

# PUBLIC INSPECTION COPY

EXTENDED TO NOVEMBER 15, 2018

Form **990**

## Return of Organization Exempt From Income Tax

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

OMB No. 1545-0047

2017

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

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

<b>A</b> For the 2017 calendar year, or tax year beginning		and ending	
<b>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC. Doing business as		<b>D</b> Employer identification number  20-1486678
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 820 WEST DIAMOND AVE. 600		<b>E</b> Telephone number 301 315 3030
	City or town, state or province, country, and ZIP or foreign postal code GAITHERSBURG, MD 20878-1419		<b>G</b> Gross receipts \$ 55,789,040.
	<b>F</b> Name and address of principal officer: TERRY FORDE SAME AS C ABOVE		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
	<b>J</b> Website: WWW.ADVENTISTHEALTHCARE.COM		<b>H(c)</b> Group exemption number ▶
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation: 2004	<b>M</b> State of legal domicile: MD

Part I Summary				
<b>Activities &amp; Governance</b>	1	Briefly describe the organization's mission or most significant activities: TO OPERATE A REHABILITATION HOSPITAL AND OUTPATIENT SERVICES TO SERVE THE COMMUNITY IN MARYLAND.		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	5
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	2
	5	Total number of individuals employed in calendar year 2017 (Part V, line 2a)	5	0
	6	Total number of volunteers (estimate if necessary)	6	114
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
<b>Revenue</b>			<b>Prior Year</b>	<b>Current Year</b>
	8	Contributions and grants (Part VIII, line 1h)	186,896.	147,978.
	9	Program service revenue (Part VIII, line 2g)	45,941,867.	47,961,855.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	133,653.	371,625.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	-2,396.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	46,262,416.	48,479,062.
<b>Expenses</b>	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	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)	30,124,119.	31,131,318.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 223.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	13,501,190.	12,844,283.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	43,625,309.	43,975,601.	
19	Revenue less expenses. Subtract line 18 from line 12	2,637,107.	4,503,461.	
<b>Net Assets or Fund Balances</b>			<b>Beginning of Current Year</b>	<b>End of Year</b>
	20	Total assets (Part X, line 16)	31,760,004.	33,722,068.
	21	Total liabilities (Part X, line 26)	7,785,317.	8,163,256.
22	Net assets or fund balances. Subtract line 21 from line 20	23,974,687.	25,558,812.	

<b>Part II Signature Block</b>				
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.				
<b>Sign Here</b>	▶ Signature of officer	Date 12/06/18		
	▶ JAMES G. LEE, EXEC. VICE PRESIDENT & CFO Type or print name and title			
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no.		

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

**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:  
WE EXTEND GOD'S CARE THROUGH THE MINISTRY OF PHYSICAL, MENTAL AND  
SPIRITUAL HEALING.

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

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

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

**4a** (Code: ) (Expenses \$ 36,125,156. including grants of \$ ) (Revenue \$ 47,961,855. )  
ADVENTIST HEALTHCARE REHABILITATION "ADVENTIST REHABILITATION" (LEGALLY  
KNOWN AS ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.), IS THE  
FIRST AND ONLY ACUTE REHABILITATION HOSPITAL IN MONTGOMERY COUNTY, MD,  
THAT OFFERS COMPREHENSIVE REHABILITATION PROGRAMS FOR TRAUMATIC BRAIN  
INJURIES, SPINAL CORD INJURIES, STROKES, AMPUTATION, ORTHOPEDIC  
INJURIES AND SURGERIES, SPORTS-RELATED INJURIES, WORK-RELATED INJURIES,  
CARDIOPULMONARY CONDITIONS, AND NEUROLOGICAL DISORDERS.

WE BELIEVE THAT REHABILITATION IS ALL ABOUT HELPING OUR PATIENTS SET  
THEIR GOALS AND REACH THEM. EXPERT CARE TEAMS WORKING SIDE-BY-SIDE WITH  
PATIENTS, USING INNOVATIVE THERAPIES, STATE-OF-THE-ART EQUIPMENT AND  
GROUND-BREAKING TECHNOLOGY COMBINE TO OFFER NEW WAYS TO HEAL.

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

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

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

**4e** Total program service expenses **36,125,156.**

**Part IV Checklist of Required Schedules**

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

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

	Yes	No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> .....	X	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? .....	X	
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> .....		X
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> .....		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> .....	X	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> .....		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? .....		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i> .....		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> .....		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> .....		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> .....		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> .....	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....	X	
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		X
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> .....		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? .....	X	

**Note.** All Form 990 filers are required to complete Schedule O .....

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

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

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2a</b>	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		
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O		
<b>4a</b>	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>b</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).		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	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>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	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>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	X	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the sponsoring organization make any taxable distributions under section 4966?		
<b>b</b>	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>a</b>	Gross income from members or shareholders		
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
<b>b</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		
<b>c</b>	Enter the amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		X
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

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

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

**Section A. Governing Body and Management**

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

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

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

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed  NONE
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website  Another's website  Upon request  Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records:   
 JAMES G. LEE - 301 315 3030  
 820 WEST DIAMOND AVE., NO. 600, GAITHERSBURG, MD 20878-1419

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) GENE MILTON TRUSTEE; TERM ENDED 02/08/17	1.00	X						0.	0.	0.
(2) GENE COUNIHAN TRUSTEE; TERM ENDED 02/08/17	1.00	X						0.	0.	0.
(3) JOHN J. KENNEY, PH.D., M.B.A TRUSTEE	1.00	X						0.	0.	0.
(4) JOHN SACKETT CHAIR; EVP&COO,AHC &PRESIDENT, SGMC	3.00 52.00	X						0.	839,706.	173,628.
(5) BRENT REITZ SECRETARY;VP&ADMINISTRATOR,ARHM	40.00 15.00	X		X				0.	426,754.	89,822.
(6) ERIK WANGSNESS PRESIDENT, WAH	2.00 48.00	X						0.	626,650.	125,773.
(7) RAVI PASSI, M.D. TRUSTEE	1.00	X						0.	0.	0.
(8) ELIZABETH KOTROBA AVP, OPERATIONS	40.00				X			160,617.	0.	29,142.
(9) ANDRA HENNING DIRECTOR, INPATIENT THERAPY	40.00					X		130,347.	0.	24,563.
(10) GEORGE ROBERT GRANGE AVP, REHAB SERVICES	40.00					X		185,594.	0.	32,382.
(11) MARIA SAUNAR DIRECTOR, NURSING	40.00					X		142,571.	0.	33,198.
(12) VALERIE SUMMERLIN CHIEF NURSING OFFICER	40.00					X		219,395.	0.	13,952.
(13) MARTHA VELEZ DIRECTOR, FINANCE	45.00					X		141,141.	0.	21,887.

**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			
<b>1b Sub-total</b>							979,665.	1,893,110.	544,347.	
<b>c Total from continuation sheets to Part VII, Section A</b>							0.	0.	0.	
<b>d Total (add lines 1b and 1c)</b>							979,665.	1,893,110.	544,347.	

**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 22

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
<b>4</b> 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? If "Yes," complete Schedule J for such individual	X	
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		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
INTERSTATE CORPORATION, 508 PRUDENTIAL ROAD, SUITE 100, HORSHAM, PA 19044	PROFESSIONAL SERVICES	395,000.
ATSITE, INC 2021 L ST NW, WASHINGTON, DC 20036	REAL ESTATE SERVICES	391,996.
SODEXO, INC. PO BOX 536922, ATLANTA, GA 30353-6922	DIETARY AND PLANT OPS	257,120.
AVASURE LLC 5801 SAFETY DR NE, BELMONT, MI 49306	TECHNOLOGY SERVICES	153,990.
CROTHALL SERVICES GROUP 230 S BROAD ST, PHILADELPHIA, PA 19102	LAUNDRY SERVICES	103,167.
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization		5



**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	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns	<b>1a</b>						
	<b>b</b> Membership dues	<b>1b</b>						
	<b>c</b> Fundraising events	<b>1c</b>	11,515.					
	<b>d</b> Related organizations	<b>1d</b>						
	<b>e</b> Government grants (contributions)	<b>1e</b>	64,219.					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	72,244.					
	<b>g</b> Noncash contributions included in lines 1a-1f: \$							
	<b>h Total.</b> Add lines 1a-1f			147,978.				
	<b>Program Service Revenue</b>	<b>2 a</b> OCCUPATIONAL/SPEECH/PH	<b>Business Code</b>	900099	47,961,855.	47,961,855.		
<b>b</b>								
<b>c</b>								
<b>d</b>								
<b>e</b>								
<b>f</b> All other program service revenue								
<b>g Total.</b> Add lines 2a-2f				47,961,855.				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts)			223,027.			223,027.	
	<b>4</b> Income from investment of tax-exempt bond proceeds							
	<b>5</b> Royalties							
	<b>6 a</b> Gross rents	(i) Real	(ii) Personal					
		<b>b</b> Less: rental expenses						
		<b>c</b> Rental income or (loss)						
		<b>d</b> Net rental income or (loss)						
	<b>7 a</b> Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
		<b>b</b> Less: cost or other basis and sales expenses						
		<b>c</b> Gain or (loss)						
		<b>d</b> Net gain or (loss)			148,598.			148,598.
	<b>8 a</b> Gross income from fundraising events (not including \$ 11,515. of contributions reported on line 1c). See Part IV, line 18	<b>a</b>						
		<b>b</b> Less: direct expenses						
		<b>c</b> Net income or (loss) from fundraising events			-2,396.			-2,396.
	<b>9 a</b> Gross income from gaming activities. See Part IV, line 19	<b>a</b>						
<b>b</b> Less: direct expenses								
<b>c</b> Net income or (loss) from gaming activities								
<b>10 a</b> Gross sales of inventory, less returns and allowances	<b>a</b>							
	<b>b</b> Less: cost of goods sold							
	<b>c</b> Net income or (loss) from sales of inventory							
<b>Miscellaneous Revenue</b>			<b>Business Code</b>					
<b>11 a</b>								
	<b>b</b>							
	<b>c</b>							
	<b>d</b> All other revenue							
	<b>e Total.</b> Add lines 11a-11d							
<b>12 Total revenue.</b> See instructions.				48,479,062.	47,961,855.	0.	369,229.	

**Part IX Statement of Functional Expenses**

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22				
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees	189,759.		189,759.	
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
<b>7</b> Other salaries and wages	25,828,581.	23,648,866.	2,179,715.	
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	632,359.	625,989.	6,370.	
<b>9</b> Other employee benefits	2,502,922.	2,145,895.	357,027.	
<b>10</b> Payroll taxes	1,977,697.	1,726,972.	250,725.	
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management	15,609.		15,609.	
<b>b</b> Legal	31,616.		31,616.	
<b>c</b> Accounting				
<b>d</b> Lobbying				
<b>e</b> Professional fundraising services. See Part IV, line 17				
<b>f</b> Investment management fees	21,705.		21,705.	
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch. O.)	2,558,474.	2,165,808.	392,666.	
<b>12</b> Advertising and promotion	93,602.	17,609.	75,993.	
<b>13</b> Office expenses	2,653,630.	904,390.	1,749,017.	223.
<b>14</b> Information technology	2,642,420.	1,997,934.	644,486.	
<b>15</b> Royalties				
<b>16</b> Occupancy	1,654,512.	1,494,782.	159,730.	
<b>17</b> Travel	131,009.	103,555.	27,454.	
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b> Conferences, conventions, and meetings	82,279.	54,687.	27,592.	
<b>20</b> Interest				
<b>21</b> Payments to affiliates				
<b>22</b> Depreciation, depletion, and amortization	908,694.	873,574.	35,120.	
<b>23</b> Insurance	93,482.		93,482.	
<b>24</b> Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
<b>a</b> COST ALLOC. FROM PARENT	1,417,193.		1,417,193.	
<b>b</b> MEDICAL SUPPLIES	533,385.	360,033.	173,352.	
<b>c</b> RECRUITING	6,673.	5,062.	1,611.	
<b>d</b> _____				
<b>e</b> All other expenses _____				
<b>25</b> Total functional expenses. Add lines 1 through 24e	43,975,601.	36,125,156.	7,850,222.	223.
<b>26</b> Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)

**Part X Balance Sheet**

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	288,940.	<b>1</b>	249,652.
	<b>2</b> Savings and temporary cash investments .....	15,336,168.	<b>2</b>	16,893,683.
	<b>3</b> Pledges and grants receivable, net .....	24,560.	<b>3</b>	17,358.
	<b>4</b> Accounts receivable, net .....	4,937,850.	<b>4</b>	4,576,213.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L .....		<b>6</b>	
	<b>7</b> Notes and loans receivable, net .....	105,202.	<b>7</b>	138,804.
	<b>8</b> Inventories for sale or use .....	78,202.	<b>8</b>	93,906.
	<b>9</b> Prepaid expenses and deferred charges .....	142,795.	<b>9</b>	120,342.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 20,720,068.		
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 10,420,482.		
	<b>11</b> Investments - publicly traded securities .....	9,492,822.	<b>10c</b>	10,299,586.
	<b>12</b> Investments - other securities. See Part IV, line 11 .....	443,579.	<b>11</b>	444,028.
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		<b>12</b>	
	<b>14</b> Intangible assets .....	877,706.	<b>13</b>	
	<b>15</b> Other assets. See Part IV, line 11 .....	32,180.	<b>14</b>	845,496.
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	31,760,004.	<b>15</b>	43,000.	
		<b>16</b>	33,722,068.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	3,283,137.	<b>17</b>	3,815,402.
	<b>18</b> Grants payable .....		<b>18</b>	
	<b>19</b> Deferred revenue .....		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities .....		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	4,502,180.	<b>25</b>	4,347,854.
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 .....	7,785,317.	<b>26</b>	8,163,256.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	24,184,556.	<b>27</b>	25,556,679.
	<b>28</b> Temporarily restricted net assets .....	-209,869.	<b>28</b>	2,133.
	<b>29</b> Permanently restricted net assets .....		<b>29</b>	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		<b>32</b>	
<b>33</b> Total net assets or fund balances .....	23,974,687.	<b>33</b>	25,558,812.	
<b>34</b> Total liabilities and net assets/fund balances .....	31,760,004.	<b>34</b>	33,722,068.	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	48,479,062.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	43,975,601.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	4,503,461.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	23,974,687.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	58,735.
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	-2,978,071.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	25,558,812.

**Part XII Financial Statements and Reporting**

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

	Yes	No
<b>1</b> 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.		
<b>2a</b> 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		X
<b>b</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	X	
<b>c</b> If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
<b>3a</b> 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? _____	X	
<b>b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____	X	

Form **990** (2017)

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

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
▶ Attach to Form 990 or Form 990-EZ.

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

OMB No. 1545-0047

**2017**

Open to Public Inspection

<b>Name of the organization</b>	ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	<b>Employer identification number</b>	20-1486678
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

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

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

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

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on ...						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						<input type="checkbox"/>

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

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

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

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

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

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

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

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

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

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

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

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

**Part IV Supporting Organizations**

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

**Section A. All Supporting Organizations**

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



**Part IV Supporting Organizations** (continued)

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

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? 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.		
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? 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.		
<b>1</b>		
<b>2</b>		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? 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).		
<b>1</b>		

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

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

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

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

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

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

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

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

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

Schedule A (Form 990 or 990-EZ) 2017

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

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

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

Schedule A (Form 990 or 990-EZ) 2017

**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.)

Multiple horizontal lines for supplemental information.

**Schedule B**

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

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

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

OMB No. 1545-0047

**2017**

Name of the organization

ADVENTIST REHABILITATION HOSPITAL OF  
MARYLAND, INC.

Employer identification number

20-1486678

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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

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

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

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

501(c)(3) taxable private foundation

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

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

**General Rule**

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

**Special Rules**

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000; or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

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

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

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

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

<b>Name of organization</b> ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	<b>Employer identification number</b> 20-1486678
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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	_____ _____ _____	\$ 64,219.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	_____ _____ _____	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

<b>Name of organization</b> ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	<b>Employer identification number</b> 20-1486678
--	---

**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
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____

<b>Name of organization</b> ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	<b>Employer identification number</b> 20-1486678
---	---

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

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



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

OMB No. 1545-0047

**2017**

**Open to Public Inspection**

**Name of the organization** ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC. **Employer identification number** 20-1486678

**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 (e.g., 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 .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included in (a) .....	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register .....	2d

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

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

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

Yes  No

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

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

8 Does each conservation easement reported on line 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 SFAS 116 (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 SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

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

▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

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

Schedule D (Form 990) 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

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

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

**Part VI Land, Buildings, and Equipment.**

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		13,210,375.	6,431,125.	6,779,250.
c Leasehold improvements		361,804.	190,033.	171,771.
d Equipment		4,999,900.	2,643,415.	2,356,485.
e Other		2,147,989.	1,155,909.	992,080.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				10,299,586.

**Part VII Investments - Other Securities.**

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

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

**Part VIII Investments - Program Related.**

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

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

**Part IX Other Assets.**

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

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

**Part X Other Liabilities.**

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) DUE TO PARENT ORGANIZATION	4,347,854.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	4,347,854.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

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

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

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

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

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

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

**Part XIII Supplemental Information.**

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

PART X, LINE 2:

FIN 48 NOTES:

THE CORPORATION ACCOUNTS FOR UNCERTAINTY IN INCOME TAXES USING A  
RECOGNITION THRESHOLD OF MORE-LIKELY-THAN-NOT TO BE SUSTAINED UPON  
EXAMINATION BY THE APPROPRIATE TAXING AUTHORITY. MEASUREMENT OF THE TAX  
UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD IS MET. MANAGEMENT  
DETERMINED THERE WERE NO TAX UNCERTAINTIES THAT MET THE RECOGNITION  
THRESHOLD IN 2017 OR 2016.

THE CORPORATION'S POLICY IS TO RECOGNIZE INTEREST RELATED TO UNRECOGNIZED  
TAX BENEFITS IN INTEREST EXPENSE AND PENALTIES IN OPERATING EXPENSES.

**Part XIII** Supplemental Information (continued)

Multiple horizontal lines for supplemental information.

**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2017**

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

<b>Name of the organization</b> ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	<b>Employer identification number</b> 20-1486678
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**Part I Financial Assistance and Certain Other Community Benefits at Cost**

		Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .....	<b>1a</b>	X	
<b>b</b> If "Yes," was it a written policy? .....	<b>1b</b>	X	
<b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
<b>3</b> Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.			
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: .....	<b>3a</b>	X	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %			
<b>b</b> Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: .....	<b>3b</b>	X	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 600 %			
<b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.			
<b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	<b>4</b>	X	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? .....	<b>5a</b>	X	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? .....	<b>5b</b>		X
<b>c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? .....	<b>5c</b>		
<b>6a</b> Did the organization prepare a community benefit report during the tax year? .....	<b>6a</b>	X	
<b>b</b> If "Yes," did the organization make it available to the public? .....	<b>6b</b>	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
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1) .....			149,387.		149,387.	.34%
<b>b</b> Medicaid (from Worksheet 3, column a) .....						
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) .....						
<b>d Total</b> Financial Assistance and Means-Tested Government Programs .....			149,387.		149,387.	.34%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) .....			1,523,916.	193,217.	1,330,699.	3.03%
<b>f</b> Health professions education (from Worksheet 5) .....			630,059.	1,120.	628,939.	1.43%
<b>g</b> Subsidized health services (from Worksheet 6) .....			245,109.		245,109.	.56%
<b>h</b> Research (from Worksheet 7) .....			34,499.		34,499.	.08%
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) .....						
<b>j Total.</b> Other Benefits .....			2,433,583.	194,337.	2,239,246.	5.10%
<b>k Total.</b> Add lines 7d and 7j .....			2,582,970.	194,337.	2,388,633.	5.44%

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

	(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
<b>1</b> Physical improvements and housing			5,643.		5,643.	.01%
<b>2</b> Economic development						
<b>3</b> Community support			26,845.		26,845.	.06%
<b>4</b> Environmental improvements						
<b>5</b> Leadership development and training for community members						
<b>6</b> Coalition building			12,345.		12,345.	.03%
<b>7</b> Community health improvement advocacy			122,366.		122,366.	.28%
<b>8</b> Workforce development						
<b>9</b> Other						
<b>10 Total</b>			167,199.		167,199.	.38%

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
<b>1</b> Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		X	
<b>2</b> Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	294,381.		
<b>3</b> 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			
<b>4</b> Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

**Section B. Medicare**

<b>5</b> Enter total revenue received from Medicare (including DSH and IME)	24,412,699.
<b>6</b> Enter Medicare allowable costs of care relating to payments on line 5	24,467,387.
<b>7</b> Subtract line 6 from line 5. This is the surplus (or shortfall)	-54,688.
<b>8</b> Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="checked" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other	

**Section C. Collection Practices**

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

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

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

**Part V Facility Information**

Section A. Hospital Facilities

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

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

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

1 ADVENTIST REHABILITATION HOSP OF MD  
9909 MEDICAL CENTER DRIVE  
ROCKVILLE, MD 20850  
SEE PART VI FOR WEBSITE  
15-077

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								REHAB HOSPITAL	



**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 ADVENTIST REHABILITATION HOSPITAL OF MD

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

		Yes	No
<b>Community Health Needs Assessment</b>			
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year? .....	1		x
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C .....	2		x
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 .....	3	x	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility			
b <input checked="" type="checkbox"/> Demographics of the community			
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d <input checked="" type="checkbox"/> How data was obtained			
e <input checked="" type="checkbox"/> The significant health needs of the community			
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs			
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests			
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)			
j <input type="checkbox"/> Other (describe in Section C)			
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>16</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 URL ON SECTION C</u>			
b <input type="checkbox"/> Other website (list url): _____			
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility			
d <input checked="" type="checkbox"/> Other (describe in Section C)			
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 .....	8	x	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>17</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 URL ON 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 ADVENTIST REHABILITATION HOSPITAL OF MD

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
<b>13</b>	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? .....	X	
If "Yes," indicate the eligibility criteria explained in the FAP:			
<b>a</b>	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>600</u> %		
<b>b</b>	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
<b>c</b>	<input type="checkbox"/> Asset level		
<b>d</b>	<input type="checkbox"/> Medical indigency		
<b>e</b>	<input type="checkbox"/> Insurance status		
<b>f</b>	<input type="checkbox"/> Underinsurance status		
<b>g</b>	<input type="checkbox"/> Residency		
<b>h</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>14</b>	Explained the basis for calculating amounts charged to patients? .....	X	
<b>15</b>	Explained the method for applying for financial assistance? .....	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
<b>a</b>	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
<b>b</b>	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
<b>c</b>	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
<b>d</b>	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
<b>e</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>16</b>	Was widely publicized within the community served by the hospital facility? .....	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
<b>a</b>	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE URLS ON SECTION C</u>		
<b>b</b>	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE URLS ON SECTION C</u>		
<b>c</b>	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE URLS ON SECTION C</u>		
<b>d</b>	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>e</b>	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>f</b>	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>g</b>	<input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
<b>h</b>	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
<b>i</b>	<input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
<b>j</b>	<input checked="" type="checkbox"/> Other (describe in Section C)		

Schedule H (Form 990) 2017

**Part V Facility Information** (continued)

**Billing and Collections**

Name of hospital facility or letter of facility reporting group ADVENTIST REHABILITATION HOSPITAL OF MD

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

**Policy Relating to Emergency Medical Care**

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

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

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

Name of hospital facility or letter of facility reporting group ADVENTIST REHABILITATION HOSPITAL OF MD

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

Schedule H (Form 990) 2017

**Part V Facility Information** (continued)

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

ADVENTIST REHABILITATION HOSPITAL OF MD:

PART V, SECTION B, LINE 5: THE FOLLOWING NARRATIVE IS BASED ON THE LAST

CONDUCTED CHNA IN 2016:

THROUGHOUT THE COMPLETION OF THE 2017-2019 COMMUNITY HEALTH NEEDS

ASSESSMENT, INPUT FROM THE COMMUNITY WAS SOLICITED FROM MULTIPLE SOURCES.

(1) HEALTHY MONTGOMERY: ADVENTIST HEALTHCARE, IN ADDITION TO THE OTHER

MONTGOMERY COUNTY HOSPITALS, COLLABORATES WITH HEALTHY MONTGOMERY, WHICH

SERVES AS THE LOCAL HEALTH IMPROVEMENT COALITION IN MONTGOMERY COUNTY.

HEALTHY MONTGOMERY WORKS TO BRING TOGETHER THE COUNTY GOVERNMENT, HOSPITAL

SYSTEMS, MINORITY HEALTH PROGRAMS, ADVOCACY GROUPS, ACADEMIC INSTITUTIONS,

AND OTHER COMMUNITY BASED STAKEHOLDERS TO ACHIEVE OPTIMAL HEALTH AND

WELL-BEING FOR ALL COUNTY RESIDENTS. THE GROUP WORKS TO SET A HEALTH

PRIORITY AGENDA AS WELL AS AN ACTION PLAN TO ADDRESS THE PRIORITIZED

NEEDS. IN DOING SO, THE GROUP HAS ESTABLISHED A CORE MEASURE SET FOR THE

TOP PRIORITY AREAS AS WELL AS A COMMUNITY HEALTH DASHBOARD FOR THE COUNTY.

THE DASHBOARD ENCOMPASSES INDICATORS THAT SPAN PHYSICAL AND MENTAL HEALTH,

HEALTH BEHAVIORS, AND SOCIAL DETERMINANTS.

ADVENTIST HEALTHCARE CONTRIBUTES ANNUALLY TO SUPPORT THE INFRASTRUCTURE OF

HEALTHY MONTGOMERY. IN ADDITION TO PROVIDING FINANCIAL SUPPORT,

REPRESENTATIVES FROM ADVENTIST HEALTHCARE PLAY AN ACTIVE ROLE THROUGH

REPRESENTATION ON MULTIPLE COMMITTEES AND PLANNING GROUPS INCLUDING THE

HEALTHY MONTGOMERY STEERING COMMITTEE WHICH SETS THE DIRECTION FOR THE

GROUP. REPRESENTATIVES FROM AHC HAVE ALSO PLAYED ROLES IN THE DATA PROJECT

SUBCOMMITTEE, BEHAVIORAL HEALTH WORK GROUP, AND COMMUNITY HEALTH NEEDS

ASSESSMENT COMMITTEE.

IN COMPLETING THIS COMMUNITY HEALTH NEEDS ASSESSMENT, REHAB UTILIZED THE

**Part V Facility Information** (continued)

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

HEALTHY MONTGOMERY PRIORITY AREAS NOT ONLY AS A STARTING POINT FOR

IDENTIFYING THE NEEDS IN THE COMMUNITY BUT ALSO AS A FACTOR FOR

CONSIDERATION WHEN COMPLETING THE PRIORITIZATION PROCESS. THE HEALTHY

MONTGOMERY COMMUNITY CONVERSATIONS, WHICH PROVIDED INPUT FROM MINORITY,

UNDERSERVED AND HARD TO REACH POPULATIONS, WERE ALSO UTILIZED AS A

SUPPLEMENT TO THE PRIMARY SURVEY DATA THAT WAS COLLECTED BY REHAB, AS

DESCRIBED IN THE PREVIOUS SECTION.

(2) DIRECT INPUT FROM THE COMMUNITY: FROM JUNE-NOVEMBER OF 2015, A

19-ITEM SURVEY WAS ADMINISTERED IN THE COMMUNITY TO GARNER INPUT ON THE

NEEDS, STRENGTHS, AND RESOURCES IN THE COMMUNITY. THE SURVEY CONSISTED OF

THREE PARTS INCLUDING HEALTH STATUS AND ACCESS TO CARE, COMMUNITY HEALTH

NEEDS AND STRENGTHS, AND DEMOGRAPHICS. A TOTAL OF 1,185 RESPONSES WERE

RECEIVED AND ANALYZED. THE HEALTHY MONTGOMERY COMMUNITY CONVERSATIONS,

WHICH PROVIDED INPUT FROM MINORITY, UNDERSERVED AND HARD TO REACH

POPULATIONS, WERE ALSO UTILIZED AS A SUPPLEMENT TO THE PRIMARY SURVEY DATA

THAT WAS COLLECTED BY REHAB. THE COMMUNITY CONVERSATIONS CONSISTED OF 15

FOCUS GROUPS:

YOUTH; SENIORS; PEOPLE WITH DISABILITIES; HOMELESS MEN; HOMELESS WOMEN;

LATINO COMMUNITY (TOOK PLACE IN SPANISH); KOREAN COMMUNITY (TOOK PLACE IN

KOREAN); CHINESE COMMUNITY (TOOK PLACE IN MANDARIN); VIETNAMESE COMMUNITY

(TOOK PLACE IN VIETNAMESE); ASIAN AMERICAN HEALTH INITIATIVE; AFRICAN

AMERICAN HEALTH PROGRAM, AFRICAN ADVISORY GROUP, AND CARIBBEAN ADVISORY;

FAITH COMMUNITY; GENERAL PUBLIC: EAST COUNTY; GENERAL PUBLIC: SOUTH

COUNTY; GENERAL PUBLIC: UP COUNTY.

A DETAILED OVERVIEW OF THE METHODS USED TO CONDUCT THE SURVEY AND COMPLETE

THE PRIMARY DATA ANALYSIS IS DESCRIBED ABOVE AND THE RESULTS OF THE

**Part V Facility Information** (continued)

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

ANALYSIS CAN BE FOUND IN SECTION IV, PART A: PRIMARY DATA FINDINGS.

3) CENTER FOR HEALTH EQUITY AND WELLNESS ADVISORY BOARD:

THE CENTER FOR HEALTH EQUITY AND WELLNESS ADVISORY BOARD IS COMPRISED OF

STAKEHOLDERS WHO REPRESENT AND ARE ABLE TO SPEAK TO THE NEEDS OF THE

COMMUNITY INCLUDING MINORITY AND UNDERSERVED POPULATIONS. THE BOARD WAS

CONVENED TO HELP GUIDE EFFORTS TO REDUCE AND ELIMINATE HEALTH DISPARITIES,

IDENTIFY COMMUNITY NEEDS, AND TO HELP ASSESS AND DIRECT OUR RESPONSE TO

THOSE NEEDS.

THE BOARD WAS CONSULTED AT MULTIPLE POINTS THROUGHOUT THE COMPLETION OF

THE COMMUNITY HEALTH NEEDS ASSESSMENT: > APRIL 2015: A DRAFT OF THE

COMMUNITY SURVEY WAS SENT TO THE BOARD FOR INPUT. > MAY 2015: A PROGRESS

UPDATE ON THE 2014-2016 IMPLEMENTATION STRATEGY WAS PROVIDED TO THE BOARD

AT WHICH TIME THEY WERE ABLE TO PROVIDE INPUT ON THE STRATEGIES

IMPLEMENTED AND RECOMMENDATIONS FOR FUTURE DIRECTIONS. > OCTOBER 2015: A

TIMELINE AND FRAMEWORK FOR THE 2017-2019 COMMUNITY HEALTH NEEDS ASSESSMENT

WAS PRESENTED FOR INPUT. > MAY 2016: A DETAILED PRESENTATION WAS

DELIVERED OUTLINING THE INITIAL FINDINGS FROM THE PRIMARY DATA ANALYSIS AS

WELL AS THE METHODOLOGY FOR THE OVERALL COMMUNITY HEALTH NEEDS ASSESSMENT

REPORT. THE BOARD PROVIDED INPUT ON THE HEALTH NEEDS AND BARRIERS THEY

VIEWED AS MOST SIGNIFICANT FOR THE MINORITY AND UNDERSERVED POPULATIONS IN

THE COMMUNITY.

THE MEMBERS OF THE 2015-2017 CENTER FOR HEALTH EQUITY AND WELLNESS

ADVISORY BOARD REPRESENT A DIVERSE GROUP OF STAKEHOLDERS AND POPULATIONS

IN THE COMMUNITY AND PROVIDE A WEALTH OF EXPERTISE IN THE HEALTH AND

WELLNESS FIELD. ADVISORY BOARD MEMBERS INCLUDE:

> CAROL GARVEY, MD, PRINCIPAL, GARVEY AND ASSOCIATES;

> CAROLE WORKING, PRINCIPAL, QUINCE ORCHARD HIGH SCHOOL;

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

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

> CHRISTOPHER KING, PHD, DIRECTOR, EXPERIENTIAL LEARNING, GEORGETOWN

UNIVERSITY;

> DANIEL COCHRAN, CFO, SHADY GROVE MEDICAL CENTER;

> HANNAH MACK, LEARNING AND INNOVATION MANAGER, COOK ROSS;

> JO CIMINO, DIRECTOR, CASE MANAGEMENT, ADVENTIST HEALTHCARE;

> JOAN VINCENT, CHIEF NURSING OFFICER, SHADY GROVE MEDICAL CENTER;

> KATHERINE BARMER, DIRECTOR, POPULATION HEALTH MANAGEMENT, ADVENTIST

HEALTHCARE;

> KEVIN SMOTHERS, MD, CHIEF MEDICAL OFFICER, SHADY GROVE MEDICAL CENTER;

> LESLIE GRAHAM, PRESIDENT AND CEO, PRIMARY CARE COALITION;

> LOIS WESSEL, CFNP, ASSOCIATION OF CLINICIANS FOR THE UNDERSERVED;

> MARK RULLE, EDD, PRESIDENT, MARYLAND HEALTHCARE EDUCATION INSTITUTE,

MARYLAND HOSPITAL ASSOCIATION;

> OLIVIA CARTER-POKRAS, PHD, PROFESSOR, UNIVERSITY OF MARYLAND SCHOOL OF

PUBLIC HEALTH;

> PERRY CHAN, MS, PROGRAM MANAGER, ASIAN AMERICAN HEALTH INITIATIVE;

> SONIA MORA, MPH, PROGRAM MANAGER, LATINO HEALTH INITIATIVE;

> STEPHEN B. THOMAS, PHD, DIRECTOR, MARYLAND CENTER FOR HEALTH EQUITY;

> SUSAN GLOVER, SR. VP QUALITY, ADVENTIST HEALTHCARE;

> UMA AHLUWALIA, DIRECTOR, MONTGOMERY COUNTY DEPARTMENT OF HEALTH AND

HUMAN SERVICES;

> HEATHER ROSS, MHS, PROGRAM MANAGER, AFRICAN AMERICAN HEALTH PROGRAM.

ADVENTIST REHABILITATION HOSPITAL OF MD:

PART V, SECTION B, LINE 7D: A HARD COPY OF THE CHNA IS ALSO AVAILABLE

UPON REQUEST FROM THE ADVENTIST HEALTHCARE SUPPORT CENTER (CORPORATE



**Part V Facility Information** (continued)

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

OFFICE) WHICH IS LOCATED AT:

820 WEST DIAMOND AVENUE 4TH FLOOR, GAITHERSBURG, MD 20878

PART V, SECTION B, LINE 7A: THE CHNA REPORT CAN BE FOUND ON EITHER ONE OF

THESE URLS:

[HTTP://WWW.ADVENTISTHEALTHCARE.COM/APP/FILES/PUBLIC/3951/2017-CHNA-PHR.PDF](http://WWW.ADVENTISTHEALTHCARE.COM/APP/FILES/PUBLIC/3951/2017-CHNA-PHR.PDF)

,OR,

[HTTP://WWW.ADVENTISTHEALTHCARE.COM/ABOUT/COMMUNITY/HEALTH-NEEDS-ASSESSMENT](http://WWW.ADVENTISTHEALTHCARE.COM/ABOUT/COMMUNITY/HEALTH-NEEDS-ASSESSMENT)

/#OTHER-ENTITIES

PART V, SECTION B, LINE 10A: THE IMPLEMENTATION STRATEGY IS FOUND ON THIS

URL: [WWW.ADVENTISTHEALTHCARE.COM/APP/FILES/PUBLIC/4201/2017-CHNA-PHR-](http://WWW.ADVENTISTHEALTHCARE.COM/APP/FILES/PUBLIC/4201/2017-CHNA-PHR-IMPLEMENTATIONSTRATEGY.PDF)

[IMPLEMENTATIONSTRATEGY.PDF](http://WWW.ADVENTISTHEALTHCARE.COM/APP/FILES/PUBLIC/4201/2017-CHNA-PHR-IMPLEMENTATIONSTRATEGY.PDF)

ADVENTIST REHABILITATION HOSPITAL OF MD:

PART V, SECTION B, LINE 11: BASED ON THE CHNA COMPLETED IN 2016, AN

IMPLEMENTATION STRATEGY WAS ADOPTED FOCUSING ON CONCUSSION CARE.

ADVENTIST HEALTHCARE REHABILITATION HAS IMPLEMENTED AN INITIATIVE TO

INCREASE AWARENESS OF, AND EDUCATION AROUND, CONCUSSION FOR STUDENT

ATHLETES.

ADVENTIST HEALTHCARE REHABILITATION HAS PARTNERED WITH MONTGOMERY COUNTY

PUBLIC SCHOOLS TO PROVIDE BASELINE CONCUSSION TESTING AND ATHLETIC

TRAINERS IN 13 OF 25 HIGH SCHOOLS. BASELINE TESTING IS A PRE-SEASON EXAM

CONDUCTED BY TRAINED PROFESSIONALS TO ASSESS AN ATHLETE'S COGNITIVE

FUNCTIONS INCLUDING LEARNING AND MEMORY SKILLS, ABILITY TO CONCENTRATE AND

PROBLEM-SOLVING SKILLS. IN THE EVENT THAT THE ATHLETE SUFFERS A

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

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

CONCUSSION, THE RESULTS FROM THESE TESTS CAN BE USED IN COMPARISON WITH  
SIMILAR POST-INJURY TESTS. ADVENTIST HEALTHCARE REHABILITATION USES IMPACT  
(IMMEDIATE POST-CONCUSSION ASSESSMENT COGNITIVE TEST), A WEB-BASED,  
COMPUTERIZED TOOL USED TO MEASURE MEMORY, PROCESSING SPEED, REACTION TIME,  
ATTENTION SPAN AND PROBLEM-SOLVING SKILLS. IN ADDITION TO THE BASELINE  
TESTING, ADVENTIST HEALTHCARE REHABILITATION HAS IMPLEMENTED AN ATHLETIC  
TRAINER PROGRAM AT EACH OF THE 13 SCHOOLS. THIS HAS INCLUDED TRAINING AND  
PLACING AN ATHLETIC TRAINER IN EACH OF THE SCHOOLS TO ASSIST WITH  
CONCUSSION AWARENESS AND EDUCATION AS WELL AS TIMELY ON-SITE INJURY  
PREVENTION AND MANAGEMENT. SPECIFIC PROGRAM ACTIVITIES INCLUDE:

- > EDUCATION SESSIONS FOR STUDENTS TO INCREASE KNOWLEDGE AND AWARENESS OF  
CONCUSSION SYMPTOMS, ACUTE TREATMENTS, IMPORTANCE OF RECOVERY, AND EFFECTS  
ON EVERY DAY ACTIVITIES BEYOND SPORTS;
- > IMPLEMENTING IMPACT BASELINE TESTING FOR STUDENT ATHLETES IN 13  
MONTGOMERY COUNTY HIGH SCHOOLS (WITH EACH STUDENT BASELINE TESTED EVERY 2  
YEARS);
- > MAINTAINING AND MAKING AVAILABLE BASELINE TEST RESULTS TO STUDENTS,  
PARENTS, AND STUDENTS' HEALTH CARE PROVIDERS AT NO COST;
- > PROVIDING RETESTS FOLLOWING A CONCUSSION AT NO COST;
- > PROVIDING FOLLOW-UP TESTING AND ANALYSIS FOR STUDENTS AS NEEDED AT A  
REASONABLE RATE;
- > TRAINING AND PLACING FULL-TIME ATHLETIC TRAINERS IN 13 MONTGOMERY COUNTY  
HIGH SCHOOLS;
- > TRAINERS ATTEND ALL 'HOME' ATHLETIC EVENTS AS WELL AS 'AWAY' VARSITY  
FOOTBALL GAMES;
- > TRAINERS PERFORM FUNCTIONS WITHIN THE SIX DOMAINS OF ATHLETIC TRAINERS

**Part V Facility Information** (continued)

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

AS ESTABLISHED BY THE NATIONAL ATHLETIC TRAINERS ASSOCIATION: PREVENTION;

CLINICAL EVALUATION AND DIAGNOSIS; IMMEDIATE CARE; TREATMENT,

REHABILITATION, AND RECONDITIONING; ORGANIZATION AND ADMINISTRATION; AND

PROFESSIONAL RESPONSIBILITIES.;

> IN ADDITION, TRAINERS ASSIST IN IMPLEMENTING SCHOOL AND SYSTEM WIDE

RESPONSIBILITIES RELATED TO THE HEALTH AND SAFETY OF STUDENT ATHLETES.;

> PROVIDING AMERICAN HEART ASSOCIATION CPR/AED RECERTIFICATION FOR

ATHLETIC STAFF AT 13 MONTGOMERY COUNTY HIGH SCHOOLS.

OTHER AREAS OF NEED ADDRESSED BY ADVENTIST HEALTHCARE REHABILITATION

WHILE ADVENTIST HEALTHCARE REHABILITATION HAS IDENTIFIED CONCUSSION CARE

AND PREVENTION AS ITS PRIORITY AREA FOR THIS IMPLEMENTATION STRATEGY

PERIOD, THE HOSPITAL WILL CONTINUE TO ADDRESS OTHER AREAS OF NEED THROUGH

EXISTING COMMUNITY HEALTH OUTREACH PROGRAMS, EDUCATION, AND FINANCIAL

CONTRIBUTIONS.

> TRAUMATIC BRAIN INJURY: IN ADDITION TO THE ACTIVITIES DESCRIBED IN THE

IMPLEMENTATION STRATEGY ABOVE, ADVENTIST HEALTHCARE REHABILITATION

PROVIDES ADDITIONAL SUPPORT IN THE COMMUNITY AROUND TRAUMATIC BRAIN

INJURY.; BRAIN INJURY SUPPORT GROUP: FOR THOSE WITH BOTH TRAUMATIC AND

NON-TRAUMATIC BRAIN INJURIES, THIS GROUP PROVIDES SUPPORT AND EDUCATION AS

WELL AS GUIDANCE AROUND AVAILABLE COMMUNITY RESOURCES. PARTICIPANTS ARE

ENCOURAGED TO BRING FAMILY AND FRIENDS.; GRUPO DE APOYO PARA PERSONAS CON

UNA LESIN CEREBRAL: IN ADDITION TO THE ENGLISH LANGUAGE BRAIN INJURY

SUPPORT GROUP, AN ADDITIONAL GROUP IS OFFERED IN SPANISH.

> TRAUMATIC BRAIN INJURY, STROKE, & NEUROLOGY: ADVENTIST HEALTHCARE

REHABILITATION ALSO OFFERS PROGRAMS TO SUPPORT INDIVIDUALS WITH COGNITIVE

AND SPEECH-LANGUAGE NEEDS.; COGNITIVE GAME NIGHT: LED BY A

**Part V Facility Information** (continued)

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

SPEECH-LANGUAGE PATHOLOGIST, GAME NIGHTS PROVIDE A FUN ENVIRONMENT FOR

COGNITIVE STIMULATING GAMES. EDUCATION AND DISCUSSION ARE ALSO PROVIDED

AROUND COGNITIVE STRATEGIES AS WELL AS METHODS FOR CONTINUING COGNITIVE

REHABILITATION AT HOME.; COMMUNITY APHASIA GROUP: LED BY A

SPEECH-LANGUAGE PATHOLOGIST, THIS GROUP PROVIDES OPPORTUNITIES FOR

INDIVIDUALS TO WORK ON SUCCESSFUL COMMUNICATION AND SOCIAL INTERACTION IN

A SUPPORTIVE, POSITIVE, AND SMALL GROUP SETTING.

> AMPUTEE: AMPUTEE SUPPORT GROUP: THIS GROUP FOCUSES ON THE EMOTIONS AND

CHALLENGES OF LIVING LIFE AS AN AMPUTEE. IT IS THE GROUP'S FOCUS TO BE

POSITIVE, CREATIVE AND RESOURCEFUL IN EXAMINING AN AMPUTEE'S EXPERIENCES.

MANY TOPICS ARE DISCUSSED INCLUDING PROSTHETIC DEVELOPMENT, THERAPEUTIC

DEVICES AND TRAINING AS WELL AS EMOTIONAL COUNSELING AND SUPPORT.

IN ADDITION TO THE ACTION ITEMS LISTED ABOVE, ADVENTIST HEALTHCARE

REHABILITATION AS A PART OF ADVENTIST HEALTHCARE IS COMMITTED TO PROVIDING

FINANCIAL SUPPORT TO IMPROVE THE HEALTH AND WELLBEING OF OUR COMMUNITY

THROUGH THE COMMUNITY PARTNERSHIP FUND. THE ADVENTIST HEALTHCARE COMMUNITY

PARTNERSHIP FUND PROVIDES FUNDING FOR 501(C)(3) NON-PROFIT ORGANIZATIONS

WHOSE ACTIVITIES ALIGN WITH OUR MISSION AND THE FOLLOWING FUNDING

OBJECTIVES:

> HEALTH AND WELLNESS: SUPPORT COMMUNITY HEALTH SERVICES, EDUCATION, AND

PREVENTION AND WELLNESS PROGRAMS;

> PARTNERSHIPS: LEVERAGE PARTNERSHIPS TO ADDRESS SOCIOECONOMIC

DISADVANTAGES THAT AFFECT HEALTH;

> CAPACITY BUILDING: IMPROVE COMMUNITY HEALTH THROUGH COLLABORATIVE

PARTNERSHIPS, ECONOMIC AND WORKFORCE DEVELOPMENT, AND ADVOCACY.

**Part V Facility Information** (continued)

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

WHEN REVIEWING APPLICATIONS, THE PRIORITIES FOR THE COMMUNITY PARTNERSHIP

FUND INCLUDE:

> ACTIVITIES THAT ADDRESS A PRIORITY AREA OF NEED IDENTIFIED IN OUR

HOSPITALS' COMMUNITY HEALTH NEEDS ASSESSMENTS;

> ACTIVITIES THAT TARGET POPULATIONS IN ADVENTIST HEALTHCARE'S SERVICE

AREA THAT ARE SOCIALLY AND ECONOMICALLY DISADVANTAGED OR MEDICALLY

UNDERSERVED;

> ACTIVITIES THAT ALIGN WITH ADVENTIST HEALTHCARE'S COMMUNITY-BASED

MISSION;

> ACTIVITIES THAT HAVE A MEASURABLE IMPACT ON THE COMMUNITY BEING SERVED.

AREAS OF NEED NOT DIRECTLY ADDRESSED BY ADVENTIST HEALTHCARE PHYSICAL

HEALTH AND REHABILITATION AND THE RATIONALE:

ADVENTIST HEALTHCARE REHABILITATION DOES NOT DIRECTLY ADDRESS THE AREAS OF

NEED INCLUDED BELOW THROUGH ONGOING EDUCATION OR PROGRAMMING. HOWEVER,

THESE AREAS MAY BE ADDRESSED THROUGH THE ADVENTIST HEALTHCARE COMMUNITY

PARTNERSHIP FUND WHICH AIMS TO PROVIDE FUNDING FOR COMMUNITY ORGANIZATIONS

WORKING TO ADDRESS NEEDS IDENTIFIED IN OUR COMMUNITY HEALTH NEEDS

ASSESSMENT.

> SPINAL CORD INJURY, LYMPHEDEMA, AND ORTHOPEDICS: ADVENTIST HEALTHCARE

REHABILITATION DOES NOT CURRENTLY PROVIDE ONGOING COMMUNITY OUTREACH OR

PROGRAMS SPECIFIC TO SPINAL CORD INJURY, LYMPHEDEMA, AND ORTHOPEDICS DUE

TO LIMITED RESOURCES, AND A FOCUS ON AREAS THAT WERE IDENTIFIED AS HIGHER

PRIORITY DURING THE CHNA PRIORITIZATION PROCESS.;

**Part V Facility Information** (continued)

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

> CARDIOVASCULAR HEALTH, CANCER, OBESITY, AND DIABETES: ADVENTIST

HEALTHCARE REHABILITATION DOES NOT CURRENTLY PROVIDE ONGOING COMMUNITY

OUTREACH OR PROGRAMS SPECIFIC TO CHRONIC DISEASE DUE TO LIMITED RESOURCES,

AND A FOCUS ON AREAS THAT WERE IDENTIFIED AS HIGHER PRIORITY DURING THE

CHNA PRIORITIZATION PROCESS. CHRONIC DISEASE IS BEING ADDRESSED BY OTHER

ORGANIZATIONS IN THE COMMUNITY INCLUDING WASHINGTON ADVENTIST HOSPITAL AND

SHADY GROVE MEDICAL CENTER, BOTH OF WHICH ARE PART OF THE ADVENTIST

HEALTHCARE SYSTEM.;

> SOCIAL DETERMINANTS OF HEALTH (HOUSING, FOOD ACCESS, EDUCATION):

ADVENTIST HEALTHCARE REHABILITATION DOES NOT CURRENTLY PROVIDE ONGOING

COMMUNITY OUTREACH OR PROGRAMS SPECIFIC TO HOUSING, FOOD ACCESS, AND

EDUCATION DUE TO LIMITED RESOURCES, AND A FOCUS ON AREAS THAT WERE

IDENTIFIED AS HIGHER PRIORITY DURING THE CHNA PRIORITIZATION PROCESS.

FOR ADDITIONAL DETAILS INCLUDING THE CHNA FINDINGS, GOALS, AND RELEVANT

LOCALLY AVAILABLE RESOURCES PLEASE SEE ADVENTIST HEALTHCARE

REHABILITATION'S CHNA AND IMPLEMENTATION STRATEGY WHICH CAN BE FOUND HERE:

[HTTP://WWW.ADVENTISTHEALTHCARE.COM/ABOUT/COMMUNITY/HEALTH-NEEDS-ASSESSMENT](http://www.adventisthealthcare.com/about/community/health-needs-assessment)

ADVENTIST REHABILITATION HOSPITAL OF MD:

PART V, SECTION B, LINE 16J: THE POLICY IS ALSO STRATEGICALLY POSTED AT

OUR PATIENT FINANCIAL SERVICES OFFICE.

PART V, SECTION B, LINE 16A:

[HTTPS://WWW.ADVENTISTHEALTHCARE.COM/PATIENTS/BILLING/FINANCIAL-ASSISTANCE/](https://www.adventisthealthcare.com/patients/billing/financial-assistance/)

PART V, SECTION B, LINE 16B: SAME URL AS LISTED ON LINE 16A

PART V, SECTION B, LINE 16C: SAME URL AS LISTED ON LINE 16A

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

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

Multiple horizontal lines for providing supplemental information.





**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:

IN CONSIDERATION FOR FINANCIAL ASSISTANCE TO OUR PATIENTS, ADVENTIST  
HEALTHCARE ALSO CONSIDERS CIRCUMSTANCES BEYOND INCOME. THE PATIENT'S  
CIRCUMSTANCES COULD INCLUDE THE NEEDS OF THE PATIENT AND/OR FAMILY AND  
OTHER FINANCIAL RESOURCES. IT IS OUR MISSION TO PROVIDE NECESSARY MEDICAL  
CARE TO THOSE WHO ARE UNABLE TO PAY FOR THAT CARE. IN GENERAL, ADVENTIST  
HEALTHCARE HAS 15 LEVELS OF FINANCIAL ASSISTANCE. THEY ARE AS FOLLOW:  
- ANNUAL INCOME <= 1.0X OF FPL, 0% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 1.00X AND <= 1.25X OF FPL, 0% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 1.25X AND <= 1.50X OF FPL, 0% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 1.50X AND <= 1.75X OF FPL, 0% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 1.75X AND <= 2.00X OF FPL, 0% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 2.00X AND <= 2.25X OF FPL, 10% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 2.25X AND <= 2.50X OF FPL, 20% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 2.50X AND <= 2.75X OF FPL, 30% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 2.75X AND <= 3.00X OF FPL, 40% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 3.00X AND <= 3.50X OF FPL, 50% PATIENT RESPONSIBILITY  
- ANNUAL INCOME > 3.50X AND <= 4.00X OF FPL, 60% PATIENT RESPONSIBILITY

**Part VI** Supplemental Information (Continuation)

- ANNUAL INCOME > 4.00X AND <= 4.50X OF FPL, 70% PATIENT RESPONSIBILITY
- ANNUAL INCOME > 4.50X AND <= 5.00X OF FPL, 80% PATIENT RESPONSIBILITY
- ANNUAL INCOME > 5.00X AND <= 5.50X OF FPL, 90% PATIENT RESPONSIBILITY
- ANNUAL INCOME > 5.50X AND <= 6.00X OF FPL, 95% PATIENT RESPONSIBILITY

PART I, LINE 7:

FOR PURPOSES OF PREPARING SCHEDULE H OF FORM 990, ADVENTIST REHABILITATION HOSPITAL OF MARYLAND CALCULATED A COST TO CHARGE RATIO AS REFLECTED IN ITS 2017 AUDITED FINANCIAL STATEMENTS. THE COST TO CHARGE RATIO WAS USED TO REDUCE THE YEARLY CHARITY CARE PROVISION FROM CHARGE TO COST.

PART I, LINE 7G:

SUBSIDIZED HEALTH SERVICES INCLUDED PAYMENTS FOR NON-EMPLOYED BUT HOSPITAL-BASED PHYSICIANS, NON-RESIDENT HOSPITAL STAFF, HOSPITALISTS, EMERGENCY ON-CALL, OFF-CAMPUS EMERGENCY CENTER, AND WOMEN'S AND CHILDREN'S SERVICES SUBSIDIES.

PART II, COMMUNITY BUILDING ACTIVITIES:

ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.'S COMMUNITY BUILDING ACTIVITIES WERE DONE JOINTLY AT THE CORPORATE LEVEL WITH ADVENTIST HEALTHCARE, INC. TO CENTRALIZE THE ACTIVITIES PERFORMED AS A SYSTEM. ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC. PLAYED AN INTEGRAL ROLE AND CONTRIBUTED TO SEVERAL OUTREACH PROGRAMS AS PART OF ITS MISSION. ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC. AND ADVENTIST HEALTHCARE'S MISSION IS "WE EXTEND GOD'S CARE THROUGH THE MINISTRY OF PHYSICAL, MENTAL AND SPIRITUAL HEALING." ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC. AND ADVENTIST HEALTHCARE GO BEYOND TRADITIONAL HOSPITAL CARE TO OFFER EXPERTISE AND RESOURCES THAT HELP STRENGTHEN THE COMMUNITY'S

**Part VI** Supplemental Information (Continuation)

INFRASTRUCTURE IN A WAY THAT PROMOTES HEALTH AND WELL-BEING.

IN 2017, A MAJORITY OF ADVENTIST HEALTHCARE'S COMMUNITY BUILDING

ACTIVITIES CONSISTED OF: POPULATION HEALTH INITIATIVES AND ASSISTING

PHYSICIANS IN ESTABLISHING ELECTRONIC MEDICAL RECORDS (EMR) SYSTEMS;

ADVOCATING ON COMMUNITY HEALTH IMPROVEMENTS THROUGH OUR GOVERNMENT

RELATIONS AND PUBLIC POLICY DEPARTMENT; PERFORMING DISASTER PREPAREDNESS

ACTIVITIES; CREATING HEALTH PARTNERSHIPS WITHIN THE COMMUNITY THROUGH OUR

DIVISION OF THE CENTER FOR HEALTH EQUITY & WELLNESS DEPARTMENT; AND

ESTABLISHING ADDITIONAL COMMUNITY PARTNERSHIPS.

POPULATION HEALTH INITIATIVES & THE AMBULATORY CARE EMR SUPPORT (ACES)

PROGRAM:

1) ACCOUNTABLE CARE ORGANIZATIONS (ACO):

ADVENTIST HEALTHCARE HAS A 50% INTEREST IN THE MID-ATLANTIC PRIMARY CARE

ACO, LLC PARTNERSHIP. THIS ACO IS A PHYSICIAN-LED MEDICARE SHARED SAVINGS

PROGRAM (MSSP) IN MONTGOMERY COUNTY, MARYLAND. THE GOAL OF AN ACO IS TO

DELIVER SEAMLESS, HIGH-QUALITY CARE FOR MEDICARE BENEFICIARIES IN A

PATIENT-CENTERED ENVIRONMENT, WHERE THE PATIENT AND PROVIDERS ARE TRUE

PARTNERS IN CARE DECISIONS. THE GOAL OF THE ACO INCLUDES, BUT IS NOT

LIMITED TO, THE PROMOTION OF EVIDENCE-BASED MEDICINE, THE PROMOTION OF

PATIENT ENGAGEMENT AND THE DEVELOPMENT OF AN INFRASTRUCTURE FOR NETWORK

PROVIDERS AND SUPPLIERS TO INTERNALLY REPORT ON QUALITY AND COST METRICS.

THIS INTERNAL REPORTING ENABLES THE ACO TO MONITOR, PROVIDE FEEDBACK AND

EVALUATE ITS NETWORK PROVIDERS' AND SUPPLIERS' PERFORMANCE AND TO USE

THESE RESULTS TO PROVIDE BETTER CARE FOR INDIVIDUALS, IMPROVED HEALTH FOR

POPULATIONS AND LOWER PER CAPITA GROWTH IN EXPENDITURES FOR MSSP

ENROLLEES.

**Part VI** Supplemental Information (Continuation)

2) CLINICALLY INTEGRATED NETWORK:

ADVENTIST HEALTHCARE MANAGES THE ONE HEALTH QUALITY ALLIANCE, LLC (OHQA)  
PARTNERSHIP 100%, A CLINICALLY INTEGRATED NETWORK DESIGNED TO HELP  
PROVIDERS ENHANCE THE QUALITY OF HEALTHCARE AND LOWER TOTAL COSTS FOR THE  
WASHINGTON, D.C. REGION. OHQA, MANAGED BY ADVENTIST HEALTHCARE, IS AN  
INNOVATIVE HEALTHCARE DELIVERY NETWORK IN WHICH PARTICIPATING PRACTICES  
AND THEIR PATIENTS BENEFIT FROM THE VALUE CREATED BY THE ALLIANCE.

3) PRIMARY CARE:

ADVENTIST HEALTHCARE, INC. CONTRACTS WITH MEDICAL FACULTY ASSOCIATES, INC.  
(MFA) TO EMPLOY CERTAIN PHYSICIANS WHO SUPPORT THE CONTINUUM OF HEALTH  
SERVICES OFFERED BY ADVENTIST HEALTHCARE. THE MFA IS THE LARGEST  
MULTI-SPECIALTY PHYSICIAN PRACTICE IN THE WASHINGTON, D.C. AREA. THE MFA  
IS A NON-PROFIT ORGANIZATION INDEPENDENT OF THE GEORGE WASHINGTON  
UNIVERSITY AND GW HOSPITAL. IT HAS MORE THAN 800 DOCTORS IN 51 MEDICAL  
SPECIALTIES. THROUGH THIS CONTRACTUAL RELATIONSHIP, MFA EMPLOYS ABOUT 50  
COMMUNITY PHYSICIANS IN A VARIETY OF MEDICAL AND SURGICAL SPECIALTIES TO  
SERVE ADVENTIST HEALTHCARE'S COMMUNITIES IN MONTGOMERY, FREDERICK, AND  
PRINCE GEORGE'S COUNTIES IN MARYLAND. MFA PROVIDES ADMINISTRATIVE,  
FINANCIAL MANAGEMENT, TECHNICAL AND BUSINESS SUPPORT SERVICES THAT ARE  
ESSENTIAL FOR PHYSICIANS TO PROVIDE QUALITY CARE AND OPERATE SUCCESSFUL  
PRACTICES.

4) AMBULATORY CARE EMR SUPPORT (ACES) PROGRAM:

ADVOCATING FOR COMMUNITY HEALTH IMPROVEMENTS IS A CORE STRATEGY IN  
ACHIEVING ADVENTIST HEALTHCARE'S MISSION. A PROGRAM THAT ADVENTIST  
HEALTHCARE OFFERS, WHICH IS AT THE CORE OF ADVOCATING FOR COMMUNITY HEALTH  
IMPROVEMENTS, IS AMBULATORY CARE EMR SUPPORT (ACES). THE ACES PROGRAM  
ASSISTS COMMUNITY PHYSICIANS WITH THE ACQUISITION AND IMPLEMENTATION OF

**Part VI** Supplemental Information (Continuation)

ELECTRONIC MEDICAL RECORDS (EMRS). EMRS ENHANCE PATIENT CARE AND MAKES PRACTICES MORE EFFICIENT.

GOVERNMENT RELATIONS AND PUBLIC POLICY DEPARTMENT INITIATIVES:

THROUGHOUT 2017, ADVENTIST HEALTHCARE PARTNERED WITH NUMEROUS COMMUNITY ORGANIZATIONS TO SUPPORT COMMUNITY HEALTH IMPROVEMENTS AND ECONOMIC DEVELOPMENT. FOR EXAMPLE, ADVENTIST HEALTHCARE SUPPORTED MANA FOOD CENTER TO HELP ACHIEVE THEIR MISSION OF ENDING HUNGER IN MONTGOMERY COUNTY THROUGH FOOD DISTRIBUTION, EDUCATION AND ADVOCACY. THROUGH OUR PARTNERSHIP WITH LOCAL CHAMBERS OF COMMERCE, INCLUDING THE GAITHERSBURG\GERMANTOWN AND MONTGOMERY COUNTY CHAMBERS, WE HAVE WORKED TO SUPPORT INITIATIVES THAT PROVIDE ECONOMIC IMPROVEMENTS IN THE COMMUNITIES WE SERVE.

ADVENTIST HEALTHCARE HAS ALSO BEEN A FIRM ADVOCATE FOR COMMUNITY HEALTH IMPROVEMENTS THROUGH OUR ADVOCACY WORK WITH LOCAL, STATE AND FEDERAL OFFICIALS. WE HAVE WORKED TO SUPPORT LEGISLATION THAT IMPROVES ACCESS TO HEALTH SERVICES, STRENGTHENS INVESTMENT IN EDUCATIONAL INSTITUTIONS, EXPANDS ACCESS TO INSURANCE AND REDUCES OVERALL HEALTH CARE SPENDING. THROUGH OUR PARTNERSHIP WITH THE MARYLAND HOSPITAL ASSOCIATION, WE SUPPORTED LEGISLATION THAT HAS HELPED TO STABILIZE THE INDIVIDUAL INSURANCE MARKET IN MARYLAND AND REDUCE THE COST OF INSURANCE PREMIUMS FOR MARYLAND CONSUMERS. WE CONTINUE TO ADVOCATE FOR A FULLY INTEGRATED BEHAVIORAL HEALTH NETWORK BY WORKING TO REDUCE BARRIERS TO CARE AND EXPAND SERVICES TO UNDERSERVED POPULATIONS.

DISASTER PREPAREDNESS ACTIVITIES:

Part VI Supplemental Information (Continuation)

ADVENTIST HEALTHCARE HAS TAKEN MANY MEASURES TO ENSURE OUR COMMUNITY HOSPITALS WERE READY AND PREPARED FOR EMERGENCY SITUATIONS, SUCH AS A MEDICAL SURGE IN PATIENTS, ACTIVE SHOOTER/ARMED INTRUDER SCENARIOS AND UNFORESEEN DISASTERS. THE SAFETY AND EMERGENCY MANAGEMENT TEAM OF EMPLOYEES SPENDS A LARGE PART OF THEIR TIME ON EMERGENCY MANAGEMENT. THIS INCLUDES MONTHLY MEETINGS WITH ALL ADVENTIST HEALTHCARE HOSPITALS AS WELL AS OTHER HOSPITALS AND RELATED AGENCIES IN THE COUNTY AND LARGER REGION, SUCH AS MONTGOMERY COUNTY HEALTH DEPARTMENT AND THE MARYLAND INSTITUTE FOR EMERGENCY MEDICINE SERVICE SYSTEMS (MIEMSS). THESE REGULAR MEETINGS OCCUR ON A COUNTY LEVEL THROUGH THE MOCEP GROUP, AND ON A LARGER REGIONAL LEVEL THROUGH MIEMSS REGION V. OUR TEAM PERFORMS TWO FULL SCALE EXERCISES EVERY YEAR TO TEST OUR EMERGENCY MANAGEMENT PROGRAMS, WHICH INVOLVES THE SIMULATION OF AN EMERGENCY OR DISASTER TO WHICH WE AND THE REST OF THE REGION MUST BE READY TO RESPOND TOGETHER. ADVENTIST HEALTHCARE ALSO HAS AN ENVIRONMENT OF CARE COMMITTEE, WHICH MEETS MONTHLY AT EACH OF OUR HOSPITALS. TIME IS ALLOCATED TO DISCUSS EMERGENCY MANAGEMENT MATTERS AT THESE MEETINGS.

HEALTH PARTNERSHIPS WITHIN THE COMMUNITY:  
THE CENTER FOR HEALTH EQUITY & WELLNESS (CHEW), A DIVISION OF ADVENTIST HEALTHCARE, AIMS TO IMPROVE THE HEALTH OF COMMUNITIES SERVED BY ADVENTIST HEALTHCARE. IT DOES THIS BY RAISING AWARENESS OF COMMUNITY HEALTH NEEDS AND LOCAL DISPARITIES, IMPROVING ACCESS TO CULTURALLY APPROPRIATE CARE AND PROVIDING COMMUNITY WELLNESS OUTREACH AND EDUCATION. A TEAM OF HEALTH EDUCATORS, CLINICAL CARE COORDINATORS, NURSES, PATIENT NAVIGATORS AND PUBLIC HEALTH RESEARCHERS AND INTERNS WORK TOGETHER TO ENSURE THE DELIVERY OF POPULATION-BASED CARE AND PROMOTE HEALTH EQUITY IN THE COMMUNITIES WE SERVE. CHEW PARTNERED WITH MANY HEALTH ORGANIZATIONS AND THE FOLLOWING IS

**Part VI** Supplemental Information (Continuation)

A SUMMARY:

ADVENTIST HEALTHCARE WORKS TO ADDRESS NOT JUST THE PHYSICAL AND MENTAL HEALTH NEEDS OF OUR PATIENTS AND COMMUNITY MEMBERS, BUT TO ADDRESS WHOLE-PERSON HEALTH. TO DO THIS, WE DEVELOP PARTNERSHIPS AND COLLABORATE WITH PARTNERS IN THE COMMUNITY. THROUGH COLLABORATION, WE ARE ABLE TO EXPAND OUR EXPERTISE AND RESOURCES AND THEREFORE HAVE A LARGER COLLECTIVE IMPACT ON THE HEALTH AND WELL-BEING OF OUR COMMUNITY. A SAMPLING OF OUR PARTNERSHIPS ARE DESCRIBED BELOW:

PART III, LINE 2:

TO ESTIMATE THE COST OF BAD DEBT THAT WE HAVE REPORTED ON SCHEDULE H, WE MULTIPLIED THE ORGANIZATION'S COST TO CHARGE RATIO (CCR) TIMES THE BAD DEBT PROVISION THAT HAS BEEN REPORTED IN THE 2017 AUDITED FINANCIAL STATEMENTS. THE ORGANIZATION'S CCR IS THE QUOTIENT THAT RESULTS WHEN TOTAL OPERATING EXPENSE IS DIVIDED BY TOTAL CHARGES AS REFLECTED ON THE ORGANIZATION'S AUDITED INCOME STATEMENT.

THE BAD DEBT EXPENSE THAT IS RECORDED IN THE GENERAL LEDGER REFLECTS THE AMOUNT OF PROVISION MANAGEMENT DEEMS NECESSARY TO REPORT PATIENT ACCOUNTS RECEIVABLE AT THEIR NET REALIZABLE VALUE. IN EVALUATING THE COLLECTABILITY OF PATIENT ACCOUNTS RECEIVABLE, WE ANALYZE PAST HISTORY AND TRENDS FOR EACH MAJOR PAYER AND ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL COLLECTIONS.

PART II, COMMUNITY BUILDING ACTIVITIES, CONTINUED:

1) FAITH COMMUNITY NURSE NETWORK (FCN):

ADVENTIST HEALTHCARE, THROUGH OUR FAITH COMMUNITIES HEALTH NETWORK, SERVES THE LOCAL COMMUNITIES OF FAITH BY "PROVIDING GUIDANCE AND

**Part VI** Supplemental Information (Continuation)

EXPERTISE, EMPOWERING THEM TO BECOME PLACES OF HEALTH AND HEALING,  
RESULTING IN IMPROVED WHOLE PERSON HEALTH" (MISSION). OUR VISION SPEAKS  
TO THE PARTNERSHIP WITH COMMUNITIES OF FAITH, WE PROMOTE HEALTH THROUGH  
FAITH LEADERS, AND TOGETHER WE CAN HELP ACHIEVE A "THRIVING CULTURE  
DEMONSTRATING PHYSICAL, MENTAL AND SPIRITUAL HEALING." LASTLY, OUR  
COMMITMENT IS TO HELP OUR COMMUNITIES OF FAITH TO DEVELOP STRONG HEALTH  
MINISTRIES TO REACH THE MEMBERS AND SURROUNDING COMMUNITIES. THIS IS  
ACCOMPLISHED THROUGH THE ON-GOING TRAINING OF THE FAITH COMMUNITY  
NURSES, HEALTH MINISTERS, HEALTH TEAMS AND ADMINISTRATORS, SUPPLYING  
EVIDENCE-BASED EDUCATION AND TOOLS NECESSARY TO ASSESS THE NEEDS,  
OUTLINE LIFESTYLE STRATEGIES, IMPLEMENT HEALTH PROGRAMMING (BASED ON  
ASSESSMENT RESULTS), IDENTIFICATION AND MANAGEMENT OF DISEASE RISK  
FACTORS TO LOWER RISKS, ON-GOING MEASUREMENT AND EVALUATION OF HEALTH  
OUTCOMES, THEREBY INCREASING THE POTENTIAL FOR OPTIMAL HEALTH AND  
WHOLENESS.  
LOCAL CHURCHES CAN BRING A HOLISTIC PERSPECTIVE TO AN UNDERSTANDING OF  
HEALTH AS BEING IN HARMONY WITH ONES SELF, ONE'S GOD, OTHERS AND THE  
ENVIRONMENT. THE CHURCH IS A KNOWN AND TRUSTED PLACE WHERE PEOPLE FEEL  
COMFORTABLE IN THEIR MOST VULNERABLE HOUR. IT IS A NATURAL "REFERENCE  
POINT." IT IS NOT A NEW IDEA FOR CHURCHES TO DEVELOP AND IMPLEMENT  
HEALTH PROGRAMS. AT ADVENTIST HEALTHCARE, WE BELIEVE THIS TO BE A  
NATURAL, SYMBIOTIC PARTNERSHIP.

2) HEALTHY MONTGOMERY:

HEALTHY MONTGOMERY IS THE LOCAL HEALTH IMPROVEMENT COALITION FOR  
MONTGOMERY COUNTY, MARYLAND. ADVENTIST HEALTHCARE PARTNERS WITH AND  
SUPPORTS HEALTHY MONTGOMERY BOTH STRATEGICALLY AND FINANCIALLY.  
REPRESENTATIVES FROM ADVENTIST HEALTHCARE SIT ON THE HEALTHY MONTGOMERY



**Part VI** Supplemental Information (Continuation)

STEERING COMMITTEE, THE HEALTH IN ALL POLICY WORKGROUP, AND THE  
HOSPITAL WORKGROUP, AMONG OTHERS. ADVENTIST HEALTHCARE ALSO  
CONTRIBUTES \$50,000 ANNUALLY TO SUPPORT THE INFRASTRUCTURE OF HEALTHY  
MONTGOMERY.  
  
HEALTHY MONTGOMERY, IN PARTNERSHIP WITH COMMUNITY STAKEHOLDERS SUCH AS  
LOCAL POLICY MAKERS, HOSPITALS, ADVOCACY GROUPS AND ACADEMIC  
INSTITUTIONS, AMONG OTHERS, REVIEWS THE NEEDS AND RESOURCES IN THE  
COUNTY AND WORKS TO SET PRIORITIES FOR IMPROVING HEALTH AND WELL-BEING.  
THE OVERALL GOALS OF HEALTHY MONTGOMERY ARE TO IMPROVE ACCESS TO HEALTH  
AND SOCIAL SERVICES, ACHIEVE HEALTH EQUITY FOR ALL RESIDENTS, AND  
ENHANCE THE PHYSICAL AND SOCIAL ENVIRONMENT TO SUPPORT OPTIMAL HEALTH  
AND WELL-BEING. AMONG ITS MANY ACCOMPLISHMENTS, HEALTHY MONTGOMERY HAS  
BEEN ABLE TO PROVIDE LOCAL LEVEL DATA THAT IS STRATIFIED BY SEX, AGE,  
RACE, AND ETHNICITY. BY MAKING THIS DATA MORE EASILY AVAILABLE,  
COMMUNITY STAKEHOLDERS, ADVENTIST HEALTHCARE INCLUDED, ARE BETTER ABLE  
TO IDENTIFY NEEDS IN THE COMMUNITY THAT MAY HAVE OTHERWISE BEEN MASKED  
BY LESS GRANULAR DATA. THIS ALLOWS FOR MORE STRATEGIC AND TARGETED  
HEALTH PREVENTION AND PROMOTION PROGRAMMING TO BE DEVELOPED.

3) NEXUS MONTGOMERY:

NEXUS MONTGOMERY IS A PARTNERSHIP OF FOUR HEALTH SYSTEMS IN MONTGOMERY  
COUNTY, MARYLAND, INCLUDING ADVENTIST HEALTHCARE. THE PARTNERSHIP IS  
FOCUSED ON IMPROVING THE WELL-BEING OF PATIENTS AND COMMUNITY MEMBERS  
AND REDUCING POTENTIAL AVOIDABLE UTILIZATION (PAU)'S AND TOTAL COST OF  
CARE. EXAMPLES OF STRATEGIES AND PROGRAMS THAT THE PARTNERSHIP HAS  
WORKED ON INCLUDE: WELLNESS AND INDEPENDENCE FOR SENIORS AT HOME  
(WISH), HOSPITAL CARE TRANSITIONS, UNINSURED/PROJECT ACCESS AND  
SEVERELY MENTALLY ILL/BEHAVIORAL HEALTH. THE GOALS OF THESE PROGRAMS

**Part VI** Supplemental Information (Continuation)

ARE TO:

STABILIZE HEALTH OF OLDER ADULTS TO REDUCE HOSPITAL ADMISSIONS; IMPROVE  
TRANSITIONS FROM HOSPITAL-TO-HOME; CONNECT UNINSURED TO SPECIALTY CARE;  
IMPROVE COMMUNITY BASED RESOURCES FOR THE SEVERELY MENTALLY ILL.

4) REBUILDING TOGETHER:

THE ADVENTIST HEALTHCARE COMMUNITY PARTNERSHIP FUND (CPF) PROVIDED  
REBUILDING TOGETHER MONTGOMERY COUNTY (RTMC) A \$25,000 GRANT FROM 2016  
THROUGH 2017 TO PROVIDE FREE HOME REPAIR AND MODIFICATION SERVICES TO  
ELIGIBLE ADVENTIST HEALTHCARE (AHC) PATIENTS RESIDING IN MONTGOMERY  
COUNTY, MD. THE PARTNERSHIP ALLOWED RTMC TO IMPROVE THE HOMES AND LIVES  
OF LOW-INCOME AND DISADVANTAGED PATIENTS DISCHARGED FROM AHC FACILITIES  
(WAH AND SGMC), AND REFERRALS WERE OPEN TO BOTH HOMEOWNERS AND RENTERS.  
UPON RECEIPT OF A REFERRAL, RTMC CONDUCTED AN EVALUATION OF THE  
ELIGIBLE CANDIDATE'S LIVING SITUATION AND CONDITIONS AND CONTACTED  
CONTRACTORS AS NEEDED TO COMPLETE THE MODIFICATIONS AND REPAIRS. FROM  
2017-2018, RTMC MADE \$22,510.63 IN EXPENDITURES AGAINST THE \$25,000 AHC  
OPERATING BUDGET. RTMC INSTALLED ACCESSIBILITY MODIFICATIONS (I.E.  
STAIRLIFTS AND RAMPS) FOR FIVE APPLICANTS AND SAFETY MODIFICATIONS  
(I.E. SHOWER CHAIRS, GRAB BARS, AND COMFORT-HEIGHT TOILETS) FOR THREE  
APPLICANTS.

5) CASA:

THE ADVENTIST HEALTHCARE COMMUNITY PARTNERSHIP FUND (CPF) PROVIDED CASA  
DE MARYLAND \$110,000 TO SUPPORT THE LANGLEY PARK PROMISE NEIGHBORHOOD  
(LPPN) PROGRAM, AND JUSTICE AWARDS NIGHT IN 2017. THE LPPN AIMED TO  
SUPPORT PARENT ENGAGEMENT IN THEIR CHILDREN'S ACADEMIC CAREER; IMPROVE  
EARLY CHILDCARE PROGRAMMING AND SUPPORT; INCREASE HEALTHCARE ACCESS AND

**Part VI** Supplemental Information (Continuation)

DEVELOP A MEDICAL HOME FOR LANGLEY PARK RESIDENTS; DEVELOP NEIGHBORHOOD

SAFETY PROGRAMS; ESTABLISH WORKFORCE DEVELOPMENT PROGRAMS; EXPAND

WIRELESS ACCESS TO ALL LANGLEY PARK RESIDENTS; AND CREATE AN ACADEMIC

AND COMMUNITY SERVICES HUB.

CASA PRODUCED MANY POSITIVE OUTCOMES ACROSS THEIR PROGRAM AREAS FROM

OUR PARTNERSHIP. REGARDING FAMILY ENGAGEMENT, CASA PILOTED AN ESOL

CLASS DESIGNED TO INCREASE PARENTS' ENGLISH PROFICIENCY TO ENABLE THEM

TO ADVOCATE EFFECTIVELY FOR THEIR CHILDREN WITHIN THE PUBLIC SCHOOL

SYSTEM; HOSTED THEIR FOURTH ANNUAL TEACHER-PARENT CONNECTIONS (TPC)

INSTITUTE, A WEEK-LONG PROFESSIONAL DEVELOPMENT PROGRAM FOR 11 PRINCE

GEORGE'S COUNTY PUBLIC SCHOOL (PGCPS) TEACHERS DESIGNED TO BUILD

CULTURAL COMPETENCY AND ENGAGE IMMIGRANT AND LATINO FAMILIES; AND

DELIVERED A "KNOW YOUR RIGHTS" SESSION FOR 60 COMMUNITY RESOURCE

ADVOCATES AND PARENT ENGAGEMENT ASSISTANTS WORKING IN PGCPS. CASA ALSO

ENROLLED 1,068 RESIDENTS IN ACA HEALTH INSURANCE PLANS, AND ASSISTED

105 RESIDENTS IN CASE MANAGEMENT TO RESOLVE ISSUES AND SET-UP

APPOINTMENTS IN KAISER PERMANENTE'S COMMUNITY INSURANCE PROGRAM (CHAP).

CASA EDUCATED 198 LANGLEY PARK RESIDENTS ABOUT HEALTH INSURANCE,

ENROLLMENT, COMMUNITY RESOURCES, AND HOW TO BECOME SELF-ADVOCATES.

THROUGH THE HEALTH HOTLINE, CASA INFORMED 485 LANGLEY PARK RESIDENTS ON

HEALTH INSURANCE ENROLLMENT PROCEDURES; MADE 465 REFERRALS FOR

PEDIATRIC AND ADULT PRIMARY CARE; AND 96 REFERRALS FOR CANCER

SCREENINGS AND CONNECTED THEM TO A MEDICAL HOME. ADDITIONALLY, CASA

PLACED WORKERS IN 1,357 DAILY JOBS AND 50 TEMPORARY JOBS; PLACED 15

WORKERS IN PERMANENT JOBS; ENROLLED 332 WORKERS IN VOCATIONAL TRAINING

AND 280 WORKERS IN ESOL CLASSES; AND PROVIDED JOB READINESS TRAINING TO

105 WORKERS. CASA ALSO HOSTED VARIOUS EDUCATIONAL, SOCIAL AND COMMUNITY

Part VI Supplemental Information (Continuation)

ENGAGEMENT EVENTS AND TECHNOLOGY CLASSES THROUGHOUT 2017.

ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC. AND ADVENTIST HEALTHCARE AS A SYSTEM CONTINUES TO PROVIDE COMMUNITY BUILDING ACTIVITIES IN 2018. PROVIDING COMMUNITY BUILDING ACTIVITIES IS ESSENTIAL TO ACHIEVING AND MAINTAINING OUR MISSION.

PART III, LINE 4:

PATIENT ACCOUNTS RECEIVABLE ARE REPORTED AT NET REALIZABLE VALUE. ACCOUNTS ARE WRITTEN OFF WHEN THEY ARE DETERMINED TO BE UNCOLLECTIBLE BASED UPON MANAGEMENT'S ASSESSMENT OF INDIVIDUAL ACCOUNTS. IN EVALUATING THE COLLECTABILITY OF PATIENT ACCOUNTS RECEIVABLE, THE CORPORATION ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL COLLECTIONS AND PROVISION FOR DOUBTFUL COLLECTIONS. FOR PATIENT ACCOUNTS RECEIVABLE ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE CORPORATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL COLLECTIONS AND PROVISION FOR DOUBTFUL COLLECTIONS, IF NECESSARY. FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE CORPORATION RECORDS A PROVISION FOR DOUBTFUL COLLECTIONS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE BILLED RATES AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF

**Part VI** Supplemental Information (Continuation)

AGAINST THE ALLOWANCE FOR DOUBTFUL COLLECTIONS.

THE CORPORATION'S ALLOWANCE FOR DOUBTFUL COLLECTIONS FOR SELF-PAY PATIENTS

AS A PERCENTAGE OF SELF-PAY ACCOUNTS RECEIVABLE WAS 44% AND 52% AT

DECEMBER 31, 2017 AND 2016, RESPECTIVELY. IN ADDITION, THE CORPORATION'S

SELF-PAY ACCOUNT BAD DEBT WRITEOFFS, NET OF RECOVERIES, DECREASED FROM

\$31,701,926 IN 2016 TO \$31,495,503 IN 2017 WHICH WAS THE RESULT OF SMALL

POSITIVE TRENDS EXPERIENCED IN THE COLLECTION OF AMOUNTS FROM SELF-PAY

PATIENTS IN 2017.

PART III, LINE 8:

MEDICARE:

IN ORDER TO DETERMINE THE COST OF PROVIDING MEDICARE SERVICES, WE

MULTIPLIED TOTAL MEDICARE CHARGES PER THE HOSPITAL'S GENERAL LEDGER TIMES

THE COST TO CHARGE RATIO REFLECTED IN THE ENTITY'S INCOME STATEMENT.

WE ESTIMATED TOTAL PAYMENTS RECEIVED BY MULTIPLYING THE HISTORICAL

COLLECTION PERCENTAGE OF MEDICARE ACCOUNTS TIMES TOTAL MEDICARE CHARGES AS

REPORTED IN THE HOSPITAL'S GENERAL LEDGER.

THE DEFICIT REPORTED REPRESENTS THE DIFFERENCE BETWEEN TOTAL ESTIMATED

MEDICARE RECEIPTS AND TOTAL ALLOWABLE ESTIMATED COSTS INCURRED TO TREAT

THE HOSPITAL'S MEDICARE PATIENTS.

PART III, LINE 9B:

> THAT ALL PATIENTS RECEIVE A NOTICE ON FINANCIAL ASSISTANCE AND A PHONE

CALL, BY ADVENTIST HEALTHCARE'S STAFF AND OUTSOURCED VENDORS, MENTIONING

THE OPPORTUNITY TO HAVE THEIR BILL REDUCED IF THE DEBTOR QUALIFIES FOR

Part VI Supplemental Information (Continuation)

ADVENTIST HEALTHCARE'S FINANCIAL ASSISTANCE.

> WHERE A DEBTOR HAS AFFIRMED A DEBT AND HAS BEEN GIVEN AN OPPORTUNITY TO

APPLY FOR ADVENTIST HEALTHCARE'S FINANCIAL ASSISTANCE, AND, HAS APPLIED

FOR AND BEEN GRANTED ASSISTANCE THAT REDUCED THE OUTSTANDING BALANCE BUT

LEAVING AN AMOUNT STILL OWED TO AN ADVENTIST HEALTHCARE FACILITY OR HAS

NOT APPLIED FOR ASSISTANCE IN THE ALLOTTED TIME PERIOD:

1) FOR EXISTING ACCOUNTS, THE COLLECTION AGENCY WILL RECEIVE "DAILY"

NOTIFICATION TO REDUCE THE OUTSTANDING BALANCE OF ANY DEBTOR WHO QUALIFIES

FOR ADVENTIST HEALTHCARE'S FINANCIAL ASSISTANCE. THE AGENCY WILL SEND A

LETTER TO THE DEBTOR, ACKNOWLEDGING THE NEW BALANCE WITHIN 15 DAYS OF THE

NOTICE TO ADJUST.

2) ONCE THE DEBTOR AFFIRMS THE DEBT, THE AGENCY WILL INFORM THE DEBTOR

ABOUT ADVENTIST HEALTHCARE'S FINANCIAL ASSISTANCE POLICY, AND ASK IF THEY

HAD RECEIVED INFORMATION ON HOW TO COMPLETE THE APPLICATION, OR THE

CRITERIA FOR QUALIFICATION.

3) WHERE A DEBTOR EXPRESSES A DESIRE TO COMPLETE THE APPLICATION FOR

FINANCIAL ASSISTANCE, THEY WILL BE REFERRED TO THE OFFICE OF ADVENTIST

HEALTHCARE'S MANAGER OF COLLECTIONS / CUSTOMER SERVICE (301-315-3660).

THE COLLECTION AGENCY WILL PLACE THE ACCOUNT ON "HOLD" FOR 2 WEEKS TO

ALLOW THE DEBTOR AMPLE TIME TO COMPLETE A FINANCIAL ASSISTANCE

APPLICATION.

4) WHERE THE DEBTOR HAS COMPLETED THE APPLICATION FOR FINANCIAL

ASSISTANCE, AND BEEN APPROVED, THE AGENCY WILL RECEIVE IMMEDIATE

NOTIFICATION FROM THE MANAGER OF COLLECTIONS/CUSTOMER SERVICE.

NOTIFICATION WILL INCLUDE THE AMOUNT OF DEBT REDUCTION THE DEBTOR

QUALIFIED FOR. THE MANAGER OF COLLECTIONS/CUSTOMER SERVICE WILL ADJUST

THE DEBTOR'S BALANCE ON ADVENTIST HEALTHCARE'S BOOKS.

**Part VI** Supplemental Information (Continuation)

PART VI, LINE 2:

ADVENTIST HEALTHCARE REHABILITATION IS A MEMBER OF ADVENTIST HEALTHCARE WHICH FORMED A COMMUNITY BENEFIT COUNCIL (CBC) IN 2011 TO GUIDE ITS COMMUNITY BENEFIT ACTIVITIES AND STRATEGY. THE COMMUNITY BENEFIT COUNCIL HAS REPRESENTATION FROM EACH OF THE FIVE HOSPITAL ENTITIES AS WELL AS ADDITIONAL KEY SYSTEM-WIDE DEPARTMENTS SUCH AS FINANCE, POPULATION HEALTH AND THE CENTER FOR HEALTH EQUITY AND WELLNESS (THE CENTER). THE COUNCIL IS CHAIRED BY MARILYN LYNK, PHD, EXECUTIVE DIRECTOR OF THE CENTER FOR HEALTH EQUITY AND WELLNESS. THE COUNCIL ALSO LEADS THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS AND THE DEVELOPMENT AND MONITORING OF EACH HOSPITAL'S IMPLEMENTATION STRATEGY. IN ADDITION TO COMPLETING OUR CHNAS EVERY THREE YEARS, ADVENTIST HEALTHCARE ASSESS THE NEEDS OF THE COMMUNITY WE SERVE THROUGH SEVERAL METHODS:

> SINCE 2006, ADVENTIST HEALTHCARE HAS REGULARLY CONVENED AN ADVISORY BOARD TO HELP GUIDE OUR EFFORTS TO REDUCE AND ELIMINATE HEALTH DISPARITIES, TO IDENTIFY COMMUNITY NEEDS, AND TO HELP ASSESS AND DIRECT OUR RESPONSE TO THOSE NEEDS. THE ADVISORY BOARD IS COMPRISED OF BOTH INTERNAL AND EXTERNAL (COMMUNITY) LEADERS. MEMBERS INCLUDE CLINICIANS, RESEARCHERS, ADMINISTRATORS, AND OTHERS FROM OUR HOSPITALS, COMMUNITY-BASED ORGANIZATIONS, LOCAL AND STATE HEALTH DEPARTMENTS, UNIVERSITIES, AND OTHER PUBLIC HEALTH STAKEHOLDER ORGANIZATIONS. THE ADVISORY BOARD IS A LARGE SOURCE OF INPUT FOR OUR COMMUNITY HEALTH NEEDS ASSESSMENTS BUT ALSO PROVIDES US WITH INPUT ON COMMUNITY NEEDS ON A MORE REGULAR AND FREQUENT BASIS.

> REPRESENTATIVES FROM ADVENTIST HEALTHCARE ALSO SERVE ON THE STEERING COMMITTEE FOR HEALTHY MONTGOMERY, THE LOCAL HEALTH IMPROVEMENT COALITION, BY SERVING ON THE STEERING COMMITTEE, AS WELL AS SEVERAL SUB-COMMITTEES,

Part VI Supplemental Information (Continuation)

WE ARE ABLE TO STAY APPRISED OF EXISTING AND DEVELOPING HEALTH NEEDS IN THE COMMUNITY AND ARE ABLE TO WORK WITH OTHER STAKEHOLDERS TO DEVELOP STRATEGIES FOR ADDRESSING THEM.

> ON A QUARTERLY BASIS, ADVENTIST HEALTHCARE ALSO CREATES INTERNAL EQUITY REPORTS. THESE REPORTS PROVIDE A SNAPSHOT OF THE PATIENT POPULATION THAT WE ARE SEEING IN OUR HOSPITALS. WE REVIEW DATA SUCH AS RACE, ETHNICITY, INSURANCE STATUS, READMISSIONS AND LANGUAGE. THIS DATA HELPS US TO BETTER UNDERSTAND WHO WE ARE SERVING AND GUIDES INTERNAL EFFORTS TO ADDRESS HEALTH EQUITY. FOR EXAMPLE, IT HELPS TO GUIDE DEVELOPMENT OF CULTURAL COMPETENCE TRAININGS AND RESOURCES AND INFORMS LANGUAGE ACCESS SERVICES PLANNING TO ENSURE WE HAVE SUFFICIENT RESOURCES IN PLACE TO MEET THE NEEDS OF OUR PATIENTS. WE ARE ALSO ABLE TO GATHER INFORMATION AROUND COMMUNITY NEEDS THROUGH OUR NUMEROUS COMMUNITY PARTNERSHIPS AND OUTREACH EFFORTS. THROUGH OUR PARTNERSHIPS WITH COMMUNITY ORGANIZATIONS, WE ARE ABLE TO LEARN ABOUT THE NEEDS OF THE STAKEHOLDERS THOSE ORGANIZATIONS REPRESENT. WE ARE ALSO ABLE TO GATHER DATA DIRECTLY FROM THE COMMUNITY MEMBERS WE SERVE THROUGH OUTREACH AND EDUCATIONAL PROGRAMMING.

AT ADVENTIST HEALTHCARE REHABILITATION, WE STRIVE TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE POSSIBLE FOR OUR PATIENTS AND THEIR LOVED ONES. WE FOCUS ON EACH PATIENT INDIVIDUALLY AND CARE FOR THE WHOLE PERSON THROUGH THE REHABILITATIVE PROCESS. HEALTHSTREAM ADMINISTERS OUR CUSTOMER SATISFACTION SURVEYS AND WE CONTINUOUSLY ANALYZE OUR SCORES TO IMPROVE OUR OUTCOMES.

ACUTE REHABILITATION HOSPITALS THROUGHOUT THE COUNTRY ENTER DATA INTO A NATIONAL DATABASE AS A MEANS TO REPORT OUTCOMES AND AS A WAY TO EVALUATE AND IMPROVE OVERALL RESULTS. WE STRIVE TO GET EACH PATIENT BACK TO THE



**Part VI** Supplemental Information (Continuation)

COMMUNITY AS QUICKLY AND SAFELY AS POSSIBLE. OUR OUTCOMES FOR PATIENTS

DISCHARGED DURING A SPECIFIED PERIOD WERE REPORTED IN OUR 2013 AND 2016

CHNAS.

CONTINUED...

PART VI, LINE 3:

PATIENT EDUCATION OF ELIGIBILITY:

ADVENTIST HEALTHCARE EDUCATES OUR PATIENTS AND COMMUNITY RESIDENTS ABOUT

CHARITY CARE AND FINANCIAL ASSISTANCE IN MANY WAYS. THEY INCLUDE, BUT ARE

NOT LIMITED TO, THE FOLLOWING: (1) ADVENTIST HEALTHCARE HAS FINANCIAL

ASSISTANCE SIGNAGE IN ALL ITS FACILITIES, ON ALL PATIENT STATEMENTS AND ON

OUR HOSPITALS' WEBSITES; (2) DURING PRE-REGISTRATION AND REGISTRATION,

PATIENTS WHO ARE REGISTERED AS SELF-PAY, OR EXPRESS A FINANCIAL HARDSHIP,

ARE INFORMED ABOUT THE HOSPITAL'S CHARITY CARE POLICY AND MAILED OR GIVEN

A CHARITY APPLICATION. ADDITIONALLY, AN ADVENTIST HEALTHCARE PATIENT

FINANCIAL ADVISOR WILL VISIT ADMITTED PATIENTS TO REVIEW FINANCIAL

OPTIONS, INCLUDING AHC'S FINANCIAL ASSISTANCE PROGRAM; (3) WHEN GOING

THROUGH THE MEDICAID ELIGIBILITY SCREENING, SELF-PAY PATIENTS ARE GIVEN A

CHARITY APPLICATION DURING THAT PROCESS JUST IN CASE THE PATIENT DOES NOT

QUALIFY FOR MEDICAID; (4) WHEN PATIENTS WITH A BALANCE RECEIVES A

STATEMENT, THE PATIENT STATEMENT INCLUDES NOTIFICATION OF THE AVAILABILITY

OF FINANCIAL ASSISTANCE AND THE CONTACT INFORMATION TO SPEAK WITH A

REPRESENTATIVE OR OBTAIN A FINANCIAL ASSISTANCE PACKAGE; (5) WHEN PATIENTS

WITH A BALANCE CONTACT THE COLLECTION DEPARTMENT AND EXPRESS FINANCIAL

HARDSHIP, CUSTOMER SERVICE REPS AND SELF-PAY COLLECTORS WILL NOTIFY THE

PATIENT OF THE AVAILABILITY OF ADVENTIST HEALTHCARE'S FINANCIAL ASSISTANCE

AND MAIL A CHARITY APPLICATION TO THE PATIENT AND (6) RESIDENTS WHO

**Part VI** Supplemental Information (Continuation)

PARTICIPATE IN OUR COMMUNITY PROGRAMS, SUCH AS BREAST CANCER, MATERNITY,  
ETC., ARE INFORMED OF ADVENTIST HEALTHCARE'S CHARITY PROGRAM PRIOR TO  
RECEIVING SERVICES.

PART VI, LINE 4:

ADVENTIST HEALTHCARE REHABILITATION PRIMARILY SERVES RESIDENTS OF  
MONTGOMERY AND PRINCE GEORGE'S COUNTIES IN MARYLAND. IN 2017, 66.43  
PERCENT OF DISCHARGES WERE FROM MONTGOMERY COUNTY, 17.8 PERCENT FROM  
PRINCE GEORGE'S COUNTY, AND 4.19 PERCENT FROM FREDERICK COUNTY.

OUR COMMUNITY BENEFIT SERVICE AREA (CBSA) IS BASED ON 85 PERCENT OF OUR  
DISCHARGES. THE CBSA IS DIVIDED INTO PRIMARY AND SECONDARY SERVICE AREAS.

SIXTY PERCENT OF DISCHARGES FALL INTO THE PRIMARY SERVICE AREA, WHICH  
INCLUDED THE FOLLOWING ZIP CODES AND CITIES IN 2017:

BETHESDA (20814, 20817); CLARKSBURG (20871); GAITHERSBURG (20878, 20877,  
20879); GERMANTOWN (20874, 20876); HYATTSVILLE (20782, 20783); MONTGOMERY  
VILLAGE (20886); POTOMAC (20854); ROCKVILLE (20850, 20852, 20853); SILVER  
SPRING (20906, 20904, 20902, 20901, 20910, 20903); TAKOMA PARK (20912);  
OLNEY (20832).

THE SECONDARY SERVICE AREA ACCOUNTS FOR 25 PERCENT OF DISCHARGES AND  
INCLUDED THE FOLLOWING ZIP CODES AND CITIES IN 2016:

BELTSVILLE (20705); BOWIE (20721); BOYDS (20841); BROOKEVILLE (20833);  
BURTONSVILLE (20866); CAPITOL HEIGHTS (20743); CHEVY CHASE (20815);  
CLINTON (20735); COLLEGE PARK (20740); DAMASCUS (20872); DERWOOD (20855);

**Part VI** Supplemental Information (Continuation)

DISTRICT HEIGHTS (20747); FREDERICK (21701, 21702, 21703); GAITHERSBURG  
(20882); GREENBELT (20770); HYATTSVILLE (20781, 20784, 20785); KENSINGTON  
(20895); LANHAM (20706); LAUREL (20707, 20723, 20708); MOUNT AIRY (21771);  
MOUNT RAINIER (20712); POOLESVILLE (20837); ROCKVILLE (20851); SUITLAND  
(20746); TEMPLE HILLS (20748); UPPER MARLBORO (20774, 20772); WASHINGTON  
(20011, 20015, 20019, 20012).

OUR COMMUNITY BENEFIT SERVICE AREA (CBSA), ENCOMPASSING 85 PERCENT OF ALL  
DISCHARGES, INCLUDES 1,093,497 PEOPLE FROM THE FOLLOWING RACIAL/ETHNIC  
CATEGORIES: 31.13% WHITE, 51.95% BLACK, 14% HISPANIC/LATINO, 5.63% ASIAN,  
0.41% NATIVE AMERICAN, AND 0.07% NATIVE HAWAIIAN/PACIFIC ISLANDER  
(POPULATION ESTIMATES BASED ON DISCHARGES IN 2016).

PART VI, LINE 5:

PROMOTION OF COMMUNITY HEALTH.

ADVENTIST HEALTHCARE REHABILITATION PARTNERS WITH COMMUNITY ORGANIZATIONS  
AND AGENCIES TO PROVIDE EDUCATION ON PREVENTION AND REHABILITATION FOR  
MANY HEALTH AND DISEASE-RELATED ISSUES FOR VALUABLE INPUT ON THE HEALTH  
NEEDS OF COMMUNITY MEMBERS. THIS INCLUDES SENIOR CENTERS, CHURCHES,  
SCHOOLS, SUPPORT GROUPS AND PROFESSIONAL ORGANIZATIONS. THE ADVENTIST  
HEALTHCARE REHABILITATION-ROCKVILLE SITE IS ALSO THE HOST FACILITY FOR A  
VARIETY OF SUPPORT GROUPS AND SPECIALTY THERAPEUTIC GROUPS FOR PATIENTS  
PAST AND PRESENT ALONG WITH THEIR FAMILIES AND CAREGIVER NETWORKS. WE  
PARTNER WITH CLINICS THAT SERVE THE LOW-INCOME RESIDENTS OF MONTGOMERY  
COUNTY, MANY OF WHOM ARE LIMITED ENGLISH PROFICIENT AND/OR RACIAL AND  
ETHNIC MINORITIES. ONE OF ADVENTIST HEALTHCARE REHABILITATION'S SAFETY NET  
CLINIC PARTNERS IS MERCY HEALTH CLINIC, WHICH PROVIDES PRIMARY CARE TO

**Part VI** Supplemental Information (Continuation)

UNINSURED, LOW-INCOME ADULT RESIDENTS OF MONTGOMERY COUNTY. WE ALSO PARTNER WITH MERCY HEALTH CLINIC BY PROVIDING FREE DIAGNOSTIC SERVICES/LAB WORK TO THEIR UNINSURED PATIENTS. ANOTHER KEY PARTNER IS MOBILE MEDICAL CARE (MOBILE MED), WHICH OPERATES THREE MOBILE HEALTHCARE VEHICLES AND PROVIDES PRIMARY AND PREVENTATIVE HEALTHCARE TO THE UNINSURED, LOW INCOME, WORKING POOR, AND HOMELESS IN MONTGOMERY COUNTY. WE ALSO PARTNER WITH MOBILE MED BY PROVIDING FREE DIAGNOSTIC SERVICES/LAB WORK TO THEIR UNINSURED PATIENTS. IN 2017, THESE CLINICS WERE ALSO SUPPORTED WITH CASH DONATIONS FROM ADVENTIST HEALTHCARE THROUGH OUR COMMUNITY PARTNERSHIP FUND.

AS PART OF A PARTNERSHIP WITH THE MONTGOMERY CARES/PRIMARY CARE COALITION INITIATIVE, ADVENTIST HEALTHCARE REHABILITATION PROVIDES ALMOST 150 PHYSICAL THERAPY VISITS ANNUALLY FOR UNINSURED, LOW-INCOME MONTGOMERY COUNTY RESIDENTS.

AN ADDITIONAL KEY COMMUNITY PARTNERSHIP IS THAT WITH MONTGOMERY COUNTY PUBLIC SCHOOLS. BEGINNING IN 2013, ADVENTIST HEALTHCARE REHABILITATION BEGAN PROVIDING BASELINE CONCUSSION TESTING FOR STUDENT ATHLETES. IN THE EVENT THAT AN INJURY OCCURS, THE EXAMS ARE USED TO COMPARE WITH POST-INJURY TESTS. ADVENTIST HEALTHCARE REHABILITATION ALSO PROVIDES SUPPORT IN THE FORM OF ATHLETIC TRAINERS ON SITE AT THE SCHOOLS TO WORK TO KEEP ATHLETES SAFE FROM THE DANGERS OF CONCUSSIONS AND OTHER SPORTS INJURIES, PROVIDE SIDELINE CARE AT GAMES, AND MANAGE RETURN-TO-PLAY PROTOCOL. ADVENTIST HEALTHCARE REHABILITATION IS CURRENTLY PROVIDING THESE SERVICES TO 13 MONTGOMERY COUNTY HIGH SCHOOLS.

IN ADDITION TO THE FORMAL ADVISORY BOARD THAT HELPS ADDRESS COMMUNITY NEEDS, THE STAFF OF ADVENTIST HEALTHCARE AND ADVENTIST HEALTHCARE REHABILITATION PARTICIPATES IN VARIOUS WAYS IN THE COMMUNITY. IN ORDER TO OBTAIN INPUT AND GUIDANCE FROM THOSE WE SERVE, WE ESTABLISHED A

**Part VI** Supplemental Information (Continuation)

PATIENT-FAMILY ADVISORY COUNCIL WHICH KEEPS OUR PROGRAMS AND SERVICES  
RELEVANT TO THE COMMUNITY'S HEALTH NEEDS AND ALLOWS FOR DIRECT DIALOGUE  
WITH OUR CUSTOMERS. FURTHER, WE ACTIVELY PARTICIPATE IN NUMEROUS  
COMMITTEES, COALITIONS, AND PARTNERSHIPS THAT PROVIDE INFORMATION ON THE  
HEALTH NEEDS IN THE COMMUNITY, SUCH AS HEALTHY MONTGOMERY, THE LOCAL  
HEALTH IMPROVEMENT COALITION. THE HEALTH PROFESSIONALS THAT PROVIDE  
PROGRAMS IN THE COMMUNITY ALSO PROVIDE VALUABLE INFORMATION AND KNOWLEDGE  
OF COMMUNITY NEEDS.

PART VI, LINE 6:

AFFILIATED HEALTH CARE:

ADVENTIST HEALTHCARE, BASED IN GAITHERSBURG, MD., IS A FAITH-BASED,  
NOT-FOR-PROFIT ORGANIZATION OF DEDICATED PROFESSIONALS WHO WORK TOGETHER  
EACH DAY TO PROVIDE EXCELLENT WELLNESS, DISEASE MANAGEMENT AND HEALTH-CARE  
SERVICES TO THE COMMUNITY. WE WERE FOUNDED UPON THE PRINCIPLE OF WELLNESS  
MORE THAN 100 YEARS AGO AND TODAY PROVIDE INNOVATIVE CARE TO HEART-ATTACK  
VICTIMS, CANCER PATIENTS, PREMATURE BABIES AND THE COMMUNITY AS A WHOLE.  
OUR UNWAVERING FOCUS HAS ALWAYS BEEN ON THE HEALTH AND WELLNESS OF THE  
COMMUNITIES WE SERVE. WE ARE ALREADY A STEP AHEAD AS HEALTH CARE REFORM IS  
CHALLENGING HOSPITAL SYSTEMS NATIONWIDE TO IMPROVE THE HEALTH OF  
POPULATIONS; OUR INTEGRATED, HEALTH-CARE DELIVERY NETWORK INCLUDES FIVE  
NATIONALLY ACCREDITED, ACUTE-CARE AND SPECIALTY HOSPITALS, MENTAL HEALTH  
SERVICES, HOME HEALTH AGENCIES AND URGENT CARE CENTERS, SERVING THE  
WASHINGTON, D.C. METROPOLITAN AREA.

ADVENTIST HEALTHCARE INCLUDES: ADVENTIST HEALTHCARE SHADY GROVE MEDICAL  
CENTER, ADVENTIST HEALTHCARE WASHINGTON ADVENTIST HOSPITAL, ADVENTIST

**Part VI** Supplemental Information (Continuation)

HEALTHCARE BEHAVIORAL HEALTH & WELLNESS SERVICES, ADVENTIST HEALTHCARE REHABILITATION, ADVENTIST HEALTHCARE HOME CARE SERVICES, THE REGINALD S. LOURIE CENTER FOR CHILDREN'S SOCIAL & EMOTIONAL WELLNESS, ADVENTIST HEALTHCARE URGENT CARE CENTERS, AND OTHER HEALTH SERVICES. TOGETHER, WITH OUR CENTER FOR HEALTH EQUITY AND WELLNESS, AND MORE THAN 2,000 AFFILIATED PHYSICIANS, ADVENTIST HEALTHCARE ENCOMPASSES MANY OF THE NECESSARY CARE DELIVERY COMPONENTS NEEDED TO DELIVER POPULATION-BASED CARE ACROSS THE CONTINUUM.

OUR COMMITMENT TO THE COMMUNITY EXTENDS BEYOND OUR WALLS TO ENCOMPASS THE MOST VULNERABLE AND UNDERSERVED. IN 2017, APPROXIMATELY 752,000 RESIDENTS CAME TO ONE OF OUR FACILITIES OR ATTENDED A HEALTH CLASS OR PROGRAM. WE ALSO PROVIDED SIGNIFICANT CHARITY CARE AND COMMUNITY BENEFIT OF MORE THAN \$71.5 MILLION. AS ONE OF THE LARGEST EMPLOYERS IN THE STATE OF MARYLAND, WE ARE GRATEFUL TO HAVE THE DEDICATED COMMITMENT OF 6,608 EMPLOYEES AND ALMOST 1,578 VOLUNTEERS THROUGHOUT ADVENTIST HEALTHCARE WHO PROVIDE COMPASSIONATE, HIGH-QUALITY CARE EACH AND EVERY DAY.

IN ADDITION TO PROVIDING CHARITY CARE AT OUR FACILITIES, ADVENTIST HEALTHCARE IS INVOLVED IN NUMEROUS OUTREACH INITIATIVES DESIGNED TO IMPROVE ACCESS TO HEALTH CARE FOR LOW-INCOME AND UNINSURED INDIVIDUALS, AS WELL AS HISTORICALLY UNDER-SERVED COMMUNITIES INCLUDING MINORITIES AND IMMIGRANTS. OUR GOAL IS EFFECTIVE PREVENTION, TREATMENT AND CARE PROGRAMS FOR ALL INDIVIDUALS, REGARDLESS OF THEIR ECONOMIC, CULTURAL, LINGUISTIC OR DEMOGRAPHIC CHARACTERISTICS.

VISIT [WWW.ADVENTISTHEALTHCARE.COM](http://WWW.ADVENTISTHEALTHCARE.COM) TO LEARN EVEN MORE ABOUT OUR SERVICES AND OUR LONGSTANDING BELIEF THAT A HEALTHY LIFESTYLE IS THE BEST WAY TO

**Part VI** Supplemental Information (Continuation)

PREVENT DISEASE, AND THAT PREVENTION IS MUCH BETTER THAN A CURE.

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

MD

PART VI, LINE 2, NEEDS ASSESSMENT, CONTINUED:

THE CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) BREAKS DOWN THE  
DIAGNOSTIC CATEGORIES FOR PATIENTS THAT UTILIZE ACUTE REHABILITATION  
SERVICES INTO 21 REHAB IMPAIRMENT CATEGORIES CALLED RIC'S. THE 21 RIC'S  
ARE FURTHER GROUPED INTO CMGS OR CASE MIX GROUPS. ALL ACUTE REHAB  
HOSPITALS SUBMIT THEIR DATA TO CMS; THUS, WE CAN COMPARE OURSELVES TO  
OTHERS NATIONWIDE AS WELL AS TO OUR REGIONAL AREA, WHICH INCLUDES DE,  
MD, VA, DC, NC, SC, WV, GA AND FL. OUR VOLUMES ARE COMPARABLE TO THE  
NATION AND REGION. WE ARE PROUD TO HAVE A HIGHER PERCENTAGE OF BRAIN  
INJURY PATIENTS WHO ARE DISCHARGED TO COMMUNITY THAN THE NATION - THIS  
SPEAKS TO STRONG CLINICAL OUTCOMES WITH OUR BRAIN INJURY PROGRAM. OUR  
SPINAL CORD INJURY VOLUMES AND OUR STROKE VOLUMES ARE ALSO HIGHER  
DISCHARGED TO COMMUNITY AT A HIGHER RATE THAN THE NATION AND REGION.

**SCHEDULE J  
(Form 990)**

**Compensation Information**

OMB No. 1545-0047

**2017**

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

Name of the organization **ADVENTIST REHABILITATION HOSPITAL OF  
MARYLAND, INC.** Employer identification number  
**20-1486678**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule J (Form 990) 2017



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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) JOHN SACKETT CHAIR; EVP&COO,AHC &PRESIDENT, SGMC	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	541,445.	180,669.	117,592.	118,709.	54,919.	1,013,334.	97,424.
(2) BRENT REITZ SECRETARY;VP&ADMINISTRATOR,ARHM	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	289,308.	90,482.	46,964.	62,820.	27,002.	516,576.	39,934.
(3) ERIK WANGSNESS PRESIDENT, WAH	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	415,290.	122,726.	88,634.	89,883.	35,890.	752,423.	77,326.
(4) ELIZABETH KOTROBA AVP, OPERATIONS	(i)	130,086.	29,068.	1,463.	6,787.	22,355.	189,759.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) ANDRA HENNING DIRECTOR, INPATIENT THERAPY	(i)	109,778.	19,904.	665.	4,979.	19,584.	154,910.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) GEORGE ROBERT GRANGE AVP, REHAB SERVICES	(i)	150,526.	33,656.	1,412.	7,859.	24,523.	217,976.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) MARIA SAUNAR DIRECTOR, NURSING	(i)	124,075.	17,687.	809.	6,469.	26,729.	175,769.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) VALERIE SUMMERLIN CHIEF NURSING OFFICER	(i)	186,494.	30,648.	2,253.	9,325.	4,627.	233,347.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) MARTHA VELEZ DIRECTOR, FINANCE	(i)	122,693.	17,311.	1,137.	6,369.	15,518.	163,028.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

**Part III Supplemental Information**

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

PART I, LINE 3:

COMPENSATION DEFINED. THE COMPENSATION REPORTED FOR THE EMPLOYEES SET

FORTH ON SCHEDULE J IS COMPRISED OF THE FOLLOWING:

BASE COMPENSATION INCLUDES NONDISCRETIONARY PAYMENTS, AGREED UPON IN

ADVANCE, CONTINGENT ONLY UPON THE PAYEES' PERFORMANCE OF AGREED UPON

SERVICES (SUCH AS SALARY OR FEES).

INCENTIVE COMPENSATION INCLUDES PAYMENTS BASED ON SATISFACTION OF

PRE-DETERMINED PERFORMANCE TARGETS SUCH AS QUALITY/PATIENT SAFETY GOALS,

EMPLOYEE AND CUSTOMER ENGAGEMENT GOALS, ORGANIZATIONAL GROWTH, AND

FINANCIAL PERFORMANCE, AMONG OTHER THINGS.

OTHER REPORTABLE COMPENSATION INCLUDES AN EXECUTIVE RETENTION 457F PLAN,

WHICH BECAME EFFECTIVE ON JANUARY 1, 2015. PRE-TAX CONTRIBUTIONS ARE

ACCUMULATED ANNUALLY AND ARE DISTRIBUTED ON JANUARY 1ST OF THE 2ND YEAR, IF

STILL EMPLOYED OR SOONER BASED ON CERTAIN EXCEPTIONS. THERE IS TYPICALLY A

2-YEAR DEFERRAL PERIOD BEFORE PAYMENTS ARE RELEASED. THE FIRST PAYMENT ON

THE EXECUTIVE RETENTION PLAN, RELATED TO CONTRIBUTIONS ACCUMULATED IN 2015,

**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.

WILL GENERALLY BE DISTRIBUTED ON JANUARY 1, 2017 AND CONTRIBUTIONS

ACCUMULATED IN 2016 WILL GENERALLY BE DISTRIBUTED ON JANUARY 1, 2018. IN

ADDITION, OTHER REPORTABLE COMPENSATION INCLUDES LONG-TERM DISABILITY

COVERAGE, CELL PHONE ALLOWANCES, CASH-OUT OF UNUSED PAID TIME OFF (PTO)

HOURS (ONLY FOR EMPLOYEES WHO LEAVE OUR ORGANIZATION), IMPUTED VALUE OF

LIFE INSURANCE BENEFITS, TAXABLE PAYABLE PAY, AND SEVERANCE, AS APPLICABLE.

CERTAIN EXECUTIVES CAN ALSO RECEIVE REPORTABLE COMPENSATION THROUGH A

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP), ONCE THEY HAVE VESTED IN THE

PLAN; HOWEVER, EXECUTIVES LISTED ON THIS TAX RETURN HAVE NOT YET RECEIVED

THIS BENEFIT SINCE THEY HAVE MET THE VESTING REQUIREMENTS.

NON-TAXABLE BENEFITS INCLUDES PRE-TAX PAYROLL DEDUCTIONS (SUCH AS FLEXIBLE

MEDICAL SPENDING, DEPENDENT CARE, AND EMPLOYEE HEALTH BENEFIT PREMIUM), AND

THE EMPLOYER PORTION OF CERTAIN EMPLOYEE BENEFITS SUCH AS HEALTH INSURANCE,

DENTAL INSURANCE, VISION INSURANCE, LIFE INSURANCE, BASE CONTRIBUTIONS TO

RETIREMENT PLANS, MATCHING OF EMPLOYEES' RETIREMENT CONTRIBUTIONS, ETC.

PAY PRACTICE: ADVENTIST HEALTHCARE UTILIZES A SINGLE EMPLOYER ID FOR ALL

ITS AFFILIATED ENTITIES FOR EMPLOYMENT PURPOSES. AS SUCH, ACTUAL

**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.

COMPENSATION AND BENEFITS ARE CHARGED TO THE RESPECTIVE ENTITIES AND THE  
RESULTING COMPENSATION AND BENEFITS ARE REPORTED ON EACH AFFILIATE IRS FORM  
990 AS IF PAID DIRECTLY BY SUCH AFFILIATE. AS APPLICABLE, THE SAME AND  
NON-ADDITIVE COMPENSATION AND EMPLOYMENT BENEFIT PLAN CONTRIBUTION AMOUNTS  
WERE ALSO DISCLOSED IN THE ADVENTIST HEALTHCARE INC. RELATED ENTITIES  
RETURNS.

INDEPENDENT GUIDELINES: WHEN SETTING COMPENSATION FOR THE OFFICERS,  
DIRECTORS, TRUSTEES, KEY EMPLOYEES, AND THE HIGHEST COMPENSATED EMPLOYEES,  
ADVENTIST HEALTHCARE FULLY COMPLIES WITH THE PROCEDURAL SAFE GUARDS  
EMBODIED IN IRS REGULATIONS. COMPENSATION FOR ADVENTIST HEALTHCARE  
OFFICERS, DIRECTORS, TRUSTEES, KEY EMPLOYEES, AND THE HIGHEST COMPENSATED  
EMPLOYEES IS ENTIRELY SET BY A COMMITTEE OF ADVENTIST HEALTHCARE BOARD OF  
TRUSTEES. IN SETTING COMPENSATION, THE GOVERNING BOARD COMMITTEE RELIES  
UPON MARKET COMPARABILITY DATA PROVIDED BY AN INDEPENDENT OUTSIDE  
COMPENSATION CONSULTANT WHO PROVIDES A SUMMARY OF HEALTH CARE SALARIES AND  
BENEFITS FOR COMPARABLE SIZED ORGANIZATIONS BOTH NATIONALLY AND IN THE  
BALTIMORE-WASHINGTON REGION. TO FURTHER ENSURE REASONABLENESS, BOTH  
COMPENSATION AND BENEFITS ARE TARGETED AT THE 50TH PERCENTILE (OR MEDIAN)

**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.

OF THE MARKET.

PART I, LINE 4B:

CERTAIN EMPLOYEES RECEIVED COMPENSATION FROM AN EXECUTIVE RETENTION 457F  
PLAN, WHICH BECAME EFFECTIVE ON JANUARY 1, 2015. PRE-TAX CONTRIBUTIONS ARE  
ACCUMULATED ANNUALLY AND ARE DISTRIBUTED ON JANUARY 1ST OF THE 2ND YEAR, IF  
STILL EMPLOYED OR SOONER BASED ON CERTAIN EXCEPTIONS. THERE IS TYPICALLY A  
2-YEAR DEFERRAL PERIOD BEFORE PAYMENTS ARE RELEASED. THE FIRST PAYMENT ON  
THE EXECUTIVE RETENTION PLAN, RELATED TO CONTRIBUTIONS ACCUMULATED IN 2015,  
WILL GENERALLY BE DISTRIBUTED ON JANUARY 1, 2017 AND CONTRIBUTIONS  
ACCUMULATED IN 2016 WILL GENERALLY BE DISTRIBUTED ON JANUARY 1, 2018.  
AMOUNTS LISTED UNDER PART II, COLUMN F INCLUDE PAYOUT AMOUNTS WHICH WERE  
CONSIDERED DEFERRED COMPENSATION FROM THE 457F PLAN IN OUR PRIOR YEAR  
RETURNS AND THESE AMOUNTS ARE NOW BEING SHOWN UNDER THE OTHER REPORTABLE  
INCOME, COLUMN B (III).

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

Department of the Treasury  
Internal Revenue Service

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

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

▶ Attach to Form 990 or 990-EZ.

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

OMB No. 1545-0047

**2017**

Open to Public  
Inspection

Name of the organization	ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number	20-1486678
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FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

ADVENTIST REHABILITATION IS BUILT AROUND OUR PATIENTS AND LEADS THE WAY

BACK TO LIFE FROM STROKE, BRAIN INJURY, SPINAL CORD INJURY, AMPUTATION

AND TRAUMA. EVERY DAY, WE CELEBRATE PATIENT ADVANCES, BIG AND SMALL.

WE HAVE RECENTLY UPGRADED OUR SERVICES THROUGH THE ADDITION OF AN

ACCESSIBLE VAN, REHABILITATION EQUIPMENT (SUCH AS POWER WHEEL CHAIRS OR

LIGHT/SPORT WHEEL CHAIRS) A CAR SIMULATOR FOR PRACTICE CAR TRANSFERS

AND SLEEPER CHAIRS. WE HAVE LOCATIONS IN ROCKVILLE AND TAKOMA PARK WITH

OUTPATIENT SERVICES IN ROCKVILLE, GAITHERSBURG AND SILVER SPRING.

WE OFFER SPECIALIZED INPATIENT AND OUTPATIENT TREATMENT FOR PERSONS

WITH FUNCTIONAL LIMITATIONS, CARING FOR PATIENTS 18 AND OLDER AND,

UNDER SPECIAL CIRCUMSTANCES, EMANCIPATED MINORS. OUR MANY

REHABILITATION PROGRAMS AND SERVICES INCLUDE:

ACUTE INPATIENT REHABILITATION,

SPINAL CORD INJURY,

AMPUTEES PROGRAM STROKE,

BRAIN INJURY,

ORTHOPEDIC PROGRAMS,

ORTHOPEDIC REHABILITATION,

PROSTHETICS & ORTHOTICS,

OUTPATIENT SERVICES,

DRIVER REHABILITATION PROGRAM,

LYMPHEDEMA THERAPY,

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

Schedule O (Form 990 or 990-EZ) (2017)

732211 09-07-17

Name of the organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number 20-1486678
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JOINT REPLACEMENT PROGRAM,

SEATING & MOBILITY CLINIC,

LEE SILVERMAN VOICE TREATMENT (LSVT) SPEECH LANGUAGE & SWALLOWING

THERAPY.

IN 2016, ADVENTIST REHABILITATION WAS GRANTED A THREE-YEAR

ACCREDITATION FOR OUR INPATIENT AND OUTPATIENT FACILITIES FROM THE

JOINT COMMISSION. THE ACCREDITATION PROCESS ESTABLISHED BY THE

COMMISSION IS RECOGNIZED NATIONWIDE AS A SYMBOL OF QUALITY THAT

REFLECTS AN ORGANIZATION'S COMMITMENT TO MEETING PERFORMANCE STANDARDS.

ADVENTIST REHABILITATION IS THE FIRST HOSPITAL IN THE D.C. METROPOLITAN

AREA TO EARN A SPECIALTY ACCREDITATION IN AMPUTEE REHABILITATION FROM

THE COMMISSION ON ACCREDITATION OF REHABILITATION FACILITIES (CARF)

INTERNATIONAL. CARF INTRODUCED ITS AMPUTEE SPECIALTY STANDARDS IN JULY

2007 WITH INPUT FROM THE AMPUTEE COALITION OF AMERICA (ACA), VETERANS

HEALTH ADMINISTRATION, DEPARTMENT OF DEFENSE, AMERICAN ACADEMY OF

ORTHOTISTS & PROSTHETISTS, AND PERSONS WITH LIMB LOSS. THE STANDARDS,

WHICH BECAME EFFECTIVE IN JANUARY 2008, REQUIRE ACCREDITED AMPUTEE

PROGRAMS TO PROVIDE A HOLISTIC, INTERDISCIPLINARY TEAM APPROACH TO CARE

AND TO OFFER POST-CARE ASSISTANCE IN TRANSITIONING BACK TO THE

COMMUNITY. THE MOST RECENT CERTIFICATION TOOK PLACE IN THE FALL OF

2017.

OUR ACUTE INPATIENT REHABILITATION PROGRAM IS RUN BY A TEAM OF

REHABILITATION EXPERTS WHO WILL GUIDE YOU ALONG A PRACTICAL AND

PERSONAL TREATMENT PROGRAM FOCUSED ON INCREASING SELF-RELIANCE AND

GAINING INDEPENDENCE. THE TEAM IS LED BY A PHYSIATRIST, A MEDICAL

Name of the organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number 20-1486678
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DOCTOR WHO SPECIALIZES IN PHYSICAL REHABILITATION. WE PROVIDE  
 SPECIALIZED REHABILITATION NURSING 24 HOURS A DAY, SEVEN DAYS A WEEK.  
 THERAPY SERVICES INCLUDE PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH  
 LANGUAGE PATHOLOGY, AND RECREATIONAL THERAPY.

THE SPINAL CORD INJURY PROGRAM ADDRESSES BOTH TRAUMATIC SPINAL CORD  
 INJURIES RESULT FROM A FALL OR ACCIDENT, AND NON-TRAUMATIC SPINAL CORD  
 INJURIES THAT RESULT FROM A STROKE AND DISRUPTION TO THE SPINAL CORD,  
 TUMOR ON SPINAL CORD, OR INFECTION. AGAIN, A TEAM APPROACH TO PUT  
 TOGETHER AN INTERDISCIPLINARY PLAN OF CARE HELPS THE PATIENT ON THE  
 ROAD TO RECOVERY.

IN 2017, ADVENTIST REHABILITATION RECEIVED A QUALITY OF LIFE GRANT FROM  
 THE CHRISTOPHER & DANA REEVE FOUNDATION TO IMPROVE THE LIVES OF PEOPLE  
 LIVING WITH PARALYSIS. THE GRANT WAS ONE OF 102 GRANTS AWARDED BY THE  
 FOUNDATION TO NONPROFIT ORGANIZATIONS NATIONWIDE THAT IMPROVE  
 OPPORTUNITIES, ACCESS AND DAY-TO-DAY QUALITY OF LIFE FOR INDIVIDUALS  
 WITH PARALYSIS, THEIR FAMILIES AND CAREGIVERS. ADVENTIST REHABILITATION  
 WILL USE THE GRANT TO PURCHASE SPECIALTY EXERCISE EQUIPMENT FOR  
 PATIENTS WITH NEUROLOGICAL IMPAIRMENTS.

OUR AMPUTEE PROGRAM UTILIZES AN INTERDISCIPLINARY TEAM APPROACH TO HELP  
 POST-AMPUTEES PATIENTS TO ADJUST PHYSICALLY AND PSYCHOLOGICALLY AFTER  
 THE LOSS OF A LIMB AND RESUME ACTIVE AND PRODUCTIVE LIVES. INDIVIDUALS  
 MAY BE TREATED AS INPATIENTS OR OUTPATIENTS, DEPENDING ON THEIR  
 PERSONAL NEEDS. PATIENTS WORK TO IMPROVE STRENGTH, COORDINATION AND  
 ENDURANCE AND ALSO LEARN PROPER WOUND CARE. WHEN READY, OUR PATIENTS  
 ARE PRESCRIBED PROSTHETIC DEVICES THAT ARE BOTH FUNCTIONAL AND



Name of the organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number 20-1486678
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COMFORTABLE TO WEAR. ONCE TINED WITH A NEW LIMB, THE PATIENT LEARNS TO

USE THE PROSTHESIS WITH CONFIDENCE AND TO INCORPORATE IT INTO DAILY

LIFE.

THE INTERDISCIPLINARY TEAM APPROACH OF THE BRAIN INJURY PROGRAM

ADDRESSES TRAUMATIC BRAIN INJURIES CAUSED BY AN EXTERNAL PHYSICAL

FORCE, SUCH AS A CAR ACCIDENT, FALL, SPORTS OR WORKPLACE INJURIES,

ETC.; AS WELL AS ACQUIRED BRAIN INJURIES CAUSED BY INTERNAL TRAUMA TO

THE BRAIN, SUCH AS TUMORS, BLOOD CLOTS, SEIZURES, INFECTIONS, ETC. EACH

OF THESE TYPES OF BRAIN INJURIES MAY RESULT IN IMPAIRMENT OF PHYSICAL,

COGNITIVE, BEHAVIORAL, AND/OR EMOTIONAL CAPABILITIES. REHABILITATION

FOLLOWING A BRAIN INJURY IS VERY COMPLEX BECAUSE OF THE NEED TO ADDRESS

MULTIPLE AREAS OF DEFICIT, INCLUDING PHYSICAL IMPAIRMENTS, FUNCTIONAL

DEFICIENCIES (SUCH AS DIFFICULTY WALKING OR DRESSING), BEHAVIORAL

DIFFICULTIES, EMOTIONAL CONSEQUENCES AND SOCIAL OR INTERPERSONAL

LIMITATIONS. OFTEN, SIGNIFICANT COGNITIVE DEFICITS, SUCH AS LIMITED

ATTENTION SPAN OR POOR MEMORY, UNDERLIE AND EXACERBATE THESE PROBLEMS.

PATIENTS IN OUR BRAIN INJURY PROGRAM RECEIVE INTENSIVE, INTEGRATED

REHABILITATION DESIGNED TO MAXIMIZE THEIR RECOVERY. TEAM MEMBERS,

INCLUDING A NEUROPSYCHOLOGIST, MEET AT LEAST ONCE A WEEK TO DISCUSS

GOALS, PROGRESS AND TREATMENT STRATEGIES.

WE CONTINUE TO PARTNER WITH MONTGOMERY COUNTY PUBLIC SCHOOLS (MCPS) ON

A CONCUSSION PROGRAM FOR COUNTY HIGH SCHOOL ATHLETES. THE PARTNERSHIP

REQUIRES ALL HIGH SCHOOL ATHLETES TO UNDERGO A BASELINE EXAM PRIOR TO

THEIR RESPECTIVE SPORTS SEASON.

OTHER PROGRAMS OFFERED INCLUDE A STROKE PROGRAM FOR RECOVERING STROKE

Name of the organization ADVENTIST REHABILITATION HOSPITAL OF  
MARYLAND, INC.

Employer identification number  
20-1486678

PATIENTS TO TAKE PART IN AN INTENSIVE COURSE OF INTEGRATED THERAPY AND

MEDICAL MANAGEMENT. THE OBJECTIVE IS TO RESTORE MOVEMENT, IMPROVE

SPEECH, TEACH SELF-CARE AND HOME CARE SKILLS AND IMPROVE COGNITIVE AND

MEMORY FUNCTIONS. STROKE PATIENTS AND THEIR FAMILIES WILL BE GUIDED

THROUGH A PATIENT-FOCUSED, COMPREHENSIVE, AND OUTCOME-ORIENTED STROKE

PROGRAM BY A CARING, COMPETENT TEAM OF HEALTHCARE PROFESSIONALS.

THE ORTHOPEDIC REHABILITATION PROGRAM IS DESIGNED FOR THOSE WHO HAVE

UNDERGONE A TOTAL HIP OR KNEE REPLACEMENT OR HAVE SUSTAINED TRAUMA TO

BONES OR JOINTS. THE PROGRAM FOCUSES ON HELPING PATIENTS REGAIN THEIR

STRENGTH, MOBILITY, ENDURANCE AND RANGE OF MOTION.

THE DRIVER REHABILITATION PROGRAM DETERMINES WHETHER IT IS SAFE FOR THE

CLIENT TO CONTINUE DRIVING FOLLOWING AN INJURY/ILLNESS OR AGE-RELATED

CHANGES. A DRIVING PROGRAM MAY INCLUDE A CLINICAL EVALUATION WHICH

INCLUDES AN ASSESSMENT OF VISION, VISUAL PERCEPTION, COGNITION,

REACTION TIME, AND MOTOR SKILLS RELATED TO DRIVING. IT MAY ALSO INCLUDE

A BEHIND-THE-WHEEL EVALUATION, IN ADDITION TO TRAINING CONDUCTED BY AN

OCCUPATIONAL THERAPIST WHO SPECIALIZES IN DRIVING REHABILITATION.

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

OUR CERTIFIED LYMPHEDEMA THERAPISTS PROVIDE A COMPLETE DECONGESTIVE

TREATMENT APPROACH FOR PEOPLE SUFFERING FROM LYMPHEDEMA. THIS INVOLVES

A SPECIALIZED MASSAGE TECHNIQUE CALLED MANUAL LYMPH DRAINAGE (MLD),

SKIN AND NAIL CARE, COMPRESSION BANDAGING AND GARMENTS, REMEDIAL

EXERCISE AND SELF-CARE TRAINING. THE GOAL OF OUR PROGRAM IS TO HELP

INDIVIDUALS REDUCE INCREASE VOLUME RESULTING FROM LYMPHEDEMA, RESTORE

MOBILITY, IMPROVE COSMESIS, PREVENT INFECTION, AND IMPROVE THEIR

Name of the organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number 20-1486678
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QUALITY OF LIFE.

A JOINT REPLACEMENT PROGRAM AT ADVENTIST REHABILITATION HELPS PATIENTS TO ACHIEVE GOALS FOR OPTIMAL RESULTS. ONE OF THE IMPORTANT CRITICAL FACTORS FOR SUCCESSFUL OUTCOMES FOLLOWING KNEE OR HIP REPLACEMENT FOR PATIENTS IS FOR PATIENTS TO DILIGENTLY FOLLOW THE PHYSICAL REHABILITATION PROCESS. WE PROVIDE BOTH THE SUPPORT AND RESOURCES FOR A POSITIVE OUTCOME.

LEE SILVERMAN VOICE TREATMENT (LSVT)-CERTIFIED SPEECH LANGUAGE PATHOLOGISTS AT ADVENTIST REHABILITATION CAN COMPLETE A COMPREHENSIVE ASSESSMENT TO DETERMINE CANDIDACY FOR LSVT. LSVT IS A HIGHLY EFFECTIVE INTENSIVE SPEECH THERAPY PROGRAM DESIGNED FOR PARKINSON'S PATIENTS. LSVT IS DESIGNED TO IMPROVE SPEECH AND VOICE FUNCTION. THE THERAPY TARGETS VOCAL LOUDNESS IN ORDER TO TRIGGER IMPROVED FUNCTION AND COORDINATION ACROSS THE VARIOUS SUBSYSTEMS OF SPEECH. LSVT COMBINES MOTOR RETRAINING WITH SENSORY RE-TRAINING TO ELICIT MAXIMUM OUTCOMES. THE TREATMENT REGIMEN INCLUDES EMPHASIS ON PATIENT EDUCATION AND CARRYOVER OF GAINS TO DAILY COMMUNICATION ENVIRONMENTS. THE LSVT PROTOCOL INVOLVES FOUR 1-HOUR THERAPY SESSIONS PER WEEK FOR 4 WEEKS.

ADVENTIST REHABILITATION IS BUILT AROUND OUR PATIENTS AND LEADS THE WAY BACK TO LIFE FROM STROKE, BRAIN INJURY, SPINAL CORD INJURY, AMPUTATION AND TRAUMA. EXPERT CARE TEAMS WORKING SIDE-BY-SIDE WITH PATIENTS, USING INNOVATIVE THERAPIES, STATE-OF-THE-ART EQUIPMENT AND GROUND-BREAKING TECHNOLOGY COMBINE TO OFFER NEW WAYS TO HEAL. AS A NONPROFIT ORGANIZATION, ADVENTIST REHABILITATION HOSPITAL DEPENDS ON THIS SUPPORT AND DOLLAR FOR DOLLAR, EVERY DONATION MAKES A DIFFERENCE BY HELPING US

Name of the organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number 20-1486678
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MAINTAIN OUTSTANDING PROGRAMS AND SERVICES AND KEEP PACE WITH THE  
LATEST ADVANCES IN TECHNOLOGY AND EQUIPMENT FOR REHABILITATIVE CARE.

ADVENTIST REHABILITATION ALSO FEATURES OUTPATIENT SERVICES IN DOWNTOWN  
CROWN IN GAITHERSBURG, MD. EXPERT SERVICES ARE PROVIDED BY PHYSICAL  
THERAPISTS AND PHYSICIANS WHO SPECIALIZE IN ORTHOPEDIC AND  
SPORTS-RELATED INJURIES. THE REHABILITATION SERVICES PROVIDE CLIENTS  
WITH EVIDENCE-BASED TREATMENT APPROACHES THAT ARE BOTH SAFE AND  
EFFECTIVE FOR MANY SPORTS-RELATED INJURIES. COMMON CONDITIONS WE TREAT  
INCLUDE: MUSCLE TEARS & TENDONITIS; BACK & NECK PAIN; LIGAMENT SPRAINS;  
SPINAL DISC INJURIES; POST-SURGERY BONE FRACTURES & JOINT REPLACEMENT;  
POST-SURGICAL LIGAMENT RECONSTRUCTION; SPORTS-RELATED INJURIES; AND  
SCIATICA.

OUR OUTPATIENT SERVICES INCLUDE: CERTIFIED MANUAL THERAPISTS; FREE  
INJURY SCREENINGS; DRY NEEDLING FOR PAIN MANAGEMENT AND ANTI-GRAVITY  
TREADMILL EQUIPMENT.

FORM 990, PART VI, SECTION A, LINE 6:  
ADVENTIST HEALTHCARE, INC. IS THE SOLE CORPORATE MEMBER OF ADVENTIST  
REHABILITATION HOSPITAL OF MARYLAND, INC. WITH THE AUTHORITY TO APPROVE ITS  
BOARD MEMBERSHIP.

FORM 990, PART VI, SECTION A, LINE 7A:  
THE BOARD OF TRUSTEES OF ADVENTIST HEALTHCARE, INC. APPOINTS THE MEMBERS OF  
ADVENTIST REHABILITATION HOSPITAL OF MARYLAND GOVERNING BODY.

Name of the organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number 20-1486678
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FORM 990, PART VI, SECTION A, LINE 7B:

THE BOARD OF TRUSTEES APPROVES ALL ACTIONS OF MANAGEMENT.

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

DURING THE PREPARATION PROCESS, EXECUTIVE MANAGEMENT TEAM REVIEWED VARIOUS SECTIONS OF THE DRAFT FORM 990 BASED ON A PLANNED COMPLETION TIME TABLE. IN ADDITION, THE EXECUTIVE COMMITTEE OF THE BOARD REVIEWED CERTAIN KEY SECTIONS OF THE FORM. PRIOR TO FILING, ALL MEMBERS OF THE BOARD ARE PROVIDED A COPY OF THIS FORM 990 THROUGH EMAIL, WHICH IS LINKED TO THE COMPANY'S INTRANET WEBSITE.

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

PURSUANT TO THE ORGANIZATION'S CONFLICT OF INTEREST POLICY, EACH FACILITY BOARD MEMBER, OFFICER, DIRECTOR AND ANY EMPLOYEE IN A POSITION THAT REQUIRES COORDINATION AND/OR NEGOTIATION WITH CONTRACTORS OR SUPPLIES, IS REQUIRED ON AN ANNUAL BASIS TO DISCLOSE ANY BUSINESS OR FINANCIAL RELATIONSHIP OUTSIDE OF THE ORGANIZATION.

AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST, OR THE PERCEPTION OR APPEARANCE OF A CONFLICT OF INTEREST, OCCURS WHEN A COVERED PERSON IS IN A POSITION TO INFLUENCE A DECISION THAT MAY RESULT IN A PERSONAL GAIN FOR THAT EMPLOYEE, A RELATIVE, OR OTHER PERSON LIVING IN THE SAME HOUSEHOLD, AS A RESULT OF ADVENTIST HEALTHCARE'S BUSINESS ACTIVITIES. A RELATIVE IS DEFINED AS ANY PERSON WHO IS RELATED BY BLOOD OR MARRIAGE, OR WHOSE RELATIONSHIP WITH THE COVERED PERSON IS SIMILAR TO THAT OF PERSONS WHO ARE RELATED BY BLOOD OR MARRIAGE.

NO "PRESUMPTION OF GUILT" IS CREATED BY THE MERE EXISTENCE OF A

Name of the organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number 20-1486678
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RELATIONSHIP BETWEEN AN ADVENTIST HEALTHCARE EMPLOYEE AND AN OUTSIDE FIRM OR BUSINESS ENDEAVOR, OR OTHER POTENTIAL CONFLICT OF INTEREST. HOWEVER, IF A COVERED PERSON HAS ANY BUSINESS, FINANCIAL, OR OTHER RELATIONSHIP WITH ANY ORGANIZATION WHEREBY THE EXISTENCE OF THAT RELATIONSHIP EITHER CREATES A CONFLICT OF INTEREST OR IS PERCEIVED TO CREATE A CONFLICT OF INTEREST, THE COVERED PERSON MUST DISCLOSE THIS RELATIONSHIP TO THE DESIGNATED SENIOR MANAGER, OR GOVERNING BOARD, AS THE CASE MAY BE, AT THE LOCATION WHERE THE EMPLOYEE IS ASSIGNED. THE SENIOR MANAGER WILL REVIEW THE RELATIONSHIP, MAKE COMMENTS AND RECOMMENDATIONS, AND FORWARD ALL DOCUMENTATION TO THE CORPORATE COMPLIANCE COMMITTEE FOR A FINAL DECISION.

COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY IS MONITORED AND ENFORCED BY THE HUMAN RESOURCES DEPARTMENT, CORPORATE INTEGRITY DEPARTMENT AND THE LEGAL DEPARTMENT.

FORM 990, PART VI, SECTION B, LINE 15:  
WHEN SETTING COMPENSATION FOR EXECUTIVES, OFFICERS, KEY EMPLOYEES, AND ALL EMPLOYEES, THE ORGANIZATION FULLY COMPLIES WITH THE PROCEDURAL SAFEGUARDS EMBEDDED IN THE IRS REGULATIONS. COMPENSATION IS ENTIRELY SET BY A COMMITTEE OF THE BOARD OF TRUSTEES. IN SETTING COMPENSATION, THE GOVERNING BOARD COMMITTEE RELIES UPON MARKET COMPARABILITY DATA PROVIDED BY AN INDEPENDENT OUTSIDE COMPENSATION CONSULTANT. TO ENSURE REASONABLENESS, COMPENSATION IS SET AT THE 50TH PERCENTILE OF THE NATURAL MARKET.

GENERAL EXPLANATION:  
EMPLOYEES OF ANY OF THE ADVENTIST HEALTHCARE INC. AND AFFILIATED TAX EXEMPT ENTITIES IN THE STATE OF MARYLAND (INCLUDING ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.) ARE PAID THROUGH A COMMON PAYMASTER, ADVENTIST

Name of the organization ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.	Employer identification number 20-1486678
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HEALTHCARE, INC. AND ARE REPORTED ON ITS FORM 941. SALARY AND BENEFIT

EXPENSES REPORTED ON THEIR RESPECTIVE RETURNS ARE ACTUAL CHARGES RELATED TO

THE EMPLOYEES WORKING ON THE SPECIFIC TAX EXEMPT ENTITY.

COMPENSATION INCLUDED REGULAR BASE SALARY, BONUS, PAID TIME OFF CASH OUT

(ONLY FOR EMPLOYEES WHO LEAVE OUR ORGANIZATION), TAXABLE RELOCATION

ALLOWANCE, HOLIDAY GIFT, RETROACTIVE COMPENSATION ADJUSTMENT, BEREAVEMENT

LEAVE, EDUCATION, AND WITHDRAWAL OF DEFERRED COMPENSATION, AS APPLICABLE.

THE SAME AND NON-ADDITIVE COMPENSATION AND EMPLOYMENT BENEFIT PLAN

CONTRIBUTION AMOUNTS WERE ALSO DISCLOSED IN THE ADVENTIST HEALTHCARE INC.'S

RELATED ENTITIES RETURNS.

VENDOR PAYMENTS FOR ANY OF THE ADVENTIST HEALTHCARE, INC. AND RELATED

ENTITIES IN THE STATE OF MARYLAND ARE MADE THROUGH A COMMON PAYMASTER,

ADVENTIST HEALTHCARE, INC.

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

THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL

STATEMENTS, ARE AVAILABLE TO THE PUBLIC UPON REQUEST.

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

OTHER UNRESTRICTED NET ASSETS ACTIVITY	-185,844.
NET ORGANIZATION TRANSFERS	-2,792,227.
TOTAL TO FORM 990, PART XI, LINE 9	-2,978,071.

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

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

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

OMB No. 1545-0047

**2017**  
**Open to Public Inspection**

Name of the organization **ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.** Employer identification number **20-1486678**

**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

**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
ADVENTIST HEALTHCARE, INC. - 52-1532556 820 W. DIAMOND AVE SUITE 600 GAITHERSBURG, MD 20878-1419	HEALTHCARE SERVICES	MARYLAND	501(C)(3)	LINE 3	MID-ATLANTIC ADVENTIST HEALTHCARE		X
ADVENTIST HEALTHCARE URGENT CARE CENTERS, INC. - 46-1577511, 820 W. DIAMOND AVE SUITE 600, GAITHERSBURG, MD 20878-1419	CLINIC - EMERGENCY CARE	MARYLAND	501(C)(3)	LINE 10	ADVENTIST HEALTHCARE, INC.		X
ADVENTIST HOME HEALTH SERVICES, INC. - 52-0986808, 820 W. DIAMOND AVE SUITE 600, GAITHERSBURG, MD 20878-1419	HOME CARE SERVICES	MARYLAND	501(C)(3)	LINE 10	ADVENTIST HEALTHCARE, INC.		X
ADVENTIST PHYSICIAN SERVICES, INC - 20-4600646, 820 W. DIAMOND AVE SUITE 600, GAITHERSBURG, MD 20878-1419	PHYSICIAN SERVICES	MARYLAND	501(C)(3)	LINE 10	ADVENTIST HEALTHCARE, INC.		X

**For Paperwork Reduction Act Notice, see the Instructions for Form 990.** **Schedule R (Form 990) 2017**

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
ADVENTIST REHABILITATION, INC. - 30-0780513 820 W. DIAMOND AVE SUITE 600 GAITHERSBURG, MD 20878-1419	REHABILITATION SERVICES	MARYLAND	501(C)(3)	LINE 10	ADVENTIST REHABILITATION HOSPITAL OF	X	
MID-ATLANTIC ADVENTIST HEALTHCARE CORPORATION - 52-1884153, 820 W. DIAMOND AVE SUITE 600, GAITHERSBURG, MD 20878-1419	HOLDING COMPANY	MARYLAND	501(C)(3)	LINE 10	N/A		X
ADVENTIST BEHAVIORAL HEALTH FOUNDATION, INC. - 20-5479860, 820 W. DIAMOND AVE SUITE 600, GAITHERSBURG, MD 20878-1419	FUNDRAISING	MARYLAND	501(C)(3)	LINE 12A, I	ADVENTIST HEALTHCARE, INC.		X
REGINALD S. LOURIE CENTER FOR INFANTS AND YOUNG CHILDREN - 52-1255870, 820 W. DIAMOND AVE SUITE 600, GAITHERSBURG, MD 20878-1419	BEHAVIORAL CARE	MARYLAND	501(C)(3)	LINE 10	ADVENTIST HEALTHCARE, INC.		X
SHADY GROVE ADVENTIST HOSPITAL FOUNDATION, INC. - 52-1216429, 820 W. DIAMOND AVE SUITE 600, GAITHERSBURG, MD 20878-1419	FUNDRAISING	MARYLAND	501(C)(3)	LINE 12A, I	N/A		X
WASHINGTON ADVENTIST HOSPITAL FOUNDATION, INC. - 52-1692158, 820 W. DIAMOND AVE SUITE 600, GAITHERSBURG, MD 20878-1419	FUNDRAISING	MARYLAND	501(C)(3)	LINE 12A, I	ADVENTIST HEALTHCARE, 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	
SHADY GROVE MEDICAL BUILDING, LLC - 27-4599411, 1650 TYSONS BOULEVARD, STE 820, MCLEAN, VA 22102	MEDICAL OFFICE BUILDING	MD	N/A	RELATED				X	N/A		X	
MID-ATLANTIC PRIMARY CARE ACO, LLC - 35-2477392, 820 WEST DIAMOND AVE. SUITE 600, GAITHERSBURG, MD 20878	ACCOUNTABLE CARE ORGANIZATION	MD	N/A	RELATED				X	N/A		X	
NEXUS MONTGOMERY REGIONAL PARTNERSHIP, LLC - 81-5410250, 820 WEST DIAMOND AVE. SUITE 600, GAITHERSBURG,	HEALTHCARE & COMMUNITY SERVICE FOR IMPROVED HEALTH	MD	N/A	RELATED				X	N/A		X	

**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
PREMIER MEDICAL NETWORK, INC. - 52-1952469 820 WEST DIAMOND AVE SUITE 600 GAITHERSBURG, MD 20878-1419	JOINT PHYSICIAN CONT.	MD	ADVENTIST HEALTHCARE, INC.	C CORP					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.

	Yes	No
<b>1</b> 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?		
<b>a</b> Receipt of <b>(i)</b> interest, <b>(ii)</b> annuities, <b>(iii)</b> royalties, or <b>(iv)</b> rent from a controlled entity .....	<b>1a</b>	X
<b>b</b> Gift, grant, or capital contribution to related organization(s) .....	<b>1b</b>	X
<b>c</b> Gift, grant, or capital contribution from related organization(s) .....	<b>1c</b>	X
<b>d</b> Loans or loan guarantees to or for related organization(s) .....	<b>1d</b>	X
<b>e</b> Loans or loan guarantees by related organization(s) .....	<b>1e</b>	X
<b>f</b> Dividends from related organization(s) .....	<b>1f</b>	X
<b>g</b> Sale of assets to related organization(s) .....	<b>1g</b>	X
<b>h</b> Purchase of assets from related organization(s) .....	<b>1h</b>	X
<b>i</b> Exchange of assets with related organization(s) .....	<b>1i</b>	X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) .....	<b>1j</b>	X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) .....	<b>1k</b>	X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) .....	<b>1l</b>	X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) .....	<b>1m</b>	X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) .....	<b>1n</b>	X
<b>o</b> Sharing of paid employees with related organization(s) .....	<b>1o</b>	X
<b>p</b> Reimbursement paid to related organization(s) for expenses .....	<b>1p</b>	X
<b>q</b> Reimbursement paid by related organization(s) for expenses .....	<b>1q</b>	X
<b>r</b> Other transfer of cash or property to related organization(s) .....	<b>1r</b>	X
<b>s</b> Other transfer of cash or property from related organization(s) .....	<b>1s</b>	X

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

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

**Part VII Supplemental Information.**

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

**PART II, IDENTIFICATION OF RELATED TAX-EXEMPT ORGANIZATIONS:**

NAME OF RELATED ORGANIZATION:

ADVENTIST HEALTHCARE, INC.

DIRECT CONTROLLING ENTITY: MID-ATLANTIC ADVENTIST HEALTHCARE CORPORATION

NAME OF RELATED ORGANIZATION:

ADVENTIST REHABILITATION, INC.

DIRECT CONTROLLING ENTITY: ADVENTIST REHABILITATION HOSPITAL OF MARYLAND, INC.

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

NAME, ADDRESS, AND EIN OF RELATED ORGANIZATION:

NEXUS MONTGOMERY REGIONAL PARTNERSHIP, LLC

EIN: 81-5410250

820 WEST DIAMOND AVE. SUITE 600

GAITHERSBURG, MD 20878

**Adventist HealthCare, Inc. and  
Controlled Entities**

Financial Statements and  
Supplementary Information

December 31, 2017 and 2016



**BAKER TILLY**

Candor. Insight. Results.

# **Adventist HealthCare, Inc. and Controlled Entities**

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## **Independent Auditors' Report**

Board of Trustees  
Adventist HealthCare, Inc. and Controlled Entities

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Adventist HealthCare, Inc. and controlled entities (collectively, the "Corporation"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, 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 financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on 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 auditor's 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 Adventist HealthCare, Inc. and controlled entities as of December 31, 2017 and 2016, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and combining information presented on pages 42 to 46 is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies 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.

*Baker Tilly Virchow Krause, LLP*

Wilkes-Barre, Pennsylvania  
April 25, 2018

**Adventist HealthCare, Inc. and Controlled Entities**Consolidated Balance Sheets  
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 40,714,884	\$ 30,198,079
Short-term investments	197,803,029	188,594,181
Assets whose use is limited	2,923,796	2,870,341
Patient accounts receivable, net of estimated allowance for doubtful collections of \$22,487,000 in 2017 and \$27,415,000 in 2016	93,209,946	91,827,593
Other receivables, net of estimated allowance for doubtful collections of \$628,000 in 2017 and \$2,436,000 in 2016	16,070,981	15,244,017
Inventories	9,410,777	10,211,601
Prepaid expenses and other current assets	<u>7,653,048</u>	<u>7,366,320</u>
Total current assets	367,786,461	346,312,132
<b>Property and Equipment, Net</b>	511,609,795	431,961,901
<b>Assets Whose Use is Limited</b>		
Under trust indentures and capital lease purchase financing facilities, held by trustees and banks	244,332,570	269,595,205
Professional liability trust fund	11,878,591	12,233,224
Deferred compensation fund	1,403,371	1,466,041
<b>Cash and Cash Equivalents Temporarily Restricted for Capital Acquisitions</b>	2,322,753	2,264,115
<b>Investments and Investments in Unconsolidated Subsidiaries</b>	15,665,245	13,283,684
<b>Land Held for Healthcare Development</b>	47,660,070	48,706,305
<b>Intangible Assets, Net</b>	8,343,130	8,966,166
<b>Deposits and Other Noncurrent Assets</b>	<u>5,610,693</u>	<u>5,784,836</u>
Total assets	<u>\$ 1,216,612,679</u>	<u>\$ 1,140,573,609</u>

See notes to consolidated financial statements

## Adventist HealthCare, Inc. and Controlled Entities

Consolidated Balance Sheets

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 86,818,184	\$ 83,843,748
Accrued compensation and related items	37,260,446	34,851,454
Interest payable	9,747,294	2,021,390
Due to third party payors	17,818,402	18,665,027
Estimated self-insured professional liability	1,179,664	1,150,302
Current maturities of long-term obligations	<u>13,019,860</u>	<u>12,749,886</u>
Total current liabilities	165,843,850	153,281,807
<b>Construction Payable</b>	14,828,539	3,027,323
<b>Long-Term Obligations, Net</b>		
Bonds payable	551,211,489	515,091,030
Notes payable	22,089,282	26,381,525
Capital lease obligations	11,229,970	16,263,001
<b>Derivative Financial Instruments</b>	1,145,303	2,073,079
<b>Other Liabilities</b>	11,963,765	14,864,817
<b>Estimated Self-Insured Professional Liability</b>	<u>13,082,881</u>	<u>11,715,201</u>
Total liabilities	<u>791,395,079</u>	<u>742,697,783</u>
<b>Net Assets</b>		
Unrestricted	417,328,975	391,327,657
Temporarily restricted	7,547,204	6,206,748
Permanently restricted	<u>341,421</u>	<u>341,421</u>
Total net assets	<u>425,217,600</u>	<u>397,875,826</u>
Total liabilities and net assets	<u><u>\$ 1,216,612,679</u></u>	<u><u>\$ 1,140,573,609</u></u>

See notes to consolidated financial statements

## Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Operations

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Unrestricted Revenues</b>		
Net patient service revenue	\$ 801,836,667	\$ 773,827,332
Provision for doubtful collections	(31,782,541)	(35,002,586)
Net patient service revenue less provision for doubtful collections	770,054,126	738,824,746
Other revenue	38,064,322	41,106,399
Total unrestricted revenues	<u>808,118,448</u>	<u>779,931,145</u>
<b>Expenses</b>		
Salaries and wages	360,720,746	345,296,234
Employee benefits	68,630,252	65,852,367
Contract labor	39,039,683	36,319,743
Medical supplies	103,013,363	100,324,519
General and administrative	122,036,220	117,809,537
Building and maintenance	41,922,317	42,794,430
Insurance	5,674,763	5,297,256
Interest	10,353,452	10,362,411
Depreciation and amortization	36,463,353	36,746,661
Total expenses	<u>787,854,149</u>	<u>760,803,158</u>
Income from operations	<u>20,264,299</u>	<u>19,127,987</u>
<b>Other Income (Expense)</b>		
Investment income	8,232,502	3,129,171
Loss on extinguishment of debt	-	(686,357)
Other (expense) income	(1,994,397)	44,281
Total other income	<u>6,238,105</u>	<u>2,487,095</u>
Revenues in excess of expenses from continuing operations	26,502,404	21,615,082
Change in net unrealized gains (losses) on investments other than trading securities	2,582,625	(1,430,441)
Change in net unrealized gain on derivative financial instruments	700,697	2,352,325
Net assets released from restriction for purchase of property and equipment	1,152,590	1,217,796
Deferred compensation plan liability adjustment	(512,305)	(521,260)
Other unrestricted net asset activity	(1,762,971)	(1,458,904)
Increase in unrestricted net assets from continuing operations	28,663,040	21,774,598
Loss from discontinued operations	<u>(2,661,722)</u>	<u>(20,227,038)</u>
Increase in unrestricted net assets	<u>\$ 26,001,318</u>	<u>\$ 1,547,560</u>

See notes to consolidated financial statements

**Adventist HealthCare, Inc. and Controlled Entities**Consolidated Statements of Changes in Net Assets  
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Unrestricted Net Assets</b>		
Revenues in excess of expenses from continuing operations	\$ 26,502,404	\$ 21,615,082
Change in net unrealized gains (losses) on investments other than trading securities	2,582,625	(1,430,441)
Change in net unrealized gain on derivative financial instruments	700,697	2,352,325
Net assets released from restriction for purchase of property and equipment	1,152,590	1,217,796
Deferred compensation plan liability adjustment	(512,305)	(521,260)
Other unrestricted net asset activity	<u>(1,762,971)</u>	<u>(1,458,904)</u>
Increase in unrestricted net assets from continuing operations	28,663,040	21,774,598
Loss from discontinued operations	<u>(2,661,722)</u>	<u>(20,227,038)</u>
Increase in unrestricted net assets	<u>26,001,318</u>	<u>1,547,560</u>
<b>Temporarily Restricted Net Assets</b>		
Restricted gifts and donations	4,933,934	3,438,671
Net assets released from restriction for purchase of property and equipment	(1,152,590)	(1,217,796)
Net assets released from restriction used for operations	(2,480,828)	(2,075,440)
Change in value of beneficial interest in trusts and charitable gift annuity obligation	18,397	(30,449)
Change in discount of pledges receivable and provision for doubtful pledges	11,309	(496,776)
Donor restricted investment income	<u>10,234</u>	<u>4,098</u>
Increase (decrease) in temporarily restricted net assets	<u>1,340,456</u>	<u>(377,692)</u>
<b>Permanently Restricted Net Assets</b>		
Other permanently restricted net asset activity	<u>-</u>	<u>(410,000)</u>
Increase in net assets	27,341,774	759,868
<b>Net Assets, Beginning</b>	<u>397,875,826</u>	<u>397,115,958</u>
<b>Net Assets, Ending</b>	<u>\$ 425,217,600</u>	<u>\$ 397,875,826</u>

See notes to consolidated financial statements

## Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 27,341,774	\$ 759,868
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for doubtful collections	31,782,541	36,284,410
Depreciation and amortization	36,453,533	38,098,970
Amortization of deferred financing costs	200,349	189,890
Deferred compensation plan liability adjustment	512,305	521,260
Loss on extinguishment of debt	-	686,357
Restricted contributions and grants	(3,782,795)	(1,878,488)
Earnings recognized from unconsolidated subsidiaries and affiliates	(2,040,340)	(2,335,147)
Amortization of physician income guarantees	9,105	31,530
Net realized (gain) loss on investments	(3,628,355)	710,869
Change in net unrealized (gains) losses on investments other than trading securities	(2,582,625)	1,430,441
Change in net unrealized gain on derivative financial instruments	(700,697)	(2,352,325)
Change in value of beneficial interest in trusts and charitable gift annuity	(18,397)	30,449
Change in discount on pledges receivable and provision for doubtful pledges	(11,309)	496,776
Loss on disposal of BH&WS Eastern Shore	2,911,706	-
Loss on sale of HRMC	-	16,967,178
Changes in assets and liabilities:		
Patient accounts receivable, net	(33,960,881)	(26,011,792)
Other receivables, net	(836,069)	628,056
Inventories, prepaid expenses and other current assets	514,096	(2,229,881)
Accounts payable and accrued expenses	2,880,926	(3,167,435)
Accrued compensation and related items	2,408,992	1,749,437
Interest payable	7,725,904	(309,870)
Estimated self-insured professional liability	1,397,042	573,922
Due to third party payors	(846,625)	(1,495,631)
Other noncurrent assets and liabilities	(3,415,492)	(3,889,927)
Net cash provided by operating activities	<u>\$ 62,314,688</u>	<u>\$ 55,488,917</u>

See notes to consolidated financial statements

## Adventist HealthCare, Inc. and Controlled Entities

Consolidated Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	\$ (105,592,446)	\$ (45,840,372)
Increase in investments and investments in unconsolidated subsidiaries	(3,959,138)	(52,498,944)
Additions to land held for healthcare development	(6,675,741)	(4,729,611)
Proceeds from sale of land for healthcare development	7,721,976	5,938,458
Proceeds from sale of HRMC	-	47,000,550
Distributions from investments in unconsolidated subsidiaries	321,113	389,555
Purchase of investment in unconsolidated subsidiary	(674,626)	(2,435,579)
Decrease (increase) in trustee held funds and restricted cash	26,520,312	(264,548,939)
	<u>(82,338,550)</u>	<u>(316,724,882)</u>
Net cash used in investing activities		
<b>Cash Flows from Financing Activities</b>		
Payment of financing costs	(423,227)	(3,509,604)
Proceeds from issuance of bonds	40,000,000	296,979,390
Repayments on long-term obligations, net	(12,818,901)	(32,710,743)
Proceeds from capital lease facility	-	32,922
Payment of termination fee for derivative financial instrument	-	(16,875,000)
Proceeds from restricted contributions and grants	3,782,795	1,878,488
	<u>30,540,667</u>	<u>245,795,453</u>
Net cash provided by financing activities		
	10,516,805	(15,440,512)
Net increase (decrease) in cash and cash equivalents		
<b>Cash and Cash Equivalents, Beginning</b>	<u>30,198,079</u>	<u>45,638,591</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 40,714,884</u>	<u>\$ 30,198,079</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	<u>\$ 4,138,018</u>	<u>\$ 12,490,712</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Capital lease obligation incurred for equipment	<u>\$ 469,249</u>	<u>\$ 14,740,520</u>
Construction payable for property and equipment	<u>\$ 14,828,539</u>	<u>\$ 3,027,323</u>
Long-term debt refinanced	<u>\$ -</u>	<u>\$ 110,035,000</u>

See notes to consolidated financial statements

# Adventist HealthCare, Inc. and Controlled Entities

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

## 1. Nature of Operations and Summary of Significant Accounting Policies

### Nature of Operations

Adventist HealthCare, Inc. ("AHC") is a nonstock membership corporation organized to effectuate coordinated administration of hospitals and other health care organizations through the provision of key management and administrative services. The mission of AHC is to extend God's care through the ministry of physical, mental and spiritual healing. AHC is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. AHC is not exempt from income taxes for unrelated business income. AHC's sole corporate member is Mid-Atlantic Adventist HealthCare, Inc. AHC is comprised of several operating divisions and controlled entities, as follows:

Shady Grove Medical Center ("SGMC") is a 266-bed acute care hospital located in Rockville, Maryland.

Washington Adventist Hospital ("WAH") is a 236-bed acute care hospital located in Takoma Park, Maryland.

Hackettstown Community Hospital d.b.a. Hackettstown Regional Medical Center ("HRMC") is a 111-bed not-for-profit acute care hospital organized under the laws of the State of New Jersey. On March 31, 2016, the Corporation sold the operating assets to an unrelated third party, and discontinued the operations of the facility. See Note 3 for further details.

Behavioral Health & Wellness Services ("BH&WS") is comprised of two separate facilities located in Maryland. BH&WS - Rockville is a 107-bed psychiatric hospital. BH&WS - Eastern Shore is an acute care and residential mental health resource for children and adolescents, which had 15 acute care psychiatric beds and 59 residential treatment rooms. In November, 2016, AHC made the decision to discontinue the operations of the BH&WS - Eastern Shore location. See Note 3 for further details.

Rehabilitation ("Rehab") operates one inpatient hospital with two sites in Maryland, as well as two outpatient locations. Rehab - Rockville is a 55-bed rehabilitation facility and Rehab - Takoma Park is a 32-bed rehabilitation facility.

Adventist HealthCare Imaging ("Imaging") operates six clinical sites and provides inpatient and outpatient imaging services at SGMC and WAH.

Clinical Integration Services ("CIS") is comprised of Adventist Medical Group ("AMG"). AMG is a not-for-profit entity that provides primary care and specialty care physician professional health services to the communities it serves. AHC contracted with Medical Faculty Associates, Inc. ("MFA") to employ the AMG employees, through a wholly owned affiliate of MFA, in exchange for certain economic support to facilitate the growth by MFA of the AMG physician practices. In December 2017, however, AHC terminated its contract with MFA as it relates to the primary care, physiatry and endocrinology practices. The termination is effective July 2018, at which time the primary care, physiatry and endocrinology practices will be operated by AHC. The remaining specialty care practices will continue to be operated by MFA, with the respective operating results recorded in SGMC and WAH. CIS also includes the administration needed to facilitate the coordination of patient care across conditions, providers and settings.



## **Adventist HealthCare, Inc. and Controlled Entities**

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### Notes to Consolidated Financial Statements

December 31, 2017 and 2016

The Other Health Services operating division is comprised of two entities. Lifework Strategies ("LWS") provides employee assistance and employee wellness programs to client employees. LWS's mission is to help individuals live healthier, happier and more productive lives. Capital Choice Pathology Lab ("CCPL") provides full pathology production services to client hospitals.

The Support Center is comprised of the Corporate Office ("CO") and the AHC benefit business unit. The CO provides corporate and centralized shared service functions that benefit the entire AHC system. The AHC benefit business unit administers the self-insurance health benefit program including health insurance, dental and vision coverage for AHC and controlled entities.

The Lourie Center for Infants and Young Children ("Lourie Center") is a not-for-profit organization that specializes in the diagnosis, treatment and prevention of developmental and emotional disorders in children from birth through ten years of age.

Adventist Home Care Services, Inc. ("AHCS") is a nonstock membership corporation organized to provide home health services in Maryland and includes Adventist Home Assistance ("AHA"). AHA provides non clinical assistance to homebound patients who cannot perform certain daily activities on their own.

The Urgent Care operating division is comprised of three urgent care centers located in Germantown, Laurel, and Rockville, Maryland. These centers provide ambulatory services to patients without life threatening conditions, as well as occupational health screenings to the community. The operating division started in October 2013 when Adventist HealthCare Urgent Care Centers, Inc. ("Urgent Care"), a Maryland non-profit corporation and Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital Centra Care, a Florida non-profit corporation, entered into a management services and license agreement to establish free standing urgent care centers in Montgomery and Prince Georges County, Maryland. This agreement was terminated effective October 10, 2017 and going forward an unrelated third party will assist in management of these centers.

One Health Quality Alliance ("OHQA") is a physician-led clinically integrated network designed to deliver value to payors, employers and consumers through the highest quality care at a lower cost. Through this alliance, participating physicians gain access to resources to support the transition to value-based care, while maintaining their independence. Through this collaboration, OHQA aims to improve the health of patient populations and communities, while enhancing the patient experience and reducing the costs of health care. The OHQA currently has over 450 physician members, most of whom are on the medical staff of AHC, including primary care, orthopedics and other community and hospital based specialists.

Mid-Atlantic Primary Care Accountable Care Organization ("ACO") was managed by AHC and cared for approximately 13,500 patients through its 1,000 providers. The ACO was a program designed to provide a high level of access and coordination of care for Medicare fee for service patients. The goal of coordinated care is to ensure that patients, especially the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors. The final performance year for the ACO was calendar year 2016, with a final distribution of \$3,140,869 made to its members in October 2017, after which the ACO no longer existed. AHC's portion of this payment was approximately \$1,356,000 and is included in other income in the accompanying consolidated statements of operations in 2017.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements

December 31, 2017 and 2016

The Foundations operating division is comprised of Washington Adventist Hospital Foundation, Inc., Shady Grove Medical Center Foundation, Inc., and Adventist Behavioral Health & Wellness Services Foundation, Inc. (collectively, the "Foundations"). Each are separate nonstock corporations that operate for the furtherance of each named hospital's health care objectives primarily through the solicitation of contributions, gifts and bequests. The Foundations also exist to help fund new equipment purchases and capital improvement projects for their respective hospitals. Prior to March 31, 2016, the Foundations also included the operations of the Hackettstown Community Hospital Foundation, Inc. ("HRMC Foundation"). On March 31, 2016, however, AHC sold the operating assets of the HRMC Foundation to an unrelated third party and discontinued the operations of the foundation. See Note 3 for further details.

All of the operating divisions and controlled entities mentioned above are tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

### **Principles of Consolidation**

The consolidated financial statements for 2017 and 2016 include the accounts of AHC, the controlling parent, SGMC, WAH, HRMC, BH&WS, Rehab, Imaging, CIS, LWS, CCPL, the Support Center, the Lourie Center, AHCS, Urgent Care, OHQA, ACO and the Foundations, which include their majority-owned subsidiaries and controlled affiliates (collectively, the "Corporation"). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements of the Corporation.

### **Subsequent Events**

The Corporation evaluated subsequent events for recognition or disclosure through April 25, 2018, the date the consolidated financial statements were issued.

### **Use of Estimates**

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

### **Risk Factors**

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Corporation, if any, are not presently determinable.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **Maryland Health Services Cost Review Commission**

Certain hospital charges are subject to review and approval by the Maryland Health Services Cost Review Commission ("HSCRC"). The HSCRC has jurisdiction over hospital reimbursement in Maryland by agreement with the Centers for Medicare and Medicaid Services ("CMS"). This agreement is based on a waiver from the Medicare Prospective Payment System reimbursement principles granted under Section 1814(b) of the Social Security Act. Management has filed the required forms with the Commission and believes all entities that fall under the HSCRC's jurisdiction are in compliance with applicable requirements.

In January 2014, the Centers for Medicare and Medicaid Services approved a modernized waiver that grants Maryland (via the HSCRC) the authority to regulate hospital revenue within a rigorous per capita expenditure limit. Maryland's All Payer Model Agreement builds on decades of innovation and equity in healthcare payment and delivery – with an aim to enhance patient care, improve health outcomes and lower costs.

As a result of the new waiver, the HSCRC introduced new revenue arrangements, including the Global Budget Revenue ("GBR") model. The GBR methodology encourages hospitals to focus on population health strategies by establishing a fixed annual revenue cap for each GBR hospital. The agreement establishes a fixed amount of charging authority (i.e. revenue) at the beginning of the rate year. It is evergreen in nature and covers both regulated inpatient and outpatient revenues. Annual revenue is calculated from a base year and is adjusted annually for inflation, infrastructure requirements, population changes, performance in quality-based programs and changes in levels of uncompensated care. Revenue may also be adjusted annually for market levels and shifts of services from one health system to another and from a regulated setting to an unregulated setting (or vice versa).

In April 2014, Adventist Healthcare entered into a Global Budget Revenue Agreement with the HSCRC for SGMG, WAH and Shady Grove Germantown Emergency Center, retroactive to July 1, 2013. This agreement sets a fixed amount of revenue for each entity for the period July 1, 2013 through June 30, 2014 and is subsequently updated on an annual basis every July 1.

The HSCRC requires rate-regulated hospitals under its jurisdiction to calculate the amount of revenue lost or gained due to variances from approved rates. Revenue lost due to undercharges in rates is recouped through increases in prospective rates. Similarly, revenue gained due to overcharges in rates is paid back, wholly or in part, through reductions in prospective rates. The Corporation reported net undercharges of \$3,043,105 and \$4,183,452 as of December 31, 2017 and 2016, respectively. These price variances reflect the variance between actual patient charges and the pro-rata share of approved rate orders. The net amounts are reported as a component of net patient service revenue and patient accounts receivable in the accompanying consolidated financial statements. Since the HSCRC's rate year extends from July 1 through June 30, these amounts will continue to fluctuate until the end of the rate year as actual patient charges deviate from the total approved charging authority. At the conclusion of the rate year, any over/under charges are amortized on the straight-line basis over the following rate year when the price variance adjustments are actually built into each entity's rate order.

## **Adventist HealthCare, Inc. and Controlled Entities**

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### Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Under Maryland law, charges of specialty hospitals such as BH&WS and Rehab are subject to review and approval by the HSCRC. HSCRC regulations also include a provision whereby a hospital may apply for an exemption from the requirements to charge for services in accordance with HSCRC regulations. Certain conditions regarding the percentage of revenue related to Medicare and Medicaid patients and total revenues must be met to receive the initial exemption and must be met each year thereafter. Reporting requirements as established by the HSCRC continue even if an exemption regarding charging for services is received. The Corporation's management believes BH&WS-Eastern Shore and Rehab met the conditions for exemption during 2017 and 2016.

BH&WS-Rockville is subject to HSCRC rate setting. For 2016 and 2017, BH&WS-Rockville did not enter into a Global Budget Revenue Agreement. Instead, BH&WS-Rockville continues to generate charging authority based on the volume of services it provides to patients. Unit rates are set for all payers, however Medicare and Medicaid are not required to reimburse at HSCRC rates. Services provided to Medicare beneficiaries are reimbursed under the Inpatient Psychiatric Facility Prospective Payment System. Services provided to Medicaid patients are cost-settled for outpatient services and reimbursed for inpatient services at a rate of 94% percent of charges (as set forth in the Code of Maryland Regulations 10.09.06.09).

#### **Cash and Cash Equivalents**

Cash and cash equivalents include investments in money market funds and certificates of deposit purchased with original maturities of less than 90 days, excluding assets whose use is limited.

#### **Patient Accounts Receivable**

Patient accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. In evaluating the collectability of patient accounts receivable, the Corporation analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful collections and provision for doubtful collections. For patient accounts receivable associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful collections and provision for doubtful collections, if necessary. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Corporation records a provision for doubtful collections in the period of service on the basis of its past experience, which indicates that many patients are unable to pay the portion of their bill for which they are financially responsible. The difference between the billed rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful collections.

The Corporation's allowance for doubtful collections for self-pay patients as a percentage of self-pay accounts receivable was 44% and 52% at December 31, 2017 and 2016, respectively. In addition, the Corporation's self-pay account bad debt writeoffs, net of recoveries, decreased from \$31,701,926 in 2016 to \$31,495,503 in 2017 which was the result of small positive trends experienced in the collection of amounts from self-pay patients in 2017.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### **Other Receivables**

Other receivables represent amounts due to the Corporation for charges other than providing health care services to patients and pledges from donors. These services include, but are not limited to, fees from educational programs, rental of health care facility space, interest earned, and management services provided to unconsolidated subsidiaries. Other receivables are written off when they are determined to be uncollectible based on management's assessment of individual accounts. The allowance for doubtful collections is estimated based upon historical collection experience and other managerial information.

### **Assets Whose Use Is Limited**

Assets whose use is limited includes assets held by bond trustees under trust indentures, assets set aside as required by the Corporation's self-funded professional liability trust, and assets set aside for deferred compensation agreements. Amounts available to meet current liabilities of the Corporation have been reclassified as current assets in the accompanying consolidated balance sheets.

### **Investments and Investment Risk**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Cash and cash equivalents and certificates of deposit are carried at cost which approximates fair value. Investments in joint ventures are accounted for using the equity or cost method of accounting depending on the Corporation's ownership interest. Investment income or loss (including realized gains and losses on investments, write-downs of the cost basis of investments due to an other-than-temporary decline in fair value, interest, and dividends) is included in the determination of revenues in excess of expenses from continuing operations unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the determination of revenues in excess of expenses from continuing operations unless the investments are trading securities. Donor-restricted investment income is reported as an increase in temporarily restricted net assets. Investments available for current operations have been classified as short-term investments in the accompanying consolidated balance sheets.

The Corporation's investments are comprised of a variety of financial instruments. The fair values reported in the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

### **Inventories**

Inventories of drugs, medical supplies and surgical supplies are valued at the lower of cost or net realizable value. Cost is determined primarily by the weighted average cost method.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **Property and Equipment**

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the accompanying consolidated statements of operations.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment losses are recognized in the consolidated statements of operations as a component of revenues in excess of expenses from continuing operations as they are determined. The Corporation reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, the Corporation calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value of the asset. There were no impairment losses reported in 2017 or 2016.

### **Intangible Assets**

The Corporation's intangible assets primarily include costs in excess of net assets acquired related to certain business acquisitions. The Corporation is amortizing certain intangible assets over a period not to exceed 40 years. Amortization of these intangible assets was \$221,457 in 2017 and \$273,535 in 2016. Accumulated amortization of intangible assets was \$3,608,016 and \$3,386,559 as of December 31, 2017 and 2016, respectively.

Goodwill, which is included in intangible assets in the accompanying consolidated balance sheet, is reviewed annually for impairment or more frequently if events or circumstances indicate the carrying amount of the goodwill will not be recoverable.

Goodwill related to HRMC of \$867,660 was written off in 2016 related to the sale of HRMC (Note 3) and is included in loss from discontinued operations in the accompanying consolidated statements of operations.

Goodwill related to BH&WS Eastern Shore of \$411,579 and \$241,359 were written off in 2017 and 2016, respectively, related to the closure of this location (Note 3) and is included in loss from discontinued operations in the accompanying consolidated statements of operations.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### **Deferred Financing Costs**

Costs incurred in connection with the issuance of long-term obligations have been deferred and are being amortized over the term of the related obligation using the straight-line method. Deferred financing costs of \$423,227 and \$3,509,604 were paid in 2017 and 2016, respectively, in relation to the Series 2016A and 2016B Bonds issued in 2016. In addition, deferred financing costs of \$686,357 were written-off in 2016 related to redemption of the Series 2005A and 2011B Bonds and are included in the loss on extinguishment of debt in the accompanying consolidated statements of operations in 2016. Deferred financing costs remaining as of December 31, 2017 and 2016 totaled \$5,062,797 and \$4,839,919, respectively, and are included in the consolidated balance sheets as a reduction of bonds payable.

Amortization expense was \$200,349 and \$189,890 in 2017 and 2016, respectively, and is included as a component of interest expense in the consolidated statements of operations. Amortization for HRMC was \$5,799 in 2016 and is included in loss from discontinued operations in the consolidated statements of operations. Accumulated amortization of deferred financing costs was \$2,861,822 and \$2,661,473 at December 31, 2017 and 2016, respectively, and is included as a component of bonds payable in the consolidated balance sheets.

### **Due to Third Party Payors**

The Corporation receives advances from third party payors to provide working capital for services rendered to the beneficiaries of such services. These advances are principally determined based on the timing differences between the provision of care and the anticipated payment date of the claim for service in accordance with HSCRC's rate regulations. These advances are subject to periodic adjustment.

For certain Corporation subsidiaries, services provided on behalf of Medicaid beneficiaries are ultimately reimbursed at cost. For cost reimbursement programs, statements of reimbursable costs are filed with the program to compute the difference between reimbursable cost and interim payments, in order to determine a final settlement for services rendered to patients covered under the Medicaid program. Reimbursements are affected by limitations relating to charges and the reasonableness of costs (subject to limitations) and are subject to audits by the agencies administering the applicable program.

The Corporation's working capital advances and all expected third party payor settlement activity are classified as a net current liability in the accompanying consolidated balance sheets.

### **Derivative Financial Instruments**

The Corporation has an interest rate swap agreement, which is considered a derivative financial instrument, to manage its interest rate exposure on certain long-term obligations (Note 11). The interest rate swap agreement is reported at fair value in the accompanying consolidated balance sheets. The interest rate swap agreement is not designated as a cash flow hedge. Changes in fair value are reported as a component of other non-operating (expense) income. The Corporation had an interest rate swap agreement that was designated as a cash flow hedge and terminated in 2016 (Note 10).

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
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### **Estimated Self-Insured Professional Liability**

The provision for estimated self-insured professional liability includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, including costs associated with litigating or settling claims. Anticipated insurance recoveries associated with reported claims are reported separately in the Corporation's consolidated balance sheets at net realizable value.

### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose, including the purchase of capital renovations and equipment, providing health education to the community, and designation for the furtherance of programs provided by specific operating departments. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

### **Revenues in Excess of Expenses from Continuing Operations**

The consolidated statements of operations include the determination of revenues in excess of expenses from continuing operations. Revenues in excess of expenses from continuing operations is the Corporation's performance indicator. Changes in unrestricted net assets which are excluded from the determination of revenues in excess of expenses from continuing operations, consistent with industry practice, include the loss from discontinued operations, unrealized gains and losses on investments other than trading securities, the effective portion of the unrealized gain (loss) on derivative financial instruments, the deferred compensation plan liability adjustment, transfers with unconsolidated subsidiaries, contributions of long-lived assets (including contributions which by donor restriction were to be used for the purpose of acquiring such long-lived assets), and other unrestricted net asset activity.

### **Net Patient Service Revenue**

The Corporation reports net patient service revenue at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including an estimate for retroactive adjustments that may occur as a result of future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period they become known, and such amounts are adjusted in future periods as adjustments become finalized or as years are no longer subject to such audits, review and investigations. Net patient service revenue reported in the accompanying consolidated statements of operations is reduced by (1) estimated allowances for the excess of charges over anticipated patient or third party payor payments and (2) a provision for doubtful collections. Certain of the health care services provided by the Corporation are reimbursed by third party payors on the basis of the lower of cost or charges, with costs subject to certain imposed limitations.

Patient accounts receivable are reported at net realizable value and include charges for accounts due from Medicare, Medicaid, other commercial and managed care insurers, and self-paying patients (Note 16). Patient accounts receivable also includes management's estimate of the impact of certain undercharges to be recouped or overcharges to be paid back for inpatient and outpatient services in subsequent years rates as discussed earlier. The Corporation also deducts from patient accounts receivable an estimated allowance for doubtful collections related to patients and allowances for the excess of charges over the payments to be received from third party payors.



## Adventist HealthCare, Inc. and Controlled Entities

### Notes to Consolidated Financial Statements

December 31, 2017 and 2016

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. The Corporation recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of these established rates for the services rendered. For uninsured patients that do not qualify for charity care, the Corporation recognizes revenues on the basis of its standard rates, discounted in accordance with the Corporation's financial assistance policy. On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable to pay for the services provided. Thus, the Corporation records a significant provision for doubtful collections related to uninsured patients in the period the services are provided. Patient service revenues, net of contractual allowances and discounts (but before the provision for doubtful collections), recognized in 2017 and 2016 from these major payor sources, are as follows:

	Patient Service Revenues (Net of Contractual Allowances and Discounts)				Total
	Medicare	Medicaid	Other Third Party Payors	Self-Pay and Other	
December 31, 2017	<u>\$ 299,641,313</u>	<u>\$ 84,024,467</u>	<u>\$ 386,516,398</u>	<u>\$ 31,654,489</u>	<u>\$ 801,836,667</u>
December 31, 2016	<u>\$ 304,061,127</u>	<u>\$ 67,425,014</u>	<u>\$ 396,777,024</u>	<u>\$ 33,464,551</u>	<u>\$ 801,727,716</u>

Patient service revenues (net of contractual allowances and discounts) for HRMC were \$22,165,831 in 2016. Patient service revenues (net of contractual allowances and discounts) for BH&WS - Eastern Shore were \$5,734,553 in 2016. These amounts have been classified in loss from discontinued operations in the consolidated statements of operations.

### Income Taxes

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2017 or 2016.

The Corporation's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses.

### Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such patients are identified based on financial information obtained from the patient (or their guarantor) and subsequent analysis which includes the patient's ability to pay for services rendered. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as a component of net patient service revenue or patient accounts receivable.

The Corporation maintains records to identify and monitor the level of charity care it provides. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the patients receiving charity care. The level of charity care provided by the Corporation amounted to approximately \$7,748,000 in 2017 and \$9,395,000 in 2016.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **Donor Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the underlying conditions have been substantially met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Restricted funds to be used for capital acquisitions have been reported as noncurrent assets in the accompanying consolidated balance sheets, while other restricted cash and investments are included with the cash and cash equivalents of unrestricted net assets.

Investment income that is earned on donor restricted net assets and subject to similar restrictions is reported as temporarily restricted net assets. Gifts, grants, and bequests not restricted by donors are reported as other operating income.

### **Advertising Costs**

The Corporation expenses advertising costs as they are incurred.

### **Reclassifications**

Certain amounts relating to 2016 have been reclassified to conform to the 2017 reporting format.

## **2. Adoption of Accounting Standards**

### **Revenue Recognition**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers (patients) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Corporation will be required to retrospectively adopt the guidance in ASU No. 2014-09 for years beginning after December 15, 2017. The Corporation has not yet determined the impact of adoption of ASU No. 2014-09 will have on its consolidated financial statements.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **Financial Instruments**

During January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01: a) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; (b) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; (c) eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities; (d) eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; (e) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (f) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments; (g) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; and (h) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. ASU No. 2016-01 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. Early adoption of certain amendments is permitted for financial statements of fiscal years or interim periods that have not yet been issued. The Corporation has not yet determined the impact of adoption of ASU No. 2016-01 will have on its consolidated financial statements.

### **Not-for-Profit Financial Statement Presentation**

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU No 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU No. 2016-14 is to be applied retrospectively with transition provisions. The Corporation has not yet determined the impact of adoption of ASU No. 2016-14 will have on its consolidated financial statements.

### **Statement of Cash Flows**

During August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 addresses eight cash flow issues with specific guidance on how certain cash receipts and cash payments should be presented on the statement of cash flows. ASU No. 2016-15 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. Early adoption is permitted. The Corporation has not yet determined the impact of adoption of ASU No. 2016-15 will have on its consolidated statement of cash flows.

# Adventist HealthCare, Inc. and Controlled Entities

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

## Restricted Cash

During November 2016 the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 30), Restricted Cash*. ASU No. 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. 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 showing on the statement of cash flows. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The ASU should be applied using the retrospective transition method to each period presented. The Corporation has not yet determined the impact of adoption of ASU No. 2016-18 will have on its consolidated statement of cash flows.

## Lease Accounting

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Corporation's leasing activities. The Corporation will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2018. The Corporation has not yet determined the impact of adoption of ASU No. 2016-02 will have on its consolidated financial statements.

## Goodwill

During January 2017, FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. ASU No. 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Corporation does not believe that the adoption of ASU No. 2017-04 will have a material effect on its consolidated financial statements.

## 3. Discontinued Operations

On March 31, 2016, the Corporation sold the operating assets of HRMC and the HRMC Foundation to an unrelated third party, and discontinued the operations of the facility. The Corporation received net proceeds from the sale of approximately \$44,500,000, which was net of a contribution paid by the Corporation of \$2,500,000 to the HRMC Foundation. The Corporation recorded a loss on sale of \$16,967,178 in 2016 which was included in the loss from discontinued operations in the accompanying consolidated statements of operations. The largest component of the loss on sale in 2016 is related to the write-off of costs associated with HRMC's electronic medical records system, which totaled approximately \$11,518,000. During 2017, the Corporation recorded a gain from discontinued operations of \$249,984 related to the final settlement of receivables and payables that existed at the time of sale. The amount is included in the net loss from discontinued operations in the accompanying consolidated statements of operations.

## Adventist HealthCare, Inc. and Controlled Entities

### Notes to Consolidated Financial Statements

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The following amounts related to discontinued operations are included in the gain (loss) from discontinued operations in the accompanying consolidated statements of operations:

	<u>2017</u>	<u>2016</u>
Total unrestricted revenues	\$ -	\$ 22,901,438
Total expenses	-	(22,769,646)
Other non-operating income (loss), including loss on sale in 2016 of \$16,967,178	<u>249,984</u>	<u>(17,063,626)</u>
Revenues in excess of (less than) expenses	<u>\$ 249,984</u>	<u>\$ (16,931,834)</u>

During 2016, AHC discontinued operations at the BH&WS – Eastern Shore facility and made the decision to no longer provide services on Maryland’s eastern shore. The following amounts related to discontinued operations are included in loss from discontinued operations in the accompanying consolidated statements of operations:

	<u>2017</u>	<u>2016</u>
Total unrestricted revenues	\$ -	\$ 6,706,337
Total expenses	-	(10,001,541)
Other non-operating loss	<u>(2,911,706)</u>	<u>-</u>
Revenues less than expenses	<u>\$ (2,911,706)</u>	<u>\$ (3,295,204)</u>

The majority of the property and equipment was disposed as a result of the closure and a loss of approximately \$1,611,000 and \$358,000 for 2017 and 2016, respectively, was recognized and included in the loss from discontinued operations in the accompanying consolidated statements of operations. In addition, goodwill of approximately \$412,000 and \$241,000 related to BH&WS Eastern Shore was written off and included in the loss from discontinued operations in the accompanying consolidated statements of operations in 2017 and 2016, respectively.

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### 4. Investments

#### Short-Term Investments

The Corporation's short-term investments at December 31, 2017 and 2016 are comprised of the following:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 827,792	\$ 3,653,630
Fixed Income:		
Corporate bonds	72,558,705	48,547,456
Asset backed securities	34,501,068	29,703,673
U.S. government securities, U.S. treasury notes	61,937,170	83,195,405
Mutual Funds:		
Equity - balanced	17,575,243	19,683,702
Equity - growth	10,403,051	3,810,315
Total	<u>\$ 197,803,029</u>	<u>\$ 188,594,181</u>

#### Assets Whose Use is Limited

The composition of assets whose use is limited at December 31, 2017 and 2016 is set forth in the following tables:

	<u>2017</u>	<u>2016</u>
Under trust indentures and capital lease purchase financing facilities, held by trustees and banks:		
Cash and cash equivalents	\$ 56,604,016	\$ 265,926,780
U.S. government securities, U.S. treasury notes	166,238,057	5,388,464
U.S. government agency notes	23,234,629	-
Total	246,076,702	271,315,244
Less funds held for current liabilities	<u>1,744,132</u>	<u>1,720,039</u>
Noncurrent portion of assets held under trust indentures and capital lease purchase financing facilities	<u>\$ 244,332,570</u>	<u>\$ 269,595,205</u>

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Professional liability trust fund:		
Cash and cash equivalents	\$ 228,643	\$ 864,028
Mutual funds:		
Equity - balanced	801,545	9,191,703
Equity - large value	3,869,027	-
Equity - growth	1,137,927	-
Fixed income - intermediate	3,912,844	-
Fixed income - multi-sector	960,543	-
Fixed income - short term	2,147,726	3,327,795
Total	<u>13,058,255</u>	<u>13,383,526</u>
Less funds held for current liabilities	<u>1,179,664</u>	<u>1,150,302</u>
Noncurrent portion of professional liability trust fund	<u>\$ 11,878,591</u>	<u>\$ 12,233,224</u>
Deferred compensation fund:		
Mutual funds,		
Equity - growth	<u>\$ 1,403,371</u>	<u>\$ 1,466,041</u>

The indenture requirements of certain tax exempt financings provide for the establishment and maintenance of various accounts with a trustee (Note 10). These arrangements require the trustee to control the payment of interest and the ultimate repayment of respective debt to bondholders.

The composition of trustee held and escrow funds at December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Debt service reserve funds	\$ 28,224,212	\$ 28,118,144
Principal and interest funds	29,448,690	35,363,487
Project fund	<u>188,403,800</u>	<u>207,833,613</u>
Total	<u>\$ 246,076,702</u>	<u>\$ 271,315,244</u>

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
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Unrestricted investment income and gains and losses for investments, assets whose use is limited, and cash and cash equivalents are comprised of the following in 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Investment income:		
Interest and dividends, net	\$ 4,555,234	\$ 3,853,355
Interest on trustee held funds	48,913	62,244
Net realized gains (losses) on sale of investments	<u>3,628,355</u>	<u>(710,869)</u>
Total	<u>\$ 8,232,502</u>	<u>\$ 3,204,730</u>
Other changes in unrestricted net assets,		
Change in net unrealized gains (losses) on investments other than trading securities	<u>\$ 2,582,625</u>	<u>\$ (1,430,441)</u>

Investment income for HRMC was \$75,559 in 2016, which is included in loss from discontinued operations in the consolidated statements of operations. Included in these amounts are net realized losses on sale of investments of \$60,700, interest on trustee held funds of \$4,030, and interest and dividends, net of \$132,229 in 2016.

### 5. Fair Value Measurements and Financial Instruments

#### Fair Value Measurements

The Corporation measures its short-term investments, assets whose use is limited, investments, beneficial interest in trusts, and derivative financial instruments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.



## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Corporation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The fair value of the Corporation's financial instruments was measured using the following inputs at December 31:

	2017				
	Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Reported at Fair Value</b>					
Assets:					
Cash and cash equivalents	\$ 58,471,764	\$ 58,471,764	\$ 58,471,764	\$ -	\$ -
Mutual funds:					
Fixed income – intermediate	3,970,702	3,970,702	3,970,702	-	-
Fixed income – multi-sector	960,543	960,543	960,543	-	-
Fixed income – short term	2,147,726	2,147,726	2,147,726	-	-
Equity - growth	12,960,164	12,960,164	12,960,164	-	-
Equity - large value	3,887,685	3,887,685	3,887,685	-	-
Equity - balanced	18,376,788	18,376,788	18,376,788	-	-
U.S. government securities:					
U.S. treasury notes	228,175,227	228,175,227	-	228,175,227	-
U.S. government agency notes	23,234,629	23,234,629	-	23,234,629	-
Asset backed securities	34,501,068	34,501,068	-	34,501,068	-
Corporate bonds and other debt securities	72,558,705	72,558,705	-	72,558,705	-
Beneficial interest in trusts	1,052,891	1,052,891	-	-	1,052,891
	<u>\$ 460,297,892</u>	<u>\$ 460,297,892</u>	<u>\$ 100,775,372</u>	<u>\$ 358,469,629</u>	<u>\$ 1,052,891</u>
Liabilities,					
Derivative financial instruments	\$ 1,145,303	\$ 1,145,303	\$ -	\$ 1,145,303	\$ -

# Adventist HealthCare, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### Disclosed at Fair Value

Cash and cash equivalents	\$ 40,714,884	\$ 40,714,884	\$ 40,714,884	\$	\$
Pledges receivable	4,333,990	4,181,880	-	-	-
Long-term debt, excluding capital leases (Note 10):					
Fixed rate revenue bonds	526,076,559	578,746,439	-	578,746,439	-
Variable rate revenue bonds	22,985,000	22,985,000	-	22,985,000	-
Note payable	22,861,750	22,861,750	-	-	22,861,750
Secured line of credit	3,500,000	3,500,000	-	-	3,500,000

### 2016

Carrying Value	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
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### Reported at Fair Value

#### Assets:

Cash and cash equivalents	\$ 270,610,738	\$ 270,610,738	\$ 270,610,738	\$	\$
Mutual funds:					
Fixed income – short term	3,327,795	3,327,795	3,327,795	-	-
Equity - growth	5,284,502	5,284,502	5,284,502	-	-
Equity - other	716,929	716,929	716,929	-	-
Equity - mid-cap	6,803	6,803	6,803	-	-
Equity - balanced	28,875,405	28,875,405	28,875,405	-	-
U.S. government securities,					
U.S. treasury notes	88,583,869	88,583,869	-	88,583,869	-
Asset backed securities	29,703,673	29,703,673	-	29,703,673	-
Corporate bonds and other debt securities	48,547,456	48,547,456	-	48,547,456	-
Beneficial interest in trusts	1,310,686	1,310,686	-	-	1,310,686
	<u>\$ 476,967,856</u>	<u>\$ 476,967,856</u>	<u>\$ 308,822,172</u>	<u>\$ 166,834,998</u>	<u>\$ 1,310,686</u>

#### Liabilities,

Derivative financial instruments	<u>\$ 2,073,079</u>	<u>\$ 2,073,079</u>	<u>\$ -</u>	<u>\$ 2,073,079</u>	<u>\$ -</u>
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### Disclosed at Fair Value

Cash and cash equivalents	\$ 30,198,079	\$ 30,198,079	\$ 30,198,079	\$	\$
Pledges receivable	3,669,290	3,562,332	-	-	-
Long-term debt, excluding capital leases (Note 10):					
Fixed rate revenue bonds	488,299,967	521,087,175	-	521,087,175	-
Variable rate revenue bonds	23,985,000	23,985,000	-	23,985,000	-
Note payable	23,613,911	23,613,911	-	-	23,613,911
Secured lines of credit	7,032,921	7,032,921	-	-	7,032,921

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

The following table presents the fair value measurements for beneficial interest in trusts that have unobservable inputs at December 31, 2017 and 2016:

Balance, January 1, 2016	\$ 1,373,458
Decrease in value, included in changes in temporarily restricted net assets	(30,449)
Write-off of HRMC's beneficial interest in trusts	<u>(32,323)</u>
Balance, December 31, 2016	1,310,686
Distributions	(276,192)
Increase in value, included in changes in temporarily restricted net assets	<u>18,397</u>
Balance, December 31, 2017	<u><u>\$ 1,052,891</u></u>

The following represents a reconciliation of the assets reported at fair value included in the fair value table within the accompanying consolidated balance sheets at December 31:

	<u>2017</u>	<u>2016</u>
Short-term investments (Note 4)	\$ 197,803,029	\$ 188,594,181
Assets whose use is limited (Note 4):		
Current portion	2,923,796	2,870,341
Under trust indentures and capital lease purchase financing facilities, held by trustees and banks	244,332,570	269,595,205
Professional liability trust fund	11,878,591	12,233,224
Deferred compensation fund	1,403,371	1,466,041
Investments held by foundations	903,644	898,178
Beneficial interest in trusts	<u>1,052,891</u>	<u>1,310,686</u>
	<u><u>\$ 460,297,892</u></u>	<u><u>\$ 476,967,856</u></u>

The Corporation did not have any financial assets or financial liabilities measured at fair value.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value and for financial instruments disclosed at fair value. There have been no changes in methodologies used at December 31, 2017 and 2016.

Cash and cash equivalents: The carrying amounts approximate fair value because of the short maturity of these financial instruments.

Marketable certificates of deposit and mutual funds: Valued based on quoted market prices.

U.S. government securities, corporate bonds and other debt securities: Valued based on estimated quoted market prices of similar securities.

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

Beneficial interest in trusts: Beneficial interest in trusts are valued based on the fair value of the trusts underlying assets which represents a proxy for discounted present value of future cash flows. Beneficial interest in trusts are included in deposits and other noncurrent assets in the accompanying consolidated balance sheets.

Pledges receivable: Valued based on the original pledge amount, adjusted by a discount rate that a market participant would demand and an evaluation of uncollectible pledges. Pledges receivables are included in prepaid expenses and other current assets and deposits and other noncurrent assets in the accompanying consolidated balance sheets.

Long-term debt: The fair value of the fixed rate debt is estimated based on market data provided by the Corporation's financial consultants. Fair values of the remaining long-term debt are considered to approximate their carrying amounts in the accompanying consolidated balance sheets.

The Corporation measures its derivative financial instruments at fair value based on proprietary models of an independent third-party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instrument, and considers the credit risk of the Corporation and counterparty. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instrument and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Corporation would pay to terminate the agreement.

### 6. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment and accumulated depreciation and amortization at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 32,566,971	\$ 27,532,713
Buildings and improvements	457,474,313	448,226,562
Office furniture and equipment	194,126,065	183,173,853
Computer software and hardware	133,864,945	129,964,265
Equipment under capital leases	24,749,717	24,749,717
Total	842,782,011	813,647,110
Less accumulated depreciation and amortization	<u>(474,343,085)</u>	<u>(440,159,685)</u>
Total	368,438,926	373,487,425
Construction in progress	<u>143,170,869</u>	<u>58,474,476</u>
	<u>\$ 511,609,795</u>	<u>\$ 431,961,901</u>

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

Interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. During 2017 and 2016, the Corporation incurred interest expense, including amortization expense related to deferred financing costs, of approximately \$12,064,000 and \$12,012,000, respectively, of which approximately \$1,711,000 was capitalized in 2017 and \$1,650,000 was capitalized in 2016. HRMC incurred interest expense of approximately \$337,000, including amortization expense related to deferred financing costs, in 2016 which is included in loss from discontinued operations in the accompanying consolidated statements of operations of which there were no amounts capitalized. Investment earnings of approximately \$12,000 and \$16,000 were offset against capitalized interest in 2017 and 2016, respectively.

Depreciation expense, including amortization of equipment under capital leases, was approximately \$36,604,000 in 2017 and \$37,825,000 in 2016. Depreciation expense, including amortization of equipment under capital leases, for HRMC was approximately \$1,247,000 in 2016 and is included in loss from discontinued operations in the accompanying consolidated statements of operations. HRMC did not incur depreciation expense in 2017. Depreciation expense, including amortization of equipment under capital leases, for BH&WS - Eastern Shore was approximately \$54,000 in 2016 and is included in loss from discontinued operations in the accompanying consolidated statements of operations. BH&WS - Eastern Shore did not incur any depreciation expense in 2017. Accumulated amortization of equipment under capital lease as of December 31, 2017 and 2016 was approximately \$20,314,000 and \$19,354,000, respectively.

Construction in progress as of December 31, 2017 consists primarily of major renovation and expansion projects of clinical facilities. Purchase commitments related to these and other miscellaneous projects were approximately \$155,237,000 at December 31, 2017. The cost of these projects is expected to be funded through the project fund established through bond proceeds as well as transfers from the Corporation's related foundations and operations.

### 7. Investments and Investments in Unconsolidated Subsidiaries

The Corporation's investments and investments in unconsolidated subsidiaries include the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Investment in healthcare entities	\$ 6,447,367	\$ 5,887,970
Investment in Premier	8,409,290	6,595,929
Investments held by foundations	808,588	799,785
Total	<u>\$ 15,665,245</u>	<u>\$ 13,283,684</u>

#### Investment in Healthcare Entities

The Corporation recognized earnings of \$258,193 and \$509,587 during 2017 and 2016, respectively, related to its ownership interest in the healthcare entities accounted for under the equity method. The Corporation recognized earnings of \$98,332 during 2016, which is included in the loss from discontinued operations in the consolidated statement of operations, related to HRMC's ownership interest in healthcare entities accounted for under the equity method. A brief description of these investments is presented below:

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

Chesapeake Potomac Regional Cancer Center ("CPRCC") - CPRCC provides outpatient radiation oncology services to patients in Maryland. The Corporation has a 20% ownership interest in CPRCC.

Doctors Regional Cancer Center ("DRCC") - DRCC provides outpatient radiation oncology services to patients in Bowie and Lanham, Maryland. The Corporation has a 20% ownership interest in DRCC.

Shady Grove Medical Building, LLC ("SGMB") - SGMB was organized for the purpose of developing and constructing a cancer care center on the campus of Shady Grove Medical Center. The Corporation has a 50% ownership interest in SGMB.

The Corporation has invested \$259,100 in Advanced Health Collaborative, LLC for a 25% ownership interest. This organization was formed to share ideas and explore opportunities to enhance quality of healthcare in the state of Maryland.

The Corporation has invested \$2,702,672 in Advanced Health Collaborative II, LLC ("AHC II") for a 25% interest. AHC II was formed to hold a 24% interest in Maryland Health Advantage, LLC which is a Medicare preferred provider network providing health services to its members.

Summarized financial information related to these entities is presented below:

	<u>2017</u>	<u>2016</u>
Net revenue	\$ 17,682,566	\$ 17,258,901
Revenues in excess of expenses	958,934	1,705,494
Total assets	30,265,624	29,861,576
Total liabilities	15,478,915	15,834,676

### Investment in Premier

The Corporation is a partner in Premier, Inc. ("Premier"), a health care system group purchasing organization. In 2013, the Corporation recorded its Premier investment under the cost method of accounting. In October 2013, Premier converted from a privately held company to a public company through the issuance of an Initial Public Offering. At the time of conversion, the Corporation was issued 493,810 Class B common units of which 78,946 units were sold.

The remaining 414,864 Class B common units held by the Corporation are exchangeable for Class A common stock over a 7-year quarterly vesting period. The Corporation recognized a gain of \$1,782,147 and \$1,727,228 during 2017 and 2016, respectively, based on the market value of the units available for exchange. In addition, the Corporation recognized earnings of \$707,426 and \$802,812 during 2017 and 2016, respectively, related to distributions. Both the gain and the distributions are included in other revenue in the accompanying consolidated statements of operations.

### Investments Held by Foundations

The Foundations also hold marketable debt and equity securities for funds not required to be expended in less than 90 days. These marketable securities are subject to credit and market risks.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **8. Land Held for Healthcare Development**

From 2002 through 2011, the Corporation acquired various parcels of land in Clarksburg, Maryland totaling approximately 200 acres. Several parcels of the land are fully owned by the Corporation, and the remainder is owned by Cabin Branch Commons, LLC ("Cabin Branch"), of which the Corporation owns 45%.

In May 2013, the Corporation and Cabin Branch entered into a purchase and sale agreement with an unrelated third party to sell 48.8 acres of the land located in Clarksburg. In June 2015, the Corporation and Cabin Branch closed on the sale of the land at a purchase price of \$28,250,000. The Corporation's portion of the proceeds was \$25,101,980. As of December 31, 2015, the Corporation received \$13,225,064 of their portion of the purchase price, with the additional proceeds being held in escrow to be received upon the completion of certain infrastructure improvements to the property, for which the Corporation and Cabin Branch are collectively responsible. Those infrastructure improvements were made during 2016 and 2017, and the Corporation received the remaining proceeds from the escrow of \$4,806,542 and \$7,070,374 in 2016 and 2017, respectively, as reimbursement for the infrastructure improvements made to the property.

In April 2017, the Corporation entered into a purchase and sale agreement with an unrelated third party to sell 1.6 acres of the land located in Clarksburg. The Corporation closed on the sale of the land in April 2017 at a purchase price of \$1,330,000, the entire proceeds of which were received in April 2017.

The total proceeds received related to the parcels of land sold by the Corporation in June 2015 and April 2017 noted above, was \$26,431,980. No gain or loss was recognized on the sale of the parcels of land as of December 31, 2017 and 2016. Total remaining land held for healthcare development in Clarksburg as of December 31, 2017 and 2016, was \$47,660,070 and \$48,706,305, respectively.

### **9. Short-Term Financing**

The Corporation has a \$3,000,000 unsecured line of credit with a commercial bank, with interest at LIBOR plus 1.50% (3.06% at December 31, 2017). There were no borrowings outstanding under this line of credit as of December 31, 2017 or 2016.

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### 10. Long Term Obligations

Long term obligations as of December 31, 2017 and 2016 are comprised of the following:

	<u>2017</u>	<u>2016</u>
Fixed rate revenue bonds	\$ 526,076,559	\$ 488,299,967
Variable rate revenue bonds	22,985,000	23,985,000
Secured lines of credit	3,500,000	7,032,921
Note payable	22,861,750	23,613,911
Other long term liabilities	16,683,010	21,524,170
Total obligations	592,106,319	564,455,969
Plus bond premium	10,507,079	10,869,392
Less:		
Current maturities	(13,019,860)	(12,749,886)
Deferred financing costs	(5,062,797)	(4,839,919)
Noncurrent portion of long term obligations, net	<u>\$ 584,530,741</u>	<u>\$ 557,735,556</u>

### Fixed Rate Revenue Bonds

Fixed rate revenue bonds consist of the Maryland Health and Higher Educational Facilities Authority Refunding Revenue Bonds. Fixed rate revenue bonds consist of the following at December 31:

	<u>Par Amounts</u>	<u>Interest Rates</u>	<u>2017</u>	<u>2016</u>
Adventist Healthcare, Inc.:				
Series 2011A	\$ 57,205,000	5-6.25%	\$ 57,205,000	\$ 57,205,000
Series 2013	15,623,500	3.21%	9,886,559	11,384,967
Series 2014A	24,280,000	3.56%	22,840,000	23,565,000
Series 2016A	269,750,000	5.00%	269,750,000	269,750,000
Series 2016B	126,395,000	3.23%	126,395,000	126,395,000
Series 2017	40,000,000	2.77%	40,000,000	-
Total			<u>\$ 526,076,559</u>	<u>\$ 488,299,967</u>

The above bond issues are subject to trust indentures which impose various covenants on SGMC, WAH, HRMC, BH&WS, Rehab, Imaging, CIS, Other Health Services and the Support Center (collectively, the "Obligated Group") which include restrictions on the transfer or disposition of property, the incurrence of additional liabilities, and the achievement of certain pre-established financial indicators. Management believes it has complied with these required financial covenants for the years ended December 31, 2017 and 2016. Debt service reserve funds are required on the Series 2011A, Series 2016A and Series 2017 bonds.



## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **Variable Rate Revenue Bonds**

The variable rate revenue bonds consist of the Maryland Health and Higher Educational Facilities Authority Revenue Refunding Bonds, Series 2014B, Adventist HealthCare, Inc. which had an outstanding balance of \$22,985,000 and \$23,985,000 as of December 31, 2017 and 2016, respectively. The Series 2014B Bonds bear interest at a variable rate of one month LIBOR plus 2.3% (3.86% at December 31, 2017). The Series 2014B bonds are subject to an Amended and Restated Master Trust Indenture that imposes various covenants on the Obligated Group which include restrictions on the transfer or disposition of property, the incurrence of additional liabilities, and the achievement of certain pre-established financial indicators. Management believes it has complied with these required financial covenants for the years ended December 31, 2017 and 2016.

The bonds subject to the Amended and Restated Master Trust Indenture are secured by the unrestricted revenues of the Obligated Group as well as a mortgage interest in the facilities of SGMC, WAH, HRMC, BH&WS and Rehab. In conjunction with the closing of the transfer of HRMC to Atlantic Health System as of March 31, 2016, HRMC is no longer a member of the Obligated Group, and as such, the mortgage on HRMC was released.

In December 2016, the variable rate revenue bonds Series 2005A and Series 2011B were refunded with the issuance of the Series 2016B bonds. The Series 2016B bonds were issued as a direct placement with a commercial bank. As a result of this refunding, a loss on extinguishment of debt was recognized in 2016 for \$686,357 which is comprised of the remaining unamortized deferred financing costs related to the Series 2005A and Series 2011B bonds.

### **Secured Lines of Credit**

The Corporation has a secured line of credit for \$16,000,000 that bears interest at LIBOR plus 2.00% (3.56% at December 31, 2017) and expires on June 30, 2018. The balance on the line of credit was \$3,500,000 and \$7,032,921 at December 31, 2017 and 2016, respectively.

### **Note Payable**

In December 2014, the corporation entered into a taxable term note for \$25,000,000 with a commercial bank, which is secured by a Master Note issued under the Amended and Restated Master Trust Indenture dated as of February 1, 2003. The note bears interest at one month LIBOR plus 2.45% (3.825% as of December 31, 2017). The amortization on the note extends to December 18, 2034, however, the note matures on December 18, 2024. As of December 31, 2017 and 2016, the outstanding balance was \$22,861,751 and \$23,613,911, respectively.

### **Other Long Term Liabilities**

This category consists of several capital lease obligations and notes payable on various types of medical and IT equipment. The financed equipment serves as security on these leases. Interest rates on these other long term liabilities range from 2.70% - 3.40%.

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

Scheduled principal repayments of long-term obligations at December 31, 2017 are as follows:

Years ending December 31:	
2018	\$ 13,019,860
2019	8,547,724
2020	14,048,645
2021	13,385,399
2022	13,758,949
Thereafter	<u>529,345,742</u>
Total	<u>\$ 592,106,319</u>

### 11. Derivative Financial Instruments

The Corporation has one interest rate swap agreement, which is considered a derivative financial instrument. The agreement is for a notional amount of \$50,880,000 and requires the Corporation to pay a fixed interest rate of 3.457% while receiving variable interest rates based upon 67% of LIBOR, maturing January 2021. The agreement was entered into in order to manage interest rate exposure. The principal objective of the swap agreement is to minimize the risks associated with financing activities by reducing the impact of changes in interest rates on its debt portfolio. The notional amount of the swap agreements is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable, if any, which may be generated as a result of the swap agreement. The interest rate swap agreement is reported at fair value in the consolidated balance sheets. At December 31, 2017 and 2016, the fair value of the Corporation's derivative financial instruments was \$1,145,303 and \$2,073,079, respectively.

During 2016, the Corporation terminated one of its interest rate swap agreements with a notional amount of \$78,000,000 that was designated as a cash flow hedge with the counterparty for \$16,875,000. The Corporation borrowed the termination fee, which was included as a component of the proceeds for the 2016B bonds. No gain or loss was recognized on the termination of the swap. As of December 31, 2017 and 2016, \$12,288,864 and \$12,971,579, respectively, remained in unrestricted net assets. Beginning in January 2017, this amount is being amortized over the remaining term of the hedge, or through January 2035.

The net cash paid or received under the swap agreements is recognized as either an adjustment to interest expense or other income. The net cash paid under the interest rate swap agreements was \$928,616 in 2017 and \$3,791,973 in 2016. For 2016, \$2,548,804 is reported as a component of interest expense in the accompanying consolidated statements of operations which represents the net cash paid related to the swap agreement that was accounted for, prior to the termination, using hedge accounting. The remaining amounts for 2017 and 2016 are reported as a component of other (expense) income in the accompanying consolidated statements of operations, which is related to the swap agreement that does not qualify for hedge accounting.

## Adventist HealthCare, Inc. and Controlled Entities

### Notes to Consolidated Financial Statements

December 31, 2017 and 2016

The fair value of the interest rate swap agreement is estimated to be the amount the Corporation would receive or pay to terminate the swap agreements at the reporting date and was based on information supplied by an independent third party valuation agent (Note 5). Additionally, the fair value reflects a credit risk assessment required under accounting principles generally accepted in the United States of America. Gains or losses resulting from the interest rate swap agreement are entirely recognized as a component of revenues in excess of expenses from continuing operations. The impact on the consolidated statements of operations were gains of \$964,909 in 2017 and \$1,035,104 in 2016.

On October 3, 2008, the counterparty for the Corporation's fixed pay swap maturing in January 2035, Lehman Brothers, Inc., commenced proceedings under Chapter 11 of the Bankruptcy Code. This action triggered an Event of Default under the ISDA Master Agreement in effect with said party and gave the Corporation the right to terminate the transaction.

On October 16, 2008, the Corporation terminated this agreement and concurrently entered into an agreement with a new counterparty that assumed all existing terms and conditions of the original agreement. The termination of the original swap agreement resulted in a loss of \$472,023 which is included in unrestricted net assets in the consolidated balance sheets. This loss is being amortized over the remaining term of the designated period of the hedge, or through January 2035. As of December 31, 2017 and 2016, accumulated amortization of \$161,837 and \$143,855, respectively, is included in other changes in net assets and interest expense in the consolidated statements of operations and changes in net assets.

## 12. Leases

The Corporation has entered into various operating leases primarily for office space as well as certain equipment items. Rental expense for operating leases was \$20,924,709 in 2017 and \$21,263,623 in 2016. Rental expense for operating leases of HRMC was \$540,820 in 2016 and is included in loss from discontinued operations in the accompanying consolidated statements of operations. Rental expense for operating leases of BH&WS - Eastern Shore was \$692,074 in 2016 and is included in loss from discontinued operations in the accompanying consolidated statements of operations. Future minimum payments under non-cancelable operating leases with initial terms of one year or more consist of the following during the years ending December 31:

Years ending December 31:	
2018	\$ 13,368,551
2019	12,665,499
2020	12,554,912
2021	12,649,566
2022	12,537,323
Thereafter	<u>36,643,188</u>
Total	<u>\$ 100,419,039</u>

## Adventist HealthCare, Inc. and Controlled Entities

### Notes to Consolidated Financial Statements

December 31, 2017 and 2016

The Corporation has also entered into various sub-lease agreements with tenants that occupy space in the Corporation's buildings. The terms of these sub-leases vary and extend through 2030. Rental income was \$3,303,484 in 2017 and \$4,506,295 in 2016, which has been reported as a component of other operating revenue in the consolidated statements of operations. Future rent payments expected to be received by the Corporation during the years ending December 31, are as follows:

Years ending December 31:	
2018	\$ 4,166,546
2019	3,580,156
2020	3,299,498
2021	2,922,089
2022	2,499,530
Thereafter	<u>3,284,905</u>
Total	<u>\$ 19,752,724</u>

### 13. Retirement, Health Plan and Life Insurance

#### Defined Contribution Retirement Plan

The Corporation sponsors a 401(a) defined contribution retirement plan, which covers substantially all full-time employees. After twelve months of full-time or regular part-time employment of at least 1,000 base hours, the Corporation will contribute a total of 2% of eligible employees' compensation, plus a matching employer contribution equal to 50% of employee contributions (to the 403(b) plan) up to 6% of base salary. The Corporation also has a 403(b) retirement savings plan for employees. Employee contributions are made to the 403(b) retirement savings plan. Retirement plan expense was \$7,983,472 in 2017 and \$8,760,252 in 2016. Retirement plan expense for HRMC was \$174,378 in 2016 which is included in loss from discontinued operations in the consolidated statements of operations. Retirement plan expense for BH&WS - Eastern Shore was \$60,686 in 2016 which is included in loss from discontinued operations in the consolidated statements of operations.

#### Supplemental Executive Retirement Plan

The Corporation also has a Supplemental Executive Retirement Plan ("SERP") that became effective in 2015 and covers a group of key executives. SERP expense was \$404,894 in 2017 and \$300,900 in 2016. In addition, a SERP liability adjustment was recorded for \$512,305 in 2017 and \$521,260 in 2016, which was recognized in other changes in net assets in the consolidated statements of changes in net assets. At December 31, 2017 and 2016, the Corporation's liability for the SERP was \$3,811,232 and \$2,894,032, respectively, which is included in other liabilities in the consolidated balance sheets.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **Executive Retention 457(F) Plan**

Effective January 1, 2015, the Corporation established the Executive Retention 457(F) Plan (the "457(F) Plan"). The 457(F) Plan is a tax-deferred plan offered to key executives, whereby annual employer contributions are made to the Plan. Plan participants become vested in the contributions and receive plan payments in the second calendar year after the contribution is made, if the participant is still employed. The final contribution will be made to the Plan for the year in which the plan participant becomes 62. The 457(F) plan expense was \$1,451,249 in 2017 and \$1,501,925 in 2016. The Corporation's liability for the 457(F) plan at December 31, 2017 and 2016 was \$2,792,809 and \$2,975,057, respectively, which is included in other liabilities in the consolidated balance sheets.

### **Salary Deferral (457(b)) Plan**

Employees who contribute the maximum allowable amount to the 403(b) retirement plan have an opportunity to contribute additional funds on a tax-deferred basis to a 457(b) retirement plan up to the maximum tax-sheltered opportunity. There are no employer contributions to this plan.

### **Health Plan**

The Corporation maintains a self-insurance employee program for its health insurance coverage. The Corporation accrues the estimated costs of incurred and reported and incurred but not reported claims, after consideration of its stop-loss insurance coverage, based upon data provided by the third-party administrator of the program and historical claims experience.

### **Life Insurance**

Full-time and part-time employees are insured, through a third-party carrier, for an amount equal to one times their base salary at time of enrollment up to \$450,000 for full-time employees and \$10,000 for part-time employees. In addition, if death is caused by accident, the employee is insured for an additional benefit equal to the amount of their life insurance.

## **14. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for betterments to plant facilities and purchases of equipment or to support operating programs sponsored by the Corporation and its affiliates.

Permanently restricted net assets have been restricted by donor to be maintained by the Corporation in perpetuity.

Net assets were released from donor restriction by satisfying their restricted purposes in the amount of \$3,633,418 in 2017 and \$3,293,236 in 2016.

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### **15. Commitments and Contingencies**

#### **Litigation and Claims**

The Corporation is subject to asserted and unasserted claims (in addition to litigation) encountered in the ordinary course of business. In the opinion of management and after consultation with legal counsel, the Corporation has established adequate reserves related to all known matters. The outcome of any potential investigative, regulatory or prosecutorial activity that may occur in the future cannot be predicted with certainty. However, any associated potential future losses resulting from such activity could have a material adverse effect on the Corporation's future financial position, results of operations and liquidity.

#### **Insurance**

The Corporation's primary coverage for professional liability is provided through a self-funded insurance retention trust (the "Trust") established on January 1, 1993. The Trust is funded based on actuarial estimates and provides coverage of \$4,000,000 per occurrence with no annual aggregate limitation. The Trust also provides general liability coverage up to \$1,000,000 per occurrence and \$3,000,000 in the aggregate. The Corporation also carries umbrella excess liability insurance on a claims made basis with a commercial carrier, with limits of \$20,000,000 per occurrence and in aggregate.

It is the Corporation's policy to accrue for the ultimate cost of uninsured asserted and unasserted malpractice claims, if any, when incidents occur. Based on a review of the Corporation's prior experience and incidents occurring through December 31, 2017, management determined that the fully-funded professional liability reserve reported at December 31, 2017 and 2016 is adequate in light of the program's excess umbrella policy currently in force and historical claims experience. The estimated professional liability for both asserted and unasserted claims was \$14,262,545 and \$12,865,503 at December 31, 2017 and 2016, respectively. The discount rate used in determining these liabilities was 2.5% at both December 31, 2017 and 2016.

The Corporation is self-insured for unemployment and workers' compensation benefits. The liability for unemployment and worker's compensation claims payable is an estimate based on the Corporation's past experience and is included in the accompanying consolidated balance sheets. It is reasonably possible that the estimates used could change materially in the near term.

#### **Remediation**

Certain buildings, which were constructed prior to the passage of the Clean Air Act, contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe fashion prior to demolition and renovation of these buildings. At this time, the Corporation has no plans to demolish or renovate these buildings and, as such, cannot reasonably estimate the fair value of the liability for such asbestos removal.

## Adventist HealthCare, Inc. and Controlled Entities

Notes to Consolidated Financial Statements  
December 31, 2017 and 2016

### 16. Business and Credit Concentrations

The Corporation grants credit to patients, substantially all of whom are local residents. The Corporation 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.

At December 31, 2017 and 2016, concentrations of gross receivables from third-party payors and others are as follows:

	<u>2017</u>	<u>2016</u>
Medicare	22 %	22 %
Medicaid	11	12
Other third party payers	39	45
Self-pay and others	<u>28</u>	<u>21</u>
	<u>100 %</u>	<u>100 %</u>

Net patient service revenue, by payor class, consisted of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Medicare	37 %	38 %
Medicaid	11	9
Other third party payers	48	49
Self-pay and others	<u>4</u>	<u>4</u>
	<u>100 %</u>	<u>100 %</u>

The Corporation maintains its cash and cash equivalents with several financial institutions. Cash and cash equivalents on deposit with any one financial institution are insured up to \$250,000.

### 17. Functional Expenses

A summary of the Corporation's operating expenses by function for the years ended December 31, is as follows:

	<u>2017</u>	<u>2016</u>
Hospital acute and ambulatory services	\$ 559,232,278	\$ 545,995,612
Home care services	26,374,013	19,113,770
Other health care services	196,113,197	184,260,531
Other, including general and administrative	5,702,160	10,751,002
Fundraising	<u>432,501</u>	<u>682,243</u>
Total	<u>\$ 787,854,149</u>	<u>\$ 760,803,158</u>

## **Adventist HealthCare, Inc. and Controlled Entities**

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Notes to Consolidated Financial Statements

December 31, 2017 and 2016

The Corporation also incurred hospital acute and other health care services expenses related to HRMC and BH&WS Eastern Shore that were included in loss from discontinued operations in the consolidated statements of operations. HRMC hospital acute services expenses were \$22,769,646 in 2016. BH&WS Eastern Shore other healthcare services expenses were \$10,001,541 in 2016. No operating expenses were incurred in 2017 for HRMC for BH&WS Eastern Shore.



**Adventist HealthCare, Inc. and Controlled Entities**

 Consolidating Schedule, Balance Sheet  
 December 31, 2017

	Shady Grove Medical Center	Washington Adventist Hospital	Hackettstown Regional Medical Center	Behavioral Health & Wellness Services	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Lourie Center	Adventist Home Care Services	Urgent Care Centers	One Health Quality Alliance	Mid-Atlantic Primary Care	Adventist HealthCare, Inc. Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.
<b>Assets</b>																			
Cash and cash equivalents	\$ 169,434,502	\$ (48,120,660)	\$ 76,562,848	\$ (21,307,114)	\$ 15,664,304	\$ (24,043,730)	\$ (22,721,885)	\$ 976,421	\$ (102,774,082)	\$ -	\$ 43,670,604	\$ (683,588)	\$ 6,073,433	\$ (10,347,048)	\$ (2,292,572)	\$ 1,184,117	\$ 3,109,938	\$ -	\$ 40,714,884
Short-term investments	-	-	-	-	-	-	-	-	197,803,029	-	197,803,029	-	-	-	-	-	-	-	197,803,029
Assets whose use is limited	-	-	-	-	-	-	-	-	2,923,796	-	2,923,796	-	-	-	-	-	-	-	2,923,796
Patient accounts receivable, net of estimated allowance for doubtful collections of \$22,487,000	48,088,584	26,969,168	-	4,934,224	4,822,816	3,033,771	642,956	(519)	-	-	88,491,000	-	4,276,085	442,861	-	-	-	-	93,209,946
Other receivables, net of estimated allowance for doubtful collections of \$628,000	1,841,050	2,499,566	-	2,117,139	156,162	3,330,207	56,869	652,062	2,171,520	(597,738)	12,226,837	2,751,224	31,141	-	-	-	1,061,779	-	16,070,981
Due from third party payors	-	-	-	115,974	254,489	-	-	-	-	(370,443)	-	-	-	-	-	-	-	-	-
Inventories	5,118,233	3,982,471	-	90,779	93,906	-	-	125,388	-	-	9,410,777	-	-	-	-	-	-	-	9,410,777
Prepaid expenses and other current assets	676,417	861,007	-	56,871	65,765	58,059	19,950	148,175	5,658,068	-	7,544,312	-	52,908	55,828	-	-	-	-	7,653,048
Total current assets	225,158,786	(13,808,448)	76,562,848	(13,992,127)	21,057,422	(17,621,693)	(22,002,110)	1,901,527	105,782,331	(968,181)	362,070,355	2,067,636	10,433,567	(9,848,359)	(2,292,572)	1,184,117	4,171,717	-	367,786,461
<b>Property and Equipment, Net</b>	178,100,768	185,644,026	-	13,145,193	10,299,587	8,494,432	1,203,692	201,174	104,539,932	-	501,628,804	1,617,534	1,667,237	6,696,220	-	-	-	-	511,609,795
<b>Assets Whose Use is Limited</b>																			
Under trust indentures and capital lease purchase financing facilities, held by trustees and banks	841,316	239,237,934	-	490,768	444,028	-	-	-	3,318,524	-	244,332,570	-	-	-	-	-	-	-	244,332,570
Professional liability trust fund	-	-	-	-	-	-	-	-	11,878,591	-	11,878,591	-	-	-	-	-	-	-	11,878,591
Deferred compensation fund	-	-	-	-	-	-	-	-	1,403,371	-	1,403,371	-	-	-	-	-	-	-	1,403,371
<b>Cash and Cash Equivalents Temporarily Restricted for Capital Acquisitions</b>	331,900	-	-	-	96,436	-	-	-	-	-	428,336	694,688	-	-	-	-	1,199,729	-	2,322,753
<b>Investments and Investments in Unconsolidated Subsidiaries</b>	843,836	-	-	-	-	-	-	-	14,012,821	-	14,856,657	-	-	-	-	-	808,588	-	15,665,245
<b>Land Held for Healthcare Development</b>	-	-	-	-	-	-	-	-	47,660,070	-	47,660,070	-	-	-	-	-	-	-	47,660,070
<b>Intangible Assets, Net</b>	1,018,809	-	-	841,587	845,496	5,435,091	-	36,236	7,736	-	8,184,955	-	158,175	-	-	-	-	-	8,343,130
<b>Deposits and Other Noncurrent Assets</b>	1,887,263	31,350	-	26,674	43,000	15,687	46,716	32,754	858,754	-	2,942,198	5,054	30,828	200,582	-	-	2,432,031	-	5,610,693
Total assets	\$ 408,182,678	\$ 411,104,862	\$ 76,562,848	\$ 512,095	\$ 32,785,969	\$ (3,676,483)	\$ (20,751,702)	\$ 2,171,691	\$ 289,462,130	\$ (968,181)	\$ 1,195,385,907	\$ 4,384,912	\$ 12,289,807	\$ (2,951,557)	\$ (2,292,572)	\$ 1,184,117	\$ 8,612,065	\$ -	\$ 1,216,612,679

**Adventist HealthCare, Inc. and Controlled Entities**

Consolidating Schedule, Balance Sheet  
December 31, 2017

	Shady Grove Medical Center	Washington Adventist Hospital	Hackettstown Regional Medical Center	Behavioral Health & Wellness Services	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Lourie Center	Adventist Home Care Services	Urgent Care Centers	One Health Quality Alliance	Mid-Atlantic Primary Care	Adventist HealthCare, Inc. Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.
<b>Liabilities and Net Assets</b>																			
<b>Current Liabilities</b>																			
Accounts payable and accrued expenses	\$ 26,268,407	\$ 18,582,280	\$ 673,330	\$ 2,828,158	\$ 1,041,179	\$ 1,454,804	\$ 1,669,173	\$ 526,843	\$ 29,413,814	\$ -	\$ 82,457,988	\$ 1,047,774	\$ 1,005,852	\$ 618,064	\$ 128,774	\$ 1,408,826	\$ 150,906	\$ -	\$ 86,818,184
Accrued compensation and related items	13,433,344	9,658,349	-	2,523,983	2,764,208	211,138	214,677	236,808	6,595,689	(597,738)	35,040,458	607,017	1,317,213	295,758	-	-	-	-	37,260,446
Interest payable	-	-	-	-	-	-	-	-	9,747,294	-	9,747,294	-	-	-	-	-	-	-	9,747,294
Due to third party payors	10,850,189	7,169,320	67,547	101,789	-	-	-	-	-	(370,443)	17,818,402	-	-	-	-	-	-	-	17,818,402
Estimated self-insured professional liability	-	-	-	-	-	-	-	-	1,179,664	-	1,179,664	-	-	-	-	-	-	-	1,179,664
Current maturities of long-term obligations	5,044,073	2,770,640	-	165,859	-	775,089	-	-	4,109,705	-	12,865,366	-	-	154,494	-	-	-	-	13,019,860
Total current liabilities	55,596,013	38,180,589	740,877	5,619,789	3,805,387	2,441,031	1,883,850	763,651	51,046,166	(968,181)	159,109,172	1,654,791	2,323,065	1,068,316	128,774	1,408,826	150,906	-	165,843,850
<b>Construction Payable</b>	1,786,159	12,402,322	-	92,500	94,556	14,286	-	-	282,306	-	14,672,129	-	152,030	4,380	-	-	-	-	14,828,539
<b>Long-Term Obligations, Net</b>																			
Bonds payable	123,749,836	379,651,523	-	5,954,585	4,293,277	-	-	-	37,577,507	-	551,226,728	-	-	(15,239)	-	-	-	-	551,211,489
Notes payable	-	-	-	-	-	-	-	-	17,688,481	-	17,688,481	-	-	4,400,801	-	-	-	-	22,089,282
Capital lease obligations	2,661,743	1,191,231	-	776,029	-	1,401,975	-	-	5,198,992	-	11,229,970	-	-	-	-	-	-	-	11,229,970
<b>Derivative Financial Instruments</b>	-	-	-	-	-	-	-	-	1,145,303	-	1,145,303	-	-	-	-	-	-	-	1,145,303
<b>Other Liabilities</b>	1,544,428	-	-	-	-	-	549,178	-	9,816,737	-	11,910,343	-	-	-	-	-	53,422	-	11,963,765
<b>Estimated Self-Insured Professional Liability</b>	-	-	-	-	-	-	-	-	13,082,881	-	13,082,881	-	-	-	-	-	-	-	13,082,881
Total liabilities	185,338,179	431,425,665	740,877	12,442,903	8,193,220	3,857,292	2,433,028	763,651	135,838,373	(968,181)	780,065,007	1,654,791	2,475,095	5,458,258	128,774	1,408,826	204,328	-	791,395,079
<b>Net Assets (Deficit)</b>																			
Unrestricted	222,945,080	(21,043,903)	75,821,971	(11,930,808)	24,590,615	(7,533,775)	(23,184,730)	1,408,040	152,816,329	-	413,888,819	2,095,431	9,814,712	(8,409,815)	(2,421,346)	(224,709)	2,585,883	-	417,328,975
Temporarily restricted	(100,581)	723,100	-	-	2,134	-	-	-	807,428	-	1,432,081	293,269	-	-	-	-	5,821,854	-	7,547,204
Permanently restricted	-	-	-	-	-	-	-	-	-	-	-	341,421	-	-	-	-	-	-	341,421
Total net assets (deficit)	222,844,499	(20,320,803)	75,821,971	(11,930,808)	24,592,749	(7,533,775)	(23,184,730)	1,408,040	153,623,757	-	415,320,900	2,730,121	9,814,712	(8,409,815)	(2,421,346)	(224,709)	8,407,737	-	425,217,600
Total liabilities and net assets	\$ 408,182,678	\$ 411,104,862	\$ 76,562,848	\$ 512,095	\$ 32,785,969	\$ (3,676,483)	\$ (20,751,702)	\$ 2,171,691	\$ 289,462,130	\$ (968,181)	\$ 1,195,385,907	\$ 4,384,912	\$ 12,289,807	\$ (2,951,557)	\$ (2,292,572)	\$ 1,184,117	\$ 8,612,065	\$ -	\$ 1,216,612,679

**Adventist Healthcare, Inc. and Controlled Entities**

 Consolidating Schedule, Statement of Operations  
 Year Ended December 31, 2017

	Shady Grove Medical Center	Washington Adventist Hospital	Hackettstown Regional Medical Center	Behavioral Health & Wellness Services	Rehabilitation	Imaging Services	Clinical Integration Services	Other Health Services	Support Center	Eliminating Entries	Total Combined Obligated Group	Lourie Center	Adventist Home Care Services	Urgent Care Centers	One Health Quality Alliance	Mid-Atlantic Primary Care	Adventist HealthCare, Inc. Foundations	Eliminating Entries	Consolidated Adventist HealthCare, Inc.	
<b>Unrestricted Revenues</b>																				
Net patient service revenue	\$ 375,793,489	\$ 261,758,259	\$ -	\$ 42,080,118	\$ 48,151,057	\$ 30,871,761	\$ 11,078,330	\$ 38,286	\$ -	\$ (100,874)	\$ 769,670,426	\$ 818,945	\$ 27,207,082	\$ 4,156,714	\$ -	\$ -	\$ -	\$ (16,500)	\$ 801,836,667	
Provision for doubtful collections	(13,378,429)	(12,611,472)	-	(1,828,140)	(655,338)	(2,097,280)	(650,236)	(131,895)	-	-	(31,352,790)	(112,355)	(42,553)	(274,843)	-	-	-	-	(31,782,541)	
Net patient service revenue less provision for doubtful collections	362,415,060	249,146,787	-	40,251,978	47,495,719	28,774,481	10,428,094	(93,609)	-	(100,874)	738,317,636	706,590	27,164,529	3,881,871	-	-	-	(16,500)	770,054,126	
Other revenue	7,490,548	3,755,767	-	6,313,442	3,070,951	1,788,034	220,297	6,866,110	6,113,830	(10,653,269)	24,965,710	10,903,927	260,955	150	-	1,356,468	1,946,154	(1,369,042)	38,064,322	
Total unrestricted revenues	369,905,608	252,902,554	-	46,565,420	50,566,670	30,562,515	10,648,391	6,772,501	6,113,830	(10,754,143)	763,283,346	11,610,517	27,425,484	3,882,021	-	1,356,468	1,946,154	(1,385,542)	808,118,448	
<b>Expenses</b>																				
Salaries and wages	122,047,800	97,092,286	-	26,452,333	28,307,040	15,571,770	9,608,695	2,333,144	34,239,094	(2,060,361)	333,591,801	5,956,279	17,868,478	2,914,752	340,586	48,850	-	-	360,720,746	
Employee benefits	25,662,739	16,874,104	-	5,161,671	5,142,120	2,952,109	351,085	422,926	7,185,299	(351,542)	63,400,511	1,280,600	3,432,002	445,078	63,799	8,262	-	-	68,630,252	
Contract labor	18,763,758	13,844,823	-	2,538,947	312,986	531,457	-	747,671	259,318	(64,709)	36,934,251	1,437,866	402,529	418,974	-	-	-	(153,937)	39,039,683	
Medical supplies	55,251,030	41,406,956	-	1,360,408	1,566,646	1,142,348	746,210	849,253	49,752	(64,820)	102,307,783	85,141	406,590	213,849	-	-	-	-	103,013,363	
General and administrative	33,256,315	27,437,502	-	3,789,842	3,296,744	5,001,846	3,486,150	1,158,968	45,660,458	(5,867,109)	117,220,716	1,725,367	1,158,556	1,232,698	153,593	459,063	1,294,806	(1,208,579)	122,036,220	
Building and maintenance	22,580,781	7,805,978	-	2,384,851	1,499,134	5,045,272	376,233	514,655	1,967,342	(2,345,603)	39,828,643	307,054	731,810	1,077,236	300	300	-	(23,026)	41,922,317	
Insurance	2,101,469	1,988,032	-	344,492	140,095	630,688	164,407	4,213	43,309	-	5,416,705	28,892	75,738	153,428	-	-	-	-	5,674,763	
Interest	5,632,231	1,330,250	-	263,249	158,289	84,581	-	-	2,719,498	-	10,188,098	-	-	165,354	-	-	-	-	10,353,452	
Depreciation and amortization	15,188,646	5,205,877	-	1,285,983	906,729	1,312,531	253,095	75,768	11,505,885	-	35,734,514	160,196	251,761	316,882	-	-	-	-	36,463,353	
IT depreciation	5,663,083	3,835,214	-	742,097	509,355	94,123	-	30,213	(10,956,906)	-	(82,821)	-	82,821	-	-	-	-	-	-	
IT services	19,972,695	12,812,683	-	1,903,545	2,133,066	260,713	-	139,555	(37,940,639)	-	(718,382)	-	718,382	-	-	-	-	-	-	
Shared Services	15,063,059	9,385,490	-	1,718,548	1,468,869	442,566	557,721	66,039	(29,398,034)	-	(695,742)	278,867	368,827	48,048	-	-	-	-	-	
Management fees	8,656,970	5,857,705	-	1,615,414	1,417,193	20,923	492,538	145,592	(19,571,019)	-	(1,364,684)	338,708	875,479	150,497	-	-	-	-	-	
Total expenses	349,840,576	244,876,900	-	49,561,380	46,858,266	33,090,927	16,036,134	6,487,997	5,763,357	(10,754,144)	741,761,393	11,598,970	26,372,973	7,136,796	558,278	516,475	1,294,806	(1,385,542)	787,854,149	
Income (loss) from operations	20,065,032	8,025,654	-	(2,995,960)	3,708,404	(2,528,412)	(5,387,743)	284,504	350,473	1	21,521,953	11,547	1,052,511	(3,254,775)	(558,278)	839,993	651,348	-	20,264,299	
<b>Other Income (Expense)</b>																				
Investment income (loss)	4,046,655	4,018	-	3,492	349,920	-	-	13,674	3,636,073	-	8,053,832	14,074	135,858	-	-	-	28,738	-	8,232,502	
Other (expense) income	(504,187)	(2,209,514)	249,985	(2,838,286)	(16,509)	-	-	-	662,392	2,661,722	(1,994,397)	-	-	-	-	-	-	-	(1,994,397)	
Total other income (expense)	3,542,468	(2,205,496)	249,985	(2,834,794)	333,411	-	-	13,674	4,298,465	2,661,722	6,059,435	14,074	135,858	-	-	-	28,738	-	6,238,105	
Revenues in excess of (less than) expenses from continuing operations	23,607,500	5,820,158	249,985	(5,830,754)	4,041,815	(2,528,412)	(5,387,743)	298,178	4,648,938	2,661,723	27,581,388	25,621	1,188,369	(3,254,775)	(558,278)	839,993	680,086	-	26,502,404	
Change in net unrealized gains (losses) on investments other than trading securities	770,559	(674,580)	-	548	58,735	-	-	(2,025)	2,434,283	-	2,587,520	(9,815)	24,570	-	-	-	(19,650)	-	2,582,625	
Change in net unrealized gain on derivative financial instruments	-	-	-	-	-	-	-	-	700,697	-	700,697	-	-	-	-	-	-	-	700,697	
Transfer from (to) subsidiaries	648,577	423,286	2,272,747	1,611,358	50,255	-	-	-	(5,065,250)	-	(59,027)	-	-	-	-	-	-	59,027	-	
Net assets released from restriction for purchase of property and equipment	30,957	1,078,789	-	-	42,844	-	-	-	-	-	1,152,590	-	-	-	-	-	-	-	1,152,590	
Deferred compensation plan liability adjustment	-	-	-	-	-	-	-	-	(512,305)	-	(512,305)	-	-	-	-	-	-	-	(512,305)	
Other unrestricted net asset activity	(1)	6	-	2	(185,835)	8	797	-	(1,518,108)	(1)	(1,703,132)	(1)	(4)	(6)	-	(801)	-	(59,027)	(1,762,971)	
Increase (decrease) in unrestricted net assets from continuing operations	25,057,592	6,647,659	2,522,732	(4,218,846)	4,007,814	(2,528,404)	(5,386,946)	296,153	688,255	2,661,722	29,747,731	15,805	1,212,935	(3,254,781)	(558,278)	839,192	660,436	-	28,663,040	
Loss from discontinued operations	-	-	-	-	-	-	-	-	-	(2,661,722)	(2,661,722)	-	-	-	-	-	-	-	(2,661,722)	
Increase (decrease) in unrestricted net assets	\$ 25,057,592	\$ 6,647,659	\$ 2,522,732	\$ (4,218,846)	\$ 4,007,814	\$ (2,528,404)	\$ (5,386,946)	\$ 296,153	\$ 688,255	\$ -	\$ 27,086,009	\$ 15,805	\$ 1,212,935	\$ (3,254,781)	\$ (558,278)	\$ 839,192	\$ 660,436	\$ -	\$ 26,001,318	

## Adventist HealthCare, Inc. - Foundations

Combining Schedule, Balance Sheet

December 31, 2017

	Shady Grove Medical Center Foundation, Inc.	Washington Adventist Hospital Foundation, Inc.	Behavioral Health & Wellness Services Foundation, Inc.	Eliminating Entries	Combined Adventist HealthCare, Inc. Foundations
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,116,816	\$ 755,937	\$ 237,185	\$ -	\$ 3,109,938
Current portion pledges receivable, less allowance for doubtful pledges of \$65,000	457,156	551,283	53,340	-	1,061,779
Total current assets	2,573,972	1,307,220	290,525	-	4,171,717
<b>Cash and Cash Equivalents Temporarily Restricted for Capital Acquisitions</b>	-	1,160,963	38,766	-	1,199,729
<b>Investments</b>	802,871	5,717	-	-	808,588
<b>Beneficial Interest in Trusts</b>	95,055	431,162	-	-	526,217
<b>Noncurrent Portion of Pledges Receivable</b>	659,364	1,246,450	-	-	1,905,814
Total assets	<u>\$ 4,131,262</u>	<u>\$ 4,151,512</u>	<u>\$ 329,291</u>	<u>\$ -</u>	<u>\$ 8,612,065</u>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	\$ 19,866	\$ 131,040	\$ -	\$ -	\$ 150,906
<b>Liability to Charitable Gift Annuitants</b>	53,422	-	-	-	53,422
Total liabilities	73,288	131,040	-	-	204,328
<b>Net Assets</b>					
Unrestricted	2,162,088	276,285	147,510	-	2,585,883
Temporarily restricted	1,895,886	3,744,187	181,781	-	5,821,854
Total net assets	4,057,974	4,020,472	329,291	-	8,407,737
Total liabilities and net assets	<u>\$ 4,131,262</u>	<u>\$ 4,151,512</u>	<u>\$ 329,291</u>	<u>\$ -</u>	<u>\$ 8,612,065</u>

**Adventist HealthCare, Inc. - Foundations**

 Combining Schedule, Statement of Operations and Changes in Net Assets  
 Year Ended December 31, 2017

	Shady Grove Medical Center Foundation, Inc.	Washington Adventist Hospital Foundation, Inc.	Behavioral Health & Wellness Services Foundation, Inc.	Eliminating Entries	Combined Adventist HealthCare, Inc. Foundations
<b>Changes in Unrestricted Net Assets</b>					
<b>Unrestricted Revenues, Gains, And Other Support</b>					
Contributions, net	\$ 630,669	\$ 111,425	\$ 31,376	\$ -	\$ 773,470
Investment income	28,500	-	238	-	28,738
Net assets released from restrictions	(219,861)	1,304,552	87,993	-	1,172,684
	<u>439,308</u>	<u>1,415,977</u>	<u>119,607</u>	<u>-</u>	<u>1,974,892</u>
Total unrestricted revenues, gains, and other support					
<b>Expenses</b>					
General and administrative expenses	90,104	120,306	43,746	-	254,156
In-kind gifts expended	161,164	17,181	-	-	178,345
	<u>251,268</u>	<u>137,487</u>	<u>43,746</u>	<u>-</u>	<u>432,501</u>
Total expenses before transfers to the hospitals					
Transfers to the hospitals	(314,189)	1,131,494	45,000	-	862,305
	<u>(62,921)</u>	<u>1,268,981</u>	<u>88,746</u>	<u>-</u>	<u>1,294,806</u>
Total expenses					
Revenues in excess of expenses	502,229	146,996	30,861	-	680,086
Change in net unrealized losses on investments other than trading securities	(19,650)	-	-	-	(19,650)
	<u>482,579</u>	<u>146,996</u>	<u>30,861</u>	<u>-</u>	<u>660,436</u>
Increase in unrestricted net assets					
Unrestricted net assets, beginning	1,679,509	129,289	116,649	-	1,925,447
	<u>\$ 2,162,088</u>	<u>\$ 276,285</u>	<u>\$ 147,510</u>	<u>\$ -</u>	<u>\$ 2,585,883</u>
Unrestricted net assets, ending					
<b>Changes in Temporarily Restricted Net Assets</b>					
Contributions, net	\$ 310,736	\$ 1,486,275	\$ 107,077	\$ -	\$ 1,904,088
Net assets released from restrictions	219,861	(1,304,552)	(87,993)	-	(1,172,684)
Change in discount of pledges receivable and provision for doubtful pledges	50,057	(38,581)	(167)	-	11,309
Investment income and unrealized gain on investments	10,234	-	-	-	10,234
	<u>590,888</u>	<u>143,142</u>	<u>18,917</u>	<u>-</u>	<u>752,947</u>
Increase in temporarily restricted net assets					
Temporarily restricted net assets, beginning	1,304,998	3,601,045	162,864	-	5,068,907
	<u>\$ 1,895,886</u>	<u>\$ 3,744,187</u>	<u>\$ 181,781</u>	<u>\$ -</u>	<u>\$ 5,821,854</u>
Temporarily restricted net assets, ending					