITED OR		
(B) RESTRICTED AS TO USE	48,632,325.	END-OF-YEAR MARKET VALUE
(C) INTEREST IN NET ASSETS OF		
(D) FOUNDATION	22,556,431.	END-OF-YEAR MARKET VALUE
(E) INVESTMENTS IN		
(F) PARTNERSHIPS/HEDGE FUNDS	16,079,275.	END-OF-YEAR MARKET VALUE
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.)	87,268,031.	

Part VIII Investments - Program Related.

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

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

Part IX Other Assets.

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

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

Part X Other Liabilities.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) SELF-INSURANCE LIABILITY	8,917,043.
(3) CAPITAL LEASE OBLIGATIONS	4,613,328.
(4) ACCRUED PENSION LIABILITY	24,750,033.
(5) DUE TO AFFILIATES	2,237,026.
(6) DEFERRED FINANCING COSTS	-470,692.
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	40,046,738.

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

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

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

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

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

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

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

Part XIII Supplemental Information.

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

PART II, LINE 9:

CONSERVATION EASEMENTS ARE REPORTED ON THE BALANCE SHEET AND ARE INCLUDED IN PROPERTY AND EQUIPMENT ON THE AUDITED FINANCIAL STATEMENTS.

PART III, LINE 4:

THE ART COLLECTION OF SHEPPARD PRATT EXEMPLIFIES THE HEALING ASPECTS OF ART, BOTH FOR THE CREATOR AND THE OBSERVER. THIS UNIQUELY THEMED COLLECTION CELEBRATES THE CAPACITY FOR ARTISTIC ENDEAVOR TO TRANSCEND AND TRIUMPH OVER MENTAL ILLNESS AND ADDICTION.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2019

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization: **SHEPPARD PRATT HEALTH SYSTEM, INC.** Employer identification number: **52-0591684**

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	X	
b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>300</u> %	X	
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	X	
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"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		X
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?	X	
b If "Yes," did the organization make it available to the public?	X	

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

7 Financial Assistance and Certain Other Community Benefits at Cost

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			3273974.		3273974.	1.43%
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total. Financial Assistance and Means-Tested Government Programs			3273974.		3273974.	1.43%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			44,078.		44,078.	.02%
f Health professions education (from Worksheet 5)			2559490.	378,472.	2181018.	.95%
g Subsidized health services (from Worksheet 6)			1275111.	289,123.	985,988.	.43%
h Research (from Worksheet 7)			257,520.		257,520.	.11%
i Cash and in-kind contributions for community benefit (from Worksheet 8)			112,013.		112,013.	.05%
j Total. Other Benefits			4248212.	667,595.	3580617.	1.56%
k Total. Add lines 7d and 7j			7522186.	667,595.	6854591.	2.99%

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

Table for Section A with columns Yes/No. Row 1: Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? (Yes: X). Row 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 | 1,267,308.). Row 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).

Section B. Medicare

Table for Section B with columns Yes/No. Row 5: Enter total revenue received from Medicare (including DSH and IME) (5 | 14,363,334.). Row 6: Enter Medicare allowable costs of care relating to payments on line 5 (6 | 16,898,468.). Row 7: Subtract line 6 from line 5. This is the surplus (or shortfall) (7 | -2,535,134.). Row 8: Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: [] Cost accounting system [X] Cost to charge ratio [] Other.

Section C. Collection Practices

Table for Section C with columns Yes/No. Row 9a: Did the organization have a written debt collection policy during the tax year? (9a | X). Row 9b: If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI (9b | X).

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

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

Part V Facility Information

Section A. Hospital Facilities

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

How many hospital facilities did the organization operate during the tax year? 2

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 SHEPPARD PRATT HOSPITAL
6501 N CHARLES STREET
TOWSON, MD 21204
WWW.SHEPPARDPRATT.ORG
03-039

Licensed hospital	Gen. medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
X			X					SEE NARRATIVE	

2 SHEPPARD PRATT AT ELLICOTT CITY
4100 COLLEGE AVENUE
ELLCOTT CITY, MD 21041
WWW.SHEPPARDPRATT.ORG
13-002

X								SEE NARRATIVE	
---	--	--	--	--	--	--	--	---------------	--

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 SHEPPARD PRATT HOSPITAL

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?	1		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	3	X	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The significant health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)			
j <input type="checkbox"/> Other (describe in Section C)			
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>18</u>			
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b		X
7 Did the hospital facility make its CHNA report widely available to the public?	7	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>SEE PART V, SECTION C</u>			
b <input type="checkbox"/> Other website (list url): _____			
c <input 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	8	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>18</u>			
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	X	
a If "Yes," (list url): <u>SEE PART V, SECTION C</u>			
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.			
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	12a		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$			

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group SHEPPARD PRATT HOSPITAL

		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?	13	X	
If "Yes," indicate the eligibility criteria explained in the FAP:			
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>300</u> % and FPG family income limit for eligibility for discounted care of <u>300</u> %			
b <input type="checkbox"/> Income level other than FPG (describe in Section C)			
c <input checked="" 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 type="checkbox"/> Other (describe in Section C)			
14 Explained the basis for calculating amounts charged to patients?	14	X	
15 Explained the method for applying for financial assistance?	15	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application			
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application			
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process			
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications			
e <input type="checkbox"/> Other (describe in Section C)			
16 Was widely publicized within the community served by the hospital facility?	16	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE PART V - SECTION C</u>			
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V - SECTION C</u>			
c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V - SECTION C</u>			
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)			
f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
g <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention			
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP			
i <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations			
j <input checked="" type="checkbox"/> Other (describe in Section C)			

Schedule H (Form 990) 2019

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group SHEPPARD PRATT HOSPITAL

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

Policy Relating to Emergency Medical Care

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

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group SHEPPARD PRATT HOSPITAL

	Yes	No
<p>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.</p> <p>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</p> <p>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</p> <p>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</p> <p>d <input checked="" type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method</p>		
<p>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?</p> <p>If "Yes," explain in Section C.</p>	23	X
<p>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?</p> <p>If "Yes," explain in Section C.</p>	24	X

Schedule H (Form 990) 2019

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 SHEPPARD PRATT AT ELLICOTT CITY

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 2

		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?	1		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	3	X	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The significant health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)			
j <input type="checkbox"/> Other (describe in Section C)			
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>18</u>			
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b		X
7 Did the hospital facility make its CHNA report widely available to the public?	7	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>SEE PART V, SECTION C</u>			
b <input type="checkbox"/> Other website (list url): _____			
c <input 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	8	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>18</u>			
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	X	
a If "Yes," (list url): <u>SEE PART V, SECTION C</u>			
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.			
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	12a		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$			

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group SHEPPARD PRATT AT ELLICOTT CITY

		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?	13	X	
If "Yes," indicate the eligibility criteria explained in the FAP:			
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>300</u> % and FPG family income limit for eligibility for discounted care of <u>300</u> %			
b <input type="checkbox"/> Income level other than FPG (describe in Section C)			
c <input checked="" 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 type="checkbox"/> Other (describe in Section C)			
14 Explained the basis for calculating amounts charged to patients?	14	X	
15 Explained the method for applying for financial assistance?	15	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application			
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application			
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process			
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications			
e <input type="checkbox"/> Other (describe in Section C)			
16 Was widely publicized within the community served by the hospital facility?	16	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE PART V - SECTION C</u>			
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V - SECTION C</u>			
c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V - SECTION C</u>			
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)			
f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
g <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention			
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP			
i <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations			
j <input checked="" type="checkbox"/> Other (describe in Section C)			

Schedule H (Form 990) 2019

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group SHEPPARD PRATT AT ELLICOTT CITY

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

Policy Relating to Emergency Medical Care

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

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group SHEPPARD PRATT AT ELLICOTT CITY

	Yes	No
<p>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.</p> <p>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</p> <p>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</p> <p>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</p> <p>d <input checked="" type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method</p>		
<p>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?</p> <p>If "Yes," explain in Section C.</p>	23	X
<p>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?</p> <p>If "Yes," explain in Section C.</p>	24	X

Schedule H (Form 990) 2019

Part V Facility Information (continued)

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

SHEPPARD PRATT HOSPITAL:

PART V, SECTION B, LINE 5: SHEPPARD PRATT ENGAGED THE SERVICES OF CRESCENDO CONSULTING GROUP, A RECOGNIZED FIRM WITH EXPERTISE IN CONDUCTING COMMUNITY HEALTH NEEDS ASSESSMENTS, TO DEVELOP ITS 2019 CHNAS. A MULTI-MODAL APPROACH WAS USED TO CONDUCT THE RESEARCH FOR THE 2019 CHNAS, WHICH INCLUDED THE FOLLOWING:

- DEMOGRAPHIC AND OTHER SECONDARY RESEARCH
- FOCUS GROUP DISCUSSIONS WITH KEY STAKEHOLDERS REPRESENTING PUBLIC HEALTH, MEDICAL SERVICES, NON-PROFIT AND SOCIAL ORGANIZATIONS, AND CHILDREN AND YOUTH AGENCIES
- ONE-ON-ONE TELEPHONE INTERVIEWS WITH KEY STAKEHOLDERS
- DISCUSSIONS WITH HOSPITAL LEADERS
- NEEDS PRIORITIZATION ACTIVITIES

KEY STAKEHOLDERS FOR BOTH CHNAS INCLUDED THE FOLLOWING:

DR. GREGORY W. BRANCH, MD, MBA, CPE, FACP, DIRECTOR, HEALTH AND HUMAN SERVICES/HEALTH OFFICER, BALTIMORE COUNTY DEPT OF HEALTH

MS. BILLIE PENLEY, MBA, CHIEF FINANCIAL OFFICER, ANNE ARUNDEL COUNTY DEPT OF HEALTH

LT. MICHELLE DENTON, CAC DIRECTOR, HOWARD COUNTY CHILD ADVOCACY CENTER, THE LISTENING PLACE

MS. JANE GEHRING, ASSISTANT DIRECTOR, FAMILY SERVICES, BALTIMORE COUNTY DSS, CHILD PROTECTIVE SERVICES

ANN MAHLING GEDDES, PHD, DIRECTOR OF PUBLIC POLICY, MARYLAND COALITION OF FAMILIES

Part V Facility Information *(continued)*

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

BARBARA J. BAZRON, PHD, DIRECTOR, DEPT OF BEHAVIORAL HEALTH

SUSAN B. HANSELL, DIRECTOR, MARYLAND CHILDREN'S ALLIANCE

MS. ADRIENNE MICKLER, EXECUTIVE DIRECTOR, ANNE ARUNDEL COUNTY MENTAL HEALTH AGENCY

MS. REBECCA RIENZI, EXECUTIVE DIRECTOR, PATHFINDERS FOR AUTISM

MR. ADAM ROSENBERG, EXECUTIVE DIRECTOR, BALTIMORE CHILD ABUSE CENTER

DR. JOSHUA SHARFSTEIN, VICE DEAN FOR PUBLIC HEALTH PRACTICE & COMMUNITY ENGAGEMENT, JOHNS HOPKINS BLOOMBERG SCHOOL OF PUBLIC HEALTH

DR. LETITIA DZLRASA, COMMISSIONER OF HEALTH, BALTIMORE CITY HEALTH DEPT

MS. CRISTA TAYLOR, PRESIDENT & CEO, BEHAVIORAL HEALTH SYSTEM BALTIMORE

MALLORY CANAMI, POPULATION HEALTH & QUALITY IMPROVEMENT, HARFORD COUNTY HEALTH DEPT

BERNARD GYEBI-FOSTER, EXECUTIVE DIRECTOR, TUERK HOUSE

SHEPPARD PRATT AT ELLICOTT CITY:

PART V, SECTION B, LINE 5: SHEPPARD PRATT ENGAGED THE SERVICES OF CRESCENDO CONSULTING GROUP, A RECOGNIZED FIRM WITH EXPERTISE IN CONDUCTING COMMUNITY HEALTH NEEDS ASSESSMENTS, TO DEVELOP ITS 2019 CHNAS. A MULTI-MODAL APPROACH WAS USED TO CONDUCT THE RESEARCH FOR THE 2019 CHNAS, WHICH INCLUDED THE FOLLOWING:

- DEMOGRAPHIC AND OTHER SECONDARY RESEARCH
- FOCUS GROUP DISCUSSIONS WITH KEY STAKEHOLDERS REPRESENTING PUBLIC HEALTH, MEDICAL SERVICES, NON-PROFIT AND SOCIAL ORGANIZATIONS, AND CHILDREN AND YOUTH AGENCIES
- ONE-ON-ONE TELEPHONE INTERVIEWS WITH KEY STAKEHOLDERS
- DISCUSSIONS WITH HOSPITAL LEADERS

Part V Facility Information *(continued)*

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

- NEEDS PRIORITIZATION ACTIVITIES

KEY STAKEHOLDERS FOR BOTH CHNAS INCLUDED THE FOLLOWING:

DR. GREGORY W. BRANCH, MD, MBA, CPE, FACP, DIRECTOR, HEALTH AND HUMAN SERVICES/HEALTH OFFICER, BALTIMORE COUNTY DEPT OF HEALTH

MS. BILLIE PENLEY, MBA, CHIEF FINANCIAL OFFICER, ANNE ARUNDEL COUNTY DEPT OF HEALTH

LT. MICHELLE DENTON, CAC DIRECTOR, HOWARD COUNTY CHILD ADVOCACY CENTER, THE LISTENING PLACE

MS. JANE GEHRING, ASSISTANT DIRECTOR, FAMILY SERVICES, BALTIMORE COUNTY DSS, CHILD PROTECTIVE SERVICES

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MR. ADAM ROSENBERG, EXECUTIVE DIRECTOR, BALTIMORE CHILD ABUSE CENTER

DR. JOSHUA SHARFSTEIN, VICE DEAN FOR PUBLIC HEALTH PRACTICE & COMMUNITY ENGAGEMENT, JOHNS HOPKINS BLOOMBERG SCHOOL OF PUBLIC HEALTH

DR. LETITIA DZLRASA, COMMISSIONER OF HEALTH, BALTIMORE CITY HEALTH DEPT

MS. CRISTA TAYLOR, PRESIDENT & CEO, BEHAVIORAL HEALTH SYSTEM BALTIMORE

MALLORY CANAMI, POPULATION HEALTH & QUALITY IMPROVEMENT, HARFORD COUNTY HEALTH DEPT

BERNARD GYEBI-FOSTER, EXECUTIVE DIRECTOR, TUERK HOUSE

Part V Facility Information (continued)

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

SHEPPARD PRATT HOSPITAL:

PART V, SECTION B, LINE 6A: THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS A COLLABORATION LED BY SHEPPARD PRATT HEALTH SYSTEM, INC., WITH THE ASSISTANCE OF CRESCENDO CONSULTING GROUP, A CONSULTING FIRM WITH EXPERTISE IN CONDUCTING COMMUNITY HEALTH NEEDS ASSESSMENTS. THE ASSESSMENT INCLUDED RELATED HOSPITAL FACILITIES, SHEPPARD PRATT HOSPITAL AND SHEPPARD PRATT AT ELLICOTT CITY.

SHEPPARD PRATT AT ELLICOTT CITY:

PART V, SECTION B, LINE 6A: THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS A COLLABORATION LED BY SHEPPARD PRATT HEALTH SYSTEM, INC., WITH THE ASSISTANCE OF CRESCENDO CONSULTING GROUP, A CONSULTING FIRM WITH EXPERTISE IN CONDUCTING COMMUNITY HEALTH NEEDS ASSESSMENTS. THE ASSESSMENT INCLUDED RELATED HOSPITAL FACILITIES, SHEPPARD PRATT HOSPITAL AND SHEPPARD PRATT AT ELLICOTT CITY.

SHEPPARD PRATT HOSPITAL:

PART V, SECTION B, LINE 7A: [HTTPS://WWW.SHEPPARDPRATT.ORG/ABOUT/CHNA](https://www.sheppardpratt.org/about/chna)

SHEPPARD PRATT AT ELLICOTT CITY:

PART V, SECTION B, LINE 7A: [HTTPS://WWW.SHEPPARDPRATT.ORG/ABOUT/CHNA](https://www.sheppardpratt.org/about/chna)

SHEPPARD PRATT HOSPITAL:

PART V, SECTION B, LINE 10A: [HTTPS://WWW.SHEPPARDPRATT.ORG/ABOUT/CHNA](https://www.sheppardpratt.org/about/chna)

SHEPPARD PRATT AT ELLICOTT CITY:

Part V Facility Information (continued)

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

PART V, SECTION B, LINE 10A: [HTTPS://WWW.SHEPPARDPRATT.ORG/ABOUT/CHNA](https://www.sheppardpratt.org/about/chna)

SHEPPARD PRATT HOSPITAL:

PART V, SECTION B, LINE 11: EACH HOSPITAL IS REQUIRED TO CONDUCT AND PUBLISH ITS OWN CHNA AND IMPLEMENTATION PLAN, YET HOSPITALS ARE ENCOURAGED TO COLLABORATE ON THE CHNAS ESPECIALLY WHERE SERVICE LINES AND/OR SERVICE AREAS OVERLAP. FOR EACH SHEPPARD PRATT HOSPITAL, CHNA AND IMPLEMENTATION PLAN ACTIVITIES WERE JOINTLY CONDUCTED IN ORDER TO MAXIMIZE THE EFFICIENCY OF THE RESEARCH AND THE EFFECTIVENESS OF EMERGING STRATEGIES. THE STRATEGIC APPROACH ESTABLISHES THE BASIS FOR SHARED OPERATIONAL PLANS TO ADDRESS NEEDS. DURING THE JOINT CHNA RESEARCH FOR THE TWO HOSPITALS, PARTICULAR ATTENTION WAS GIVEN TO IDENTIFY DIFFERENCES THAT MAY OR MAY NOT EXIST BETWEEN THE TWO OVERLAPPING SERVICE AREAS. THE RESULTS OF THE CHNAS IDENTIFIED AN IDENTICAL SET OF APPROXIMATELY 35 COMMUNITY NEEDS WITH VERY LITTLE VARIATION IN THE RANKED PRIORITY BASED ON LOCATION. AS A RESULT, EACH HOSPITAL HAS ITS OWN CHNA AND IMPLEMENTATION PLAN; HOWEVER, THEY ARE IDENTICAL FOR BOTH HOSPITALS. THIS METHODOLOGY EFFECTIVELY SUPPORTS OPERATIONAL PLANS TO ADDRESS IDENTIFIED NEEDS IN EACH MARKET AND EVEN THE ADMINISTRATION OF SERVICES, IN SOME CASES THAT WILL BE CENTRALLY MANAGED, MAXIMIZE PATIENT CARE, IMPROVE OPERATIONAL EFFICIENCY, AND BETTER FOCUS SHEPPARD PRATT'S EFFORTS TO MEET THE HIGHEST PRIORITY SERVICE AREA NEEDS.

NEEDS FOR WHICH SPHS WILL ENHANCE EXISTING PROGRAMS OR ESTABLISH NEW ONES: THE HOSPITAL HAS CURRENT ACTIVITIES THAT MAY BE ABLE TO BE MODIFIED OR EXPANDED TO ADDRESS THE COMMUNITY HEALTH NEED; OR, NEWLY CREATED ACTIVITIES OR INITIATIVES MAY BE REQUIRED TO DO SO.

Part V Facility Information (continued)

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

NEEDS SPHS IS ADDRESSING THROUGH EXISTING PROGRAMS AND ACTIVITIES: THE HOSPITAL IS ALREADY ACTIVELY PROVIDING SERVICES TO ADDRESS THE COMMUNITY HEALTH NEED AND MAY FOCUS EFFORTS ON BUILDING AWARENESS OF EXISTING PROGRAMS AND SERVICES.

NEEDS THAT SPHS WILL NOT ADDRESS: THE NEED IS EITHER NOT WITHIN THE SPHS PURVIEW OR BEYOND ITS ABILITY TO READILY IMPACT.

IN DEVELOPING THE IMPLEMENTATION PLANS, SPHS PROJECT LEADERSHIP TEAM MEMBERS REVIEWED EACH OF THE 35 NEEDS IDENTIFIED IN THE CHNAS, TO DETERMINE THOSE FOR WHICH SPHS HAS, OR MAY ESTABLISH, PROGRAMS TO ADDRESS. THIS WAS DONE ON TWO SCALES:

- THE DEGREE OF LOCAL CONTROL (I.E., THE AMOUNT OF INFLUENCE SPHS MAY POSSESS TO AFFECT NEEDS).

- TIMELINE (I.E., THE EXPECTED AMOUNT OF TIME IT WOULD TAKE TO IMPACT THE NEED)

BASED ON THE ANALYSIS, SPHS CREATED A LIST OF PROGRAM FOCUS AREAS THAT DOES THE FOLLOWING:

1. ADDRESSES THE HIGHEST PRIORITY NEEDS
2. EXISTS WITHIN SPHS'S ABILITY TO CONTROL, AND
3. PROVIDES POSITIVE IMPACT IN THE "ONE-YEAR," "TWO-TO-THREE-YEAR," AND "FOUR YEARS OR LONGER" TIME FRAMES.

THE NEEDS FOR WHICH SPHS WILL ENHANCE EXISTING PROGRAMS OR ESTABLISH NEW ONES WITHIN A ONE-YEAR TIMELINE ARE AS FOLLOWS:

- INCREASE MENTAL HEALTH FIRST AID TRAINING TO FIRST RESPONDERS, SCHOOLS, PUBLIC SAFETY, AND OTHERS

- EXPAND CAPACITY AT THE CRISIS WALK-IN CLINIC

Part V Facility Information (continued)

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

- DECREASE STIGMA AROUND MENTAL HEALTH AND SUBSTANCE USE DISORDERS (E.G., MANY OF THE SPHS PROGRAMS AND EDUCATIONAL OUTREACH ACTIVITIES ARE DESIGNED TO EXPLICITLY OR IMPLICITLY FIGHT STIGMA)

- INCREASE THE NUMBER OF PROVIDERS WHO ACCEPT MEDICAID CLIENTS (E.G., WHERE POSSIBLE, SPHS WILL CONTINUE TO EXPAND MEDICAID ACCESS TO CARE)

THE NEEDS FOR WHICH SPHS WILL ENHANCE EXISTING PROGRAMS OR ESTABLISH NEW ONES WITHIN A TWO-TO-THREE-YEAR TIMELINE ARE AS FOLLOWS:

- IMPROVE CARE COORDINATION BETWEEN INPATIENT AND OUTPATIENT PROVIDERS

- CREATE A PARENT SUPPORT GROUP FOR PARENTS WITH CHILDREN WITH SEVERE MENTAL ILLNESS (E.G., BY ENGAGING POTENTIAL PARTICIPANTS, LEARNING THEIR INSIGHTS REGARDING IMPORTANT NEEDS / GROUP CONTENT INFORMATION, AND OFFERING ADDITIONAL GROUP MEETING TIMES / DAYS)

- INCREASE ACCESS TO FAMILY THERAPY, (E.G., BY OFFERING ADDITIONAL GROUP MEETING TIMES / DAYS / LOCATIONS)

- INCREASE APPROVED PATIENT DATA SHARING ACROSS ALL PROVIDERS

- INCREASE CONSISTENCY AND THOROUGHNESS OF INPATIENT DISCHARGE FOLLOW-UP (E.G., THROUGH ELECTRONIC, TELEPHONIC, CARE COORDINATION, OR OTHER MEANS)

- INCREASE ACCESS TO OUTPATIENT DIALECTICAL BEHAVIORAL THERAPY (DBT) FOR CHILDREN AND ADOLESCENTS

- INCREASE SERVICES FOR NEW MOMS WITH SUBSTANCE USE DISORDERS

THE NEEDS FOR WHICH SPHS WILL ENHANCE EXISTING PROGRAMS OR ESTABLISH NEW ONES WITHIN A FOUR YEARS OR LONGER TIMELINE ARE AS FOLLOWS:

- PROVIDE NARCAN AND EVZIO TRAINING TO KEY COMMUNITY MEMBERS (I.E., POLICE, FIRE, SCHOOLS)

- ENGAGE IN SYSTEM-LEVEL / REGULATORY / POLICY CHANGE ADVOCACY [NOTE THAT

Part V Facility Information (continued)

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

ALTHOUGH THIS NEED HAS BEEN AN ONGOING FOCUS FOR SPHS, AND IT IS LIKELY THAT SOME POSITIVE EFFECTS WILL BE SEEN WITHIN ONE YEAR, CONTINUING WORK AND ADDITIONAL PROGRESS WILL BE REQUIRED OVER A LONGER TIME FRAME.]

- REVIEW OR INCREASE THE NUMBER OF PEER SUPPORT SPECIALISTS IN HOSPITAL AND OUTPATIENT SETTINGS

IDENTIFIED NEEDS ALREADY BEING ADDRESSED BY SPHS

THE SPHS PROJECT LEADERSHIP ALSO DETERMINED THAT SPHS IS CURRENTLY ADDRESSING 16 OF THE IDENTIFIED NEEDS THROUGH EXISTING PROGRAMS. FOR THESE NEEDS, EFFORTS WILL BE MADE TO INCREASE AWARENESS OF SPHS' EXISTING PROGRAMS IN THE COMMUNITY. THESE 16 NEEDS ARE AS FOLLOWS:

- IMPROVE REGULATION AROUND ADDICTION COUNSELING

- INCREASE RESIDENTIAL OPTIONS FOR TEENS WITH CO-OCCURRING MENTAL HEALTH AND BEHAVIORAL ISSUES

- INCREASE AWARENESS OF SERVICES OFFERED AT SPHS LOCATIONS

- PROVIDE GREATER SUPPORT FOR COMMUNITY EFFORTS TO INCREASE GENERAL AWARENESS OF SERVICES AVAILABLE IN THE COMMUNITY

- PROVIDE ADVOCACY AROUND MENTAL HEALTH AND SUBSTANCE USE DISORDERS (I.E., OPIOID EPIDEMIC)

- INCREASE ACCESS TO OUTPATIENT SERVICES FOR PEOPLE IN RURAL AREAS

- EXPAND WRAP-AROUND SERVICES FOR THE CHRONICALLY MENTALLY ILL

- INCREASE THE NUMBER OF THERAPISTS TRAINED IN TRAUMA-INFORMED CARE

- INCREASE THE NUMBER OF MENTAL HEALTH-TRAINED PROVIDERS IN HOSPITAL EMERGENCY DEPARTMENTS ACROSS THE STATE

- WORK WITH COMMUNITY SERVICE PROVIDERS AND SPHS SITES TO INCREASE AWARENESS OF SERVICES AVAILABLE AT COUNTY HEALTH DEPARTMENTS

- CREATE A MOBILE CRISIS RESPONSE TEAM

Part V Facility Information (continued)

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

- PROVIDE EXPANDED DETOX CENTER CAPACITY IN BALTIMORE AND BALTIMORE COUNTY

- INCREASE COORDINATION BETWEEN SPHS AND DEPARTMENT OF SOCIAL SERVICES

(DSS)

- INCREASE ACCESSIBILITY TO WAY STATION PROGRAMS

- PROVIDE ADDITIONAL PARENT EDUCATION CLASSES AT NON-TRADITIONAL HOURS FOR

WORKING FAMILIES

- CREATE SERVICES TO REDUCE SENIOR ISOLATION

IDENTIFIED COMMUNITY NEEDS THAT WILL NOT BE ADDRESSED

WHILE SPHS HAS EXISTING PROGRAMS AND ACTIVITIES THAT ADDRESS A MAJORITY OF

THE NEEDS IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT, THE

FOLLOWING FIVE NEEDS ARE NOT CURRENTLY BEING ADDRESSED BY PROGRAMS AND

ACTIVITIES AT SPHS. ALTHOUGH, SPHS IS OPEN TO SUPPORTING INITIATIVES THAT

ADDRESS THESE NEEDS, THE FOLLOWING LIST REPRESENTS PRIORITIZED COMMUNITY

NEEDS THAT ARE EITHER NOT WITHIN THE SPHS PURVIEW OR ARE BEYOND THE

ORGANIZATION'S ABILITY TO READILY IMPACT.

- IMPROVE INFORMATION ON PROVIDER NETWORK DIRECTORY LISTS (E.G., LISTS OF

OTHER SPHS SERVICES OR NON-AFFILIATED COMMUNITY SERVICE PROVIDERS THAT MAY

BE HELPFUL TO THE PATIENT).

- DEVELOP A TRAUMA-INFORMED CARE TRAINING PROGRAM FOR PROVIDERS IN

MARYLAND

- PROVIDE SAFE TRANSPORTATION TO TOWSON FACILITY FOR CHILDREN IN CRISIS

- IMPROVE MEDICATION MANAGEMENT EDUCATION FOR OLDER ADULTS

- INCREASE THE NUMBER OF PROVIDERS WHO ACCEPT PRIVATE INSURANCE CLIENTS

SHEPPARD PRATT AT ELLICOTT CITY:

Part V Facility Information (continued)

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

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NEEDS FOR WHICH SPHS WILL ENHANCE EXISTING PROGRAMS OR ESTABLISH NEW ONES: THE HOSPITAL HAS CURRENT ACTIVITIES THAT MAY BE ABLE TO BE MODIFIED OR EXPANDED TO ADDRESS THE COMMUNITY HEALTH NEED; OR, NEWLY CREATED ACTIVITIES OR INITIATIVES MAY BE REQUIRED TO DO SO.

NEEDS SPHS IS ADDRESSING THROUGH EXISTING PROGRAMS AND ACTIVITIES: THE HOSPITAL IS ALREADY ACTIVELY PROVIDING SERVICES TO ADDRESS THE COMMUNITY HEALTH NEED AND MAY FOCUS EFFORTS ON BUILDING AWARENESS OF EXISTING

Part V Facility Information *(continued)*

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

PROGRAMS AND SERVICES.

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IN DEVELOPING THE IMPLEMENTATION PLANS, SPHS PROJECT LEADERSHIP TEAM MEMBERS REVIEWED EACH OF THE 35 NEEDS IDENTIFIED IN THE CHNAS, TO DETERMINE THOSE FOR WHICH SPHS HAS, OR MAY ESTABLISH, PROGRAMS TO ADDRESS.

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2. EXISTS WITHIN SPHS'S ABILITY TO CONTROL, AND
3. PROVIDES POSITIVE IMPACT IN THE "ONE-YEAR," "TWO-TO-THREE-YEAR," AND "FOUR YEARS OR LONGER" TIME FRAMES.

THE NEEDS FOR WHICH SPHS WILL ENHANCE EXISTING PROGRAMS OR ESTABLISH NEW ONES WITHIN A ONE-YEAR TIMELINE ARE AS FOLLOWS:

- INCREASE MENTAL HEALTH FIRST AID TRAINING TO FIRST RESPONDERS, SCHOOLS, PUBLIC SAFETY, AND OTHERS
- EXPAND CAPACITY AT THE CRISIS WALK-IN CLINIC
- DECREASE STIGMA AROUND MENTAL HEALTH AND SUBSTANCE USE DISORDERS (E.G.,

MANY OF THE SPHS PROGRAMS AND EDUCATIONAL OUTREACH ACTIVITIES ARE DESIGNED

Part V Facility Information *(continued)*

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

TO EXPLICITLY OR IMPLICITLY FIGHT STIGMA)

- INCREASE THE NUMBER OF PROVIDERS WHO ACCEPT MEDICAID CLIENTS (E.G., WHERE POSSIBLE, SPHS WILL CONTINUE TO EXPAND MEDICAID ACCESS TO CARE)

THE NEEDS FOR WHICH SPHS WILL ENHANCE EXISTING PROGRAMS OR ESTABLISH NEW ONES WITHIN A TWO-TO-THREE-YEAR TIMELINE ARE AS FOLLOWS:

- IMPROVE CARE COORDINATION BETWEEN INPATIENT AND OUTPATIENT PROVIDERS
- CREATE A PARENT SUPPORT GROUP FOR PARENTS WITH CHILDREN WITH SEVERE MENTAL ILLNESS (E.G., BY ENGAGING POTENTIAL PARTICIPANTS, LEARNING THEIR INSIGHTS REGARDING IMPORTANT NEEDS / GROUP CONTENT INFORMATION, AND OFFERING ADDITIONAL GROUP MEETING TIMES / DAYS)
- INCREASE ACCESS TO FAMILY THERAPY, (E.G., BY OFFERING ADDITIONAL GROUP MEETING TIMES / DAYS / LOCATIONS)
- INCREASE APPROVED PATIENT DATA SHARING ACROSS ALL PROVIDERS
- INCREASE CONSISTENCY AND THOROUGHNESS OF INPATIENT DISCHARGE FOLLOW-UP (E.G., THROUGH ELECTRONIC, TELEPHONIC, CARE COORDINATION, OR OTHER MEANS)
- INCREASE ACCESS TO OUTPATIENT DIALECTICAL BEHAVIORAL THERAPY (DBT) FOR CHILDREN AND ADOLESCENTS
- INCREASE SERVICES FOR NEW MOMS WITH SUBSTANCE USE DISORDERS

THE NEEDS FOR WHICH SPHS WILL ENHANCE EXISTING PROGRAMS OR ESTABLISH NEW ONES WITHIN A FOUR YEARS OR LONGER TIMELINE ARE AS FOLLOWS:

- PROVIDE NARCAN AND EVZIO TRAINING TO KEY COMMUNITY MEMBERS (I.E., POLICE, FIRE, SCHOOLS)
- ENGAGE IN SYSTEM-LEVEL / REGULATORY / POLICY CHANGE ADVOCACY [NOTE THAT ALTHOUGH THIS NEED HAS BEEN AN ONGOING FOCUS FOR SPHS, AND IT IS LIKELY THAT SOME POSITIVE EFFECTS WILL BE SEEN WITHIN ONE YEAR, CONTINUING WORK

Part V Facility Information (continued)

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

AND ADDITIONAL PROGRESS WILL BE REQUIRED OVER A LONGER TIME FRAME.]

- REVIEW OR INCREASE THE NUMBER OF PEER SUPPORT SPECIALISTS IN HOSPITAL

AND OUTPATIENT SETTINGS

IDENTIFIED NEEDS ALREADY BEING ADDRESSED BY SPHS

THE SPHS PROJECT LEADERSHIP ALSO DETERMINED THAT SPHS IS CURRENTLY

ADDRESSING 16 OF THE IDENTIFIED NEEDS THROUGH EXISTING PROGRAMS. FOR

THESE NEEDS, EFFORTS WILL BE MADE TO INCREASE AWARENESS OF SPHS' EXISTING

PROGRAMS IN THE COMMUNITY. THESE 16 NEEDS ARE AS FOLLOWS:

- IMPROVE REGULATION AROUND ADDICTION COUNSELING

- INCREASE RESIDENTIAL OPTIONS FOR TEENS WITH CO-OCCURRING MENTAL HEALTH

AND BEHAVIORAL ISSUES

- INCREASE AWARENESS OF SERVICES OFFERED AT SPHS LOCATIONS

- PROVIDE GREATER SUPPORT FOR COMMUNITY EFFORTS TO INCREASE GENERAL

AWARENESS OF SERVICES AVAILABLE IN THE COMMUNITY

- PROVIDE ADVOCACY AROUND MENTAL HEALTH AND SUBSTANCE USE DISORDERS (I.E.,

OPIOID EPIDEMIC)

- INCREASE ACCESS TO OUTPATIENT SERVICES FOR PEOPLE IN RURAL AREAS

- EXPAND WRAP-AROUND SERVICES FOR THE CHRONICALLY MENTALLY ILL

- INCREASE THE NUMBER OF THERAPISTS TRAINED IN TRAUMA-INFORMED CARE

- INCREASE THE NUMBER OF MENTAL HEALTH-TRAINED PROVIDERS IN HOSPITAL

EMERGENCY DEPARTMENTS ACROSS THE STATE

- WORK WITH COMMUNITY SERVICE PROVIDERS AND SPHS SITES TO INCREASE

AWARENESS OF SERVICES AVAILABLE AT COUNTY HEALTH DEPARTMENTS

- CREATE A MOBILE CRISIS RESPONSE TEAM

- PROVIDE EXPANDED DETOX CENTER CAPACITY IN BALTIMORE AND BALTIMORE COUNTY

- INCREASE COORDINATION BETWEEN SPHS AND DEPARTMENT OF SOCIAL SERVICES

Part V Facility Information (continued)

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

(DSS)

- INCREASE ACCESSIBILITY TO WAY STATION PROGRAMS
- PROVIDE ADDITIONAL PARENT EDUCATION CLASSES AT NON-TRADITIONAL HOURS FOR WORKING FAMILIES
- CREATE SERVICES TO REDUCE SENIOR ISOLATION

IDENTIFIED COMMUNITY NEEDS THAT WILL NOT BE ADDRESSED

WHILE SPHS HAS EXISTING PROGRAMS AND ACTIVITIES THAT ADDRESS A MAJORITY OF THE NEEDS IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT, THE FOLLOWING FIVE NEEDS ARE NOT CURRENTLY BEING ADDRESSED BY PROGRAMS AND ACTIVITIES AT SPHS. ALTHOUGH, SPHS IS OPEN TO SUPPORTING INITIATIVES THAT ADDRESS THESE NEEDS, THE FOLLOWING LIST REPRESENTS PRIORITIZED COMMUNITY NEEDS THAT ARE EITHER NOT WITHIN THE SPHS PURVIEW OR ARE BEYOND THE ORGANIZATION'S ABILITY TO READILY IMPACT.

- IMPROVE INFORMATION ON PROVIDER NETWORK DIRECTORY LISTS (E.G., LISTS OF OTHER SPHS SERVICES OR NON-AFFILIATED COMMUNITY SERVICE PROVIDERS THAT MAY BE HELPFUL TO THE PATIENT).
- DEVELOP A TRAUMA-INFORMED CARE TRAINING PROGRAM FOR PROVIDERS IN MARYLAND
- PROVIDE SAFE TRANSPORTATION TO TOWSON FACILITY FOR CHILDREN IN CRISIS
- IMPROVE MEDICATION MANAGEMENT EDUCATION FOR OLDER ADULTS
- INCREASE THE NUMBER OF PROVIDERS WHO ACCEPT PRIVATE INSURANCE CLIENTS

SHEPPARD PRATT HOSPITAL:

PART V, SECTION B, LINES 16A-C:

Part V Facility Information *(continued)*

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

FAP:

[HTTPS://WWW.SHEPPARDPRATT.ORG/FILES/RESOURCES/FINANCIAL-ASSISTANCE-POLICY-2.PDF](https://www.sheppardpratt.org/files/resources/financial-assistance-policy-2.pdf)

APPLICATION:

[HTTPS://WWW.SHEPPARDPRATT.ORG/FILES/RESOURCES/SHEPPARD-PRATT-FINANCIAL-ASSISTANCE-APPLICATION.PDF](https://www.sheppardpratt.org/files/resources/sheppard-pratt-financial-assistance-application.pdf)

PLAIN LANGUAGE SUMMARY:

[HTTPS://WWW.SHEPPARDPRATT.ORG/FINANCIAL-ASSISTANCE-POLICY/](https://www.sheppardpratt.org/financial-assistance-policy/)

SHEPPARD PRATT AT ELLICOTT CITY:

PART V, SECTION B, LINES 16A-C:

FAP:

[HTTPS://WWW.SHEPPARDPRATT.ORG/FILES/RESOURCES/FINANCIAL-ASSISTANCE-POLICY-2.PDF](https://www.sheppardpratt.org/files/resources/financial-assistance-policy-2.pdf)

APPLICATION:

[HTTPS://WWW.SHEPPARDPRATT.ORG/FILES/RESOURCES/SHEPPARD-PRATT-FINANCIAL-ASSISTANCE-APPLICATION.PDF](https://www.sheppardpratt.org/files/resources/sheppard-pratt-financial-assistance-application.pdf)

PLAIN LANGUAGE SUMMARY:

[HTTPS://WWW.SHEPPARDPRATT.ORG/FINANCIAL-ASSISTANCE-POLICY/](https://www.sheppardpratt.org/financial-assistance-policy/)

SHEPPARD PRATT HOSPITAL:

PART V, SECTION B, LINE 16J: FINANCIAL CASE MANAGERS ALSO PROVIDE INFORMATION ON FINANCIAL ASSISTANCE TO PATIENTS AND THEIR FAMILIES WHOM THEY BELIEVE MAY BENEFIT FROM ASSISTANCE.

SHEPPARD PRATT AT ELLICOTT CITY:

Part V Facility Information (continued)

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

PART V, SECTION B, LINE 16J: FINANCIAL CASE MANAGERS ALSO PROVIDE INFORMATION ON FINANCIAL ASSISTANCE TO PATIENTS AND THEIR FAMILIES WHOM THEY BELIEVE MAY BENEFIT FROM ASSISTANCE.

SHEPPARD PRATT HOSPITAL:

PART V, SECTION B, LINE 22D: WITH THE EXCEPTION OF MEDICARE AND MEDICAID, THE MARYLAND HEALTH SERVICES COST REVIEW COMMISSION SETS HOSPITAL RATES IN THE STATE OF MARYLAND FOR ALL PAYERS.

SHEPPARD PRATT ELLICOTT CITY:

PART V, SECTION B, LINE 22D: WITH THE EXCEPTION OF MEDICARE AND MEDICAID, THE MARYLAND HEALTH SERVICES COST REVIEW COMMISSION SETS HOSPITAL RATES IN THE STATE OF MARYLAND FOR ALL PAYERS.

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? 16

	Name and address	Type of Facility (describe)
1	SHEPPARD PRATT SCHOOL AND RTC - TOWSO 6501 NORTH CHARLES STREET BALTIMORE, MD 21204	LICENSED RESIDENTIAL TREATMENT CENTER/SP. ED. SCHOOL
2	THE RETREAT AT SHEPPARD PRATT 6501 NORTH CHARLES STREET BALTIMORE, MD 21204	16-BED LIMITED PRIVATE INPATIENT FACILITY
3	SHEPPARD PRATT SCHOOL AND RTC-JEFFERS 2940 POINT OF ROCKS ROAD, P.O. BOX 9 JEFFERSON, MD 21755	LICENSED RESIDENTIAL TREATMENT CENTER/SP. ED. SCHOOL
4	SHEPPARD PRATT SCHOOL - GLYNDON 407 CENTRAL AVENUE REISTERSTOWN, MD 21136	12-MTH SPECIAL ED. DAY SCH FOR STUDENTS WITH BEHAVIORAL & EMOTIONAL DISABILI
5	SHEPPARD PRATT SCHOOL - REISTERSTOWN 12039 REISTERSTOWN ROAD BALTIMORE, MD 21136	12-MTH SPECIAL ED. DAY SCHOOL FOR STUDENT WITH BEHAVIORAL & EMOTIONAL DISABI
6	SHEPPARD PRATT SCHOOL - ROCKVILLE 4915 ASPEN HILL ROAD ROCKVILLE, MD 20853	12-MTH SPECIAL ED. DAY SCHOOL FOR STUDENT WITH BEHAVIORAL & EMOTIONAL DISABI
7	SHEPPARD PRATT SCHOOL - HUNT VALLEY 11201 PEPPER ROAD HUNT VALLEY, MD 21031	12-MONTH SPECIAL EDUCATION DAY SCHOOL FOR STUDENTS WITH AUTISM
8	SHEPPARD PRATT SCHOOL - LANHAM 4819 WALDEN LANE LANHAM, MD 20706	12-MONTH SPECIAL EDUCATION DAY SCHOOL FOR STUDENTS WITH AUTISM
9	SHEPPARD PRATT SCHOOL - CUMBERLAND 10100 COUNTRY CLUB ROAD SOUTHEAST CUMBERLAND, MD 21502	12-MTH SPECIAL ED. DAY SCH FOR STUDENTS WITH BEHAVIORAL & EMOTIONAL DISABILI
10	SHEPPARD PRATT SCHOOL - GAITHERSBURG 610 EAST DIAMOND AVENUE GAITHERSBURG, MD 20877	12-MONTH SPECIAL EDUCATION DAY SCHOOL FOR STUDENTS WITH AUTISM

Schedule H (Form 990) 2019

Part VI Supplemental Information

Provide the following information.

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

PART I, LINE 3C:

SHEPPARD PRATT HEALTH SYSTEM USES AN ASSET TEST IN CONJUNCTION WITH THE 300% FPG FACTOR TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE. INDIVIDUALS WITH ASSETS LESS THAN \$10,000 AND FAMILIES WITH ASSETS LESS THAN \$25,000 ARE ELIGIBLE FOR FREE OR DISCOUNTED CARE. THE EQUITY VALUE OF AN APPLICANT'S PRINCIPAL RESIDENCE IS EXCLUDED FROM THE ASSET TEST.

PART I, LINE 7:

RATIO OF COST TO CHARGES, AS CALCULATED FROM THE FILED MEDICARE COST REPORT, WAS THE METHODOLOGY USED IN CALCULATING ITEMS LISTED IN PART I, LINE 7.

PART I, LN 7A COL(D): MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL, EXCEPT FOR THE GOVERNMENTAL CARVE-OUT FOR PSYCHIATRIC HOSPITALS. MARYLAND'S UNIQUE ALL-PAYOR SYSTEM

Part VI Supplemental Information (Continuation)

INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE.

PART I, LINE 7G:

DURING FY20, SHEPPARD PRATT'S RESIDENCY TRAINING PROGRAM CONTINUED TO OFFER THE RESIDENT'S OUTPATIENT CLINIC WHICH PROVIDES SERVICES FREE OF CHARGE, OR FOR A SMALL COPAY. SERVICES INCLUDE AN INITIAL EVALUATION AS WELL AS MEDICATION MANAGEMENT SESSIONS. RECIPIENTS OF THIS PSYCHIATRIC SERVICE AGREE TO BE TREATED BY AN MD PSYCHIATRY RESIDENT WHOSE SERVICE IS SUPERVISED BY A LICENSED PSYCHIATRIST. THE RECIPIENT MUST BE AT LEAST 6 YEARS OF AGE AND AGREE TO BE SCREENED AT THE INTAKE FOR OUTPATIENT TREATMENT CRITERIA. DURING FY20, THE PROGRAM PROVIDED A TOTAL OF 2,434 SERVICES.

TELEPSYCHIATRY PROVIDED TO RURAL REGIONS OF MARYLAND: SHEPPARD PRATT'S TELEBEHAVIORAL SERVICES PROGRAM PROVIDES BOTH TELEHEALTH (DISTANCE PROFESSIONAL EDUCATION) AND TELEPSYCHIATRY (REALTIME PSYCHIATRIC SERVICES). SHEPPARD PRATT MAINTAINS ISDN AND IP LINE CONNECTIVITY AND A BRIDGING UNIT TO ENSURE CONNECTIVITY THROUGH ALL CIRCUMSTANCES. UTILIZING VIDEOCONFERENCING EQUIPMENT, SHEPPARD PRATT PROVIDES PSYCHIATRIC TREATMENT SERVICES TO CHILDREN, ADOLESCENT, AND ADULT PATIENTS IN HEALTH DEPARTMENTS AND CLINICS LOCATED IN FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS AND MENTAL HEALTH PROVIDER SHORTAGE AREAS. IN FY20, THERE WERE 905 ACTIVE CLIENTS AT 11 LOCATIONS. THERE WERE 180 NEW CLIENTS SEEN AND 1,346.5 HOURS OF SERVICE WERE PROVIDED, INCLUDING 1,287 FOLLOW UPS. PREVIOUS TO THE TELEPSYCHIATRY SERVICE, MANY CLIENTS WERE FORCED TO USE AREA EMERGENCY ROOMS AFTER THEIR SYMPTOMS BECAME OVERWHELMING; IT WAS ALSO NOT UNCOMMON

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

FOR CLIENTS TO BE JAILED FOR SOME OF THEIR BEHAVIORS.

IN THE AREA OF HEALTH PROFESSIONS EDUCATION, SHEPPARD PRATT OFFERED 22 COMPLIMENTARY CME LECTURE SESSIONS, THAT WERE ACCESSIBLE TO A VARIETY OF RURAL LOCATIONS UTILIZING A VIDEOCONFERENCING BRIDGE. IN FY20, THERE WERE 2,088 NON-SHEPPARD PRATT CLINICAL PROFESSIONALS WHO ATTENDED THESE FREE CME SESSIONS, AT LEAST 63% OF WHOM ACCESSED THEM REMOTELY VIA VIDEOCONFERENCING.

PART II, COMMUNITY BUILDING ACTIVITIES:

SHEPPARD PRATT STRIVES TO MEET THE MENTAL HEALTH NEEDS OF A DIVERSE COMMUNITY THROUGH THE FLEXIBILITY OF TRADITIONAL TREATMENT MODALITIES COMBINED WITH COMMUNITY BENEFIT PROGRAMMING SO THAT THE MOST VULNERABLE OF OUR SOCIETY HAVE ACCESS TO INFORMATION, ACTIVITIES AND/OR TREATMENT. DUE TO THE SENSITIVITY OF THE SUBJECT MATTER, AND WITH AN UNDERSTANDING OF THE BURDEN SOME PEOPLE LABOR UNDER IN ASKING FOR INFORMATION, SHEPPARD PRATT HAS WORKED DILIGENTLY TO PROVIDE ACCESS THROUGH MANY LEVELS FROM FREELY AVAILABLE INFORMATION ON THE INTERNET, TO PUBLIC MEETINGS AND PROFESSIONAL SERVICES.

SHEPPARD PRATT HEALTH SYSTEM ATTENDS LOCAL, REGIONAL AND NATIONAL CONFERENCES IN ORDER TO REACH A BROAD SPECTRUM OF THE COMMUNITY WITH GENERAL PSYCHIATRIC EDUCATION LITERATURE. IN FY20, SHEPPARD PRATT SPONSORED EIGHTEEN EDUCATIONAL EVENTS FOR THE COMMUNITY. TOPICS PRESENTED INCLUDE: BODY IMAGE & MEDIA LITERACY; POSITIVE BODY IMAGE: WHAT IT IS, WHY IT MATTERS AND HOW PARENTS CAN HELP; NUTRITION & BODY IMAGE; ATHLETES & EATING DISORDERS; TREATMENT OF EATING DISORDERS IN LGBTQ+ POPULATION; HELPING OUR KIDS DEVELOP POSITIVE BODY IMAGE; AND, FOOD CULTURE, BODY

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

IMAGE AND GUILT IN AMERICA.

TRANSPORTATION SERVICES WERE PROVIDED TO 4,387 PERSONS WHO REQUIRED TRANSPORTATION TO GET TO DOCTOR APPOINTMENTS OR OTHER MEDICAL SERVICES, AND TO RECEIVE CARE AT SHEPPARD PRATT. THIS TOTAL INCLUDES PATIENTS TRANSPORTED TO AND FROM OUR DAY HOSPITAL PROGRAMS, PATIENTS WHO WERE PROVIDED AMBULANCE TRANSPORTATION, AS WELL AS PATIENTS TRANSPORTED TO APPOINTMENTS FOR VARIOUS MEDICAL SERVICES OUTSIDE OF THE HOSPITAL. THE FY20 COST FOR THESE SERVICES WAS \$1,186,747.

SHEPPARD PRATT ALSO ADDRESSES THE HEALTH OF THE COMMUNITY BY ATTENDING PUBLIC EVENTS AND DISTRIBUTING FREE INFORMATION ON WELLNESS, GOOD NUTRITION, BODY IMAGE, AS WELL AS MEDIA LITERACY AS IT IMPACTS THE DIET AND HEALTH OF TODAY'S YOUTH. SHEPPARD PRATT ALSO PROVIDES FREE MEETING SPACE TO AREA SUPPORT GROUPS AND OTHER SOCIAL SERVICE NONPROFIT AGENCIES THROUGHOUT THE YEAR. IN FY20, APPROXIMATELY 5,130 INDIVIDUALS BENEFITED FROM THIS SERVICE.

IN FY20, SHEPPARD PRATT'S WEBSITE RESOURCE PAGE RECEIVED 32,545 PAGE VIEWS TO ACCESS INFORMATION ON PARENTING AND CHANGING YOUR CHILD'S BEHAVIOR, SCHOOL TRANSITIONS, A PARENT'S INSTRUCTIONAL VIDEO SERIES AS WELL AS INFORMATION ON DIALECTICAL BEHAVIOR THERAPY (DBT), LINKS TO MENTAL HEALTH RESOURCES, INFORMATIVE BLOGS, AND OTHER USEFUL TREATMENT INFORMATION.

PART III, LINE 2:

SHEPPARD PRATT HEALTH SYSTEM'S POLICY IS TO WRITE OFF ALL ACCOUNTS THAT HAVE BEEN IDENTIFIED AS UNCOLLECTIBLE. AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE IS RECORDED FOR ACCOUNTS NOT YET WRITTEN OFF THAT ARE

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

ANTICIPATED TO BECOME UNCOLLECTIBLE IN FUTURE PERIODS. INSURANCE COVERAGE AND CREDIT INFORMATION ARE OBTAINED FROM PATIENTS WHEN AVAILABLE. NO COLLATERAL IS OBTAINED FOR ACCOUNTS RECEIVABLE. A COST-TO-CHARGE RATIO IS USED BASED ON FILED MEDICARE COST REPORTS TO DETERMINE AMOUNTS REPORTED AS BAD DEBT EXPENSE.

PART III, LINE 4:

IN PRIOR YEARS, PATIENT ACCOUNTS RECEIVABLE WERE REDUCED BY ALLOWANCES FOR BAD DEBTS. HOWEVER DUE TO NEW ACCOUNTING PRONOUNCEMENTS, OUR FOOTNOTE NOW READS:

THE FASB ISSUED ASU NO. 2014-09, REVENUE FROM CONTRACTS WITH CUSTOMERS (TOPIC 606), WHICH ESTABLISHES PRINCIPLES FOR REPORTING USEFUL INFORMATION TO USERS OF FINANCIAL STATEMENTS ABOUT THE NATURE, AMOUNT, TIMING, AND UNCERTAINTY OF REVENUE AND CASH FLOWS ARISING FROM THE ENTITY'S CONTRACTS WITH CUSTOMERS. PARTICULARLY, THAT AN ENTITY RECOGNIZES REVENUE TO DEPICT THE TRANSFER OF PROMISED GOODS OR SERVICES TO CUSTOMERS IN AN AMOUNT THAT REFLECTS THE CONSIDERATION TO WHICH THE ENTITY EXPECTS TO BE ENTITLED IN EXCHANGE FOR THOSE GOODS OR SERVICES. ASU 2014 09 WAS EFFECTIVE FOR FISCAL YEAR 2020 AND WAS ADOPTED ON THE MODIFIED RETROSPECTIVE BASIS. AS A RESULT OF THE ADOPTION OF TOPIC 606, WHAT WAS PREVIOUSLY CLASSIFIED AS THE PROVISION FOR BAD DEBTS IN THE STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS IS NOW REFLECTED AS IMPLICIT PRICE CONCESSIONS (AS DEFINED IN TOPIC 606) AND THEREFORE INCLUDED AS A REDUCTION TO NET PATIENT SERVICE REVENUE. FOR THE YEAR ENDED JUNE 30, 2020, THE COMPANY RECORDED \$3.0 MILLION OF IMPLICIT PRICE CONCESSIONS AS A REDUCTION OF NET PATIENT SERVICE REVENUE THAT WOULD HAVE BEEN RECORDED AS BAD DEBT EXPENSE PRIOR TO THE ADOPTION OF TOPIC 606.

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

PART III, LINE 8:

UNLIKE ACUTE CARE HOSPITALS, SHEPPARD PRATT AS AN INSTITUTION FOR MENTAL DISORDERS (IMD), IS REIMBURSED UNDER THE MEDICARE PROSPECTIVE PAYMENT SYSTEM. MEDICARE PAYS SHEPPARD PRATT LESS THAN ITS COSTS AS SUPPORTED BY THE FINAL FILED FISCAL 2020 COST REPORT FILED WITH THE CENTERS FOR MEDICARE AND MEDICAID SERVICES. SHEPPARD PRATT TREATS ALL MEDICALLY APPROPRIATE MEDICARE PATIENTS AS REQUIRED BY THE CONDITIONS OF PARTICIPATION AND EMTALA.

PART III, LINE 9B:

SHEPPARD PRATT HEALTH SYSTEM'S BAD DEBT AND CHARITABLE WRITE OFF POLICY OUTLINES THE PROCESS BY WHICH THE SYSTEM COLLECTS AND ACTS UPON PATIENT'S FINANCIAL HARDSHIP INFORMATION INCLUDING ACCESS TO SHEPPARD PRATT'S FINANCIAL AID PROCESS. THE HEALTH SYSTEM DOES NOT CHARGE INTEREST, LATE FEES, OR PENALTIES ON ANY ACCOUNTS AND DOES NOT PERMIT COLLECTION AGENCIES TO REPORT ACCOUNTS TO CREDIT REPORTING AGENCIES.

PART VI, LINE 2:

IN ADDITION TO THE COMPLETION OF OUR CHNA, SHEPPARD PRATT ALSO COLLECTS AND UTILIZES SERVICE GAP INFORMATION GATHERED THROUGH PATIENT AND FAMILY REQUESTS FOR SERVICE AS RECEIVED THROUGH ITS WEBSITE, CRISIS WALK IN CLINIC, AND THERAPY REFERRAL SERVICE PROGRAMS.

DURING THIS YEAR, SHEPPARD PRATT'S POPULATION HEALTH EFFORTS HAVE EVOLVED; MUCH OF THE EFFORT IN FY20 WAS FOCUSED ON THE CONTINUATION OF A COLLABORATIVE CARE PROJECT WITH THE GREATER BALTIMORE MEDICAL CENTER (GBMC), TO INCREASE ACCESS TO BEHAVIORAL HEALTH SERVICES IN BALTIMORE

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

COUNTY. WE CONTINUED TO PROVIDE BEHAVIORAL HEALTH SERVICES IN 10 PRIMARY CARE MEDICAL HOMES (PCMHS) OPERATED BY GBMC PRIMARY CARE ASSOCIATES. THIS INTEGRATED CARE MODEL IS DESIGNED TO HELP CREATE MORE CAPACITY FOR MENTAL HEALTH SERVICES IN ALLIANCE WITH SOMATIC CARE PROVIDERS, TO REDUCE THE STIGMA THAT IS OFTEN ASSOCIATED WITH SEEKING MENTAL HEALTH TREATMENT, AND TO HELP REDUCE VISITS RELATED TO MENTAL HEALTH CONDITIONS. SHEPPARD PRATT CLINICIANS PROVIDED 6,124 VISITS ACROSS THESE 10 PCMHS SITES IN FY20.

PATIENTS DISCHARGED FROM OUR INPATIENT OR DAY HOSPITAL PROGRAMS OFTEN EXPERIENCE A SIGNIFICANT WAIT TIME BEFORE THEY CAN SCHEDULE AN APPOINTMENT WITH AN OUTPATIENT THERAPIST. THE TAP PROGRAM PROVIDES THESE PATIENTS THE ABILITY TO SEE A PSYCHIATRIST FOR UP TO 90 DAYS POST DISCHARGE, UNTIL THEY ARE ABLE TO SEE THEIR OUTPATIENT THERAPIST. THERE WERE 186 VISITS PROVIDED IN THE TAP PROGRAM IN FY20. WE CONTINUE TO SEEK ADDITIONAL PARTNERS FOR COLLABORATIVE CARE, WHICH WE CONSIDER A VIABLE MEANS TO EXPAND ACCESS TO QUALITY MENTAL HEALTH CARE.

PART VI, LINE 3:

EACH PATIENT IS PROVIDED WITH A PATIENT HANDBOOK UPON ADMISSION. THE PATIENT HANDBOOK OUTLINES POLICIES, RULES, AND BASIC INFORMATION ABOUT THE HOSPITAL INCLUDING INSTRUCTIONS ON HOW TO ACCESS FINANCIAL ASSISTANCE/CHARITY CARE. SIGNAGE IS POSTED IN THE ADMISSIONS SUITE IN BOTH PATIENT AND FAMILY WAITING AREAS INFORMING INTERESTED PARTIES THAT FINANCIAL ASSISTANCE IS AVAILABLE. BECAUSE NO TWO PATIENTS HAVE IDENTICAL TREATMENT NEEDS, ALL PATIENTS ARE URGED TO SPEAK WITH THEIR THERAPIST OR OTHER HOSPITAL STAFF TO LEARN MORE ABOUT THE HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM. ADDITIONALLY, AS PART OF THE PAYMENT POLICY AND ACTION ON PAST DUE ACCOUNTS, SHEPPARD PRATT'S FINANCIAL OFFICE PERSONNEL ACT AS

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

PATIENT FINANCIAL ADVOCATES AND MAY FORWARD THE FINANCIAL ASSISTANCE PAPERWORK FOR COMPLETION BY ALL RESPONSIBLE PARTIES. FINALLY, PRIOR TO TRANSFER TO A COLLECTION AGENCY, ACCOUNTS ARE REVIEWED AGAIN FOR POSSIBLE FINANCIAL ASSISTANCE.

PART VI, LINE 4:

SHEPPARD PRATT'S SERVICE COMMUNITY CONSISTS OF ANNE ARUNDEL, BALTIMORE, HARFORD, AND HOWARD COUNTIES AND BALTIMORE CITY.

THE TOWSON SERVICE AREA IS DIVERSE IN RESPECT TO RACE, INCOME, LIFESTYLE FACTORS, AND OTHERS. THE OVERALL POPULATION OF THE SERVICE AREA IS STABLE, YET THE BALTIMORE CITY POPULATION IS CONTRACTING WHILE BALTIMORE COUNTY AND HARFORD COUNTY IS INCREASING. HOWEVER, THE CHALLENGING CHARACTERISTICS OF BALTIMORE CITY ARE REFLECTED IN COMMUNITY NEEDS. THE ELLICOTT CITY SERVICE AREA IS CHARACTERIZED BY INCREASING POPULATION, HIGHER INCOME AND EDUCATIONAL ATTAINMENT, AND HEALTHIER LIFESTYLES COMPARED TO THE TOWSON SERVICE AREA.

THERE ARE OVER 1.44 MILLION PEOPLE IN BALTIMORE COUNTY AND BALTIMORE CITY AND APPROXIMATELY 1.7 MILLION PEOPLE IN THE PRIMARY SHEPPARD PRATT SERVICE AREA.

FROM 2000 TO 2015, THERE WAS A SHIFT IN POPULATION OUT OF THE MOST URBAN AREA (BALTIMORE CITY) TO OTHER AREAS. POPULATION GROWTH WAS ESPECIALLY STRONG IN HOWARD AND HARFORD COUNTIES WHERE THE POPULATION GREW OVER 15.83% AND 12.0%, RESPECTIVELY. THE POPULATION IN EACH FACILITY'S SERVICE AREA INCLUDES SLIGHTLY MORE FEMALES THAN MALES. HOWEVER, FOR THE TOWSON LOCATION SERVICE AREA, THE DIFFERENCE IS MORE PRONOUNCED. MEN AND WOMEN

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

MAY HAVE DIFFERENT DISEASE PREVALENCE AND HEALTHCARE NEEDS. THE POPULATION IN BALTIMORE COUNTY AND BALTIMORE CITY IS NEARLY 53% FEMALE. THE ELLICOTT CITY SERVICE AREA AND HARFORD COUNTY SPLIT IS MORE EVEN 51% FEMALE; 49% MALE. ANNE ARUNDEL COUNTY HAS THE HIGHEST PERCENTAGE OF MALES.

THE TOWSON SERVICE AREA IS HIGHLY DIVERSE. NEARLY TWO OF THREE (62.80%) BALTIMORE CITY RESIDENTS ARE AFRICAN AMERICAN WHILE ABOUT THREE OF TEN (30.29%) ARE WHITE, YET BALTIMORE COUNTY HAS THE OPPOSITE RACIAL MAKEUP.

THE ELLICOTT CITY SERVICE AREA IS LARGELY WHITE WITH POCKETS OF DIVERSITY. HOWEVER, MORE THAN ONE IN FIVE (22.9%) HOWARD COUNTY RESIDENTS SPEAK A PRIMARY LANGUAGE OTHER THAN ENGLISH. (AMERICAN COMMUNITY SURVEY 2010). HARFORD COUNTY IS THE LEAST RACIALLY DIVERSE, WITH APPROXIMATELY 80% OF THE POPULATION IDENTIFYING AS WHITE.

BALTIMORE COUNTY, ANNE ARUNDEL COUNTY, AND HOWARD COUNTY EACH HAVE A MEDIAN AGE SIMILAR TO THE MARYLAND AVERAGE WHILE THE MEDIAN AGE IS LOWER (35.0 YEARS) IN BALTIMORE CITY. HARFORD COUNTY HAS THE OLDEST MEDIAN AGE AT 40.6 YEARS. ABOUT ONE IN THREE PEOPLE IN BOTH SERVICE AREAS ARE AGE 25 OR YOUNGER. BALTIMORE COUNTY (16.10%) AND HARFORD COUNTY (14.94%) HAVE THE HIGHEST PERCENTAGE OF INDIVIDUALS 65 YEARS AND OLD. SENIORS OFTEN HAVE DIFFERENT NEEDS THAN CHILDREN AND YOUNGER ADULTS.

THE HIGH SCHOOL GRADUATION RATES ARE SIMILAR IN EACH FACILITY'S SERVICE AREA. HOWEVER, THE PERCENTAGE OF THOSE WITH COLLEGE DEGREES IS SUBSTANTIALLY HIGHER IN THE ELLICOTT CITY SERVICE AREA. NEARLY TWO OF FIVE (39.92%) BALTIMORE CITY ADULTS HAVE ONLY A HIGH SCHOOL DIPLOMA (24.54%) OR LESS (15.38%). ABOUT FIVE OF SEVEN PEOPLE (68%) IN THE ELLICOTT CITY

Part VI Supplemental Information (Continuation)

SERVICE AREA HAVE AT LEAST SOME COLLEGE (INCLUDING THOSE WITH A DEGREE).

PART VI, LINE 5:

SHEPPARD PRATT HAS EVOLVED SERVICES BEYOND THE TRADITIONAL INPATIENT OR OUTPATIENT BOUNDARIES AS IT CONTINUES ITS COMMITMENT TO THE FOUNDERS' CHARTER TO "CARRY FORWARD, IMPROVE, THE AMELIORATED SYSTEM OF TREATMENT OF THE INSANE WITH THOUGHTFUL, PROACTIVE SERVICES". THE SYSTEM PROVIDES A POSITIVE IMPACT ON THOUSANDS OF INDIVIDUALS, THEIR FAMILIES AND COMMUNITIES BY PROVIDING ACCESS TO A CREATIVE MIX OF COMMUNITY BENEFIT-DRIVEN BEHAVIORAL HEALTH SERVICES WHEN, WHERE AND IN WHATEVER FORM IS BEST SUITED TO THOSE IN NEED. IN FY 2020, SHEPPARD PRATT WAS AGAIN RECOGNIZED BY U.S. NEWS AND WORLD REPORT AS ONE OF THE NATION'S TOP TEN HOSPITALS FOR PSYCHIATRIC CARE.

IN FY20, SHEPPARD PRATT PROVIDED SERVICE FOR 7,338 INPATIENT ADMISSIONS RESULTING IN SERVICE TO 103,108 INPATIENT DAYS; 38,800 OUTPATIENT AND DAY HOSPITAL VISITS; 28,218 RESIDENTIAL TREATMENT CENTER DAYS; AND, 132,343 STUDENT DAYS. MORE THAN HALF OF THE INPATIENT SERVICES WERE PROVIDED TO MEDICARE OR MEDICAID RECIPIENTS. SHEPPARD PRATT'S CRISIS WALK IN CLINIC (CWIC) CONTINUES TO RESPOND TO THE NEED FOR WALK IN PSYCHIATRIC ASSESSMENTS. CWIC PROVIDES AN EVALUATION OUTSIDE THE RIGORS OF A MEDICAL EMERGENCY ROOM SETTING. THE PROGRAM OPERATES MONDAYS THROUGH FRIDAYS FROM 10:30 AM TO 10:00 PM; AND, SATURDAY 1:00 P.M. TO 5:00 P.M. CWIC PROVIDES A PSYCHIATRIST TO EVALUATE COMMUNITY MEMBERS IN NEED OF CRISIS ASSESSMENT AND TRIAGE. IN FY20, 5,491 COMMUNITY MEMBERS PRESENTED TO THE CLINIC FOR EVALUATION.

SHEPPARD PRATT'S FLAGSHIP CAMPUS IS LOCATED AT 6501 NORTH CHARLES STREET,

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

BALTIMORE, MD AND IS THE FOUNDING LOCATION OF THE SYSTEM WITH A MAJORITY OF SERVICES PROVIDED FROM THIS CAMPUS. SERVICES INCLUDE INPATIENT, PARTIAL DAY HOSPITALIZATION, INTENSIVE OUTPATIENT, ELECTRO-CONVULSIVE THERAPY (ECT), CRISIS EVALUATION, TELEPSYCHIATRY, RESIDENTIAL TREATMENT, AND PHYSICIAN OUTPATIENT APPOINTMENTS. A SECOND INPATIENT CAMPUS, SHEPPARD PRATT AT ELLICOTT CITY IS LOCATED AT 4100 COLLEGE AVENUE, IN ELLICOTT CITY, MARYLAND AND PROVIDES BOTH INPATIENT AND PARTIAL DAY HOSPITALIZATION SERVICES. THE TWO INPATIENT HOSPITAL PROGRAMS ARE LICENSED TO OPERATE A TOTAL OF 414 LICENSED BEDS. INPATIENT SERVICES PROVIDE A WIDE ARRAY OF PSYCHIATRY DIAGNOSTIC CATEGORIES INCLUDING UNITS SPECIFICALLY DESIGNED FOR CHILDREN, ADOLESCENTS, YOUNGSTERS WITH CO-OCCURRING MENTAL ILLNESS AND DEVELOPMENTAL DISABILITIES, YOUNG ADULTS, GERIATRICS, ADULTS, AS WELL AS SUBSPECIALTY ADULT PROGRAMS FOR CO-OCCURRING SUBSTANCE ABUSE AND MENTAL ILLNESS, PSYCHOTIC DISORDERS, DEVELOPMENTAL DISORDERS, TRAUMA DISORDERS AND EATING DISORDERS (FOR ADULTS AND ADOLESCENTS).

THERAPY REFERRAL SERVICES PROGRAMMING (TRS): TRS IS A FREE, CONFIDENTIAL TELEPHONE SERVICE THAT PROVIDES THE PUBLIC WITH REFERRALS TO MENTAL HEALTH RESOURCES FOR THE BALTIMORE METROPOLITAN AREA INCLUDING SHEPPARD PRATT PROGRAMS. IN FY20, THIS PROGRAM PROVIDED THE PUBLIC WITH REFERRAL INFORMATION FOR EXTERNAL PROGRAMS 21,250 TIMES. ADDITIONAL SHEPPARD PRATT PROGRAMMING ACCESSED THROUGH THIS SERVICE INCLUDE URGENT ASSESSMENTS FOR INDIVIDUALS WHO NEED TO BE EVALUATED ON A CRITICAL BASIS WITHIN 48 HRS.; AND THE SCHEDULED CRISIS INTERVENTION PROGRAM WHICH PROVIDES APPOINTMENTS SCHEDULED WITHIN THE SAME DAY AS THE CALL IS RECEIVED

DURING FY20, SHEPPARD PRATT'S RESIDENCY TRAINING PROGRAM CONTINUED TO OFFER THE RESIDENT'S OUTPATIENT CLINIC WHICH PROVIDES SERVICES FREE OF

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

CHARGE, OR FOR A SMALL COPAY. SERVICES INCLUDE AN INITIAL EVALUATION AS WELL AS MEDICATION MANAGEMENT SESSIONS. RECIPIENTS OF THIS PSYCHIATRIC SERVICE AGREE TO BE TREATED BY AN MD PSYCHIATRY RESIDENT WHOSE SERVICE IS SUPERVISED BY A LICENSED PSYCHIATRIST. THE RECIPIENT MUST BE AT LEAST 6 YEARS OF AGE AND AGREE TO BE SCREENED AT THE INTAKE FOR OUTPATIENT TREATMENT CRITERIA. DURING FY20, THE PROGRAM PROVIDED A TOTAL OF 2,434 SERVICES.

TELEPSYCHIATRY PROVIDED TO RURAL REGIONS OF MARYLAND: SHEPPARD PRATT'S TELEBEHAVIORAL SERVICES PROGRAM PROVIDES BOTH TELEHEALTH (DISTANCE PROFESSIONAL EDUCATION) AND TELEPSYCHIATRY (REALTIME PSYCHIATRIC SERVICES). SHEPPARD PRATT MAINTAINS ISDN AND IP LINE CONNECTIVITY AND A BRIDGING UNIT TO ENSURE CONNECTIVITY THROUGH ALL CIRCUMSTANCES. UTILIZING VIDEOCONFERENCING EQUIPMENT, SHEPPARD PRATT PROVIDES PSYCHIATRIC TREATMENT SERVICES TO CHILDREN, ADOLESCENT, AND ADULT PATIENTS IN HEALTH DEPARTMENTS AND CLINICS LOCATED IN FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS AND MENTAL HEALTH PROVIDER SHORTAGE AREAS. IN FY20, THERE WERE 905 ACTIVE CLIENTS AT 11 LOCATIONS. THERE WERE 180 NEW CLIENTS SEEN AND 1,346.5 HOURS OF SERVICE WERE PROVIDED, INCLUDING 1,287 FOLLOW UPS. PREVIOUS TO THE TELEPSYCHIATRY SERVICE, MANY CLIENTS WERE FORCED TO USE AREA EMERGENCY ROOMS AFTER THEIR SYMPTOMS BECAME OVERWHELMING; IT WAS ALSO NOT UNCOMMON FOR CLIENTS TO BE JAILED FOR SOME OF THEIR BEHAVIORS.

IN THE AREA OF HEALTH PROFESSIONS EDUCATION, SHEPPARD PRATT OFFERED 81 COMPLIMENTARY CME LECTURE SESSIONS, THAT WERE ACCESSIBLE TO A VARIETY OF RURAL LOCATIONS UTILIZING A VIDEOCONFERENCING BRIDGE. IN FY20, THERE WERE 2,088 NON-SHEPPARD PRATT CLINICAL PROFESSIONALS WHO ATTENDED THESE FREE CME SESSIONS.

Part VI Supplemental Information (Continuation)

PART VI, LINE 6:

THE SHEPPARD PRATT HEALTH SYSTEM ALSO INCLUDES SEVERAL HEALTH AND SOCIAL SERVICES AGENCIES THAT FOCUS THEIR SERVICES AT THE COMMUNITY LEVEL. THEIR COLLECTIVE PRIMARY MISSION IS TO PROVIDE REHABILITATIVE TREATMENT, HOUSING AND VOCATIONAL SUPPORT TO INDIVIDUALS WITH CHRONIC MENTAL ILLNESS. COLLECTIVELY THEY PROVIDE SERVICES IN BALTIMORE, CARROLL, HOWARD, FREDERICK, MONTGOMERY, PRINCE GEORGE'S AND WASHINGTON COUNTIES AS WELL AS BALTIMORE CITY. THEY WORK COLLABORATIVELY IN SPECIAL PROJECTS DESIGNED TO ENHANCE EMPLOYMENT OPPORTUNITIES FOR RETURNING VETERANS. IN ADDITION TO THE TRADITIONAL MENTAL HEALTH SERVICES, THEY PROVIDE SUBSTANCE ABUSE TREATMENT, CASE MANAGEMENT, SCREENING FOR DEPARTMENTS OF SOCIAL SERVICES, EARLY HEAD START AND DAY CARE.

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

MD

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2019

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

Name of the organization: **SHEPPARD PRATT HEALTH SYSTEM, INC.**
 Employer identification number: **52-0591684**

Part I Questions Regarding Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule J (Form 990) 2019

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) HARSH K. TRIVEDI, M.D. PRESIDENT & CEO	(i)	943,300.	0.	179,183.	63,750.	687.	1,186,920.	150,000.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) ARMANDO E. COLOMBO EVP & COO (PART YEAR)	(i)	351,989.	0.	2,729.	25,000.	15,154.	394,872.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) KELLY SAVOCA VP, CFO	(i)	100,112.	0.	639.	1,156.	379.	102,286.	0.
	(ii)	123,484.	0.	0.	2,903.	1,053.	127,440.	0.
(4) TODD E. PETERS VP, CHIEF MED OFFICER, MED DIRECTOR	(i)	235,953.	0.	4,193.	4,620.	11,689.	256,455.	0.
	(ii)	247,841.	10,896.	4,543.	5,005.	12,664.	280,949.	0.
(5) JENNIFER W. WILKERSON SR VP STRATEGY & BUSINESS DVLPMT	(i)	345,625.	0.	1,478.	25,000.	19,702.	391,805.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) DONNA L. RICHARDSON VP & CDO	(i)	307,652.	0.	4,077.	20,000.	8,387.	340,116.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) LAURA L. WEBB VP & CNO	(i)	224,933.	0.	1,630.	0.	23,469.	250,032.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) KAREN ROBERTSON-KECK VP OF HR	(i)	220,360.	0.	2,807.	0.	7,814.	230,981.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) CHARLES K. MAUST CHIEF OF SCHOOLS	(i)	218,344.	0.	2,074.	634.	2,027.	223,079.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) THOMAS D. HESS CHIEF OF STAFF	(i)	218,624.	0.	5,323.	14,971.	936.	239,854.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) JEFFREY W. RICHARDSON VP & COO COMMUNITY BASED PROGRAMS	(i)	195,685.	0.	2,258.	16,027.	9,429.	223,399.	0.
	(ii)	239,142.	0.	0.	5,000.	11,000.	255,142.	0.
(12) GERALD A. NOLL TREASURER	(i)	222,639.	0.	2,927.	18,311.	23,654.	267,531.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(13) ANTONIO DEPAOLO CHIEF TRANSFORMATION OFFIC	(i)	195,413.	0.	1,470.	11,934.	19,356.	228,173.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(14) SHERRY L. MCGRAW STAFF NURSE	(i)	183,606.	0.	1,041.	15,493.	1,407.	201,547.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(15) RAY R. DZIESINSKI FORMER VP, CFO, SEC/TREASURER	(i)	242,736.	0.	226,731.	25,000.	2,546.	497,013.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(16) ERNESTINE COSBY FORMER VP OF NURSING	(i)	142,250.	0.	2,150.	4,826.	7,025.	156,251.	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.

PART I, LINES 4A-B:

DURING CALENDAR YEAR 2019, THE FOLLOWING OFFICERS RECEIVED PAYMENTS AS PART OF THEIR SEVERANCE:

RAY R. DZIESINSKI \$225,000

DURING CALENDAR YEAR 2019, THE FOLLOWING EMPLOYEES RECEIVED PAYMENTS AS PART OF THEIR PARTICIPATION IN SHEPPARD PRATT'S 457(F) PLAN:

HARSH K. TRIVEDI \$176,000

DURING CALENDAR YEAR 2019, THE FOLLOWING PARTICIPATED IN SHEPPARD PRATT'S 457(F) PLAN:

HARSH TRIVEDI \$ 50,000

RAY DZIESINSKI \$ 25,000

ARMANDO COLOMBO \$ 25,000

DONNA RICHARDSON \$ 20,000

JENNIFER WILKERSON \$ 25,000

RAY DZIESINSKI RECEIVED COMPENSATION AS THE FORMER CFO OF SHEPPARD PRATT HEALTH SYSTEM, INC., NOT AS A FORMER DIRECTOR.

**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

2019
Open to Public Inspection

Name of the organization **SHEPPARD PRATT HEALTH SYSTEM, INC.** Employer identification number **52-0591684**

Part I	Bond Issues	SEE PART VI FOR COLUMN (F) CONTINUATIONS											
		(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	MD HEALTH & HIGHER EDUCATIONAL FACILITIES	52-0936091	NONE	12/20/17	100000127.	CONSTRUCT HOSPITAL, OTHER C		X		X		X	
B	MD HEALTH & HIGHER EDUCATIONAL FACILITIES	52-0936091	NONE	12/20/17	78747873.	CURRENT REFUND 2012A/2012B BONDS		X		X		X	
C													
D													

Part II	Proceeds	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Amount of bonds retired		1,644,000.		7,843,000.				
2	Amount of bonds legally defeased								
3	Total proceeds of issue		104,480,171.		78,747,872.				
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds		4,444,761.						
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds		69,538,798.						
11	Other spent proceeds				78,747,872.				
12	Other unspent proceeds		30,496,612.						
13	Year of substantial completion				2010				
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)?		X		X				
15	Were the bonds issued as part of a refunding issue of taxable bonds (or, if issued prior to 2018, an advance refunding issue)?		X		X				
16	Has the final allocation of proceeds been made?		X	X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

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

Schedule K (Form 990) 2019

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?		X		X				
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X	X					
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X	X					
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?			X					
c Are there any research agreements that may result in private business use of bond-financed property?		X	X					
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?			X					
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								
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								
6 Total of lines 4 and 5								
7 Does the bond issue meet the private security or payment test?		X		X				
8a Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
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?	X		X					

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?		X		X				
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?	X		X					
b Exception to rebate?		X		X				
c No rebate due?		X		X				
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?	X		X					

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?		X		X				
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)?		X		X				
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?		X		X				
7 Has the organization established written procedures to monitor the requirements of section 148?	X		X					

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?	X		X					

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

SCHEDULE K, PART I, BOND ISSUES:

(A) ISSUER NAME: MD HEALTH & HIGHER EDUCATIONAL FACILITIES

(F) DESCRIPTION OF PURPOSE: CONSTRUCT HOSPITAL, OTHER CAPITAL PROJECTS

PART I, LINE A & B:
 THE BONDS DESCRIBED IN LINES A AND B WERE ISSUED AS A SINGLE ISSUE (THE "BONDS"). PURSUANT TO REGULATION SECTIONS 1.141-13(D), 1.148-9(H) AND 1.150-1(C)(3) OF THE INCOME TAX REGULATIONS, THE ISSUER ELECTED TO TREAT THE BONDS AS TWO SEPARATE ISSUES. ONE OF THE MULTIPURPOSE ISSUES, REFLECTING THE PORTION OF THE BONDS USED TO FINANCE A NEW PSYCHIATRIC HOSPITAL, CERTAIN CAPITAL EXPENDITURES, AND RENOVATIONS TO THE ORGANIZATION'S HEALTHCARE FACILITIES, CORRELATES TO COLUMN A THROUGHOUT THIS SCHEDULE K. THE OTHER MULTIPURPOSE ISSUE, REFLECTING THE PORTION OF THE BONDS USED FOR THE CURRENT REFUNDING OF THE ISSUER'S REVENUE BONDS SHEPPARD PRATT ISSUE SERIES 2012A AND SERIES 2012B (THE "2012 BONDS"), CORRELATES TO COLUMN B THROUGHOUT THIS SCHEDULE K.

PART I, LINE A, COLUMN (F):
 OTHER CAPITAL PROJECTS

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

PART I, LINE B, COLUMN (F):

SERIES 2012A AND 2012B BONDS- 3/1/2012

PART II, COLUMN A, LINE 3:

PROCEEDS OF \$104,480,171 INCLUDE CUMULATIVE EARNINGS OF \$4,479,963.

PART II, LINE 10:

THE LENDER REQUIRED THAT THE BORROWER CONTRIBUTE \$15,000,000 OF EQUITY BEFORE ANY DRAWS WERE MADE FROM THE CONSTRUCTION FUND. DURING THE FISCAL YEAR ENDED 6/30/2019, THIS THRESHOLD WAS ATTAINED, AND TOTAL DRAWS FOR CONSTRUCTION COSTS AND CAPITALIZED INTEREST TOTALED \$73,983,478 THROUGH 6/30/2020.

PART III, COLUMN B, LINES 4 & 5:

THE BONDS DESCRIBED IN LINE B REFUNDED THE 2012 BONDS. THE 2012 BONDS REFUNDED OTHER PRIOR BONDS, SOME OF WHICH FINANCED CAPITAL PROJECTS AND OTHERS OF WHICH WERE THEMSELVES REFUNDING BONDS. NO PRIVATE USE EXISTS OF ANY PROPERTY FIRST FINANCED BY BONDS ISSUED AFTER JANUARY 1, 2003. ANY PRIVATE USE OF PROPERTY FIRST FINANCED PRIOR TO JANUARY 1, 2003 IS WITHIN PERMITTED LIMITS.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

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

OMB No. 1545-0047

2019

Open to Public
Inspection

Name of the organization

SHEPPARD PRATT HEALTH SYSTEM, INC.

Employer identification number

52-0591684

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

RESIDENTIAL CARE FOR CHILDREN/ADOLESCENTS. SPONSOR RESIDENCY TRAINING
PROGRAMS.

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

SHEPPARD & ENOCH PRATT FOUNDATION, INC. IS THE SOLE MEMBER OF THE
ORGANIZATION.

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

SHEPPARD & ENOCH PRATT FOUNDATION HOLDS RESERVED RIGHTS WHICH INCLUDE THE
POWERS TO APPOINT BOARD MEMBERS.

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

SHEPPARD & ENOCH PRATT FOUNDATION HOLDS RESERVED RIGHTS WHICH INCLUDE THE
POWERS TO APPOINT AND REMOVE BOARD MEMBERS. THE FOUNDATION ALSO HOLDS THE
RIGHT TO APPROVE CERTAIN SELECT TRANSACTIONS OF ITS SUBSIDIARIES.

FORM 990, PART VI, SECTION B, LINE 10A:

THE POLICIES DESCRIBED IN PART VI, SECTION B, LINES 10A-16B APPLY TO
SHEPPARD PRATT HEALTH SYSTEM, INC. AND ITS SUBSIDIARY AS LISTED BELOW:

SHEPPARD PRATT NON-CONTRACTED SERVICES, LLC

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

THE FINANCE COMMITTEE OF THE BOARD OF TRUSTEES OF SHEPPARD AND ENOCH PRATT
FOUNDATION, INC. REVIEWS THE FORM 990 AT THE APRIL MEETING. FOLLOWING
FINANCE COMMITTEE REVIEW OF THE FORM 990, THE FORM 990 IS POSTED TO THE

Name of the organization SHEPPARD PRATT HEALTH SYSTEM, INC.	Employer identification number 52-0591684
--	--

SHEPPARD PRATT WEBSITE PORTAL FOR THE BOARD OF DIRECTORS REVIEW PRIOR TO FILING.

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

THE ORGANIZATION REQUIRES ALL TRUSTEES AND KEY EXECUTIVE PERSONNEL TO COMPLETE A CONFLICT OF INTEREST QUESTIONNAIRE ANNUALLY. THE COMPLETED QUESTIONNAIRES ARE REVIEWED BY THE CFO WHO SUMMARIZES THE REPORTED CONFLICTS. THIS INFORMATION IS THEN PRESENTED TO THE CEO AND THE CHAIRMAN OF THE BOARD FOR REVIEW. IF IN THE NORMAL COURSE OF CONDUCTING A BOARD MEETING, AN AGENDA TOPIC IS DETERMINED TO PRESENT A CONFLICT OF INTEREST, THE INTERESTED BOARD MEMBER IS REQUIRED TO DISQUALIFY HIM OR HERSELF FROM ANY FURTHER DISCUSSION ON THE MATTER. THE CHAIRPERSON WILL SELECT A DISINTERESTED PERSON TO INVESTIGATE ALTERNATIVES TO THE TRANSACTION THAT POSES THE POTENTIAL CONFLICT. IF AFTER EXERCISING DUE DILIGENCE THE BOARD DETERMINES THAT ITS UNABLE TO SECURE A MORE ADVANTAGEOUS TRANSACTION WITH AN ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST, THE BOARD WILL DETERMINE WHETHER OR NOT TO ENTER INTO THE TRANSACTION, IF IT IS IN THE BEST INTEREST OF THE ORGANIZATION.

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

SALARIES OF THE CEO AND TOP MANAGEMENT ARE REVIEWED BY THE EMPLOYEE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES OF SHEPPARD AND ENOCH PRATT FOUNDATION, INC. THIS COMMITTEE IS COMPRISED OF INDEPENDENT TRUSTEES. THE TRUSTEES REVIEW COMPENSATION FOR REASONABLENESS. THEY USE COMPARATIVE INDUSTRY DATA AND FORM 990S OF OTHER ORGANIZATIONS IN THEIR REVIEW PROCESS. THE PROCESS FOR EMPLOYEE COMPENSATION INCLUDES DEVELOPMENT OF COMPENSATION RECOMMENDATIONS BASED ON MARKET SURVEYS AND OTHER COMPARATIVE INDUSTRY DATA AS WELL AS WRITTEN EMPLOYMENT CONTRACTS. THE SALARY INFORMATION FOR THIS

Name of the organization SHEPPARD PRATT HEALTH SYSTEM, INC.	Employer identification number 52-0591684
--	--

GROUP IS OBTAINED BY A CONSULTANT THAT IS ENGAGED BY THE EXECUTIVE COMPENSATION COMMITTEE. THIS CONSULTANT USES CURRENT MARKET COMPENSATION SURVEYS AND OTHER COMPARATIVE INDUSTRY DATA TO MAKE RECOMMENDATIONS. THE RECOMMENDATIONS ARE THEN PRESENTED TO THE EXECUTIVE COMPENSATION COMMITTEE FOR APPROVAL. THE EXECUTIVE COMPENSATION COMMITTEE REPORTS THAT COMPENSATION WAS APPROVED TO THE FULL BOARD. THERE IS CONTEMPORANEOUS DOCUMENTATION AND RECORDKEEPING FOR DELIBERATIONS AND DECISIONS REGARDING THE COMPENSATION ARRANGEMENTS.

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

FINANCIAL STATEMENTS, GOVERNING DOCUMENTS, AND OTHER POLICIES INCLUDING THE CONFLICT OF INTEREST POLICY ARE AVAILABLE UPON REQUEST.

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

TRANSFER FROM SHEPPARD PRATT INVESTMENT, INC.	5,095,022.
CHANGES IN PENSION LIABILITY	-4,269,719.
INTEREST IN ASSETS OF FOUNDATION	8,411,599.
ASSETS RELEASED FROM RESTRICTION-SHEPPARD AND ENOCH PRATT FOUNDATION, INC.	1,201,649.
TRANSFER TO SHEPPARD PRATT PHYSICIANS PA, INC.	-12,587,592.
OTHER PERIODIC BENEFIT COST	1,290,300.
TOTAL TO FORM 990, PART XI, LINE 9	-858,741.

FORM 990, PART XII, 2C

THE PARENT ENTITY, SHEPPARD AND ENOCH PRATT FOUNDATION, INC., HAS A FINANCE COMMITTEE THAT ASSUMES RESPONSIBILITY FOR THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS. THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

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

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization **SHEPPARD PRATT HEALTH SYSTEM, INC.** Employer identification number **52-0591684**

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
SHEPPARD PRATT NON-CONTRACTED SERVICES, LLC - 85-0669566, 6501 N. CHARLES STREET, BALTIMORE, MD 21204	PSYCHIATRIC SERVICES	MARYLAND	-20,883.	61,346.	SHEPPARD PRATT HEALTH SYSTEM, INC.

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
SHEPPARD & ENOCH PRATT FOUNDATION - 52-1357109, PO BOX 6815, BALTIMORE, MD 21285	CONDUCT FUNDRAISING ACTIVITIES TO SUPPORT AFFILIATED ORGANIZATIONS	MARYLAND	501(C)(3)	7	N/A		X
SHEPPARD PRATT PHYSICIANS PA - 52-1392214 PO BOX 6815 BALTIMORE, MD 21285	PROVIDE HEALTHCARE TO PATIENTS & RESIDENCY TRAINING TO MEDICAL PROF.	MARYLAND	501(C)(3)	10	SHEPPARD & ENOCH PRATT FOUNDATION		X
SHEPPARD PRATT INVESTMENT, INC. - 52-1388935 PO BOX 6815 BALTIMORE, MD 21285	HOLD AND MANAGE ENDOWMENT FUNDS OF RELATED NONPROFIT ENTITIES	MARYLAND	501(C)(3)	12A	SHEPPARD & ENOCH PRATT FOUNDATION		X
MOSAIC COMMUNITY SERVICES, INC. - 52-1388141 1925 GREENSPRING DRIVE TIMONIUM, MD 21093	PROVIDES THERAPEUTIC RESIDENTIAL REHAB & SUPPORT SERVICES	MARYLAND	501(C)(3)	7	SHEPPARD & ENOCH PRATT FOUNDATION		X

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

Schedule R (Form 990) 2019

SEE PART VII FOR CONTINUATIONS

Part II Continuation of Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization?	
						Yes	No
WAY STATION, INC. - 52-1162749 PO BOX 3826 FREDERICK, MD 21705	PROVIDES REHABILITATIVE AND TREATMENT SERVICES	MARYLAND	501(C)(3)	7	SHEPPARD & ENOCH PRATT FOUNDATION		X
FAMILY SERVICES, INC. - 52-0730225 610 EAST DIAMOND AVE GAITHERSBURG, MD 20877	FOSTER HEALTHY FAMILIES THROUGH EDUCATION, BEHAVIORAL HEALTH SERVICES	MARYLAND	501(C)(3)	7	SHEPPARD & ENOCH PRATT FOUNDATION		X
REVISIONS COMMUNITY HOUSING DEVELOPMENT ORGANIZATION, INC. - 52-1849336, 1925 GREENSPRING DRIVE, TIMONIUM, MD 21093	PROVIDE AFFORDABLE HOUSING TO CHRONICALLY MENTALLY DISABLED INDIVIDUALS	MARYLAND	501(C)(3)	10	MOSAIC COMMUNITY SERVICES, INC.		X
DULANEY STATION COMMUNITY HOUSING DEVELOPMENT ORGANIZATION, INC. - 02-065028, 1925 GREENSPRING DRIVE, TIMONIUM, MD 21093	CREATES AFFORDABLE HOUSING FOR LOW-INCOME ADULTS W/ PSYCHIATRIC DISABILITIES	MARYLAND	501(C)(3)	10	MOSAIC COMMUNITY SERVICES, INC.		X
ALLIANCE INC - 52-1277262 8003 CORPORATE DRIVE NOTTINGHAM, MD 21236	EDUC., VOC., & RESID. SERVICES FOR INDIVIDUALS WITH DISABILITIES	MARYLAND	501(C)(3)	7	MOSAIC COMMUNITY SERVICES, INC.		X
WAY STATION FOUNDATION, INC. - 52-1857765 230 W. PATRICK ST. PO BOX 3826 FREDERICK, MD 21705	SOLICIT AND ACCEPT FUNDS AND PROPERTY TO SUPPORT AFFILIATED ORGANIZATION	MARYLAND	501(C)(3)	7	WAY STATION, INC.		X
BEHAVIORAL HEALTH PARTNERS OF FREDERICK, INC. - 52-2125435, P.O. BOX 6815, BALTIMORE, MD 21285	OUTPATIENT PSYCHIATRIC AND BEHAVIORAL MEDICINE	MARYLAND	501(C)(3)	3	SHEPPARD PRATT HEALTH SYSTEMS	X	
CHILD CENTER AND ADULT SERVICES INC DBA ASPIRE COUNSELING - 52-1120638, 16220 FREDERICK ROAD, NO 502, GAITHERSBURG, MD	MENTAL HEALTH ORGANIZATION	MARYLAND	501(C)(3)	10	FAMILY SERVICES, INC		X

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
SHEPPARD PRATT PREFERRED RESOURCES, INC. - 52-1757742, 6501 N. CHARLES STREET, TOWSON, MD 21285	INACTIVE	MD	N/A	C CORP	N/A	N/A	N/A		X

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

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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) BEHAVIORAL HEALTH PARTNERS, INC.	L	505,965.	COST
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) <small>Are all partners sec. 501(c)(3) orgs.?</small>		(f) Share of total income	(g) Share of end-of-year assets	(h) <small>Disproportionate allocations?</small>		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) <small>General or managing partner?</small>		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

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

PART II, IDENTIFICATION OF RELATED TAX-EXEMPT ORGANIZATIONS:

NAME, ADDRESS, AND EIN OF RELATED ORGANIZATION:

CHILD CENTER AND ADULT SERVICES INC DBA ASPIRE COUNSELING

EIN: 52-1120638

16220 FREDERICK ROAD, NO 502

GAITHERSBURG, MD 20877

SCHEDULE R, PART II:

WAY STATION, INC., MOSAIC COMMUNITY SERVICES, INC. AND FAMILY SERVICES, INC. WORK WITH NUMEROUS HUD ENTITIES TO CARRY OUT THEIR EXEMPT PURPOSES. WHILE THERE IS BOARD OVERLAP THE ULTIMATE CONTROL RESIDES WITH HUD. AS SUCH THE HUD ENTITIES ARE NOT LISTED ON SHEPPARD PRATT HEALTH SYSTEM, INC.'S SCHEDULE R. HUD ENTITIES ARE REFLECTED ON THE SCHEDULE R OF WAY STATION, INC., MOSAIC COMMUNITY SERVICES, INC. AND FAMILY SERVICES, INC.

Form **8868**
(Rev. January 2020)

Application for Automatic Extension of Time To File an Exempt Organization Return

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**
▶ **Go to www.irs.gov/Form8868 for the latest information.**

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print	Name of exempt organization or other filer, see instructions. SHEPPARD PRATT HEALTH SYSTEM, INC.	Taxpayer identification number (TIN) 52-0591684
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 6501 N. CHARLES STREET	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BALTIMORE, MD 21204	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 | 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

KELLY SAVOCA

- The books are in the care of ▶ **6501 N. CHARLES STREET - TOWSON, MD 21204**
Telephone No. ▶ **(410) 938-5401** Fax No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box ▶
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and TINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **MAY 17, 2021**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 ▶ calendar year _____ or
 ▶ tax year beginning **JUL 1, 2019**, and ending **JUN 30, 2020**.

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

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

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

LHA **For Privacy Act and Paperwork Reduction Act Notice, see instructions.**

Form **8868** (Rev. 1-2020)



**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements and Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

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KPMG LLP
750 East Pratt Street, 18th Floor
Baltimore, MD 21202

Independent Auditors' Report

The Board of Trustees
Sheppard and Enoch Pratt Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Sheppard and Enoch Pratt Foundation, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of June 30, 2020 and 2019, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sheppard and Enoch Pratt Foundation, Inc. and its subsidiaries as of June 30, 2020 and 2019, and the results of their operations, changes in net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in Note 1(t) to the consolidated financial statements, the Company and its subsidiaries adopted Financial Accounting Board Standards Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) during the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

October 28, 2020

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheets

June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash	\$ 54,943,272	36,333,171
Investments limited or restricted as to use	3,727,665	553,333
Accounts receivable, net	28,466,550	34,475,223
Prepaid expenses and other current assets	16,657,809	15,489,857
Total current assets	103,795,296	86,851,584
Investments limited or restricted as to use, less current portion	225,929,118	291,646,562
Notes receivable	1,482,340	1,614,104
Third-party payor settlements receivable	10,041,567	7,610,140
Property and equipment, net	299,294,081	253,085,496
Other assets	3,020,932	2,595,956
Total assets	\$ 643,563,334	643,403,842
Liabilities and Net Assets		
Current liabilities:		
Current maturities of long-term debt	\$ 5,887,157	5,760,441
Current portion of obligations under capital leases	753,500	683,527
Accounts payable	18,962,222	11,513,122
Accrued salaries, wages and employee benefits	23,910,513	24,973,393
Self-insurance liabilities	3,531,347	4,354,055
Other accrued expenses	6,074,275	5,097,791
Total current liabilities	59,119,014	52,382,329
Long-term liabilities:		
Long-term debt, less current portion	177,236,997	182,405,780
Obligations under capitalized leases, less current portion	3,859,828	4,613,328
Self-insurance liabilities	6,778,732	9,203,812
Accrued pension liabilities	33,657,108	29,492,211
Other long-term liabilities	3,849,732	3,284,952
Total liabilities	284,501,411	281,382,412
Net assets:		
Without donor restrictions	323,129,196	334,327,185
With donor restrictions	35,932,727	27,694,245
Total net assets	359,061,923	362,021,430
Total liabilities and net assets	\$ 643,563,334	643,403,842

See accompanying notes to consolidated financial statements.

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues, gains, and other support:		
Patient service revenue (net of allowances and discounts)	\$ 146,350,461	153,262,072
Residential and educational service revenue (net of allowances)	162,699,081	170,335,523
Total net service revenue	309,049,542	323,597,595
Less provision for bad debts		1,479,238
Net service revenue less provision for bad debts	309,049,542	322,118,357
Net assets released from restrictions used for operations	458,299	743,358
Other revenue	64,737,396	59,316,164
Total revenues, gains, and other support	374,245,237	382,177,879
Expenses:		
Salaries and wages	223,979,170	226,647,417
Employee benefits	43,954,950	48,883,881
Expendable supplies	18,953,306	19,387,936
Purchased services	55,917,403	57,613,275
Interest	3,210,043	3,287,713
Repairs and minor alterations	10,840,194	10,824,681
Depreciation and amortization	20,450,548	19,992,147
Impairment of assets	3,531,583	106,137
Total expenses	380,837,197	386,743,187
Operating loss	(6,591,960)	(4,565,308)
Other income (expense):		
Investment income	1,885,258	2,164,619
Realized gain (loss) on investments, net	126,903	(763,811)
Change in unrealized (loss) gain on investments, net	(3,061,519)	3,100,139
Other	(471,072)	2,164,107
Total other (expense) income	(1,520,430)	6,665,054
(Deficiency) excess of revenues over expenses	(8,112,390)	2,099,746
Other changes in net assets:		
Net assets released from restrictions used for purchases of property and equipment	995,232	339,862
Pension liability adjustment	(4,269,717)	(10,379,663)
Capital grants	188,886	27,748
Decrease in net assets without donor restrictions	\$ (11,197,989)	(7,912,307)

See accompanying notes to consolidated financial statements.

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
(Deficiency) excess of revenues over expenses	\$ (8,112,390)	2,099,746
Other changes in net assets:		
Net assets released from restrictions used for purchases of property and equipment	995,232	339,862
Pension liability adjustment	(4,269,717)	(10,379,663)
Capital grants and other	188,886	27,748
	<u>(11,197,989)</u>	<u>(7,912,307)</u>
Net assets with donor restrictions:		
Gifts and grants	9,760,656	1,154,373
Investment income	56,643	100,481
Net realized gain (loss) on investments	4,128	(25,634)
Net unrealized (loss) gain on investments	(179,414)	100,732
Net assets released from restrictions for operations	(458,299)	(743,358)
Net assets released from restrictions for purchases of property and equipment	(995,232)	(339,862)
Net assets with donor restrictions from acquisition	50,000	—
	<u>8,238,482</u>	<u>246,732</u>
Increase in net assets with donor restrictions	8,238,482	246,732
Decrease in net assets	(2,959,507)	(7,665,575)
Net assets, beginning of year	<u>362,021,430</u>	<u>369,687,005</u>
Net assets, end of year	<u>\$ 359,061,923</u>	<u>362,021,430</u>

See accompanying notes to consolidated financial statements.

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (2,959,507)	(7,665,575)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,450,548	19,992,147
Pension liability adjustment	4,269,717	10,379,663
Provision for doubtful accounts	—	1,479,238
Gifts and grants, net	(9,302,357)	(411,015)
Net realized (gain) loss on investments	(131,031)	789,445
Net unrealized loss (gain) on investments	3,240,933	(3,200,871)
Restricted investment income on restricted net assets	(56,643)	(100,481)
Capital grant and loss on disposal of assets	3,342,697	78,389
Decrease (increase) in accounts receivable, net	6,008,673	(4,144,484)
(Increase) decrease in prepaid expenses and other assets	(1,493,839)	302,750
Increase in third-party payor settlements receivable	(2,431,427)	(887,635)
(Decrease) increase in accounts payable, accrued expenses and other	(814,770)	4,269,428
(Decrease) increase in self-insurance liabilities	(3,247,788)	1,668,559
Decrease in accrued pension liability	(104,820)	(3,134,018)
Net cash provided by operating activities	<u>16,770,386</u>	<u>19,415,540</u>
Cash flows from investing activities:		
Purchases of property and equipment	(61,592,218)	(40,832,614)
Increase in other assets and notes receivable	—	(275,429)
Proceeds from sale of property and equipment	72,074	7,962
Purchases of alternative investments	(23,737,069)	(3,643,782)
Sales of alternative investments	6,021,050	1,986,317
Decrease in investments limited or restricted as to use, net	77,793,873	7,493,580
Cash acquired from acquisitions	142,156	—
Net cash used in investing activities	<u>(1,300,134)</u>	<u>(35,263,966)</u>
Cash flows from financing activities:		
Payment of long-term debt principal	(5,079,866)	(5,125,337)
Payment on capital lease obligations	(683,527)	(561,029)
Payment of deferred financing costs	—	(44,376)
Capital grants and advances	188,886	27,748
Gifts and grants, net	8,714,356	344,824
Net cash provided by (used in) financing activities	<u>3,139,849</u>	<u>(5,358,170)</u>
Net increase (decrease) in cash and cash equivalents	18,610,101	(21,206,596)
Cash, beginning of year	<u>36,333,171</u>	<u>57,539,767</u>
Cash, end of year	<u>\$ 54,943,272</u>	<u>36,333,171</u>
Supplemental disclosure of noncash investing and financing activities:		
Noncash purchases of property and equipment	\$ 8,844,221	652,986

See accompanying notes to consolidated financial statements.

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(1) Summary of Significant Accounting Policies

(a) Organization

Sheppard and Enoch Pratt Foundation, Inc. (Foundation or the Company), a not-for-profit, nonstock Company, was organized on June 15, 1984 to engage in activities necessary to provide mental health services to the public through the planning and implementation of programs provided by its various subsidiaries. Subsidiary companies, controlled by Foundation, include Sheppard Pratt Health System, Inc. (Health System), Sheppard Pratt Physicians, P.A. (Physicians), Sheppard Pratt Investment, Inc. (Investment Company), Sheppard Pratt Properties, LLC (Properties), Sheppard Pratt Preferred Resources, Inc. (Resources), and the community services organizations (Community Services), collectively, comprised of Mosaic Community Services, Inc. (Mosaic), Way Station, Inc. (Way Station), and Family Services, Inc. (Family Services).

Health System is a not-for-profit, nonstock company that operates two inpatient hospitals, day hospitals, residential and educational services for children and adolescents, and outpatient programs.

Physicians is a not-for-profit professional company of licensed medical professionals organized on July 1, 1985 exclusively to carry out the charitable, educational and scientific purposes of Foundation. The common stock of Physicians is held by several individuals who are employed by a member of Foundation, Health System, or Physicians and are subject to the terms of a stock agreement. Under the terms of the agreement, the stockholders are required to consult with Foundation regarding its views on any matter with respect to which the stockholder is entitled to vote, and the stockholders may not transfer shares (by sale or gift) without the permission of Foundation. The stock agreement does not allow for the stockholders to receive dividends or any other benefit for having held the stock. If the stockholders cease to be employed by Foundation, Health System, or Physicians, Physicians shall require the stockholders to sell and transfer all of the stock such stockholder owns to a person designated by Foundation. The purchase price for each share of stock of the Company is \$1 per share.

Investment Company is a not-for-profit, nonstock company that manages the investments of certain subsidiaries.

On March 31, 2020, Foundation formed Sheppard Pratt Non-Contracted Services, LLC. The sole member of the company is Sheppard Pratt Health System, Inc., and its established purpose is to provide non-insured services on behalf of Sheppard Pratt Health System and its affiliates.

Foundation and Frederick Memorial Hospital, Inc. each had 50% membership interest in Behavioral Health Partners of Frederick, Inc (BHP). On October 1, 2019, Foundation and Frederick Memorial Hospital, Inc. transferred all membership shares to Health System.

Mosaic, Way Station, Family Services and BHP are not-for-profit, nonstock Maryland companies that provide residential, rehabilitation, vocational, and outpatient mental health services across the state of Maryland.

Resources is a for-profit company that was formed for the purpose of providing employee assistance program services to other entities. Resources was inactive as an operating entity for the years ended June 30, 2020 and 2019.

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(b) Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP). All majority-owned and affiliated member entities are consolidated. All entities where Foundation exercises significant influence but for which it does not have control are accounted for under the equity method. All other entities are accounted for under the cost method. All significant intercompany accounts and transactions have been eliminated.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Board-designated funds are included within this category of net assets.

Net assets with donor restrictions – Net assets whose use by Foundation has been limited by donors to a specific time or purpose. Also included in this category are net assets that have been restricted by donors to be maintained by the Foundation in perpetuity. Generally, donors of assets to be held in perpetuity permit Foundation to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Contributions with no donor-imposed restrictions are recognized as revenues in the period received as increases in net assets without donor restrictions.

Unconditional promises to give cash and other assets to Foundation with donor-imposed restrictions are reported as increases in net assets 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. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

Net assets with donor restrictions are available for the purposes of providing indigent care, health and educational programs and the purchase of property and equipment. The income from net assets with donor restrictions that are restricted in perpetuity is expendable to provide health and educational programs.

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(c) Charity Care

Foundation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because Foundation does not pursue collection of amounts determined to qualify for charity care, such amounts are not reported as revenue.

(d) Cash

Cash balances may exceed amounts insured by federal agencies and, therefore, bear risk of loss. Foundation has not experienced such losses on these funds.

(e) Investments Limited or Restricted as to Use

Investments limited or restricted as to use, primarily recorded at fair value, represent assets that have been designated by the board of trustees for special purposes, restricted by donors, and self-insurance trust arrangements. The principal, income and capital appreciation of the Moses Sheppard and Enoch Pratt bequests are legally unrestricted but are classified, for financial reporting purposes, as board-designated and limited as to use. Assets designated by the board of trustees for particular purposes are controlled by the board of trustees, who at their discretion may subsequently use the assets for other purposes.

Investments of board-designated and funds restricted by donors are maintained in a combined investment pool or in a related investment account. Related income and realized and unrealized gains and losses on sales of investments are apportioned on the basis of the shares held by each of the respective funds and in accordance with donor restrictions on the use of investment earnings.

Foundation classifies its investment portfolio as trading securities with unrealized gains and losses included in other income (expense), which is included in the excess of revenues over expenses. Investment income and realized gains and losses from all other investments are reported as other income (expense), unless the income is restricted by donors, which is reported as previously described above. The investment portfolio is classified as current or noncurrent assets based on management's intention as to use.

Alternative investments represent both subscriptions in private equity venture capital funds and subscriptions in funds-of-funds utilized to diversify the portfolio of Foundation. Annual audited financial statements for these funds are submitted to Foundation and reviewed by management. The funds' financial statements are presented at fair value as estimated in an unquoted market. Foundation's alternative investments are accounted for under the equity method of accounting. The investment balance is equal to Foundation's proportionate interest in the fund's net equity. Individual investment holdings within the investment portfolio may, in turn, include investments in both nonmarketable and market-traded securities. Valuations of these investments are primarily based on financial data supplied by the underlying investee funds. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Certain of these investments contain additional capital call requirements, based upon the provisions of the investment agreements.

The investment portfolio includes cash and cash equivalents, which are classified as investments limited or restricted as to use funds on the consolidated balance sheet and excluded from the statement of cash flows.

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Investment income from unrestricted cash equivalents and the self-insurance trust are reported as other operating revenue since such income is considered to be a part of Foundation's ongoing central operations of providing healthcare services.

(f) Pledges

Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year the pledge is made unless the pledge carries conditions that have not been met. Conditional pledges are recorded as contributions when the conditions of the pledge have been satisfied. Pledges receivable are recorded at net realizable value, which is calculated using a discount rate of 3% at June 30, 2020 and 2019.

(g) Property and Equipment

Property and equipment acquisitions are recorded at cost (except donated property and equipment that are recorded at their fair market value at the date of receipt). Depreciation is computed on the straight-line method and charged to operations over estimated useful lives ranging from 20 to 40 years for buildings and improvements and 3 to 10 years for furniture, equipment, information systems hardware and software and motor vehicles. Property and equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as other changes in net assets without donor restrictions, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(h) Costs of Borrowing

Deferred financing costs and debt premiums, which are a direct deduction to long term debt, are amortized using the effective-interest method and charged to operations as a component of interest expense over the term of the related debt.

(i) Estimated Self-Insurance Liability Claims

The estimated self-insured professional liability claims are reflected as a liability and include actuarially determined estimates of the ultimate costs for both reported claims and claims incurred but not reported. Costs under self-insurance programs for employee health benefits and workers' compensation include estimates for both reported claims and claims incurred but not reported, based on an evaluation of pending claims and past experience. These estimates are based on actuarial analysis of historical trends, claims asserted and reported incidents. Receivables for amounts in excess of self-insurance retention limits are recorded at their net realizable value and are due from highly rated commercial insurance companies.

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(j) Pension Benefits

Pension benefits are recorded in accordance with Accounting Standards Codification (ASC) Subtopic 715-30, *Defined Benefit Plans – Pension*, which requires the recognition of the funded status of pension plans within the accompanying consolidated balance sheets.

(k) Net Patient Service Revenue and Net Patient Accounts Receivable

The Company adopted Accounting Standards Codification (ASC) 606, Revenue Recognition, effective July 1, 2019 using the modified retrospective transition method. ASC 606 provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Upon adoption, the majority of what was previously classified as provision for uncollectible accounts and presented as a reduction to net patient service revenue in the consolidated statements of operations is treated as a price concession that reduces the transaction price, which is reported as a reduction to net patient service revenue. Other than these changes in presentation, the impact of adopting ASC 606 was not material to consolidated operating revenues, excess of revenues over expenses or total net assets.

Net patient service revenue is recognized, over time, as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized at the estimated net realizable amounts from patients and third-party payors for services rendered.

The Company generates revenues, primarily by providing healthcare services to its customers. Revenues are recognized when control of the promised good or service is transferred to our customers, in an amount that reflects the consideration to which the Company expects to be entitled from patients, third-party payors (including government programs and insurers) and others, in exchange for those goods and services.

Performance obligations are determined based on the nature of the services provided. The majority of the Company's healthcare services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation satisfied over time as services are rendered. The Company also provides certain ancillary services which are not included in the bundle of services, and as such, are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered.

The Company's estimate of the transaction price includes estimates of price concessions for such items as contractual allowances, charity care, potential adjustments that may arise from payment and other reviews, and uncollectible amounts, which are determined using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. Estimates for uncollectible amounts are based on the aging of the accounts receivable, historical collection experience for similar payors and patients, current market conditions, and other relevant factors.

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Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the payor's or patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2020 and 2019 was not significant to the consolidated financial statements.

The Company has agreements with third-party payors that provide for payments to Foundation at amounts different from its established rates. Payment arrangements include prospectively determined rates per day, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with certain third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Differences between the estimated amounts and final settlements are reported in operations in the year of settlement.

The Company's revenues may be subject to adjustment as a result of examination by government agencies or contractors, and as a result of differing interpretation of government regulations, medical diagnosis, charge coding, medical necessity, or other contract terms. The resolution of these matters, if any, often is not finalized until subsequent to the period during which the services were rendered (note 14).

(l) Residential and Educational Service Revenue

Foundation provides educational services to special needs children under arrangements with the Maryland State Department of Education (MSDE). On an annual basis, a prospective rate per student is set with MSDE based upon an approved operating budget. Subsequently, as services are provided, invoices are submitted to each student's local school district for payment on a monthly basis.

Foundation also operates two residential treatment centers for adolescents. Substantially all of the residential treatment centers services are reimbursed by the State of Maryland Medicaid Program on a cost basis subject to annual ceilings. Foundation receives an interim per diem rate during the year and ultimately settles final payment based upon an audited cost report filing.

On August 31, 2020, Foundation made the decision to discontinue operations at the Jefferson, Maryland location. The income related to these activities, a day school and residential treatment center, totaled approximately \$10 million for the year ended June 30, 2020.

(m) Other Operating Revenue

Other operating revenue is primarily comprised of grant revenue, which is recognized when funds are released to cover qualified expenses, and business service revenue, which is recognized when earned.

(n) Impairment of Long-Lived Assets

Management regularly evaluates whether events or changes in circumstances have occurred that could indicate an impairment in the value of long-lived assets. In accordance with the provisions of ASC Subtopic 360-10, *Property, Plant, and Equipment – Overall*, if there is an indication that the

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carrying amount of an asset is not recoverable, Foundation estimates the projected undiscounted cash flows, excluding interest, to determine if an impairment loss should be recognized. The amount of impairment loss is determined by comparing the historical carrying value of the asset to its estimated fair value. Estimated fair value is determined through an evaluation of recent and projected financial performance using standard industry valuation techniques.

In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining lives of its long-lived assets. If estimates are changed, the carrying value of affected assets is allocated over the remaining lives.

In estimating the future cash flows for determining whether an asset is impaired and if expected future cash flows used in measuring assets are impaired, Foundation groups its assets at the lowest level for which there are identifiable cash flows independent of other groups of assets. No significant impairment charges were recorded during the years ended June 30, 2020 and 2019.

(o) Rental Income

Foundation has agreements with various organizations and individual clinicians to rent office space and land. Foundation recognizes the rent under the leases, using the straight-line method, net of an allowance for doubtful accounts, where necessary, in other income (expense).

(p) Excess of Revenues over Expenses

The consolidated statements of operations include a performance indicator, the excess of revenues over expenses. Changes in net assets without donor restrictions that are excluded from excess of revenues over expenses, consistent with industry practice, include changes in pension liability adjustments, contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets) and grants for capital purposes.

(q) Income Taxes

Foundation and its subsidiaries, except for Resources, have been recognized as tax-exempt organizations under Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are not subject to income taxes on related income pursuant to Section 501(a) of the IRC. The operations of Resources, a for-profit company, are not significant to the consolidated financial statements. Foundation accounts for income taxes under ASC Topic 740, *Income Taxes*.

Investment Company recognizes taxable unrelated business income from alternative investment funds held in a combined investment pool. Investment Company will utilize available losses incurred to offset taxable income as allowed under the related tax regulations.

Under terms of H.R. 1, effective January 1, 2018, non profit organizations, Health System and Community Services, were required to report qualified transportation fringe benefits under §274(a)(4) as unrelated business taxable income under IRC §512(a)(7). However, in December 2019, Congress retroactively repealed IRC §512(a)(7) on non-profit organizations, and these transportation benefits were no longer subject to unrelated business income tax.

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(r) Leases

Lease arrangements, including assets under construction, are capitalized when such leases convey substantially all the risks and benefits incidental to ownership. Capital leases are amortized over either the lease term or the life of the related assets, depending upon available purchase options and lease renewal features. Amortization related to capital leases is included in the statements of operations within depreciation or amortization expense.

(s) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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

(t) New Accounting Pronouncements

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 was effective for fiscal year 2020 and was adopted on the modified retrospective basis. As a result of the adoption of Topic 606, what was previously classified as the provision for bad debts in the statement of operations and changes in net assets is now reflected as implicit price concessions (as defined in Topic 606) and therefore included as a reduction to net patient service revenue. For the year ended June 30, 2020, the Company recorded \$3.0 million of implicit price concessions as a reduction of net patient service revenue that would have been recorded as bad debt expense prior to the adoption of Topic 606.

The FASB issued ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which addresses practice issues by helping an entity evaluate whether it should account for a grant (or similar transaction) as a contribution or as an exchange transaction. In an exchange transaction, a resource provider receives "commensurate value" in return for the resources transferred. The ASU clarifies how an entity determines whether a resource provider is receiving commensurate value. The ASU also clarifies and expands the criteria for determining whether a contribution is conditional. Some grants that are considered exchange transactions under current U.S. GAAP will be accounted for as conditional contributions under the ASU. The adoption of this ASU was effective for the year ended June 30, 2020 and was adopted on the modified prospective basis. The adoption of this ASU did not have a material impact on the consolidated balance sheet and results of operations.

The FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits* (Topic 715): *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The amendments in this ASU require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees

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during the period. The other components of net benefit cost as defined in paragraphs 715-30-35-4 and 715-60-35-9 are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The amendments also allow only the service cost component to be eligible for capitalization when applicable (for example, as a cost of internally manufactured inventory of a self-constructed asset). ASU No. 2017-07 was effective for fiscal year 2020. This ASU required retrospective application to all prior periods presented which resulted in an increase of \$1.9 million to both employee benefits expense and other income in the consolidated statements of operations for the year ended June 30, 2019.

Effective July 1, 2019, the Company adopted ASU 2016-18, *Restricted Cash* (Topic 230), which requires that the statement of cash flows explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, the amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The adoption of ASU 2016-18 did not have a material impact on the Company's consolidated financial statements.

The FASB issued ASU No. 2016-02, *Leases* (Topic 842), which will require lessees to recognize most leases on-balance sheet, increasing their reported assets and liabilities – sometimes very significantly. This update was developed to provide financial statement users with more information about an entity's leasing activities, and will require changes in processes and internal controls. The adoption of ASU 2016-02 is effective fiscal year 2022, and will require application of the new guidance at the beginning of the earliest comparable period presented. The Company is currently assessing the impact of the adoption of ASU No. 2016-02, which is expected to have a material impact on its consolidated balance sheet.

(u) Management's Assessment and Plans

ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, requires management to evaluate an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued, when applicable). Through the date of this report, management determined that there were no conditions or events that raise substantial doubt about the Company's ability to continue as a going concern and the Company will continue to meet its obligations.

(v) COVID-19

The CARES Act, which was enacted on March 27, 2020, authorizes \$100 billion in funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (the "PHSSEF"). Payments from the PHSSEF are intended to compensate healthcare providers for lost revenues and incremental expenses incurred in response to the COVID-19 pandemic and are not required to be repaid provided the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not using PHSSEF funds to reimburse expenses or losses that other sources are obligated to reimburse. The U.S. Department of Health and Human Services (the "HHS") initially distributed \$30 billion of this funding based on each provider's share of total Medicare fee-for-service reimbursement in 2019, but announced that \$50 billion in CARES Act funding (including the \$30 billion already distributed) will be allocated proportional to

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providers' share of 2018 net patient revenue. HHS indicated that distributions of the remaining \$50 billion were targeted primarily to hospitals in COVID-19 high impact areas, to rural providers, and to reimburse providers for COVID-19-related treatment of uninsured patients. The Company received approximately \$6.3 million in payments from the initial PHSSEF payments of which all was recognized as other revenue for the year ended June 30, 2020.

As a way to increase cash flow to Medicare providers impacted by the COVID-19 pandemic, the CARES Act expanded the Medicare Accelerated and Advance Payment Program. Inpatient acute care hospitals may request accelerated payments of up to 100% of the Medicare payment amount for a six-month period (not including Medicare Advantage payments), although CMS is now reevaluating pending and new applications in light of direct payments made available through PHSSEF. CMS based payment amounts for inpatient acute care hospitals on the provider's Medicare fee-for-service reimbursements in the last six months of 2019. Such accelerated payments are interest free for healthcare providers up to 29 months. The program currently requires CMS to recoup the payments beginning one year from receipt by the provider, by withholding 25 percent of future Medicare fee-for-service payments for 11 months and then 50% future Medicare fee-for-service payments for the next 6 months. The payments are made for services a healthcare entity has provided or will provide to its Medicare patients who are the healthcare entity's customers. Therefore, they are accounted for under Topic 606 as revenue. In September 2020, the Company received approximately \$3.8 million of accelerated payments. This liability will be reduced over time as revenue is recognized for claims submitted for services provided.

Lastly, the CARES Act provides for deferred payment of the employer portion of social security taxes between March 27, 2020 and December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. The Company began deferring the employer portion of social security taxes in mid-April 2020. As of June 30, 2020, the Company deferred approximately \$3 million in social security taxes.

Due to the recent enactment of the CARES Act and the PPPHCE Act, there is still a high degree of uncertainty surrounding their implementation, and the public health emergency continues to evolve. We continue to assess the potential impact of the CARES Act, the PPPHCE Act, the potential impact of future stimulus measures, if any, and the impact of other laws, regulations, and guidance related to COVID-19 on our business, results of operations, financial condition and cash flows.

(2) Charity Care and Community Services

Foundation maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy and equivalent service statistics. The estimated cost of charity care provided during the years ended June 30, 2020 and 2019 was \$3,838,921 and \$4,683,471, respectively.

Foundation provides the community with other healthcare services and programs, including teaching of psychiatric residents, providing programs and facilities for teaching other medical health professionals, providing behavioral health educational programs for the general public, and conducting research to improve treatment of behavioral health problems.

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(3) Investments Limited or Restricted as to Use

Investments limited or restricted as to use, stated at fair value, except for the real estate investment, which is recorded at cost and investments in partnerships and alternative investments, which are recorded under the equity method, include the following at June 30:

	<u>2020</u>	<u>2019</u>
Board designated, without restrictions:		
Portion of pooled investments	\$ 157,016,203	158,605,919
Other investments	13,383,940	15,763,529
Held by trustees:		
Construction funds	30,496,613	91,663,555
Under self-insurance trusts	5,497,970	5,683,977
Security deposit and collateral	—	5,598,828
With donor restrictions:		
Portion of pooled investments	5,522,556	6,365,179
Restricted investments	<u>17,739,501</u>	<u>8,518,908</u>
Total investments limited or restricted as to use	229,656,783	292,199,895
Current portion	<u>3,727,665</u>	<u>553,333</u>
Investments limited or restricted as to use, less current portion	<u>\$ 225,929,118</u>	<u>291,646,562</u>

Foundation manages a significant component of its investments limited or restricted as to use in a combined investment pool. The combined investment pool has been allocated based on donor restrictions, where applicable, as follows at June 30:

	<u>2020</u>	<u>2019</u>
Board designated, without restrictions	\$ 157,016,203	158,605,919
With donor restrictions	<u>5,522,556</u>	<u>6,365,179</u>
Total	<u>\$ 162,538,759</u>	<u>164,971,098</u>

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The combined investment pool is comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 355,233	6,937,547
Corporate bonds	13,546,407	12,981,111
Mutual and common trust funds	67,490,493	85,992,334
Other (primarily alternative investments under equity method)	81,146,626	59,060,106
Total	<u>\$ 162,538,759</u>	<u>164,971,098</u>

Other board-designated investments consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 6,517,260	8,722,999
Mutual funds	3,576,397	3,634,792
Real estate held for future development, at cost	3,022,786	3,080,215
Other	267,497	325,523
	<u>\$ 13,383,940</u>	<u>15,763,529</u>

The funds held by trustees under self-insurance trusts are comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equity Investments	\$ 299,032	523,409
Fixed income investments	5,198,938	5,160,568
	<u>\$ 5,497,970</u>	<u>5,683,977</u>

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The total investment return, net of investment fees, including the return from the combined investment pool, is summarized as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Investment income, net:		
Without donor restrictions	\$ 1,885,258	2,164,619
With donor restrictions	56,643	100,481
	<u>1,941,901</u>	<u>2,265,100</u>
Net realized gains (losses) on sales of investments:		
Without donor restrictions	126,903	(763,811)
With donor restrictions	4,128	(25,634)
	<u>131,031</u>	<u>(789,445)</u>
Net unrealized gains on investments:		
Without donor restrictions	(3,061,519)	3,100,139
With donor restrictions	(179,414)	100,732
Total unrealized gains	<u>(3,240,933)</u>	<u>3,200,871</u>
Total investment gain income	(1,168,001)	4,676,526
Investment income on other unrestricted investments and cash and cash equivalents	602,881	994,173
Investment income on self-insurance trust assets	<u>11,055</u>	<u>11,576</u>
Total investment income	<u>\$ (554,065)</u>	<u>5,682,275</u>

(4) Disclosures about Fair Value of Financial Instruments

Foundation accounts for its financial assets and liabilities, in accordance with ASC Subtopic 820-10 as discussed in note 1. ASC Subtopic 820-10 defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles, and expands disclosures about fair value measurements. Specifically, the guidance provides for the following:

- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value;
- Establishes a three-level hierarchy for fair value measurement;
- Requires consideration of Foundation's nonperformance risk when valuing liabilities; and
- Expands disclosures about instruments measured at fair value.

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The three-level valuation hierarchy for fair value measurements is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Foundation's market assumptions. The three-level valuation hierarchy is defined as follows:

- Level 1 – Quoted prices for identical instruments in active markets;
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar investments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 – Instruments whose significant inputs are unobservable.

The table below presents Foundation's investable assets and liabilities as of June 30, 2020, aggregated by the three-level valuation hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 50,920,571	—	—	50,920,571
Equities:				
Common stocks	7,803,801	—	—	7,803,801
Mutual funds	54,782,186	3,086,612	—	57,868,798
Other	1,995,489	4,284,520	—	6,280,009
Fixed income:				
Collateralized mortgage obligations	—	323,607	—	323,607
Corporate bonds	—	10,982,800	—	10,982,800
Government issued bonds	—	7,436,841	—	7,436,841
Other financial instruments	—	71,704	—	71,704
Total assets	<u>\$ 115,502,047</u>	<u>26,186,084</u>	<u>—</u>	<u>141,688,131</u>

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The table below presents Foundation's investable assets and liabilities as of June 30, 2019, aggregated by the three-level valuation hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 112,327,846	—	—	112,327,846
Equities:				
Common stocks	11,143,866	—	—	11,143,866
Mutual funds	72,244,285	117,162	—	72,361,447
Other	2,226,402	4,572,667	—	6,799,069
Fixed income:				
Collateralized mortgage obligations	—	422,314	—	422,314
Corporate bonds	—	9,874,490	—	9,874,490
Government issued bonds	—	7,844,875	—	7,844,875
Other financial instruments	—	6,977	—	6,977
Total assets	<u>\$ 197,942,399</u>	<u>22,838,485</u>	<u>—</u>	<u>220,780,884</u>
Liabilities:				
Interest rate swap	\$ —	24,861	—	24,861

Foundation did not have transfers between Levels, or Level 3 measurements.

Foundation's Level 1 securities primarily consist of common stock, exchange-traded mutual funds, and cash. Foundation determines the estimated fair value for its Level 1 securities using quoted (unadjusted) prices for identical assets or liabilities in active markets.

Foundation's Level 2 securities consist of collateralized mortgage obligations, corporate bonds, government issued bonds, mutual funds, and derivative instruments, which are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active or model-derived valuations whose significant inputs are observable. Valuation models require a variety of inputs, including contractual terms, market fixed prices, inputs from forward price yield curves, notional quantities, measures of volatility, and correlations of such inputs.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The classification of a financial instrument within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

The carrying amount of cash and cash equivalents, accounts receivable, third-party payor settlements receivable or payable, other current assets, accounts payable and accrued expenses approximates fair value because of the short-term maturity of these instruments. The fair value of Foundation's long-term debt is estimated to approximate the carrying amount because interest rates are variable and determined frequently based on prevailing market conditions. The estimated fair value of the Series 2017 Bond at June 30, 2020 and June 30, 2019 was approximately \$169,261,000 and \$173,365,000, respectively. Due

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to the subjective nature of the terms of the Foundation's notes receivable and capital lease obligations, their fair values cannot be estimated.

(5) Donor Restricted Assets

Donor restricted assets consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Pledges receivable, net of unamortized discount of \$127,000 at June 30, 2020 and \$186,000 at June 30, 2019	\$ 3,286,821	3,057,063
Less allowance for uncollectible pledges	<u>102,000</u>	<u>97,000</u>
Net pledges receivable	3,184,821	2,960,063
Other investments (primarily property)	12,670,670	12,810,158
Portion of pooled investments (note 3)	5,522,556	6,365,179
Restricted cash and investments	<u>14,554,680</u>	<u>5,558,845</u>
	<u>\$ 35,932,727</u>	<u>27,694,245</u>

The net realizable value of the unconditional pledges receivable at June 30, 2020 was calculated using an average discount rate of 3%. The net present value of pledges receivable and the expected collection period at June 30, 2020 are as follows:

2021	\$ 2,922,734
2022	95,609
2023	92,499
2024	89,464
2025	<u>86,515</u>
	<u>\$ 3,286,821</u>

(6) Note Receivable

In conjunction with the land lease described in note 7, Investment Company provided a loan and a line of credit to the Maryland Economic Development Company (MEDCO) to help finance the development of university student housing located on the campus of Foundation. The unsecured term loan of \$3.75 million is payable in equal quarterly installments between the initial repayment date (January 2004) and June 30, 2031. MEDCO repaid approximately \$132,000 during each of the years ended June 30, 2020 and 2019, which resulted in an outstanding balance of \$1,482,340 and \$1,614,104 June 30, 2020 and 2019, respectively. The loan bears interest at the rate of 12% per annum. Foundation has included approximately \$187,000 and \$202,000 of interest income from the loan in investment income during the fiscal years ended June 30, 2020 and 2019, respectively.

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(7) Property and Equipment

Property and equipment at June 30 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 25,178,190	25,020,490
Land improvements	20,340,549	19,222,543
Buildings and building improvements	344,970,546	341,640,528
Furniture and equipment	76,553,231	73,797,595
Vehicles	9,400,119	8,926,474
Construction in progress	<u>101,595,829</u>	<u>45,669,307</u>
	578,038,464	514,276,937
Less accumulated depreciation	<u>278,744,383</u>	<u>261,191,441</u>
	<u>\$ 299,294,081</u>	<u>253,085,496</u>

Assets under capital lease at June 30, 2020 and 2019 of \$9,512,732 were included in buildings and building improvements and furniture and equipment in the table above. Accumulated depreciation of assets under capital leases totaled \$7,103,335 and \$6,266,052 at June 30, 2020 and 2019, respectively.

Certain land, buildings, improvements, and equipment are pledged as collateral for the debt described in note 9.

Depreciation expense for the years ended June 30, 2020 and 2019 was \$20,450,548 and \$19,992,147, respectively.

In June 2001, the Health System entered into a 40-year ground lease with MEDCO, whereby MEDCO leases certain parcels of land from Foundation. The base year rental income, included in other revenue in the accompanying consolidated statements of operations is \$885,500 and increases by 3.00% per annum over the life of the lease. MEDCO has constructed student housing on the leased parcels of land (the MEDCO lease). Unpaid accrued rent bears interest at 12.65% per annum.

The payment of ground rent is subordinate to the payment of debt on the MEDCO loan. Based on current cash flow projections, it is anticipated that the full amount of rent accruing will not be paid. Foundation has recorded an allowance for a portion of the unpaid accrued rent, and the related interest on the unpaid rents for fiscal years 2015 through 2020. Partial ground rent payments of approximately \$0 and \$2,095,000 were accrued as a receivable at June 30, 2020 and 2019. As of June 30, 2020 and 2019, Foundation has recorded total ground rent receivable in the accompanying consolidated balance sheets of \$9,069,674 and \$8,273,638, respectively, with a related reserve of \$8,162,707 and \$6,178,778, respectively.

On September 20, 2016, the State Health Planning and Development Agency approved Foundation's application to build a new hospital in Elkridge, Maryland. The new hospital will replace Sheppard Pratt at Ellicott City, which is currently housed in a leased facility in Ellicott City, Maryland. The project is expected to span multiple years with a cumulative investment of approximately \$96,530,000.

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Construction in progress includes the project to build the replacement facility in Howard County. In connection with this project, the Foundation has total unspent commitments of approximately \$43,000,000 and \$71,000,000 as of June 30, 2020 and 2019, respectively. Interest expense, net of investment earnings, capitalized for this project totaled \$1,213,462 and \$649,756 for the years ended June 30, 2020 and 2019, respectively.

(8) Other Assets

The other assets balance is composed of the following at June 30:

	<u>2020</u>	<u>2019</u>
Workers' compensation excess insurance receivable	\$ 232,181	233,218
Intangible assets	1,307,000	1,307,000
Cash surrender value of life insurance and other	<u>2,087,276</u>	<u>1,628,588</u>
	3,626,457	3,168,806
Less accumulated amortization	<u>(605,525)</u>	<u>(572,850)</u>
	<u>\$ 3,020,932</u>	<u>2,595,956</u>

(9) Long-Term Debt and Note Payable

Long-term debt consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Maryland Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2017	\$ 169,261,000	173,365,000
MHHEFA Revenue Bond – 2013	4,165,861	4,627,130
MHHEFA Revenue Bond – 2014	3,406,748	3,542,708
MHHEFA Revenue Bond – 2016	2,672,000	3,062,000
Bank notes	2,029,225	2,090,419
Mortgages on real estate	2,336,343	2,442,617
Other debt	<u>216,282</u>	<u>95,642</u>
	184,087,459	189,225,516
Less deferred financing costs	(963,305)	(1,059,295)
Less current portion	<u>(5,887,157)</u>	<u>(5,760,441)</u>
	<u>\$ 177,236,997</u>	<u>182,405,780</u>

In December 2017, Health System, Physicians, Foundation and Investment Company (Obligated Group) acquired new financing to fund a portion of the construction costs of a new hospital in Elkridge, Maryland and other capital improvements and equipment, to refinance certain outstanding indebtedness and to fund

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transaction related costs. The 2017 Series bond was issued by the Maryland Health and Higher Educational Facilities Authority (MHHEFA) and purchased by a bank in a direct placement loan arrangement.

The 2017 Series bond is a tax- exempt fixed rate bond with an original principal amount of \$178,748,000 bearing a fixed interest rate of 2.88% at June 30, 2020 and 2019. The initial term of the credit facility provided by the direct placement loan arrangement is 15 years, and the final scheduled maturity of the bonds is June 1, 2048. The Series 2017 bonds are secured by a trust indenture and Obligated Group has granted the bank and MHHEFA a security interest in its revenues. The Series 2017 Bonds require Obligated Group to satisfy certain measures of financial performance as long as the bonds are outstanding.

On May 2, 2013, MHHEFA issued a \$7,200,000 bank-qualified tax-exempt revenue bond (MHHEFA Revenue Bond - 2013) for the purpose of reimbursing Way Station for certain capital expenditures associated with the acquisition and development of two properties in Frederick, Maryland, a property in Hagerstown, Maryland, and a property in Columbia, Maryland. The bond was purchased by Capital One Bank, and Way Station was scheduled make payments to Capital One over 15 years, at a fixed interest rate of 2.645%. However, the lowering of the corporate tax rate in the Tax Cuts and Jobs Act of 2017 has triggered an adjustment to the interest rate. The new interest rate with the bank is 3.11%. Way Station owed \$4,165,861 and \$4,627,130 as of June 30, 2020 and 2019, respectively. The tax-exempt loan is secured by a deed of trust covering six of the Company's properties in Frederick, Hagerstown, and Columbia, Maryland. Way Station's ability to obtain additional borrowings is limited without the bank's consent.

On March 4, 2014, MHHEFA issued a \$4,430,000 bank-qualified tax-exempt revenue bond (MHHEFA Revenue Bond – 2014) for the purpose of refinancing Family Services existing mortgage debt. The bond was purchased by a bank, and Family Services is required to make payments over 25 years at interest rates ranging from 2.75 to 3.4%. As part of the same transaction, the same bank loaned Family Services \$1,683,000 in a taxable term bank note that is amortized over 25 years; however, it is due in 10 years, at fixed interest rates that vary from 4.25% in year one to 5.25% in subsequent years. On February 24, 2015, Family Services received a \$676,540 term bank loan, bearing an interest rate of 4.7% with a term of nine years. The tax-exempt and taxable term bank notes are secured by a deed in trust covering the Company's properties, which require Family Services to satisfy certain measures of financial performance as long as the loans are outstanding.

On September 28, 2016, Mosaic borrowed \$4,066,000 variable rate debt (MHHEFA Revenue Bond - 2016) via a tax-exempt nonbank qualified direct purchase. The bonds accrue interest at a variable rate at 83% of the 30-Day London Interbank Offered Rate (LIBOR) plus 142 basis points and are being amortized over ten years, which was 1.6% and 3.4% as of June 30, 2020, and 2019, respectively, and have principal payments beginning November 2016 and terminating October 2026. The loan is secured by collateral, including, but not limited to, gross revenue, fixed assets (excluding buildings), and cash accounts. In conjunction with the refinance, Mosaic entered into a 10-year interest rate swap agreement with a third party under which the Company will make monthly payments at a fixed rate of 0.92% in exchange for payments based on LIBOR. The interest rate swap was recorded as an asset of \$69,607 as of June 30, 2020 and as a liability of \$24,861 as of June 30, 2019.

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Community Services have mortgages on multiple properties with a total outstanding balance of \$2,336,343 as of June 30, 2020 and \$2,442,617 as of June 30, 2019. The interest rates and years of maturity range from 0% to 7.45%, and 2020 to 2038, respectively.

Community Services have other nonmortgage debt, consisting primarily of auto loans, with a total outstanding balance of \$42,952 as of June 30, 2020 and \$95,642 as of June 30, 2019. The interest rates range from 0% to 5.9%.

In November 2019, Health System, Physicians, Foundation and Investment Company (Obligated Group) established a \$15 million variable rate line of credit. In June 2020, the Obligated Group established an additional \$15 million variable line of credit. As of June 30, 2020, there were no outstanding balances on the lines of credit. The available amount on the original line of credit has been reduced by \$5.6 million related to letters of credit issued on behalf of the Health System.

Community Services have combined variable rate lines of credit the amount of \$5 million. As of June 30, 2020 and 2019, there were no outstanding balances on the lines of credit.

Repayment of long-term debt, including mandatory sinking fund redemptions, in each of the next five fiscal years is as follows:

2021	\$	5,887,157
2022		5,584,784
2023		5,735,974
2024		5,856,107
2025		6,488,035
2026 and thereafter		<u>154,535,402</u>
	\$	<u><u>184,087,459</u></u>

Interest payments were \$5,721,662 and \$5,907,137 in 2020 and 2019, respectively.

(10) Other Financial Instruments

During the year ended June 30, 2006, Foundation received a gift annuity from donors. Under the terms of such agreement, Foundation agreed to pay 6% annually of the contributed amount (approximately \$1 million) on a quarterly basis over the remaining lives of the donors. Accordingly, as of June 30, 2020 and 2019, the net present value of the estimated remaining payments of approximately \$267,497 and \$325,522, respectively, have been recorded as an other long-term liability.

(11) Pension Plan, Employees' Thrift Plan and Life, Accident and Health Plan

Foundation has a noncontributory defined benefit pension plan (the Plan) that covers eligible employees of Health System and Physicians. The benefits are based on the employees' credited service and average compensation during the five consecutive years, taken from the last 10 years of service before retirement, which produces the highest result. The funding policy is to contribute annually amounts actuarially determined to provide for benefits attributed to service to date and benefits expected to be earned in the

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future. Prior service cost is being amortized on a straight-line basis over the estimated term of employment of current employees.

ASC Subtopic 715-30, *Defined Benefit Plans-Pension*, requires Foundation to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plan in the accompanying consolidated balance sheets, with a corresponding adjustment to net assets without donor restrictions. The pension liability adjustment to net assets without donor restrictions represents the change in net unrecognized actuarial losses and unrecognized prior service costs that have not yet been recognized as part of excess of revenues over expenses. Those amounts will be subsequently recognized as a component of net periodic pension cost pursuant to Foundation's historical accounting policy for amortizing such amounts.

The following are deferred pension costs that have not yet been recognized in periodic pension expense but instead are included as a component of net assets without donor restrictions, as of June 30, 2020 and 2019. Unrecognized actuarial losses represent unexpected changes in the projected benefit obligation and plan assets over time, primarily due to changes in assumed discount rates and investment experience. Unrecognized prior service cost is the impact of changes in plan benefits applied retrospectively to employee service previously rendered. Deferred pension costs are amortized into annual pension expense over the average remaining assumed service period for active employees.

	Amounts in net assets without donor restrictions to recognized during the next fiscal year	Amounts recognized in net assets without donor restrictions at June 30, 2020	Amounts recognized in net assets without donor restrictions at June 30, 2019
Net actuarial loss	\$ 4,810,610	56,591,458	52,321,741

During 2013, the Plan was amended to permanently allow certain vested terminated participants to take a lump-sum payment of Plan benefits not previously available as a lump-sum in lieu of a deferred monthly benefit. This offer is available to terminating participants with a vested benefit value of less than \$25,000. In 2018, the Plan was amended to temporarily allow a one-time opportunity to elect a lump-sum distribution of vested benefit in lieu of monthly payments for vested benefit payouts not to exceed \$250,000. As a result of these changes, Foundation made lump-sum payments of approximately \$23,612 and \$116,983 in 2020 and 2019, respectively.

Effective July 1, 2006, Foundation elected to not allow employees hired on or after July 1, 2006 to participate in the defined benefit pension plan. Instead, such employees participate in a new employees' thrift plan. The new employee's thrift plan expense was \$92,044 and \$4,234,969 in 2020 and 2019, respectively. The retirement benefits for employees hired on or prior to June 30, 2006 under the defined benefit plan remain unchanged through December 31, 2020, when the Foundation has elected to freeze the future accrual of benefits relating to the plan. This caused a curtailment of \$11.4 million for the year

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ended June 30, 2020. Foundation may provide a discretionary contribution to the employees' thrift plan. There were no discretionary contributions to the thrift plan in 2020 and 2019.

The Plan's change in benefit obligations, the change in plan assets, current funded status and the components of net periodic pension cost as of and for the years ended June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Accumulated benefit obligation at the end of the year	\$ 254,290,050	227,029,642
Changes in benefit obligations:		
Projected benefit obligation at the beginning of the year	\$ 240,953,427	220,432,718
Service cost	3,808,056	3,799,732
Interest cost	7,734,729	8,661,017
Actuarial loss	25,502,967	17,717,310
Benefits paid	(10,531,693)	(9,657,350)
Curtailment	(11,356,178)	—
Projected benefit obligation at the end of the year	<u>256,111,308</u>	<u>240,953,427</u>
Changes in plan assets:		
Fair value of plan assets at beginning of the year	211,461,216	198,186,152
Actual return on plan assets	19,224,677	17,932,414
Contributions to the plan	2,300,000	5,000,000
Benefits paid	(10,531,693)	(9,657,350)
Fair value of plan assets at end of the year	<u>222,454,200</u>	<u>211,461,216</u>
Funded status	<u>\$ (33,657,108)</u>	<u>(29,492,211)</u>

Net periodic pension expense includes the following components for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Service cost	\$ 3,808,056	3,799,732
Interest cost	7,734,729	8,661,017
Expected return on plan assets	(14,089,447)	(13,301,175)
Amortization of prior service cost	—	3,992
Amortization of net loss	4,741,843	2,702,416
Net pension expense	<u>\$ 2,195,181</u>	<u>1,865,982</u>

As described in Note 1(t) the Company adopted ASU No. 2017-07. As a result of the adoption of this ASU, the components of net benefit costs other than the service cost of \$1.6 million were recorded in other income in the consolidated statements of operations for the year ended June 30, 2020. Service costs is recorded as employee benefits in the accompanying consolidated statements of operations. This resulted

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in an increase to both operating expenses and other income of \$1.6 million in the consolidated statements of operations for the year ended June 30, 2019.

During the year ended June 30, 2020, Foundation previously adopted the new Pri-2012 Mortality Table with generational improvements using projection scale MP 2019. During the year ended June 30, 2019, Foundation utilized the RP-2014 Mortality Table with generational improvements using projection scale MP-2014.

The following table presents the weighted average assumptions used to determine benefit obligations and net periodic benefit expense for the Plan:

	<u>2020</u>	<u>2019</u>
PBO Discount Rate (EOY)	3.69 %	3.69 %
Service Cost Discount Rate (BOY)	3.90	4.45
Interest Cost Discount Rate (BOY)	3.59	4.06
Rate of compensation increase	3.50	4.00
Expected long-term return on plan assets	6.80	6.80

(a) Determination of Expected Long-Term Rate of Return

In developing the expected long-term rate of return on assets assumption, Foundation considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

(b) Investment Policy and Objectives

The investment policy and objectives are established by the trustees of Foundation. The plan objectives include achieving and maintaining fully funded status and minimizing volatility with reasonable and prudent levels of risk. The investment policy is based on a long-term perspective. An investment advisory firm engaged by Foundation trustees selects investment managers, makes investment decisions in keeping with the Pension Investment Policy Statement developed by the trustees, and reviews fund performance and funding status routinely. The percentage allocation to each asset class may vary depending upon the funded status of the Plan.

Foundation monitors the investment managers' performance and ensures adequate diversification by asset class to further mitigate the risks associated with the investment program. Management believes that its assets are invested in accordance with its overall investment policies at June 30, 2020 and 2019.

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(c) Plan Assets

Foundation's pension plan weighted average asset allocations at the measurement dates of June 30, 2020 and 2019 by asset category are as follows:

	Target allocation	2020	2019
Equity securities	46 %	44 %	44 %
Debt securities	54	54	54
Cash and cash equivalents	—	2	2
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

In accordance with ASC Subtopic 715-20, *Defined Benefit Plans-General-Disclosures*, nonpublic entities are required to report the fair value of each major category of pension plan asset within the fair value hierarchy. ASC Subtopic 820-10, *Fair Value Measurements-Overall*, provides guidance for the fair value hierarchy, which is a valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Refer to note 4 for descriptions of each of the three levels within the valuation hierarchy.

The table below presents Foundation's pension plan investable assets as of June 30, 2020 aggregated by the three level valuation hierarchy:

	Level 1	Level 2	Level 3	Total	Reported at NAV¹
Assets:					
Cash and cash equivalents	\$ 5,319,757	—	—	5,319,757	—
Collective trusts – equity	—	98,894,024	—	98,894,024	—
Collective trusts – fixed income	—	117,567,617	—	117,567,617	—
Private equity and real estate funds	—	—	—	—	672,804
Total assets	<u>\$ 5,319,757</u>	<u>216,461,641</u>	<u>—</u>	<u>221,781,398</u>	<u>672,804</u>

¹ Investments reported at NAV as the practical expedient

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The table below presents Foundation's pension plan investable assets as of June 30, 2019 aggregated by the three level valuation hierarchy:

	Level 1	Level 2	Level 3	Total	Reported at NAV ¹
Assets:					
Cash and cash equivalents	\$ 3,721,801	—	—	3,721,801	—
Collective trusts – equity	—	93,690,160	—	93,690,160	—
Collective trusts – fixed income	—	113,236,213	—	113,236,213	—
Private equity and real estate funds	—	—	—	—	813,042
Total assets	<u>\$ 3,721,801</u>	<u>206,926,373</u>	<u>—</u>	<u>210,648,174</u>	<u>813,042</u>

¹ Investments reported at NAV as the practical expedient

The majority of the investments held by the plan are Level 2 securities. There were no significant transfers between levels during the years ended June 30, 2020 and 2019. Foundation has the ability to liquidate the collective trusts on a daily basis.

Foundation's pension plan invests in alternative investments, which are primarily hedge funds of funds and private equity funds. Such investments are carried at their estimated fair value using the practical expedient. Most of the funds have not had changes in the redemption policies during the year ended June 30, 2020, and the policies range primarily from 30 to 90 days. Determination of fair value is performed on a quarterly basis by the general partner(s) of the funds. Because of the inherent uncertainty of valuation, the determined values may differ significantly from the values that would have been used had a ready market for these investments existed.

(d) Contributions

The Foundation expects to contribute \$2.3 million to its pension plan during the year ending June 30, 2021.

(e) Estimated Future Benefit Payments

The following benefit payments, which reflect expected future employee service, as appropriate, are expected to be paid from the plan in each of the fiscal years as follows:

2021	\$ 11,763,000
2022	11,984,000
2023	12,452,000
2024	12,772,000
2025	13,045,000
2026 – 2030	67,332,000

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The expected benefits to be paid are based on the same assumptions used to measure Foundation's benefit obligation at June 30, 2020.

Foundation maintains a self-insured life, accident and health plan for employees of Health System, Physicians and Way Station, which provides for monthly contributions in amounts sufficient to cover the costs of basic hospital, surgical and diagnostic benefits and administrative expenses. The life, accident, and health plan expense was \$15,385,146 in 2020 and \$15,516,812 in 2019.

Certain of the subsidiaries maintain various tax sheltered annuity accounts, defined contribution plans or other retirement benefit plans. These subsidiaries have the option to issue discretionary matching contributions to the plans. During the years ended June 30, 2020 and 2019, these subsidiaries contributed \$385,049 and \$614,221, respectively, to the plans.

(12) Leases

Foundation leases office space under long-term operating leases, which expire at various dates through 2035, some of which require increasing monthly payments expiring over the next several years. The following is a schedule of the future minimum lease payments under operating leases as of June 30, 2020 that have initial or remaining lease terms in excess of one year for each of the years ending June 30:

2021	\$	3,976,962
2022		2,498,941
2023		2,206,981
2024		2,130,542
2025		1,934,624
Thereafter		<u>5,888,411</u>
Total minimum lease payments	\$	<u><u>18,636,461</u></u>

Rent expense was approximately \$7,197,278 and \$7,017,661 in 2020 and 2019, respectively. Foundation also leases various equipment under short-term leases.

Foundation has various capital leases for buildings and software the majority of which are related to its electronic medical records system and the long-term rental for one of its school locations.

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The following is a schedule of future minimum lease payments under capital leases as of June 30, 2020:

2021	\$	972,661
2022		1,008,056
2023		1,044,762
2024		731,137
2025		395,166
Thereafter		<u>1,258,060</u>
Total minimum lease payments		5,409,842
Less amount representing interest		<u>796,514</u>
Present value of net minimum lease payments		4,613,328
Less obligations under capital leases, current portion		<u>753,500</u>
Obligations under capital leases, less current portion		<u>\$ 3,859,828</u>

(13) Self-Insurance Programs and Litigation

Foundation is from time to time subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the consolidated financial statements. In this regard, Foundation maintains a self-insurance program for professional liability claims, and a related trust fund has been established for the purpose of setting aside assets based on actuarial funding recommendations. Under the trust agreement, the assets can only be used for the payment of professional and general liability claims, related expenses, and the cost of administering the trust. Certain claims-made based professional and occurrence-based general liability insurance coverages have been purchased to provide protection for claims in excess of the self-insured amounts. The assets of the trust are classified as investments limited as to use in the accompanying consolidated balance sheets in the amount of approximately \$299,032 and \$523,000 at June 30, 2020 and 2019, respectively. The related claims liabilities of approximately \$2,641,000 and \$5,622,000 as of June 30, 2020 and 2019, respectively, are recorded on an undiscounted basis and represent estimates for asserted claims and unasserted claims arising from reported incidents and unreported incidents. Management believes that the provision for loss is adequate at June 30, 2020 and 2019; however, the ultimate liability may differ significantly. Management is aware of certain asserted and unasserted legal claims, none of which, in the opinion of management, are expected to result in losses in excess of insurance limits.

Health System and Physicians are also self-insured for unemployment claims and have established a letter of credit arrangement of approximately \$1,464,000 in 2020 and \$1,427,000 in 2019 in accordance with the requirements of the Maryland Department of Employment and Training.

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Also, Foundation is self-insured for workers' compensation claims up to \$550,000 for both 2020 and 2019. Investments of approximately \$5,200,000 and \$5,200,000 at June 30, 2020 and 2019, respectively, are being held in an account at a financial institution to secure the payment of claims. These investments are included in the balance of investments limited or restricted as to use. The related liabilities of approximately \$5,745,000 and \$6,062,000 as of June 30, 2020 and 2019, respectively, are recorded in the accompanying consolidated balance sheets. Foundation records outstanding losses and loss expenses for workers' compensation liability claims based on the estimates of the amount of reported losses together with a provision for losses incurred but not reported, the recommendations of an independent actuary, and management's judgment using its past experience and industry experience.

Foundation offers employees a self-insured health plan. Foundation maintains an accrual for claims that have been incurred but not reported to the plan administrator. The accrued liability for claims incurred but not reported is based on the historical claim lag period and current payment trends of health insurance claims. The accrued liability for health claims is approximately \$1,920,000 and \$1,870,000, respectively, as of June 30, 2020 and 2019.

While management believes that the provision for self-insurance claims is adequate, at June 30, 2020 and 2019, the ultimate liabilities may be significantly different from the estimates.

(14) Rate Setting Matters and Business and Credit Concentrations

Foundation provides healthcare services through its inpatient and outpatient care facilities located throughout Maryland. Foundation grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits receivable under their health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross/Blue Shield, health maintenance organizations (HMOs), and commercial insurance policies).

Operating revenue from contracts with customers by line of business are as follows for the years ended:

	<u>2020</u>	<u>2019</u>
Hospital and physician services	\$ 146,250,461	151,782,834
Adolescent residential treatment centers	31,557,331	38,360,013
Special education	53,020,364	56,158,136
Community services	<u>78,221,386</u>	<u>75,817,374</u>
Total revenue from contracts with customers	309,049,542	322,118,357
Other nonpatient care	<u>65,195,695</u>	<u>60,059,522</u>
Total operating revenue	<u>\$ 374,245,237</u>	<u>382,177,879</u>

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The mix of receivables and total net service revenue from patients and third parties as of June 30, 2020 and 2019 was as follows:

	Accounts receivable		Revenue	
	2020	2019	2020	2019
Medicare	5 %	5 %	7 %	8 %
Medicaid	27	37	48	46
Commercial insurers and HMO's	16	16	12	12
Local Government	34	26	17	16
Blue Cross/Blue Shield	6	7	9	10
Self-pay and other	12	9	7	8
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

On January 1, 2020, the Medicaid administrative services organization for Maryland changed to Optum. Since this change, the Company has experienced delays in processing their Medicaid claims; however, the Company is continuing to work with Optum to resolve the delays.

Foundation accepts all patients covered by the Medicare and Medicaid programs. These programs reimburse Foundation at amounts less than charges. The difference between the charges for healthcare services and the related reimbursement amounts for these and other third-party payors is as follows for the years ended June 30:

	2020	2019
Medicare	\$ 9,386,350	9,447,252
Medicaid	8,718,215	8,931,171
Other third-party payors	<u>6,479,790</u>	<u>6,506,333</u>
	<u>\$ 24,584,355</u>	<u>24,884,756</u>

Patient charges of the Health System (other than Medicare and Medicaid) are recorded at rates established by the State of Maryland Health Services Cost Review Commission (HSCRC), reviewed on an annual basis and adjusted prospectively giving effect to, among other things, the anticipated impact of inflation on operating expenses, variances between actual volume of patient services and the volume budgeted for such services, and variances between actual unit rates and approved unit rates during the previous rate year. Such rate adjustments are reflected in revenue of Health System in the subsequent rate year, which coincides with Health System's fiscal year.

The Foundation is reimbursed for certain services to their Medicare and Medicaid program beneficiaries based upon cost reimbursement methodologies. The Maryland Medicaid program's inpatient reimbursement methodology is a prospective payment system, which is set at 94% of HSCRC rates. Medicaid outpatient services continue to be reimbursed on a cost report basis. Effective July 1, 2005, the Medicare program changed its reimbursement methodology to a prospective payment system. Health

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System has received either the final settlement or the notice of final settlement on Medicare cost reports through June 30, 2017 and on Medicaid cost reports for all programs through June 30, 2016. As of June 30, 2020 and 2019, the Company has recorded third-party payor settlements receivable of \$10,041,567 and \$7,610,140 respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount. Management periodically reviews recorded amounts receivable from or payable to third-party payors and may adjust these balances as new information becomes available. In addition, revenue received under certain third-party agreements are subject to audit.

During 2020 and 2019, some of Foundation's prior year third-party cost reports were audited and settled, or tentatively settled, by third-party payors. Adjustments resulting from such audits and management reviews of unaudited years and open claims are reflected as adjustments to revenue in the year the adjustment becomes known. The effect of these adjustments was to increase net patient service revenue by approximately \$342,292 and \$400,978 during the years ended June 30, 2020 and 2019, respectively. Although certain other prior year cost reports submitted to third-party payors remain subject to audit and retroactive adjustment, management does not expect any material adverse settlements.

(15) Functional Expenses

Members of Foundation provide healthcare, educational, and residential and psychiatric rehabilitative services to the communities they serve. Expenses related to providing these services, based on management's estimates of expense allocations, are as follows for the years ended June 30, 2020 and 2019:

	2020									
	Program services								Supporting services	Total
	Healthcare services	Residential services	Education services	Rehabilitation and recovery	Community treatment	Families and communities	Community development	Program services		
Expenses:										
Salaries and wages	\$ 74,210,428	17,341,172	31,510,642	35,247,021	11,710,606	9,984,739	9,017,500	189,022,108	34,957,062	223,979,170
Employee benefits	13,675,807	3,263,888	6,730,159	6,803,617	1,991,896	1,929,210	2,131,105	36,525,682	7,429,268	43,954,950
Expendable supplies	8,449,770	1,849,247	1,808,263	3,242,970	223,104	1,089,717	729,651	17,392,722	1,560,584	18,953,306
Purchased services	13,806,642	1,692,227	4,164,739	10,204,451	1,969,319	2,932,309	1,927,817	36,697,504	19,219,899	55,917,403
Interest	1,271,124	304,885	299,494	150,665	3,378	18,596	18,522	2,066,664	1,143,379	3,210,043
Repairs and minor alterations	4,124,895	964,016	757,782	1,800,695	263,653	162,931	131,164	8,205,136	2,635,058	10,840,194
Depreciation, amortization, and impairment	7,007,819	4,025,446	4,338,985	2,470,107	452,210	71,987	160,532	18,527,086	5,455,045	23,982,131
	<u>\$ 122,546,485</u>	<u>29,440,881</u>	<u>49,610,064</u>	<u>59,919,526</u>	<u>16,614,166</u>	<u>16,189,489</u>	<u>14,116,291</u>	<u>308,436,902</u>	<u>72,400,295</u>	<u>380,837,197</u>

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	2019									
	Program services							Program services	Supporting services	Total
Healthcare services	Residential services	Education services	Rehabilitation and recovery	Community treatment	Families and communities	Community development				
Expenses:										
Salaries and wages	\$ 77,806,157	17,005,718	33,201,877	32,942,286	11,387,014	10,357,620	8,981,518	191,682,190	34,965,227	226,647,417
Employee benefits	16,339,938	3,673,572	8,283,956	6,074,399	1,890,749	1,889,699	2,178,687	40,331,000	8,552,881	48,883,881
Expendable supplies	8,969,128	1,909,454	2,196,730	2,674,161	221,900	1,400,136	716,774	18,088,283	1,299,653	19,387,936
Purchased services	16,173,495	1,767,241	4,303,649	10,452,260	1,507,392	3,106,568	2,364,674	39,675,279	17,937,996	57,613,275
Interest	1,066,269	201,468	569,601	174,700	2,154	19,527	21,141	2,054,860	1,232,853	3,287,713
Repairs and minor alterations	4,058,613	873,772	761,530	1,748,554	222,325	170,472	146,251	7,981,517	2,843,164	10,824,681
Depreciation and amortization	7,137,003	1,573,911	2,848,851	2,395,613	402,824	150,056	173,927	14,682,185	5,416,099	20,098,284
	<u>\$ 131,550,603</u>	<u>27,005,136</u>	<u>52,166,194</u>	<u>56,461,973</u>	<u>15,634,358</u>	<u>17,094,078</u>	<u>14,582,972</u>	<u>314,495,314</u>	<u>72,247,873</u>	<u>386,743,187</u>

(16) Certain Significant Risks and Uncertainties

Foundation provides psychiatric healthcare services in the State of Maryland. Foundation and other healthcare providers are subject to certain inherent risks, including the following:

- Dependence on revenues derived from reimbursement by the Federal Medicare and state Medicaid programs
- Regulation of hospital rates by the State of Maryland Health Services Cost Review Commission
- Government regulation, government budgetary constraints and proposed legislative and regulatory changes
- Lawsuits alleging malpractice or other claims

Such inherent risks require the use of certain management estimates in the preparation of Foundation's consolidated financial statements and it is reasonably possible that a change in such estimates may occur.

The Medicare and state Medicaid reimbursement programs represent a substantial portion of Foundation's revenues and Foundation's operations are subject to a variety of other federal, state, and local regulatory requirements. Failure to maintain required regulatory approvals and licenses and/or changes in such regulatory requirements could have a significant adverse effect on Foundation.

Changes in federal and state reimbursement funding mechanisms and related government budgetary constraints could have a significant adverse effect on Foundation.

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments, and the government has aggressively increased enforcement of Medicare and Medicaid anti-fraud and abuse laws. Foundation's compliance with these laws and regulations is subject to periodic governmental review, which could result in enforcement actions unknown or unasserted at this time. The federal government and many states have aggressively increased enforcement under Medicare and Medicaid anti-fraud and abuse laws and physician self-referral laws (STARK law and regulation). Recent federal initiatives have prompted a national review of federally funded healthcare programs. In addition, the

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federal government and many states have implemented programs to audit and recover potential overpayments to providers from the Medicare and Medicaid programs.

As a result of recently enacted and pending federal healthcare reform legislation, substantial changes are anticipated in the U.S. healthcare system. Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement to healthcare providers and the legal obligations of health insurers, providers, and employers. These provisions are currently slated to take effect at specified times over the next decade.

(17) Endowment Net Assets

Foundation's endowments consist of both individual donor-restricted funds established for a variety of purposes and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Foundation classifies its permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Foundation
- (7) The investment policies of Foundation

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(b) Net Asset Classification by Type of Endowment as of June 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	4,107,732	4,107,732
Board-designated endowment funds	125,721,278	—	125,721,278
	<u>\$ 125,721,278</u>	<u>4,107,732</u>	<u>129,829,010</u>

Changes in endowment net assets for the year ended June 30, 2020:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 132,600,296	3,968,378	136,568,674
Investment return:			
Investment income	1,429,537	—	1,429,537
Net depreciation (realized and unrealized gains and losses)	(3,213,533)	1,554	(3,211,979)
Total investment return	(1,783,996)	1,554	(1,782,442)
Contributions	—	137,800	137,800
Appropriation of endowment assets for expenditure	(5,095,022)	—	(5,095,022)
	<u>\$ 125,721,278</u>	<u>4,107,732</u>	<u>129,829,010</u>

(c) Net Asset Classification by Type of Endowment as of June 30, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	3,968,378	3,968,378
Board-designated endowment funds	132,600,296	—	132,600,296
	<u>\$ 132,600,296</u>	<u>3,968,378</u>	<u>136,568,674</u>

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Changes in endowment net assets for the year ended June 30, 2019:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 134,319,442	3,935,059	138,254,501
Investment return:			
Investment income	1,661,448	—	1,661,448
Net appreciation (realized and unrealized gains and losses)	<u>1,176,370</u>	<u>15,444</u>	<u>1,191,814</u>
Total investment return	2,837,818	15,444	2,853,262
Contributions	—	17,875	17,875
Appropriation of endowment assets for expenditure	<u>(4,556,964)</u>	<u>—</u>	<u>(4,556,964)</u>
	<u>\$ 132,600,296</u>	<u>3,968,378</u>	<u>136,568,674</u>

(d) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires Foundation to retain as a fund of perpetual duration as a result of unfavorable market fluctuations. During the years ended June 30, 2020 and 2019, the fair value did not fall below the specified amounts.

(e) Investment Strategies

Foundation has adopted policies for corporate investments, including endowment assets that seek to maximize risk-adjusted returns with preservation of principal. Endowment assets include those assets of donor-restricted funds that Foundation must hold in perpetuity or for a donor-specified period(s). The endowment assets are invested in a manner that is intended to hold a mix of investment assets designed to meet the objectives of the account. Foundation expects its endowment funds, over time, to provide an average rate of return that generates earnings to achieve the endowment purpose.

To satisfy its long-term rate-of-return objectives, Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Foundation employs a diversified asset allocation structure to achieve its long-term return objectives within prudent risk constraints.

Foundation monitors the endowment funds returns and appropriates average returns for use. In establishing this practice, Foundation considered the long-term expected return on its endowment. This is consistent with Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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(18) Liquidity

Foundation funds its operations through cash and investments. Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash required to meet operating needs is invested in bank operating accounts. The Obligated Group and the Community Services have access to variable rate lines of credit in the amount of \$35,000,000 less the \$5,600,000 used for the letters of credit referenced in note 9, respectively to support liquidity.

Foundation's endowment funds consist of donor and board restricted endowments. Donor restricted endowments are restricted for specific purposes and, therefore, are not available for general expenditure. While it is not the intent of Foundation to utilize board restricted endowments to fund operations (other than spending policy), these funds, amounting to approximately \$163,500,000, could be available to fund operations if needed. However, certain alternative investments included in that amount are not liquid and have redemption limitations. Foundation has an endowment spending rate policy of 4%. Approximately \$4,800,000 of appropriations from this endowment will be available within the next 12 months to support liquidity.

The following is a reconciliation of current financial assets as of June 30, 2020 to financial assets available to fund general expenditures for the following fiscal year. General expenditures include all programmatic and supporting operating expenses.

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Current assets:		
Cash	\$ 54,943,272	36,333,171
Investments limited or restricted as to use	3,727,665	553,333
Accounts receivable, net	28,466,550	34,475,223
Prepaid expenses and other current assets	<u>16,657,809</u>	<u>15,489,957</u>
Total current assets	103,795,296	86,851,684
Other:		
Investments	4,031,703	3,807,205
Borrowings available under lines of credit	<u>29,400,000</u>	<u>5,000,000</u>
Subtotal	137,226,999	95,658,889
Less assets unavailable for general expenditures within one year:		
Investments limited or restricted as to use	(3,704,926)	(544,208)
Prepaid expenses	<u>(6,421,658)</u>	<u>(5,651,009)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 127,100,415</u>	<u>89,463,672</u>

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(19) Subsequent Events

Foundation has evaluated all events and transactions from the balance sheet date through October 28, 2020, the date at which the consolidated financial statements were issued.

On September 30, 2020, Sheppard Pratt Properties, LLC borrowed \$2,000,000 in a fixed rate 15 year commercial mortgage to purchase a property to provide residential services at a rate of 3.5%.

On September 19, 2020, HHS released post payment notice of reporting requirements as it relates to general and targeted distributions received through the PHSSEF. These reporting requirements were determined to be a Type II subsequent event and will be evaluated by management in subsequent periods.

SUPPLEMENTARY INFORMATION

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Assets	Obligated Group						Sheppard Pratt Properties, LLC	Eliminations	Subtotal
	Sheppard Pratt Health System, Inc.	Sheppard Pratt Physicians, P.A.	Sheppard Pratt Investment, Inc.	Sheppard and Enoch Pratt Foundation, Inc.	Obligated Group combining eliminations	Combined Obligated Group subtotal			
Current assets:									
Cash	\$ 33,280,341	1,790,968	—	192,157	—	35,263,466	513,708	—	35,777,174
Investments limited or restricted as to use	—	—	—	3,010,313	—	3,010,313	—	—	3,010,313
Accounts receivable, net	19,789,234	2,569,064	—	—	—	22,358,298	—	—	22,358,298
Due from affiliates	1,444,072	20,301	2,229,469	831,691	(4,299,050)	226,483	—	—	226,483
Prepaid expenses and other current assets	9,294,946	1,717,950	—	—	(1,681,179)	9,331,717	—	—	9,331,717
Total current assets	63,808,593	6,098,283	2,229,469	4,034,161	(5,980,229)	70,190,277	513,708	—	70,703,985
Investments limited or restricted as to use, less current portion	80,877,938	—	131,300,663	22,049,943	—	234,228,544	—	(12,637,742)	221,590,802
Interest in net assets of Foundation	22,556,431	—	—	—	(22,556,431)	—	—	—	—
Notes receivable	—	—	1,482,340	—	—	1,482,340	—	—	1,482,340
Third-party payor settlements receivable	10,041,567	—	—	—	—	10,041,567	—	—	10,041,567
Property and equipment, net	234,760,708	—	—	—	—	234,760,708	12,066,749	—	246,827,457
Other assets	2,958,202	—	—	—	—	2,958,202	—	(1,349,760)	1,608,442
Total assets	\$ 415,003,439	6,098,283	135,012,472	26,084,104	(28,536,660)	553,661,638	12,580,457	(13,987,502)	552,254,593
Liabilities and Net Assets									
Current liabilities:									
Current maturities of long-term debt	\$ 4,221,000	—	—	—	—	4,221,000	—	—	4,221,000
Current portion of obligations under capital leases	753,500	—	—	—	—	753,500	—	—	753,500
Accounts payable	16,865,398	88,439	—	—	—	16,953,837	—	—	16,953,837
Accrued salaries, wages and employee benefits	13,127,257	1,972,414	—	—	—	15,099,671	—	—	15,099,671
Due to affiliates	2,237,026	311,788	7,047,183	954,183	(4,299,050)	6,251,130	—	—	6,251,130
Self-insurance liabilities	3,094,151	225,602	—	—	—	3,319,753	—	—	3,319,753
Other accrued expenses	2,655,678	50,365	2,244,011	—	(1,028,084)	3,921,970	64,895	—	3,986,865
Total current liabilities	42,954,010	2,648,608	9,291,194	954,183	(5,327,134)	50,520,861	64,895	—	50,585,756
Long-term liabilities:									
Long-term debt, less current portion	164,569,308	—	—	—	—	164,569,308	—	—	164,569,308
Obligations under capitalized leases, less current portion	3,859,828	—	—	—	—	3,859,828	—	—	3,859,828
Self-insurance liabilities	5,822,892	—	—	—	—	5,822,892	—	—	5,822,892
Accrued pension liabilities	24,750,033	8,907,075	—	—	—	33,657,108	—	—	33,657,108
Other long-term liabilities	—	—	—	267,497	—	267,497	1,349,760	(1,349,760)	267,497
Total liabilities	241,956,071	11,555,683	9,291,194	1,221,680	(5,327,134)	258,697,494	1,414,655	(1,349,760)	258,762,389
Net assets (deficit):									
Without donor restrictions	150,490,937	(5,457,400)	125,721,278	1,972,533	(653,095)	272,074,253	11,165,802	(12,637,742)	270,602,313
With donor restrictions	22,556,431	—	—	22,889,891	(22,556,431)	22,889,891	—	—	22,889,891
Total net assets (deficit)	173,047,368	(5,457,400)	125,721,278	24,862,424	(23,209,526)	294,964,144	11,165,802	(12,637,742)	293,492,204
Total liabilities and net assets	\$ 415,003,439	6,098,283	135,012,472	26,084,104	(28,536,660)	553,661,638	12,580,457	(13,987,502)	552,254,593

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June 30, 2020

Mosaic Community Services, Inc.										
Assets	Mosaic Community Services, Inc.	Alliance	DuCHoDo	ReCHoDo	Eliminations	Total Mosaic Community Services, Inc.	Family Services Inc.	Way Station, Inc.	Consolidating eliminations	Consolidated totals
Current assets:										
Cash	\$ 3,798,487	2,683,302	86,393	70,382	—	6,638,564	2,449,278	10,078,256	—	54,943,272
Investments limited or restricted as to use	18,368	4,371	—	—	—	22,739	114,411	580,202	—	3,727,665
Accounts receivable, net	1,546,256	8,592	—	—	—	1,554,848	2,269,583	2,283,821	—	28,466,550
Due from affiliates	24,201	—	—	—	—	24,201	1,340	17,056	(269,080)	—
Prepaid expenses and other current assets	4,818,398	8,305,514	1,198	7,451	(7,950,918)	5,181,643	395,791	2,762,620	(1,013,962)	16,657,809
Total current assets	10,205,710	11,001,779	87,591	77,833	(7,950,918)	13,421,995	5,230,403	15,721,955	(1,283,042)	103,795,296
Investments limited or restricted as to use, less current portion	4,282,316	—	—	—	—	4,282,316	—	6,265,345	(6,209,345)	225,929,118
Interest in net assets of Foundation	—	—	—	—	—	—	—	—	—	—
Notes receivable	—	—	—	—	—	—	—	—	—	1,482,340
Third-party payor settlements receivable	—	—	—	—	—	—	—	—	—	10,041,567
Property and equipment, net	17,080,401	3,048,879	310,985	1,092,948	—	21,533,213	8,821,952	22,111,459	—	299,294,081
Other assets	656,258	203,597	—	120,655	—	980,510	104,257	327,723	—	3,020,932
Total assets	\$ 32,224,685	14,254,255	398,576	1,291,436	(7,950,918)	40,218,034	14,156,612	44,426,482	(7,492,387)	643,563,334
Liabilities and Net Assets										
Current liabilities:										
Current maturities of long-term debt	\$ 454,265	66,583	—	439,861	—	960,709	225,126	480,322	—	5,887,157
Current portion of obligations under capital leases	—	—	—	—	—	—	—	—	—	753,500
Accounts payable	884,239	479,595	3,497	9,971	—	1,377,302	364,183	293,603	(26,703)	18,962,222
Accrued salaries, wages and employee benefits	3,792,795	810,429	—	—	—	4,603,224	1,719,700	2,487,918	—	23,910,513
Due to affiliates	5,373,636	—	478,406	2,239,183	(7,950,918)	140,307	16,490	67,115	(6,475,042)	—
Self-insurance liabilities	56,272	—	—	—	—	56,272	—	155,322	—	3,531,347
Other accrued expenses	704,029	169,468	—	—	—	873,497	505,000	1,699,555	(990,642)	6,074,275
Total current liabilities	11,265,236	1,526,075	481,903	2,689,015	(7,950,918)	8,011,311	2,830,499	5,183,835	(7,492,387)	59,119,014
Long-term liabilities:										
Long-term debt, less current portion	2,477,711	747,767	400,000	216,758	—	3,842,236	5,256,821	3,568,632	—	177,236,997
Obligations under capitalized leases, less current portion	—	—	—	—	—	—	—	—	—	3,859,828
Self-insurance liabilities	379,237	—	—	—	—	379,237	—	576,603	—	6,778,732
Accrued pension liabilities	—	—	—	—	—	—	—	—	—	33,657,108
Other long-term liabilities	482,910	765,397	—	26,659	—	1,274,966	126,655	2,180,614	—	3,849,732
Total liabilities	14,605,094	3,039,239	881,903	2,932,432	(7,950,918)	13,507,750	8,213,975	11,509,684	(7,492,387)	284,501,411
Net assets:										
Without donor restrictions	17,350,610	7,199,964	(483,327)	(1,640,996)	—	22,426,251	4,419,132	25,681,500	—	323,129,196
With donor restrictions	268,981	4,015,052	—	—	—	4,284,033	1,523,505	7,235,298	—	35,932,727
Total net assets (deficit)	17,619,591	11,215,016	(483,327)	(1,640,996)	—	26,710,284	5,942,637	32,916,798	—	359,061,923
Total liabilities and net assets	\$ 32,224,685	14,254,255	398,576	1,291,436	(7,950,918)	40,218,034	14,156,612	44,426,482	(7,492,387)	643,563,334

See accompanying independent auditors' report.

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidating Statement of Operations Information

Year ended June 30, 2020

	Obligated Group						Sheppard Pratt Properties, LLC	Eliminations	Subtotal
	Sheppard Pratt Health System, Inc.	Sheppard Pratt Physicians, P.A.	Sheppard Pratt Investment, Inc.	Sheppard and Enoch Pratt Foundation, Inc.	Obligated Group combining eliminations	Combined Obligated Group subtotal			
Revenues, gains, and other support:									
Patient service revenue (net of allowances and discounts)	\$ 133,348,305	13,002,156	—	—	—	146,350,461	—	—	146,350,461
Residential and educational service revenue (net of allowances)	84,467,714	9,980	—	—	—	84,477,694	—	—	84,477,694
Total net service revenue	217,816,019	13,012,136	—	—	—	230,828,155	—	—	230,828,155
Net assets released from restrictions used for operations	369,965	—	—	—	—	369,965	—	—	369,965
Other revenue	15,357,447	15,362,551	—	55,912	(13,063,525)	17,712,385	445,942	—	18,158,327
Total revenues, gains, and other support	233,543,431	28,374,687	—	55,912	(13,063,525)	248,910,505	445,942	—	249,356,447
Expenses:									
Salaries and wages	122,939,811	27,176,944	—	—	—	150,116,755	—	—	150,116,755
Employee benefits	25,857,231	3,668,338	—	—	—	29,525,569	—	—	29,525,569
Expendable supplies	11,846,783	—	—	—	—	11,846,783	74,779	—	11,921,562
Purchased services	42,735,288	6,911,166	—	3,465	(13,202,542)	36,447,377	95,467	—	36,542,844
Interest	2,653,231	—	—	—	—	2,653,231	—	—	2,653,231
Repairs and minor alterations	7,761,113	—	—	—	—	7,761,113	58,298	—	7,819,411
Depreciation and amortization	15,479,505	—	—	—	—	15,479,505	526,164	—	16,005,669
Impairment of assets	3,551,466	—	—	—	—	3,551,466	—	—	3,551,466
Total expenses	232,824,428	37,756,448	—	3,465	(13,202,542)	257,381,799	754,708	—	258,136,507
Operating income (loss)	719,003	(9,381,761)	—	52,447	139,017	(8,471,294)	(308,766)	—	(8,780,060)
Other income (expense):									
Investment income	323,432	—	1,429,537	—	(139,017)	1,613,952	—	—	1,613,952
Realized gain on investments, net	25,093	—	97,152	—	—	122,245	—	—	122,245
Change in unrealized loss on investments, net	(1,136,982)	—	(1,842,976)	—	—	(2,979,958)	—	—	(2,979,958)
Other	1,380,132	322,574	(1,467,708)	—	(653,095)	(418,097)	—	—	(418,097)
Total other income (expense)	591,675	322,574	(1,783,995)	—	(792,112)	(1,661,858)	—	—	(1,661,858)
Excess (deficiency) of revenues over expenses	1,310,678	(9,059,187)	(1,783,995)	52,447	(653,095)	(10,133,152)	(308,766)	—	(10,441,918)
Other changes in net assets:									
Net assets released from restrictions used for purchases of property and equipment	831,683	—	—	—	—	831,683	—	—	831,683
Transfer (to) from affiliates	(7,492,570)	12,587,592	(5,095,022)	—	—	—	—	—	—
Pension liability adjustment	(4,269,717)	—	—	—	—	(4,269,717)	—	—	(4,269,717)
Capital grants	81,261	—	—	—	—	81,261	—	—	81,261
Increase (decrease) in net assets without donor restrictions	\$ (9,538,665)	3,528,405	(6,879,017)	52,447	(653,095)	(13,489,925)	(308,766)	—	(13,798,691)

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidating Statement of Operations Information

Year ended June 30, 2020

	<u>Mosaic Community Services, Inc.</u>									
	<u>Mosaic Community Services, Inc.</u>	<u>Alliance</u>	<u>DuCHoDo</u>	<u>ReCHoDo</u>	<u>Eliminations</u>	<u>Total Mosaic Community Services, Inc.</u>	<u>Family Services Inc.</u>	<u>Way Station, Inc.</u>	<u>Consolidating eliminations</u>	<u>Consolidated totals</u>
Revenues, gains, and other support:										
Patient service revenue (net of allowances and discounts)	\$ —	—	—	—	—	—	—	—	—	146,350,461
Residential and educational service revenue (net of allowances)	36,277,108	—	—	—	—	36,277,108	12,548,536	29,395,743	—	162,699,081
Total net service revenue	36,277,108	—	—	—	—	36,277,108	12,548,536	29,395,743	—	309,049,542
Net assets released from restrictions used for operations	11,602	—	—	—	—	11,602	73,437	3,295	—	458,299
Other revenue	9,978,907	20,363,564	116,101	307,862	(1,938,885)	28,827,549	13,139,045	6,943,993	(2,331,518)	64,737,396
Total revenues, gains, and other support	46,267,617	20,363,564	116,101	307,862	(1,938,885)	65,116,259	25,761,018	36,343,031	(2,331,518)	374,245,237
Expenses:										
Salaries and wages	24,708,954	12,424,700	56,354	145,334	(1,702,221)	35,633,121	14,748,294	23,481,000	—	223,979,170
Employee benefits	4,432,630	2,512,061	—	—	—	6,944,691	2,797,408	4,687,282	—	43,954,950
Expendable supplies	2,704,762	809,044	130	7,616	—	3,521,552	1,590,037	1,920,155	—	18,953,306
Purchased services	10,102,345	3,294,164	26,462	67,364	—	13,490,335	4,746,647	3,468,660	(2,331,083)	55,917,403
Interest	192,181	78	—	18,508	—	210,767	204,354	142,126	(435)	3,210,043
Repairs and minor alterations	1,651,688	145,891	23,223	69,586	(236,664)	1,653,724	493,824	873,235	—	10,840,194
Depreciation and amortization	2,229,371	107,453	32,554	96,411	—	2,465,789	728,048	1,251,042	—	20,450,548
Impairment of assets	(2,622)	—	—	—	—	(2,622)	(21,458)	4,197	—	3,531,583
Total expenses	46,019,309	19,293,391	138,723	404,819	(1,938,885)	63,917,357	25,287,154	35,827,697	(2,331,518)	380,837,197
Operating income (loss)	248,308	1,070,173	(22,622)	(96,957)	—	1,198,902	473,864	515,334	—	(6,591,960)
Other income (expense):										
Investment income	102,477	—	—	—	—	102,477	140	168,689	—	1,885,258
Realized gain on investments, net	—	—	—	—	—	—	—	4,658	—	126,903
Change in unrealized gain (loss) on investments, net	133,719	—	—	—	—	133,719	—	(215,280)	—	(3,061,519)
Other	94,468	—	—	—	—	94,468	(147,443)	—	—	(471,072)
Total other income (expense)	330,664	—	—	—	—	330,664	(147,303)	(41,933)	—	(1,520,430)
Excess (deficiency) of revenues over expenses	578,972	1,070,173	(22,622)	(96,957)	—	1,529,566	326,561	473,401	—	(8,112,390)
Other changes in net assets:										
Net assets released from restrictions used for purchases of property and equipment	1,297	—	—	—	—	1,297	—	162,252	—	995,232
Transfer (to) from affiliates	—	—	—	—	—	—	—	—	—	—
Pension liability adjustment	—	—	—	—	—	—	—	—	—	(4,269,717)
Capital grants	97,100	—	—	—	—	97,100	—	10,525	—	188,886
Increase (decrease) in net assets without donor restrictions	\$ 677,369	1,070,173	(22,622)	(96,957)	—	1,627,963	326,561	646,178	—	(11,197,989)

See accompanying independent auditors' report.

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidating Statement of Changes in Net Assets Information

Year ended June 30, 2020

	<u>Obligated Group</u>						<u>Sheppard Pratt Properties, LLC</u>	<u>Eliminations</u>	<u>Subtotal</u>
	<u>Sheppard Pratt Health System, Inc.</u>	<u>Sheppard Pratt Physicians, P.A.</u>	<u>Sheppard Pratt Investment, Inc.</u>	<u>Sheppard and Enoch Pratt Foundation, Inc.</u>	<u>Obligated Group combining eliminations</u>	<u>Combined Obligated Group subtotal</u>			
Net assets without donor restrictions:									
Excess (deficiency) of revenues over expenses	\$ 1,310,678	(9,059,187)	(1,783,995)	52,447	(653,095)	(10,133,152)	(308,766)	—	(10,441,918)
Other changes in net assets:									
Net assets released from restrictions used for purchases of property and equipment	831,683	—	—	—	—	831,683	—	—	831,683
Transfer (to) from affiliates	(7,492,570)	12,587,592	(5,095,022)	—	—	—	—	—	—
Pension liability adjustment	(4,269,717)	—	—	—	—	(4,269,717)	—	—	(4,269,717)
Capital grants and other	81,261	—	—	—	—	81,261	—	—	81,261
Increase (decrease) in net assets without donor restrictions	(9,538,665)	3,528,405	(6,879,017)	52,447	(653,095)	(13,489,925)	(308,766)	—	(13,798,691)
Net assets with donor restrictions:									
Gifts and grants	—	—	—	9,745,045	—	9,745,045	—	—	9,745,045
Investment income	—	—	—	56,643	—	56,643	—	—	56,643
Net realized gain on investments	—	—	—	4,128	—	4,128	—	—	4,128
Net unrealized loss on investments	—	—	—	(191,016)	—	(191,016)	—	—	(191,016)
Interest in net assets of Foundation	8,411,598	—	—	—	(8,411,598)	—	—	—	—
Transfer (to) from affiliates	1,201,648	—	—	(1,201,648)	—	—	—	—	—
Net assets released from restrictions for operations	(369,965)	—	—	—	—	(369,965)	—	—	(369,965)
Net assets released from restrictions for purchases of property and equipment	(831,683)	—	—	—	—	(831,683)	—	—	(831,683)
Net assets with donor restrictions from acquisition	—	—	—	—	—	—	—	—	—
Increase (decrease) in net assets with donor restrictions	8,411,598	—	—	8,413,152	(8,411,598)	8,413,152	—	—	8,413,152
Increase (decrease) in net assets	(1,127,067)	3,528,405	(6,879,017)	8,465,599	(9,064,693)	(5,076,773)	(308,766)	—	(5,385,539)
Net assets (deficit), beginning of year	174,174,435	(8,985,805)	132,600,295	16,396,825	(14,144,833)	300,040,917	11,474,568	(12,637,742)	298,877,743
Net assets (deficit), end of year	\$ 173,047,368	(5,457,400)	125,721,278	24,862,424	(23,209,526)	294,964,144	11,165,802	(12,637,742)	293,492,204

**SHEPPARD AND ENOCH PRATT FOUNDATION, INC.
AND SUBSIDIARIES**

Consolidating Statement of Changes in Net Assets Information

Year ended June 30, 2020

	<u>Mosaic Community Services, Inc.</u>									
	<u>Mosaic Community Services, Inc.</u>	<u>Alliance</u>	<u>DuCHoDo</u>	<u>ReCHoDo</u>	<u>Eliminations</u>	<u>Total Mosaic Community Services, Inc.</u>	<u>Family Services Inc.</u>	<u>Way Station, Inc.</u>	<u>Consolidating eliminations</u>	<u>Consolidated totals</u>
Net assets without donor restrictions:										
Excess of revenues over expenses	\$ 578,972	1,070,173	(22,622)	(96,957)	—	1,529,566	326,561	473,401	—	(8,112,390)
Other changes in net assets:										
Net assets released from restrictions used for purchases of property and equipment	1,297	—	—	—	—	1,297	—	162,252	—	995,232
Transfer (to) from affiliates	—	—	—	—	—	—	—	—	—	—
Pension liability adjustment	—	—	—	—	—	—	—	—	—	(4,269,717)
Capital grants and other	97,100	—	—	—	—	97,100	—	10,525	—	188,886
Increase (decrease) in net assets without donor restrictions	<u>677,369</u>	<u>1,070,173</u>	<u>(22,622)</u>	<u>(96,957)</u>	<u>—</u>	<u>1,627,963</u>	<u>326,561</u>	<u>646,178</u>	<u>—</u>	<u>(11,197,989)</u>
Net assets with donor restrictions:										
Gifts and grants	10,218	4,693	—	—	—	14,911	—	700	—	9,760,656
Investment income	—	—	—	—	—	—	—	—	—	56,643
Net realized gain on investments	—	—	—	—	—	—	—	—	—	4,128
Net unrealized gain (loss) on investments	11,602	—	—	—	—	11,602	—	—	—	(179,414)
Interest in net assets of Foundation	—	—	—	—	—	—	—	—	—	—
Transfer (to) from affiliates	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions for operations	(11,602)	—	—	—	—	(11,602)	(73,437)	(3,295)	—	(458,299)
Net assets released from restrictions for purchases of property and equipment	(1,297)	—	—	—	—	(1,297)	—	(162,252)	—	(995,232)
Net assets with donor restrictions from acquisition	—	—	—	—	—	—	50,000	—	—	50,000
Increase (decrease) in net assets with donor restrictions	<u>8,921</u>	<u>4,693</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,614</u>	<u>(23,437)</u>	<u>(164,847)</u>	<u>—</u>	<u>8,238,482</u>
Increase (decrease) in net assets	<u>686,290</u>	<u>1,074,866</u>	<u>(22,622)</u>	<u>(96,957)</u>	<u>—</u>	<u>1,641,577</u>	<u>303,124</u>	<u>481,331</u>	<u>—</u>	<u>(2,959,507)</u>
Net assets (deficit), beginning of year	<u>16,933,301</u>	<u>10,140,150</u>	<u>(460,705)</u>	<u>(1,544,039)</u>	<u>—</u>	<u>25,068,707</u>	<u>5,639,513</u>	<u>32,435,467</u>	<u>—</u>	<u>362,021,430</u>
Net assets (deficit), end of year	<u>\$ 17,619,591</u>	<u>11,215,016</u>	<u>(483,327)</u>	<u>(1,640,996)</u>	<u>—</u>	<u>26,710,284</u>	<u>5,942,637</u>	<u>32,916,798</u>	<u>—</u>	<u>359,061,923</u>

See accompanying independent auditors' report.