

Return of Organization Exempt From Income Tax

2018

Open to Public Inspection

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

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

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

Department of the Treasury
Internal Revenue Service

A For the 2018 calendar year, or tax year beginning 10/01, 2018, and ending 12/31, 20 18

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

C Name of organization THE MEDICAL CENTER OF PEACH COUNTY, INC.
 Doing business as THE MEDICAL CENTER OF PEACH COUNTY, NAVICENT HEALTH
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
691 CHERRY STREET 400
 City or town, state or province, country, and ZIP or foreign postal code
MACON, GA 31201

D Employer identification number
45-3765471

E Telephone number
(478) 633-6968

F Name and address of principal officer: LAURA GENTRY
SAME AS C ABOVE

G Gross receipts \$ 4,387,960

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ WWW.NAVICENTHEALTH.ORG

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: 2011 **M** State of legal domicile: GA

Part I Summary

| | | | | |
|-----------------------------|---|---|--|----------------------------------|
| Activities & Governance | 1 | Briefly describe the organization's mission or most significant activities: <u>THE MISSION OF THE MEDICAL CENTER OF PEACH COUNTY, INC. IS TO PROVIDE ACCESS TO INPATIENT, OUTPATIENT, PHYSICIAN CARE, EMERGENCY AND (CONTINUED ON SCHEDULE O)</u> | | |
| | 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 | 7 |
| | 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 6 |
| | 5 | Total number of individuals employed in calendar year 2018 (Part V, line 2a) | 5 | 252 |
| | 6 | Total number of volunteers (estimate if necessary) | 6 | 30 |
| | 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 38 | 7b | |
| Revenue | 8 | Contributions and grants (Part VIII, line 1h) | Prior Year <u>875,100</u> | Current Year <u>0</u> |
| | 9 | Program service revenue (Part VIII, line 2g) | <u>18,978,200</u> | <u>4,385,448</u> |
| | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | <u>38,789</u> | <u>2,512</u> |
| | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | | <u>0</u> |
| | 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | <u>19,892,089</u> | <u>4,387,960</u> |
| Expenses | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3) | | <u>0</u> |
| | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | | |
| | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | <u>8,342,239</u> | <u>2,309,069</u> |
| | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | <u>0</u> | <u>0</u> |
| | b | Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>0</u> | | |
| | 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | <u>11,485,311</u> | <u>2,787,483</u> |
| 18 | Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25) | <u>19,827,550</u> | <u>5,096,552</u> | |
| 19 | Revenue less expenses. Subtract line 18 from line 12 | <u>64,539</u> | <u>(708,592)</u> | |
| Net Assets or Fund Balances | 20 | Total assets (Part X, line 16) | Beginning of Current Year <u>28,034,007</u> | End of Year <u>27,419,609</u> |
| | 21 | Total liabilities (Part X, line 26) | <u>38,575,265</u> | <u>38,669,459</u> |
| | 22 | Net assets or fund balances. Subtract line 21 from line 20 | <u>(10,541,258)</u> | <u>(11,249,850)</u> |

Part II Signature Block

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

Sign Here

Signature of officer _____ Date _____

Type or print name and title CHRIS WILDE, EXECUTIVE VICE PRESIDENT/CFO

Paid Preparer Use Only

Print/Type preparer's name W. EDWARD PHILLIPS Preparer's signature _____ Date _____ Check if self-employed PTIN P00451499

Firm's name ▶ DRAFFIN & TUCKER, LLP Firm's EIN ▶ 58-0914992

Firm's address ▶ PO BOX 71309, ALBANY, GA 31708-1309 Phone no. (229) 883-7878

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

For Paperwork Reduction Act Notice, see the separate instructions.

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:

THE MEDICAL CENTER OF PEACH COUNTY(MCPC) PARTNERS WITH NAVICENT HEALTH, INC. TO OPERATE A 25-BED RURAL, CRITICAL ACCESS HOSPITAL AND PROVIDE EMERGENCY, SURGICAL, INPATIENT AND OUTPATIENT CARE FOR RESIDENTS OF PEACH AND SURROUNDING COUNTIES.

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 \$ 4,717,322 including grants of \$) (Revenue \$ 4,385,448)

MCPC IS A NON-PROFIT CRITICAL ACCESS HOSPITAL AFFILIATED WITH NAVICENT HEALTH, INC. MCPC PROVIDES EXPANDED SERVICES WITH INNOVATIVE TECHNOLOGY TO THE LOCAL COMMUNITY FURTHERING ITS MISSION TO IMPROVE RURAL HEATH CARE ACCESS. MCPC IS LICENSED FOR 25 BEDS.

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 ▶ 4,717,322

Part IV Checklist of Required Schedules

| | Yes | No |
|--|-------------------------------------|-------------------------------------|
| 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. | | |
| a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 14a Did the organization maintain an office, employees, or agents outside of the United States? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV.</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV.</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 20 a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

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

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

Table with columns for question number, question text, and Yes/No checkboxes. Includes questions 2a through 16 regarding employee counts, tax filings, and organizational compliance.

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 |
|-----------|--|-------------------------------------|-------------------------------------|
| 1a | Enter the number of voting members of the governing body at the end of the tax year | | |
| | If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O. | | |
| 1b | Enter the number of voting members included in line 1a, above, who are independent | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | | <input checked="" type="checkbox"/> |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? | | <input checked="" type="checkbox"/> |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | <input checked="" type="checkbox"/> |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | | <input checked="" type="checkbox"/> |
| 6 | Did the organization have members or stockholders? | <input checked="" type="checkbox"/> | |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | <input checked="" type="checkbox"/> | |
| 7b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | <input checked="" type="checkbox"/> | |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: | | |
| 8a | The governing body? | <input checked="" type="checkbox"/> | |
| 8b | Each committee with authority to act on behalf of the governing body? | | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | | <input checked="" type="checkbox"/> |

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

| | Yes | No |
|------------|-------------------------------------|-------------------------------------|
| 10a | | <input checked="" type="checkbox"/> |
| 10b | | |
| 11a | <input checked="" type="checkbox"/> | |
| 11b | | |
| 12a | <input checked="" type="checkbox"/> | |
| 12b | <input checked="" type="checkbox"/> | |
| 12c | <input checked="" type="checkbox"/> | |
| 13 | <input checked="" type="checkbox"/> | |
| 14 | <input checked="" type="checkbox"/> | |
| 15a | | <input checked="" type="checkbox"/> |
| 15b | | <input checked="" type="checkbox"/> |
| 16a | | <input checked="" type="checkbox"/> |
| 16b | | |

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► GA
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain 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 ►
CHRIS WILDE, 777 HEMLOCK STREET, MACON, GA 31201, (478) 633-1452

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 dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (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) THOMAS M. GREEN CHAIRMAN | 1.0 0.0 | ✓ | | ✓ | | | | 0 | 0 | 0 |
| (2) JIM MCLENDON VICE CHAIRMAN | 1.0 0.0 | ✓ | | ✓ | | | | 0 | 0 | 0 |
| (3) RHONDA PERRY TREASURER | 1.0 50.0 | ✓ | | ✓ | | | | 0 | 585,447 | 59,630 |
| (4) CRYSTAL BROWN, M.D. BOARD MEMBER | 1.0 0.0 | ✓ | | | | | | 0 | 0 | 0 |
| (5) ISAAC CRUMBLY BOARD MEMBER | 1.0 0.0 | ✓ | | | | | | 0 | 0 | 0 |
| (6) PAUL JONES BOARD MEMBER | 1.0 0.0 | ✓ | | | | | | 0 | 0 | 0 |
| (7) AL WALDREP BOARD MEMBER | 1.0 0.0 | ✓ | | | | | | 0 | 0 | 0 |
| (8) KENNETH B BANKS SECRETARY | 1.0 50.0 | | | ✓ | | | | 0 | 646,538 | 249,332 |
| (9) DARREN R PEARCE CHIEF ADMINISTRATIVE OFFICER | 1.0 40.0 | | | ✓ | | | | 0 | 194,710 | 2,639 |
| (10) LAURA T GENTRY AVP MEDICAL CENTER PEACH COUNTY | 40.0 1.0 | | | ✓ | | | | 0 | 142,599 | 26,825 |
| (11) ROBERT C WILDE TREASURER | 1.0 49.0 | | | ✓ | | | | 0 | 135,470 | 10,564 |
| (12) GURURAJ NAYAK PHYSICIAN | 40.0 0.0 | | | | | ✓ | | 164,624 | 0 | 2,892 |
| (13) | | | | | | | | | | |
| (14) | | | | | | | | | | |

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

| (A) Name and title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (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 | | | |
| (15) | | | | | | | | | | |
| (16) | | | | | | | | | | |
| (17) | | | | | | | | | | |
| (18) | | | | | | | | | | |
| (19) | | | | | | | | | | |
| (20) | | | | | | | | | | |
| (21) | | | | | | | | | | |
| (22) | | | | | | | | | | |
| (23) | | | | | | | | | | |
| (24) | | | | | | | | | | |
| (25) | | | | | | | | | | |
| 1b Sub-total | | | | | | | 164,624 | 1,704,765 | 351,882 | |
| c Total from continuation sheets to Part VII, Section A | | | | | | | 0 | 0 | 0 | |
| d Total (add lines 1b and 1c) | | | | | | | 164,624 | 1,704,765 | 351,882 | |

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 **▶** 1

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

Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|--|--------------------------------|---------------------|
| GEORGIA MEDICAL RESOURCE POOL, 1000 CIRCLE 75 PKWY, SUITE 650, ATLANTA, GA 30339 | CONTRACT LABOR | 432,190 |
| PHARMD ON DEMAND, 1971 HOG MOUNTAIN RD., WATKINSVILLE, GA 30677 | CONTRACT LABOR | 361,885 |
| HOUSTON PRIMARY CARE, INC, 1719 RUSSELL PKWY, SUITE 700, WARNER ROBINS, GA 31008 | CONTRACT LABOR | 307,462 |
| TWILIGHT CONSULTING & MGMT LLC, 431 LEAMINGTON LANE, MACON, GA 31220 | CONSULTING | 296,375 |
| PEACH EMERGENCY GROUP, LLC, PO BOX 677979, DALLAS, TX 75267-7979 | CONTRACT LABOR | 201,921 |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **▶** 9

Part VIII Statement of Revenue

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

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512-514 |
|---|---|----------------------|----------------------|--|---|--|
| Contributions, Gifts, Grants and Other Similar Amounts | 1a Federated campaigns | 1a | | | | |
| | b Membership dues | 1b | | | | |
| | c Fundraising events | 1c | | | | |
| | d Related organizations | 1d | | | | |
| | e Government grants (contributions) | 1e | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | |
| | g Noncash contributions included in lines 1a-1f: \$ | | | | | |
| | h Total. Add lines 1a-1f | | | 0 | | |
| Program Service Revenue | | Business Code | | | | |
| | 2a PATIENT REVENUE | 621990 | 4,378,068 | 4,378,068 | | |
| | b RENT - PROGRAM SERVICE | 621110 | 6,726 | 6,726 | | |
| | c MISC - PROGRAM SERVICE | 621110 | 654 | 654 | | |
| | d ----- | | | | | |
| | e ----- | | | | | |
| | f All other program service revenue . | | 0 | 0 | 0 | 0 |
| g Total. Add lines 2a-2f | | | 4,385,448 | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts) | | 2,512 | | | 2,512 |
| | 4 Income from investment of tax-exempt bond proceeds | | | | | |
| | 5 Royalties | | | | | |
| | | (i) Real | (ii) Personal | | | |
| | 6a Gross rents | | | | | |
| | b Less: rental expenses | | | | | |
| | c Rental income or (loss) | 0 | 0 | | | |
| | d Net rental income or (loss) | | | | | |
| | | (i) Securities | (ii) Other | | | |
| | 7a Gross amount from sales of assets other than inventory | | | | | |
| | b Less: cost or other basis and sales expenses | | | | | |
| | c Gain or (loss) | 0 | 0 | | | |
| | d Net gain or (loss) | | | | | |
| | 8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 | a | | | | |
| | b Less: direct expenses | b | | | | |
| | c Net income or (loss) from fundraising events | | | | | |
| | 9a Gross income from gaming activities. See Part IV, line 19 | a | | | | |
| | b Less: direct expenses | b | | | | |
| c Net income or (loss) from gaming activities | | | | | | |
| 10a Gross sales of inventory, less returns and allowances | a | | | | | |
| b Less: cost of goods sold | b | | | | | |
| c Net income or (loss) from sales of inventory | | | | | | |
| | Miscellaneous Revenue | Business Code | | | | |
| 11a ----- | | | | | | |
| b ----- | | | | | | |
| c ----- | | | | | | |
| d All other revenue | | | 0 | 0 | 0 | |
| e Total. Add lines 11a-11d | | | 0 | | | |
| 12 Total revenue. See instructions | | | 4,387,960 | 4,385,448 | 0 | 2,512 |

Part IX Statement of Functional Expenses

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

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

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

| | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|-----------------------|---------------------------------|--|-----------------------------|
| 1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 | | | | |
| 2 Grants and other assistance to domestic individuals. See Part IV, line 22 | | | | |
| 3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | | | | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 1,925,309 | 1,797,756 | 127,553 | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 12,142 | 12,142 | | |
| 9 Other employee benefits | 233,640 | 233,565 | 75 | |
| 10 Payroll taxes | 137,978 | 128,898 | 9,080 | |
| 11 Fees for services (non-employees): | | | | |
| a Management | | | | |
| b Legal | 1,069 | | 1,069 | |
| c Accounting | | | | |
| d Lobbying | | | | |
| e Professional fundraising services. See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) | 1,344,652 | 1,322,017 | 22,635 | 0 |
| 12 Advertising and promotion | 17,277 | 154 | 17,123 | |
| 13 Office expenses | 35,550 | 19,672 | 15,878 | |
| 14 Information technology | 135,279 | 135,279 | | |
| 15 Royalties | | | | |
| 16 Occupancy | 93,993 | 91,393 | 2,600 | |
| 17 Travel | 3,309 | 1,764 | 1,545 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | | | | |
| 20 Interest | 162,095 | 162,095 | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 348,294 | 176,217 | 172,077 | |
| 23 Insurance | 77,930 | 76,952 | 978 | |
| 24 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.) | | | | |
| a <u>MEDICAL SUPPLIES</u> | 441,075 | 441,076 | (1) | |
| b <u>REPAIRS & MAINT</u> | 120,009 | 118,093 | 1,916 | |
| c <u>DUES & SUBSCRIPTIONS</u> | 6,498 | | 6,498 | |
| d <u>SALES/USE TAX</u> | 453 | 249 | 204 | |
| e All other expenses | 0 | 0 | 0 | 0 |
| 25 Total functional expenses. Add lines 1 through 24e | 5,096,552 | 4,717,322 | 379,230 | 0 |
| 26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) | | | | |

Part X Balance Sheet

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

| | | (A) Beginning of year | | (B) End of year | |
|---|--|--------------------------|--------------|--------------------|------------|
| Assets | 1 Cash—non-interest-bearing | 2,570,597 | 1 | 2,641,391 | |
| | 2 Savings and temporary cash investments | | 2 | | |
| | 3 Pledges and grants receivable, net | | 3 | | |
| | 4 Accounts receivable, net | 4,678,298 | 4 | 4,153,348 | |
| | 5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | 0 | 5 | 0 | |
| | 6 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 instructions). Complete Part II of Schedule L | | 6 | 0 | |
| | 7 Notes and loans receivable, net | | 7 | | |
| | 8 Inventories for sale or use | 226,852 | 8 | 225,957 | |
| | 9 Prepaid expenses and deferred charges | 25,000 | 9 | 25,000 | |
| | 10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 28,326,027 | | | |
| | b Less: accumulated depreciation | 9,713,377 | 18,960,399 | 10c | 18,612,650 |
| | 11 Investments—publicly traded securities | | 11 | | |
| | 12 Investments—other securities. See Part IV, line 11 | 0 | 12 | 0 | |
| | 13 Investments—program-related. See Part IV, line 11 | 0 | 13 | 0 | |
| | 14 Intangible assets | | 14 | | |
| | 15 Other assets. See Part IV, line 11 | 1,572,861 | 15 | 1,761,263 | |
| 16 Total assets. Add lines 1 through 15 (must equal line 34) | 28,034,007 | 16 | 27,419,609 | | |
| Liabilities | 17 Accounts payable and accrued expenses | 685,815 | 17 | 711,725 | |
| | 18 Grants payable | | 18 | | |
| | 19 Deferred revenue | | 19 | | |
| | 20 Tax-exempt bond liabilities | | 20 | | |
| | 21 Escrow or custodial account liability. Complete Part IV of Schedule D | | 21 | | |
| | 22 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 | | 22 | 0 | |
| | 23 Secured mortgages and notes payable to unrelated third parties | | 23 | | |
| | 24 Unsecured notes and loans payable to unrelated third parties | | 24 | | |
| | 25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D | 37,889,450 | 25 | 37,957,734 | |
| | 26 Total liabilities. Add lines 17 through 25 | 38,575,265 | 26 | 38,669,459 | |
| Net Assets or Fund Balances | Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | |
| | 27 Unrestricted net assets | (10,541,258) | 27 | (11,249,850) | |
| | 28 Temporarily restricted net assets | | 28 | | |
| | 29 Permanently restricted net assets | | 29 | | |
| | Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34. | | | | |
| | 30 Capital stock or trust principal, or current funds | | 30 | | |
| | 31 Paid-in or capital surplus, or land, building, or equipment fund | | 31 | | |
| | 32 Retained earnings, endowment, accumulated income, or other funds | | 32 | | |
| 33 Total net assets or fund balances | (10,541,258) | 33 | (11,249,850) | | |
| 34 Total liabilities and net assets/fund balances | 28,034,007 | 34 | 27,419,609 | | |

Part XI Reconciliation of Net Assets

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

| | | | |
|-----------|--|-----------|--------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 4,387,960 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 5,096,552 |
| 3 | Revenue less expenses. Subtract line 2 from line 1 | 3 | (708,592) |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | (10,541,258) |
| 5 | Net unrealized gains (losses) on investments | 5 | |
| 6 | Donated services and use of facilities | 6 | |
| 7 | Investment expenses | 7 | |
| 8 | Prior period adjustments | 8 | |
| 9 | Other changes in net assets or fund balances (explain in Schedule O) | 9 | 0 |
| 10 | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | (11,249,850) |

Part XII Financial Statements and Reporting

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

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

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 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

| | |
|---|---|
| Name of the organization THE MEDICAL CENTER OF PEACH COUNTY, INC. | Employer identification number 45-3765471 |
|---|---|

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 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box 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 | | |
| (A) | | | | | | |
| (B) | | | | | | |
| (C) | | | | | | |
| (D) | | | | | | |
| (E) | | | | | | |
| Total | | | | | | |

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

Cat. No. 11285F

Schedule A (Form 990 or 990-EZ) 2018

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) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | | | | | | |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 Total. Add lines 1 through 3 | | | | | | |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | |
| 6 Public support. Subtract line 5 from line 4 | | | | | | |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ► | (a) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (f) Total |
|--|----------|----------|----------|----------|-----------|--------------------------|
| 7 Amounts from line 4 | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) | | | | | | |
| 11 Total support. Add lines 7 through 10 | | | | | | |
| 12 Gross receipts from related activities, etc. (see instructions) | | | | | 12 | |
| 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here | | | | | | <input type="checkbox"/> |

Section C. Computation of Public Support Percentage

| | | |
|--|-----------|--------------------------|
| 14 Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f)) | 14 | % |
| 15 Public support percentage from 2017 Schedule A, Part II, line 14 | 15 | % |
| 16a 33 1/3% support test—2018. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization | | <input type="checkbox"/> |
| b 33 1/3% support test—2017. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization | | <input type="checkbox"/> |
| 17a 10%-facts-and-circumstances test—2018. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization | | <input type="checkbox"/> |
| b 10%-facts-and-circumstances test—2017. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization | | <input type="checkbox"/> |
| 18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions | | <input type="checkbox"/> |

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

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

Section A. Public Support

| Calendar year (or fiscal year beginning in) ► | (a) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | | | | | | |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose | | | | | | |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513 | | | | | | |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 6 Total. Add lines 1 through 5 | | | | | | |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons | | | | | | |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year | | | | | | |
| c Add lines 7a and 7b | | | | | | |
| 8 Public support. (Subtract line 7c from line 6.) | | | | | | |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ► | (a) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) | | | | | | |
| 13 Total support. (Add lines 9, 10c, 11, and 12.) | | | | | | |
| 14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/> | | | | | | |

Section C. Computation of Public Support Percentage

| | | |
|---|-----------|---|
| 15 Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f)) | 15 | % |
| 16 Public support percentage from 2017 Schedule A, Part III, line 15 | 16 | % |

Section D. Computation of Investment Income Percentage

| | | |
|---|-----------|---|
| 17 Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f)) | 17 | % |
| 18 Investment income percentage from 2017 Schedule A, Part III, line 17 | 18 | % |
| 19a 33 1/3% support tests—2018. 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 <input type="checkbox"/> | | |
| b 33 1/3% support tests—2017. 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 <input type="checkbox"/> | | |
| 20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions <input type="checkbox"/> | | |

Part IV Supporting Organizations

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

Section A. All Supporting Organizations

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

Part IV Supporting Organizations (continued)

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

Section B. Type I Supporting Organizations

| | | Yes | No |
|----------|--|-----|----|
| 1 | Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? 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. | | |
| 2 | Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization. | | |

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

| | | | |
|----------|--|--|--|
| 1 | Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions). | | |
| a | <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below. | | |
| b | <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below. | | |
| c | <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions). | | |
| 2 | Activities Test. Answer (a) and (b) below. | | |
| a | Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? 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 | 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. | | |
| 3 | Parent of Supported Organizations. Answer (a) and (b) below. | | |
| a | Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI . | | |
| 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. | | |

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

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

| Section A—Adjusted Net Income | | (A) Prior Year | (B) Current Year (optional) |
|---|-----------|----------------|-----------------------------|
| 1 Net short-term capital gain | 1 | | |
| 2 Recoveries of prior-year distributions | 2 | | |
| 3 Other gross income (see instructions) | 3 | | |
| 4 Add lines 1 through 3. | 4 | | |
| 5 Depreciation and depletion | 5 | | |
| 6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions) | 6 | | |
| 7 Other expenses (see instructions) | 7 | | |
| 8 Adjusted Net Income (subtract lines 5, 6, and 7 from line 4) | 8 | | |
| Section B—Minimum Asset Amount | | (A) Prior Year | (B) Current Year (optional) |
| 1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year): | | | |
| a Average monthly value of securities | 1a | | |
| b Average monthly cash balances | 1b | | |
| c Fair market value of other non-exempt-use assets | 1c | | |
| d Total (add lines 1a, 1b, and 1c) | 1d | | |
| e Discount claimed for blockage or other factors (explain in detail in Part VI): | | | |
| 2 Acquisition indebtedness applicable to non-exempt-use assets | 2 | | |
| 3 Subtract line 2 from line 1d. | 3 | | |
| 4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions). | 4 | | |
| 5 Net value of non-exempt-use assets (subtract line 4 from line 3) | 5 | | |
| 6 Multiply line 5 by .035. | 6 | | |
| 7 Recoveries of prior-year distributions | 7 | | |
| 8 Minimum Asset Amount (add line 7 to line 6) | 8 | | |
| Section C—Distributable Amount | | | 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 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions). | 6 | | |
| 7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions). | | | |

Schedule A (Form 990 or 990-EZ) 2018

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

| Section D—Distributions | Current Year |
|---|--------------|
| 1 Amounts paid to supported organizations to accomplish exempt purposes | |
| 2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity | |
| 3 Administrative expenses paid to accomplish exempt purposes of supported organizations | |
| 4 Amounts paid to acquire exempt-use assets | |
| 5 Qualified set-aside amounts (prior IRS approval required) | |
| 6 Other distributions (describe in Part VI). See instructions. | |
| 7 Total annual distributions. Add lines 1 through 6. | |
| 8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions. | |
| 9 Distributable amount for 2018 from Section C, line 6 | |
| 10 Line 8 amount divided by line 9 amount | |

| Section E—Distribution Allocations (see instructions) | (i) Excess Distributions | (ii) Underdistributions Pre-2018 | (iii) Distributable Amount for 2018 |
|--|-----------------------------|--|---|
| 1 Distributable amount for 2018 from Section C, line 6 | | | |
| 2 Underdistributions, if any, for years prior to 2018 (reasonable cause required—explain in Part VI). See instructions. | | | |
| 3 Excess distributions carryover, if any, to 2018 | | | |
| a From 2013 | | | |
| b From 2014 | | | |
| c From 2015 | | | |
| d From 2016 | | | |
| e From 2017 | | | |
| f Total of lines 3a through e | | | |
| g Applied to underdistributions of prior years | | | |
| h Applied to 2018 distributable amount | | | |
| i Carryover from 2013 not applied (see instructions) | | | |
| j Remainder. Subtract lines 3g, 3h, and 3i from 3f. | | | |
| 4 Distributions for 2018 from Section D, line 7: \$ | | | |
| a Applied to underdistributions of prior years | | | |
| b Applied to 2018 distributable amount | | | |
| c Remainder. Subtract lines 4a and 4b from 4. | | | |
| 5 Remaining underdistributions for years prior to 2018, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI . See instructions. | | | |
| 6 Remaining underdistributions for 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions. | | | |
| 7 Excess distributions carryover to 2019. Add lines 3j and 4c. | | | |
| 8 Breakdown of line 7: | | | |
| a Excess from 2014 | | | |
| b Excess from 2015 | | | |
| c Excess from 2016 | | | |
| d Excess from 2017 | | | |
| e Excess from 2018 | | | |

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization: THE MEDICAL CENTER OF PEACH COUNTY, INC. Employer identification number: 45-3765471

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4 for values, 5-6 for Yes/No questions.

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

Form with multiple rows for questions 1-9 regarding conservation easements, including checkboxes and a table for lines 2a-2d.

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

Form with rows 1a-2 for questions regarding art and historical treasures, including dollar amounts.

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

3 Using the organization's acquisition, accession, and other records, check any of the following that 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 |
|---|--------|
| 1c Beginning balance | |
| 1d Additions during the year | |
| 1e Distributions during the year | |
| 1f Ending balance | |

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

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

Part V Endowment Funds.

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

| | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|------------------|----------------|--------------------|----------------------|---------------------|
| 1a Beginning of year balance | | | | | |
| 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 | | 509,700 | | 509,700 |
| b Buildings | | 19,346,825 | 3,428,090 | 15,918,735 |
| c Leasehold improvements | | | | |
| d Equipment | | 8,444,357 | 6,285,287 | 2,159,070 |
| e Other | | 25,145 | | 25,145 |
| Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) | | | | 18,612,650 |

Part VII Investments—Other Securities.

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

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

Part VIII Investments—Program Related.

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

| (a) Description of investment | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|----------------|--|
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| Total. (Column (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) MISC ACCOUNTS RECEIVABLE | 1,230 |
| (2) OTHER NON-PATIENT RECEIVABLE | (1,326) |
| (3) RECEIVABLE- HOSPITAL AUTHORITY OF PEACH COUNTY | 838,723 |
| (4) THIRD PARTY RECEIVABLES | 922,636 |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ► | 1,761,263 |

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 RELATED PARTIES | (13,657) | |
| (3) DUE TO NAVICENT HEALTH, INC. | 11,145,485 | |
| (4) DUE TO MEDICAL CENTER OF CENTRAL GEORGIA | 26,825,906 | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ► | 37,957,734 | |

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.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include line numbers and a shaded area for totals.

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

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include line numbers and a shaded area for totals.

Part XIII Supplemental Information.

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

SEE STATEMENT

Series of horizontal dashed lines for providing supplemental information.

Part XIII

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

| Return Reference - Identifier | Explanation |
|---|--|
| <p>SCHEDULE D, PART X, LINE 2 - FIN 48 (ASC 740) FOOTNOTE</p> | <p>FROM THE SEPTEMBER 30, 2018 AUDITED FINANCIAL STATEMENTS - NAVICENT HEALTH, INC., THE MEDICAL CENTER, NHPG, CARLYLE PLACE, AND THE FOUNDATION ARE ORGANIZATIONS EXEMPT FROM FEDERAL INCOME TAX, PURSUANT TO SECTION 501(A) AS ORGANIZATIONS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. CPI IS A FOREIGN CORPORATION NOT SUBJECT TO TAX IN THE UNITED STATES. PET, RHNH AND SHPG ARE ORGANIZED UNDER GEORGIA LAW AND THE INTERNAL REVENUE CODE AS LIMITED LIABILITY COMPANIES ("LLC"). THE MEMBERS OF AN LLC REPORT TAXABLE INCOME OR LOSS ON THEIR CORPORATE OR INDIVIDUAL TAX RETURNS. NAVICENT HEALTH'S SHARE OF INCOME FROM PET, RHNH AND SHPG OPERATIONS IS NOT CONSIDERED UNRELATED BUSINESS INCOME ("UBI") AND IS THEREFORE NOT SUBJECT TO TAX. NAVICENT HEALTH AND ITS AFFILIATES HAVE EVALUATED THEIR TAX POSITIONS AND HAVE DETERMINED THAT THEY DO NOT HAVE ANY MATERIAL UNRECOGNIZED TAX BENEFITS OR OBLIGATIONS AS OF SEPTEMBER 30, 2018. HVNH IS SUBJECT TO INCOME TAX. WITH RESPECT TO ITS FOR-PROFIT SUBSIDIARIES, NAVICENT HEALTH ACCOUNTS FOR INCOME TAXES IN ACCORDANCE WITH THE LIABILITY METHOD UNDER WHICH DEFERRED TAX ASSETS AND LIABILITIES ARE DETERMINED BASED ON THE DIFFERENCES BETWEEN THE FINANCIAL ACCOUNTING AND TAX BASES OF ASSETS AND LIABILITIES. DEFERRED TAX ASSETS OR LIABILITIES AT THE END OF EACH PERIOD ARE DETERMINED USING THE CURRENTLY ENACTED TAX RATE EXPECTED TO APPLY TO TAXABLE INCOME IN THE PERIODS THAT THE DEFERRED TAX ASSET OR LIABILITY IS EXPECTED TO BE REALIZED OR SETTLED.</p> |

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2018

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

| | |
|---|---|
| Name of the organization THE MEDICAL CENTER OF PEACH COUNTY, INC. | Employer identification number 45 3765471 |
|---|---|

Part I Financial Assistance and Certain Other Community Benefits at Cost

| | Yes | No |
|--|-----|----|
| 1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a | ✓ | |
| b If "Yes," was it a written policy? | ✓ | |
| 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities | | |
| 3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year. | | |
| a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free care</i> ? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>125</u> % | ✓ | |
| b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted care</i> ? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>270</u> % | ✓ | |
| c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care. | | |
| 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | ✓ | |
| 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | ✓ | |
| b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | ✓ | |
| c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? | | ✓ |
| 6a Did the organization prepare a community benefit report during the tax year? | ✓ | |
| b If "Yes," did the organization make it available to the public? | ✓ | |

7 Financial Assistance and Certain Other Community Benefits at Cost

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|--|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| Financial Assistance and Means-Tested Government Programs | | | | | | |
| a Financial Assistance at cost (from Worksheet 1) | | | 197,073 | 0 | 197,073 | 3.87 |
| b Medicaid (from Worksheet 3, column a) | | | 741,802 | 448,319 | 293,483 | 5.76 |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | 0 | 0 | 0 | 0.00 |
| d Total. Financial Assistance and Means-Tested Government Programs | 0 | 0 | 938,875 | 448,319 | 490,556 | 9.63 |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 0 | 0 | 0 | 0.00 |
| f Health professions education (from Worksheet 5) | | | 0 | 0 | 0 | 0.00 |
| g Subsidized health services (from Worksheet 6) | | | 0 | 0 | 0 | 0.00 |
| h Research (from Worksheet 7) | | | 0 | 0 | 0 | 0.00 |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 0 | 0 | 0 | 0.00 |
| j Total. Other Benefits | 0 | 0 | 0 | 0 | 0 | 0.00 |
| k Total. Add lines 7d and 7j | 0 | 0 | 938,875 | 448,319 | 490,556 | 9.63 |

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

- 1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? **1**
- 2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount **2** 1,421,482
- 3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit. **3** 0
- 4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

| | Yes | No |
|----|-----|----|
| 1 | | ✓ |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9a | ✓ | |
| 9b | ✓ | |

Section B. Medicare

- 5 Enter total revenue received from Medicare (including DSH and IME) **5** 1,283,987
- 6 Enter Medicare allowable costs of care relating to payments on line 5 **6** 1,037,203
- 7 Subtract line 6 from line 5. This is the surplus (or shortfall) **7** 246,784
- 8 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:
 Cost accounting system Cost to charge ratio Other

Section C. Collection Practices

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

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

| (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership % | (e) Physicians' profit % or stock ownership % |
|--------------------|---|--|--|---|
| 1 | | | | |
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| 13 | | | | |

Part V Facility Information

Section A. Hospital Facilities

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

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

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

1 **MEDICAL CENTER OF PEACH COUNTY, INC.**
1960 HIGHWAY 247 CONNECTOR, BYRON, GA 31008
WWW.NAVICENTHEALTH.ORG STATE LICENSE NO. :
111-687

2

3

4

5

6

7

8

9

10

| Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (describe) | Facility reporting group |
|-------------------|----------------------------|---------------------|-------------------|--------------------------|-------------------|-------------|----------|------------------|--------------------------|
| ✓ | | | | ✓ | | ✓ | | | |
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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 MEDICAL CENTER OF PEACH COUNTY, INC.

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

Community Health Needs Assessment

| | Yes | No |
|---|-----|----|
| 1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year? | | ✓ |
| 2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C | | ✓ |
| 3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 | ✓ | |
| If "Yes," indicate what the CHNA report describes (check all that apply): | | |
| a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility | | |
| b <input checked="" type="checkbox"/> Demographics of the community | | |
| c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community | | |
| d <input checked="" type="checkbox"/> How data was obtained | | |
| e <input checked="" type="checkbox"/> The significant health needs of the community | | |
| f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | |
| g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs | | |
| h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests | | |
| i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s) | | |
| j <input type="checkbox"/> Other (describe in Section C) | | |
| 4 Indicate the tax year the hospital facility last conducted a CHNA: <u>20 18</u> | | |
| 5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted | ✓ | |
| 6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C | | ✓ |
| 6b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C | | ✓ |
| 7 Did the hospital facility make its CHNA report widely available to the public? | ✓ | |
| If "Yes," indicate how the CHNA report was made widely available (check all that apply): | | |
| a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>(SEE STATEMENT)</u> | | |
| b <input type="checkbox"/> Other website (list url): _____ | | |
| c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility | | |
| d <input type="checkbox"/> Other (describe in Section C) | | |
| 8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 | ✓ | |
| 9 Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 18</u> | | |
| 10 Is the hospital facility's most recently adopted implementation strategy posted on a website? | ✓ | |
| a If "Yes," (list url): <u>HTTPS://WWW.NAVICENTHEALTH.ORG/OUR-ANNUAL-REPORTS.HTML</u> | | |
| b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? | | |
| 11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed. | | |
| 12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? | | ✓ |
| 12b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? | | |
| c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ | | |

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group MEDICAL CENTER OF PEACH COUNTY, INC.

| | | Yes | No |
|---|---|-------------------------------------|----|
| Did the hospital facility have in place during the tax year a written financial assistance policy that: | | | |
| 13 | Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP: | <input checked="" type="checkbox"/> | |
| a | <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>1</u> <u>2</u> <u>5</u> % and FPG family income limit for eligibility for discounted care of <u>2</u> <u>7</u> <u>0</u> % | | |
| b | <input type="checkbox"/> Income level other than FPG (describe in Section C) | | |
| c | <input type="checkbox"/> Asset level | | |
| d | <input checked="" type="checkbox"/> Medical indigency | | |
| e | <input checked="" type="checkbox"/> Insurance status | | |
| f | <input checked="" type="checkbox"/> Underinsurance status | | |
| g | <input type="checkbox"/> Residency | | |
| h | <input type="checkbox"/> Other (describe in Section C) | | |
| 14 | Explained the basis for calculating amounts charged to patients? | <input checked="" type="checkbox"/> | |
| 15 | Explained the method for applying for financial assistance? If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply): | <input checked="" type="checkbox"/> | |
| a | <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application | | |
| b | <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application | | |
| c | <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process | | |
| d | <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications | | |
| e | <input type="checkbox"/> Other (describe in Section C) | | |
| 16 | Was widely publicized within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply): | <input checked="" type="checkbox"/> | |
| a | <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u> | | |
| b | <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>(SEE STATEMENT)</u> | | |
| c | <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u> | | |
| d | <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail) | | |
| e | <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail) | | |
| f | <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail) | | |
| g | <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention | | |
| h | <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP | | |
| i | <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations | | |
| j | <input type="checkbox"/> Other (describe in Section C) | | |

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group MEDICAL CENTER OF PEACH COUNTY, INC.

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

Policy Relating to Emergency Medical Care

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

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group MEDICAL CENTER OF PEACH COUNTY, INC.

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

Schedule H (Form 990) 2018

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

| Return Reference - Identifier | Explanation |
|--|--|
| SCHEDULE H, PART V, SECTION B, LINE 3E - THE SIGNIFICANT HEALTH NEEDS OF THE COMMUNITY | <p>THE CHNA IDENTIFIED AND PRIORITIZED THE COMMUNITY'S SIGNIFICANT HEALTH NEEDS THROUGH A COMMUNITY SURVEY AND A KEY INFORMANT FOCUS GROUP. INDIVIDUALS' RATINGS FOR EACH CRITERIA WERE AVERAGED FOR EACH TESTED HEALTH ISSUE, AND THEN THESE COMPOSITE CRITERIA SCORES WERE AVERAGED TO PRODUCE AN OVERALL SCORE. THIS PROCESS YIELDED THE FOLLOWING PRIORITIZED LIST OF COMMUNITY HEALTH NEEDS:</p> <ol style="list-style-type: none"> 1. NUTRITION, PHYSICAL ACTIVITY & WEIGHT 2. DIABETES 3. HEART DISEASE & STROKE 4. ACCESS TO HEALTHCARE 5. MENTAL HEALTH 6. SUBSTANCE ABUSE 7. SEXUALLY TRANSMITTED DISEASES 8. INFANT HEALTH 9. RESPIRATORY DISEASES 10. KIDNEY DISEASE 11. INJURY & VIOLENCE 12. HIV/AIDS 13. CANCER 14. TOBACCO USE 15. POTENTIALLY DISABLING CONDITIONS 16. DEMENTIAS, INCLUDING ALZHEIMER'S DISEASE |
| SCHEDULE H, PART V, SECTION B, LINE 5 - INPUT FROM PERSONS WHO REPRESENT BROAD INTERESTS OF COMMUNITY SERVED | <p>FACILITY NAME: THE MEDICAL CENTER OF PEACH COUNTY, INC.</p> <p>DESCRIPTION: A CHNA WAS PERFORMED IN 2018 ON BEHALF OF THE MEDICAL CENTER OF PEACH COUNTY, LLC BY PROFESSIONAL RESEARCH CONSULTANTS, INC. (PRC). PRC IS A NATIONALLY RECOGNIZED HEALTHCARE CONSULTING FIRM WHICH HAS CONDUCTED HUNDREDS OF COMMUNITY HEALTH NEEDS ASSESSMENTS SINCE 1994. THE SURVEY INCLUDED 200 SURVEYS AND 1 KEY INFORMANT FOCUS GROUPS WHICH INCLUDED PUBLIC HEALTH AND POLITICAL LEADERS, HEALTHCARE PROVIDERS AND OTHER COMMUNITY LEADERS. ADDITIONALLY, PUBLIC HEALTH, VITAL STATISTICS AND BENCHMARK DATA INCLUDING GEORGIA AND NATIONWIDE RISK FACTOR DATA AND HEALTHY PEOPLE 2020 WERE USED. PARTICIPANTS ALSO INCLUDED A PUBLIC HEALTH REPRESENTATIVE AND SEVERAL INDIVIDUALS WHO WORK WITH LOW INCOME, MINORITY AND OTHER MEDICALLY UNDERSERVED POPULATIONS. A VARIETY OF SECONDARY DATA SOURCES WERE CONSULTED TO COMPLEMENT THE ASSESSMENT INCLUDING THE CENTERS FOR DISEASE CONTROL AND PREVENTION, GEORGIA DEPARTMENT OF COMMUNITY HEALTH, US CENSUS DATA, US DEPARTMENT OF HEALTH AND HUMAN SERVICES, US DEPARTMENT OF LABOR, AND THE US DEPARTMENT OF JUSTICE (FBI).</p> |
| SCHEDULE H, PART V, SECTION B, LINE 7 - HOSPITAL FACILITY'S WEBSITE (LIST URL) | <p>HTTPS://WWW.NAVICENTHEALTH.ORG/OUR-ANNUAL-REPORTS.HTML</p> |
| SCHEDULE H, PART V, SECTION B, LINE 11 - HOW HOSPITAL FACILITY IS ADDRESSING NEEDS IDENTIFIED IN CHNA | <p>FACILITY NAME: THE MEDICAL CENTER OF PEACH COUNTY, INC.</p> <p>DESCRIPTION: A WIDE RANGE OF PRIORITY HEALTH ISSUES WERE IDENTIFIED BY THE COMMUNITY REPRESENTATIVES IN THE 2018 CHNA. THE HOSPITAL WILL CONSIDER THE TOP HEALTH PRIORITIES IDENTIFIED THROUGH THE PROCESS AND THEIR OVERALL ALIGNMENT WITH THE HOSPITAL'S MISSION, GOALS AND STRATEGIC PRIORITIES. THE HOSPITAL WILL CONTINUE TO FOCUS ON DEVELOPING, SUPPORTING AND COLLABORATING ON STRATEGIES AND INITIATIVES TO IMPROVE HEALTHCARE ACCESS, AND HEALTH PROMOTION AND DISEASE PREVENTION. NAVICENT HEALTH WILL USE THE INFORMATION FROM THIS COMMUNITY HEALTH NEEDS ASSESSMENT TO DEVELOP IMPLEMENTATION STRATEGIES TO ADDRESS THE SIGNIFICANT HEALTH NEEDS IN THE COMMUNITY. WHILE THE HOSPITAL WILL NOT IMPLEMENT STRATEGIES FOR ALL OF THE HEALTH ISSUES LISTED ABOVE, THE RESULTS OF THIS PRIORITIZATION EXERCISE WILL BE USED TO INFORM THE DEVELOPMENT OF THE HOSPITAL'S ACTION PLAN TO GUIDE COMMUNITY HEALTH IMPROVEMENT EFFORTS IN THE COMING YEARS. THE IMPLEMENTATION STRATEGIES REPORT IS POSTED ON THE ORGANIZATION'S WEBSITE.</p> |
| SCHEDULE H, PART V, SECTION B, LINE 16A - FAP AVAILABLE WEBSITE | <p>HTTPS://WWW.NAVICENTHEALTH.ORG/FOR-PATIENTS-AND-VISITORS/FINANCIAL-AID-INFORMATION.HTML</p> |
| SCHEDULE H, PART V, SECTION B, LINE 16B - FAP APPLICATION FORM WEBSITE | <p>HTTPS://WWW.NAVICENTHEALTH.ORG/FOR-PATIENTS-AND-VISITORS/FINANCIAL-AID-INFORMATION.HTML</p> |
| SCHEDULE H, PART V, SECTION B, LINE 16C - PLAIN LANGUAGE FAP SUMMARY WEBSITE | <p>HTTPS://WWW.NAVICENTHEALTH.ORG/FOR-PATIENTS-AND-VISITORS/FINANCIAL-AID-INFORMATION.HTML</p> |

Part V Facility Information (continued)

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

How many non-hospital health care facilities did the organization operate during the tax year? 1

| Name and address | Type of Facility (describe) |
|--|-----------------------------|
| 1 VALLEY MEDICAL CENTER 701 BLUEBIRD BLVD. FT. VALLEY, GA 31030 | RURAL HEALTH CLINIC |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |

Provide the following information.

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

| Return Reference - Identifier | Explanation |
|---|--|
| SCHEDULE H, PART I, LINE 6A - NAME OF RELATED ORGANIZATION THAT PREPARED COMMUNITY BENEFIT REPORT | NAVICENT HEALTH |
| SCHEDULE H, PART I, LINE 7 - EXPLANATION OF COSTING METHODOLOGY USED FOR CALCULATING LINE 7 TABLE | THE ORGANIZATION USES THE COST-TO-CHARGE RATIO CALCULATED USING WORKSHEET 2 OF FORM 990 SCHEDULE H INSTRUCTIONS. |
| SCHEDULE H, PART III, LINE 2 - METHODOLOGY USED TO ESTIMATE BAD DEBT | PATIENT CHARGES WRITTEN OFF TO BAD DEBT REPRESENT THE AMOUNT OF CHARGES CONSIDERED UNCOLLECTIBLE AFTER REASONABLE ATTEMPTS TO COLLECT HAVE BEEN MADE FOR THAT PORTION OF A PATIENT'S BILL THAT ARE NOT OTHERWISE PAID BY THIRD-PARTY INSURANCE, GOVERNMENT PROGRAMS, PATIENT PAYMENTS OR THAT DO NOT QUALIFY FOR WRITEOFF UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY. |
| SCHEDULE H, PART III, LINE 3 - FAP ELIGIBLE PATIENT BAD DEBT CALCULATION METHODOLOGY | N/A |
| SCHEDULE H, PART III, LINE 4 - FOOTNOTE IN ORGANIZATION'S FINANCIAL STATEMENTS DESCRIBING BAD DEBT | THE ORGANIZATION CHANGED ITS ACCOUNTING AND TAX YEAR END FROM SEPTEMBER 30 TO DECEMBER 31 (EFFECTIVE IN 2018). AS A RESULT, A SHORT PERIOD TAX FILING IS REQUIRED FOR THE PERIOD ENDING DECEMBER 31, 2018. THE ORGANIZATION DID NOT RECEIVE AUDITED FINANCIAL STATEMENTS FOR THE SHORT PERIOD ALTHOUGH AN INDEPENDENT ACCOUNTING FIRM DID PERFORM AGREED UPON PROCEDURES TO REVIEW THE BALANCE SHEET. THE ORGANIZATION WAS AUDITED FOR THE PERIOD ENDED SEPTEMBER 30, 2018 AND WILL BE AUDITED AS OF DECEMBER 31 BEGINNING IN TAX YEAR 2019. THE AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED SEPTEMBER 30, 2018 ARE ATTACHED TO THIS RETURN. THE FOOTNOTE DISCUSSING THE ALLOWANCE FOR DOUBTFUL ACCOUNTS MAY BE FOUND IN FOOTNOTE 2 ON PAGE 12. |
| SCHEDULE H, PART III, LINE 8 - DESCRIBE EXTENT ANY SHORTFALL FROM LINE 7 TREATED AS COMMUNITY BENEFIT AND COSTING METHOD USED | THE COSTING METHODOLOGY USES THE ACTUAL COSTS INCLUDED IN THE COST REPORT WHICH ARE CALCULATED USING A DEPARTMENTAL SPECIFIC COST TO CHARGE RATIO AS COMPARED TO ACTUAL MEDICARE PAYMENTS. |
| SCHEDULE H, PART III, LINE 9B - DID COLLECTION POLICY CONTAIN PROVISIONS ON COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR ASSISTANCE | PATIENTS ARE NOTIFIED OF THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY PRIOR TO DISCHARGE. EACH BILLING STATEMENT CONTAINS A CONSPICUOUS NOTICE THAT FINANCIAL ASSISTANCE IS AVAILABLE TO INDIVIDUALS THAT QUALIFY. ONCE A PATIENT IS DETERMINED TO QUALIFY FOR FINANCIAL ASSISTANCE, IT IS NOTED IN THE PATIENT'S FINANCIAL RECORD AND ANY COLLECTION EFFORTS CEASE. ANY PREVIOUS AMOUNTS BILLED ARE WRITTEN-OFF (OR REFUNDED IF ANY PAYMENT WAS RECEIVED) AS PROVIDED IN THE FINANCIAL ASSISTANCE POLICY. THE ORGANIZATION REVIEWS THE FINANCIAL ACTIVITY ON OTHER ACCOUNTS TO DETERMINE IF THE ACCOUNTS SHOULD BE TURNED OVER TO OUTSIDE COLLECTIONS. IF A PATIENT ACCOUNT TURNED OVER TO COLLECTIONS IS LATER DETERMINED TO QUALIFY AS FINANCIAL ASSISTANCE, THE ACCOUNT IS BROUGHT BACK FROM COLLECTIONS AND THE ACCOUNT WRITTEN OFF |
| SCHEDULE H, PART VI, LINE 2 - NEEDS ASSESSMENT | A COMMUNITY NEEDS ASSESSMENT WAS PERFORMED IN 2018 BEHALF OF THE MEDICAL CENTER OF PEACH COUNTY BY PROFESSIONAL RESEARCH CONSULTANTS, INC. (PRC). PRC IS A NATIONALLY RECOGNIZED CONSULTING FIRM. IN ADDITION, THE MEDICAL CENTER OF PEACH COUNTY REGULARLY SOLICITS FEEDBACK ON COMMUNITY HEALTH NEEDS FROM A VARIETY OF SOURCES INCLUDING MEDICAL STAFF MEMBERS AND COMMUNITY LEADERS AS PART OF ITS STRATEGIC PLANNING PROCESS. |
| SCHEDULE H, PART VI, LINE 3 - PATIENT EDUCATION | PATIENTS ARE INFORMED OF AVAILABLE ASSISTANCE BY THE FOLLOWING METHODS: THE PATIENT IS NOTIFIED UPON ADMISSION OF THE FINANCIAL ASSISTANCE POLICY; SIGNAGE AT ALL ACCESS POINTS INTO THE ORGANIZATION NOTIFIES PATIENTS AND GUESTS OF THE POLICY; AND ALL BILLINGS INCLUDE INFORMATION TO CONTACT THE BUSINESS OFFICE TO APPLY FOR ASSISTANCE. WE ALSO IDENTIFY ALL PATIENTS WITHOUT INSURANCE AND WORK WITH THEM TO OBTAIN MEDICAID COVERAGE IF POSSIBLE. THE ORGANIZATION'S WEBSITE NOTIFIES VISITORS OF AVAILABLE FINANCIAL ASSISTANCE. THE FAP, THE PLAIN LANGUAGE SUMMARY AND THE APPLICATION FOR ASSISTANCE ARE ALSO AVAILABLE ON THE ORGANIZATION'S WEBSITE. |

| Return Reference - Identifier | Explanation |
|--|---|
| SCHEDULE H, PART VI, LINE 4 - COMMUNITY INFORMATION | THE PRIMARY SERVICE AREA IS PEACH COUNTY. A RECENT ESTIMATE OF THE POPULATION FOR PEACH COUNTY IS 27,099 AS OF 2017. THERE ARE NO OTHER HOSPITALS IN THE COUNTY. MEDICAL CENTER OF PEACH COUNTY IS DESIGNATED A CRITICAL ACCESS HOSPITAL FOR MEDICARE PURPOSES. |
| SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH | THE ORGANIZATION IS PART OF A MULTI-ENTITY HEALTHCARE SYSTEM THAT PROVIDES MEDICAL SERVICES TO THE COMMUNITY. THE ORGANIZATION HAS A BOARD COMPRISED OF MEMBERS OF THE COMMUNITY. THE MEDICAL STAFF OF THE HOSPITAL IS OPEN TO ALL QUALIFIED PHYSICIAN APPLICANTS. ANY SURPLUS FUNDS ARE REINVESTED IN THE ORGANIZATION AND USED FOR PROGRAM SERVICES. AN EMERGENCY ROOM OPEN 24/7/365 IS AVAILABLE TO THE COMMUNITY. |
| SCHEDULE H, PART VI, LINE 6 - DESCRIPTION OF AFFILIATED GROUP | THE ORGANIZATION IS PART OF NAVICENT HEALTH, INC. AND AFFILIATED ENTITIES, A MULTI-ENTITY HEALTHCARE SYSTEM. ORGANIZATIONS IN THE SYSTEM INCLUDE: NAVICENT HEALTH, INC. WHICH SERVES AS THE PARENT ENTITY OF THE HEALTH SYSTEM. IT ALSO OPERATES CENTRAL GEORGIA REHABILITATION HOSPITAL, INC. THE MEDICAL CENTER OF CENTRAL GEORGIA, INC. IS A 637-BED GENERAL SHORT-TERM ACUTE CARE HOSPITAL FACILITY THAT IS DESIGNATED AS A LEVEL 1 TRAUMA CENTER AND MAGNET HOSPITAL FOR NURSING. HEALTH SERVICES OF CENTRAL GEORGIA, INC. PROVIDES FACULTY PHYSICIANS TO THE RESIDENCY TRAINING PROGRAMS OF THE MEDICAL CENTER OF CENTRAL GEORGIA AS WELL AS OTHER PHYSICIANS, NURSE PRACTITIONERS, AND PHYSICIAN ASSISTANTS. CENTRAL GEORGIA SENIOR HEALTH, INC. IS A LIFE PLAN COMMUNITY (CCRC) OFFERING INDEPENDENT LIVING, ASSISTED LIVING, MEMORY SUPPORT AND SKILLED NURSING. NAVICENT HEALTH BALDWIN, INC. IS A 140-LICENSED BED ACUTE CARE HOSPITAL AND 15-BED SKILLED NURSING FACILITY IN NEARBY BALDWIN COUNTY. THE MEDICAL CENTER OF PEACH COUNTY, INC. IS A 25-BED CRITICAL ACCESS HOSPITAL PRIMARILY SERVING THE RESIDENTS OF PEACH COUNTY, GEORGIA. NAVICENT HEALTH FOUNDATION, INC. PROVIDES FUNDRAISING AND SUPPORT FOR THE MEDICAL CENTER OF CENTRAL GEORGIA AND THE TAX-EXEMPT AFFILIATES WORKING WITH THE MEDICAL CENTER TO PROVIDE HEALTH CARE TO THE RESIDENTS OF CENTRAL GEORGIA. |
| SCHEDULE H, PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT | GA |

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

THE MEDICAL CENTER OF PEACH COUNTY, INC.

Compensation Information

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

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

▶ Attach to Form 990.

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

OMB No. 1545-0047

2018

Open to Public Inspection

Employer identification number

45-3765471

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 type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input 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? | 4a | | ✓ |
| b Participate in, or receive payment from, a supplemental nonqualified retirement plan? | 4b | ✓ | |
| c Participate in, or receive payment from, an equity-based compensation arrangement? | 4c | | ✓ |

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

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

- | | | | |
|--|-----------|--|---|
| a The organization? | 5a | | ✓ |
| b Any related organization? | 5b | | ✓ |
- 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? | 6a | | ✓ |
| b Any related organization? | 6b | | ✓ |
- 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 |
|-----------|-----|----|
| 1a | | |
| 1b | | |
| 2 | | |
| 3 | | |
| 4a | | ✓ |
| 4b | ✓ | |
| 4c | | ✓ |
| 5a | | ✓ |
| 5b | | ✓ |
| 6a | | ✓ |
| 6b | | ✓ |
| 7 | ✓ | |
| 8 | | ✓ |
| 9 | | |

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

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

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

| (A) Name and Title | | (B) Breakdown of W-2 and/or 1099-MISC 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 RHONDA PERRY TREASURER | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 546,563 | 38,110 | 774 | 49,248 | 10,381 | 645,077 | 0 |
| 2 KENNETH B BANKS SECRETARY | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 357,184 | 21,062 | 268,293 | 220,331 | 29,001 | 895,871 | 0 |
| 3 DARREN R PEARCE CHIEF ADMINISTRATIVE OFFICER | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 33,959 | 0 | 160,752 | 1,329 | 1,310 | 197,349 | 0 |
| 4 LAURA T GENTRY AVP MEDICAL CENTER PEACH COUNTY | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 142,009 | 0 | 590 | 5,804 | 21,021 | 169,423 | 0 |
| 5 GURURAJ NAYAK PHYSICIAN | (i) | 129,731 | 0 | 34,893 | 2,064 | 829 | 167,516 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 7 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 8 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 9 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 10 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 11 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 12 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 13 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 14 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 15 | (i) | | | | | | | |
| | (ii) | | | | | | | |
| 16 | (i) | | | | | | | |
| | (ii) | | | | | | | |

| Return Reference - Identifier | Explanation |
|---|---|
| SCHEDULE J, PART I, LINE 3 - ARRANGEMENT USED TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION | <p>THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF NAVICENT HEALTH, INC. ENGAGES AN EXECUTIVE CONSULTING FIRM PERIODICALLY TO REVIEW AND PROVIDE RECOMMENDATIONS REGARDING TOTAL COMPENSATION AND BENEFITS FOR THE EXECUTIVE LEADERSHIP TEAM. BASE COMPENSATION, INCENTIVE COMPENSATION, AND BENEFITS ARE INCLUDED IN THE REVIEW. THE EXECUTIVE CONSULTANTS REVIEW ORGANIZATION STRUCTURE, INDIVIDUAL JOB DESCRIPTIONS, AND DISCUSS SCOPE OF LEADERSHIP AND SPAN OF CONTROL WITH HR, THE COO, AND THE CEO AS A PART OF THE PROCESS TO DETERMINE PROPER PLACEMENT OF THE PAY GRADE AND LEVEL OF PARTICIPATION IN INCENTIVE AND BENEFITS PROGRAMS. THE COMPENSATION COMMITTEE PERIODICALLY REAFFIRMS THE TOTAL COMPENSATION PHILOSOPHY WHICH TARGETS THE 75TH PERCENTILE OF TOTAL COMPENSATION FOR OUR LEADERSHIP TEAM. THE PEER GROUP USED IS NATIONAL HOSPITALS AND HEALTH SYSTEMS OF SIMILAR SIZE AND SCOPE. OUR HUMAN RESOURCES DEPARTMENT SURVEYS THOSE EMPLOYED OUTSIDE OF THE EXECUTIVE LEADERSHIP TEAM USING TOOLS THAT PROVIDE COMPARABLE DATA IN OUR MARKET AREA TO ENSURE THE COMPENSATION IS IN LINE WITH OTHER HEALTH CARE ORGANIZATIONS.</p> |
| SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN | <p>MCCG HAD A SUPPLEMENTAL EXECUTIVE BENEFIT PROGRAM ("SEBP") FOR CERTAIN EXECUTIVES THAT WAS DESIGNED AS A LOAN REGIME SPLIT DOLLAR LIFE INSURANCE PROGRAM. THIS PROGRAM WAS EXPECTED TO PROVIDE DEATH AND OTHER BENEFITS TO EXECUTIVES AND TO PROVIDE REPAYMENT OF LIFE INSURANCE PREMIUMS TO THE ORGANIZATION.</p> <p>AS A RESULT OF ECONOMIC CONDITIONS, THE LIFE INSURANCE POLICIES DID NOT PERFORM AS ANTICIPATED. DURING 2009 MCCG SUSPENDED ALL PREMIUM PAYMENTS AND REEVALUATED THE EFFECTIVENESS OF THE PROGRAM FOR ALL CURRENT PARTICIPANTS. DURING CALENDAR YEAR 2009 THE MCCG BOARD OF DIRECTORS, AFTER CONSULTATION WITH COMPENSATION AND LEGAL ADVISERS, ADOPTED A RESOLUTION TO MAKE PAYMENTS TO THE RETIRED PARTICIPANTS IN THE SEBP. IN CONSIDERATION FOR THE RECEIPT OF SUCH PAYMENT, THE RETIRED EXECUTIVES SURRENDERED SUBSTANTIALLY ALL RIGHTS AND BENEFITS (OTHER THAN A SMALL DEATH BENEFIT) UNDER THE SEBP TO THE ORGANIZATION. SUBSEQUENTLY, A SIMILAR DECISION WAS MADE DURING FISCAL YEAR ENDED SEPTEMBER 30, 2011 FOR THE REMAINING (EMPLOYED) PARTICIPANTS WITH ANY PAYMENTS TO BE MADE DEPENDENT ON THE INDIVIDUAL CONTINUING TO PROVIDE SUBSTANTIAL SERVICES TO A SPECIFIED FUTURE DATE.</p> <p>IN ADDITION, MCCG AND ITS AFFILIATED ORGANIZATIONS ADOPTED A SERP PROGRAM FOR CERTAIN EXECUTIVES EFFECTIVE FOR SERVICES RENDERED ON OR AFTER JANUARY 1, 2010. THIS PROGRAM PROVIDES FOR ANNUAL ACCOUNT VESTING IF THE PARTICIPANT IS EMPLOYED ON DECEMBER 31 OF THE THIRD YEAR AFTER THE ACCOUNT IS CREATED. THE BENEFIT EQUALS THE ANNUAL INCREASE IN THE PRESENT VALUE OF A LIFETIME ANNUITY PAYABLE COMMENCING AT A SPECIFIED TARGETED FUTURE DATE. THE ANNUITY IS EQUAL TO A SPECIFIC PERCENTAGE OF FINAL AVERAGE EARNINGS (GENERALLY 60%) LESS (1) THE EXPECTED ANNUAL SEBP PAYMENT USED IN CALCULATING THE SEBP LUMP SUM PAYMENT, (2) THE ANNUAL BENEFIT PROVIDED UNDER THE DEFINED BENEFIT PLAN, AND (3) 100% OF THE PARTICIPANT'S SOCIAL SECURITY BENEFIT. DURING THE YEAR, THE FOLLOWING BENEFITS WERE ACCRUED: KEN BANKS \$180,120</p> <p>IN ADDITION, NAVICENT ADOPTED A RETENTION PAYMENT PLAN EFFECTIVE OCTOBER 1, 2011 DESIGNED TO ENCOURAGE DESIGNATED EMPLOYEES TO CONTINUE THEIR EMPLOYMENT. UNDER THE PLAN, NAVICENT HEALTH MAY SELECT A RETENTION CREDIT EQUAL TO A PERCENTAGE OF THE EXECUTIVE'S BASE SALARY. THE CREDIT IS REDUCED BY THE VALUE OF LIFE INSURANCE COVERAGE PROVIDED TO THE EXECUTIVE. IN GENERAL, THE PLAN IS SUBJECT TO VESTING AT THE END OF THE THIRD PLAN YEAR AFTER THE ACCOUNT WAS CREATED OR AGE 65 IF EARLIER, AND IS SUBJECT TO FORFEITURE IF THE EXECUTIVE VOLUNTARILY SEPARATES FROM SERVICE. DURING THE YEAR THE FOLLOWING BENEFITS ACCRUED UNDER THIS PLAN: RHONDA PERRY \$38,386 KEN BANKS \$29,211</p> <p>THE FOLLOWING NONQUALIFIED RETIREMENT PLAN BENEFITS WERE REPORTED AS TAXABLE INCOME TO VESTED INDIVIDUALS: KEN BANKS \$69,580</p> |
| SCHEDULE J, PART I, LINE 7 - NON-FIXED PAYMENTS | <p>THIS PROGRAM IS ADMINISTERED BY THE CEO OF NAVICENT HEALTH, INC. THE DISCRETIONARY INCENTIVE PROGRAM WAS ESTABLISHED FOR REWARD AND RECOGNITION OF EXECUTIVES AND ORGANIZATIONAL LEADERS WHO GO ABOVE AND BEYOND THE SCOPE OF THEIR RESPONSIBILITIES.</p> |

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

Department of Treasury Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

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

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the Organization
THE MEDICAL CENTER OF PEACH COUNTY, INC.

Employer Identification Number
45-3765471

| Return Reference - Identifier | Explanation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------------------------|-------------------------------------|------------------------------|-------------------------------------|--------------------------|-------------------|-------|--|-------|--|---------------------------|-------|--|-------|--|-------------------------|---------|---------|--|--|-------------------|---------|---------|--------|--|---------------------|--------|--------|--|--|--------------------|---------|---------|--|--|-------|-----|-----|--|--|
| FORM 990, PART I, LINE 1 - BRIEF MISSION | OTHER HEALTH CARE RELATED SERVICES TO PEACH COUNTY AND THE SURROUNDING COUNTIES WHICH ARE PRIMARILY RURAL. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM 990, PART V, LINE 1A - FORMS 1099 | ALL FORMS 1099 ARE ISSUED BY THE MEDICAL CENTER OF CENTRAL GEORGIA FOR THE HEALTHCARE SYSTEM. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS | NAVICENT HEALTH, INC., A RELATED SECTION 501(C)(3) ORGANIZATION, IS THE SOLE MEMBER OF THE ORGANIZATION. THE MEMBER HAS THE RIGHT TO APPOINT AND REMOVE MEMBERS OF THE BOARD OF DIRECTORS OF THE ORGANIZATION. IN ADDITION, THE PRIOR APPROVAL OF THE BOARD OF DIRECTORS OF NAVICENT HEALTH IS REQUIRED FOR CHANGES IN GOVERNANCE, ORGANIZATIONAL STRUCTURE CHANGES (ORGANIZING A SUBSIDIARY OR ENTERING A JOINT VENTURE, LIQUIDATING OR DISSOLVING, MERGING OR CONSOLIDATING THE ENTITY), ADOPTING OR AMENDING CAPITAL OR OPERATING BUDGETS (OR SPENDING MORE THAN IS AUTHORIZED PURSUANT TO SUCH BUDGETS UNLESS PERMITTED BY A NAVICENT HEALTH APPROVED POLICY), APPOINTING OR REMOVING THE CEO, AND AMENDING OR TERMINATING ANY LEASE AGREEMENT. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM 990, PART VI, LINE 7A - MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY | NAVICENT HEALTH, INC., A RELATED SECTION 501(C)(3) ORGANIZATION, HAS THE RIGHT TO APPOINT AND REMOVE MEMBERS OF THE BOARD OF DIRECTORS OF THE ORGANIZATION. HOWEVER, ONE MEMBER OF THE BOARD OF DIRECTORS MUST BE A CURRENTLY SERVING MEMBER OF THE HOSPITAL AUTHORITY OF PEACH COUNTY AND TWO OTHER MEMBERS ARE TO BE NOMINATED BY THE HOSPITAL AUTHORITY OF PEACH COUNTY. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM 990, PART VI, LINE 7B - DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS | NAVICENT HEALTH, INC., A RELATED SECTION 501(C)(3) ORGANIZATION, HAS CERTAIN RESERVE POWERS AS WELL AS THE POWER TO APPOINT, APPROVE AND REMOVE BOARD MEMBERS OF THE MEDICAL CENTER OF PEACH COUNTY, IN | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM 990, PART VI, LINE 11B - REVIEW OF FORM 990 BY GOVERNING BODY | FORM 990 WAS PREPARED BY HOSPITAL ACCOUNTING PERSONNEL FROM INFORMATION PROVIDED BY MANAGEMENT AND FROM INTERNAL FINANCIAL STATEMENTS. IT WAS REVIEWED IN DETAIL BY OUR OUTSIDE TAX ADVISOR (AN INDEPENDENT CPA) AND BY MANAGEMENT OF THE MEDICAL CENTER OF PEACH COUNTY, INC. A COPY OF FORM 990 WAS PROVIDED TO EACH BOARD MEMBER PRIOR TO FILING WITH THE INTERNAL REVENUE SERVICE. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM 990, PART VI, LINE 12C - CONFLICT OF INTEREST POLICY | THE DEPARTMENT OF AUDIT AND COMPLIANCE ISSUES COI DISCLOSURE FORMS ANNUALLY TO OUR BOARD MEMBER, ADMINISTRATION AND DIRECTORS. AUDIT AND COMPLIANCE RECEIVES, REVIEWS AND DOCUMENTS ALL POTENTIAL CONFLICTS (PERCEIVED AND REAL). THE RESULTS ARE TAKEN TO THE COMPLIANCE COMMITTEE WHERE THE REAL CONFLICTS OF INTEREST ARE DISCUSSED AND A PLAN FOR CORRECTIVE ACTION IS DEVELOPED. IF NEEDED, CORRECTIVE ACTION RECOMMENDATIONS ARE TAKEN TO THE APPROPRIATE BOARD AND ADMINISTRATION FOR IMPLEMENTATION. ANY TIME A CHANGE IN A RELATIONSHIP OR NEW POTENTIAL CONFLICT EVOLVES, THE INDIVIDUAL MUST AMEND THEIR COI DISCLOSURE FORM. CONFLICTED INDIVIDUALS ARE PROHIBITED FROM PARTICIPATING IN DELIBERATIONS AND DECISIONS REGARDING SUCH TRANSACTIONS, BUT MAY PROVIDE INFORMATION IF REQUESTED BY THE COMPLIANCE COMMITTEE. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM 990, PART VI, LINE 19 - REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC | ALL DOCUMENTS ARE AVAILABLE UPON REQUEST | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">(a) Description</th> <th style="text-align: right;">(b) Total Expenses</th> <th style="text-align: right;">(c) Program Service Expenses</th> <th style="text-align: right;">(d) Management and General Expenses</th> <th style="text-align: right;">(e) Fundraising Expenses</th> </tr> </thead> <tbody> <tr> <td>CONSULTATION FEES</td> <td style="text-align: right;">9,524</td> <td></td> <td style="text-align: right;">9,524</td> <td></td> </tr> <tr> <td>CREDENTIALING FEE EXPENSE</td> <td style="text-align: right;">1,169</td> <td></td> <td style="text-align: right;">1,169</td> <td></td> </tr> <tr> <td>CONTRACT SVCS-CORPORATE</td> <td style="text-align: right;">391,761</td> <td style="text-align: right;">391,761</td> <td></td> <td></td> </tr> <tr> <td>CONTRACT SERVICES</td> <td style="text-align: right;">551,078</td> <td style="text-align: right;">539,136</td> <td style="text-align: right;">11,942</td> <td></td> </tr> <tr> <td>CONTRACT LINEN SERV</td> <td style="text-align: right;">25,819</td> <td style="text-align: right;">25,819</td> <td></td> <td></td> </tr> <tr> <td>CONTRACT PERSONNEL</td> <td style="text-align: right;">364,914</td> <td style="text-align: right;">364,914</td> <td></td> <td></td> </tr> <tr> <td>OTHER</td> <td style="text-align: right;">387</td> <td style="text-align: right;">387</td> <td></td> <td></td> </tr> </tbody> </table> | (a) Description | (b) Total Expenses | (c) Program Service Expenses | (d) Management and General Expenses | (e) Fundraising Expenses | CONSULTATION FEES | 9,524 | | 9,524 | | CREDENTIALING FEE EXPENSE | 1,169 | | 1,169 | | CONTRACT SVCS-CORPORATE | 391,761 | 391,761 | | | CONTRACT SERVICES | 551,078 | 539,136 | 11,942 | | CONTRACT LINEN SERV | 25,819 | 25,819 | | | CONTRACT PERSONNEL | 364,914 | 364,914 | | | OTHER | 387 | 387 | | |
| (a) Description | (b) Total Expenses | (c) Program Service Expenses | (d) Management and General Expenses | (e) Fundraising Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CONSULTATION FEES | 9,524 | | 9,524 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CREDENTIALING FEE EXPENSE | 1,169 | | 1,169 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CONTRACT SVCS-CORPORATE | 391,761 | 391,761 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CONTRACT SERVICES | 551,078 | 539,136 | 11,942 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CONTRACT LINEN SERV | 25,819 | 25,819 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CONTRACT PERSONNEL | 364,914 | 364,914 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| OTHER | 387 | 387 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

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

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization

THE MEDICAL CENTER OF PEACH COUNTY, INC.

Employer identification number

45-3765471

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

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

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? | |
|---|---|--|----------------------------|---|----------------------------------|--|----|
| | | | | | | Yes | No |
| (1) NAVICENT HEALTH, INC (58-2149127) 691 CHERRY STREET, SUITE 400, MACON, GA 31201 | PARENT COMPANY/STRATEGIC & FINANCIAL MANAGEMENT | GA | 501(C)(3) | 12 TYPE III-FI | N/A | | ✓ |
| (2) CENTRAL GEORGIA SENIOR HEALTH, INC. (58-2345439) 691 CHERRY STREET, SUITE 400, MACON, GA 31201 | RETIREMENT COMMUNITY | GA | 501(C)(3) | 12 TYPE II | NAVICENT HEALTH, INC. | | ✓ |
| (3) NAVICENT HEALTH FOUNDATION, INC (23-7363555) 858 HIGH STREET, MACON, GA 31201 | FUNDRAISING | GA | 501(C)(3) | 7 | NAVICENT HEALTH, INC. | | ✓ |
| (4) MEDICAL CENTER OF CENTRAL GEORGIA, IINC (58-2149128) 691 CHERRY STREET, SUITE 400, MACON, GA 31201 | HOSPITAL | GA | 501(C)(3) | 3 | NAVICENT HEALTH, INC. | | ✓ |
| (5) HEALTH SERVICES OF CENTRAL GEORGIA, INC (58-2307485) 691 CHERRY STREET, SUITE 400, MACON, GA 31201 | HEALTHCARE SERVICES | GA | 501(C)(3) | 3 | NAVICENT HEALTH, INC. | | ✓ |
| (6) NAVICENT HEALTH BALDWIN, INC. (82-3914925) 691 CHERRY STREET, SUITE 400, MACON, GA 31204 | HOSPITAL | GA | 501(C)(3) | 3 | NAVICENT HEALTH, INC. | | ✓ |
| (7) ----- | | | | | | | |

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

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

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

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

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

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

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

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 section 501(c)(3) organizations? | | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|---|-------------------------|--|--|---|----|---------------------------------|--|---|----|---|---|----|--------------------------------|
| | | | | Yes | No | | | Yes | No | | Yes | No | |
| (1) | | | | | | | | | | | | | |
| (2) | | | | | | | | | | | | | |
| (3) | | | | | | | | | | | | | |
| (4) | | | | | | | | | | | | | |
| (5) | | | | | | | | | | | | | |
| (6) | | | | | | | | | | | | | |
| (7) | | | | | | | | | | | | | |
| (8) | | | | | | | | | | | | | |
| (9) | | | | | | | | | | | | | |
| (10) | | | | | | | | | | | | | |
| (11) | | | | | | | | | | | | | |
| (12) | | | | | | | | | | | | | |
| (13) | | | | | | | | | | | | | |
| (14) | | | | | | | | | | | | | |
| (15) | | | | | | | | | | | | | |
| (16) | | | | | | | | | | | | | |

Part III

Identification of Related Organizations Taxable as a Partnership (continued)

| (a) Name, address and EIN of related organization | (b) Primary Activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income related, unrelated, excluded from tax under sections 512-514 | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? | | (i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|--|------------------------|---|-------------------------------|---|---------------------------|---------------------------------|-----------------------------------|----|---|----------------------------------|----|--------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| (1) SECURE HEALTH PLANS OF GEORGIA, LLC (58-2306549) 577 MULBERRY STREET, SUITE 1000, MACON, GA 31201 | MANAGED CARE | GA | N/A | N/A | N/A | N/A | | | N/A | | | N/A |
| (2) CENTRAL GEORGIA PET, LLC (37-1464470) 1650 HARDEMAN AVE., MACON, GA 31201 | MEDICAL IMAGING CENTER | GA | N/A | N/A | N/A | N/A | | | N/A | | | N/A |
| (3) COWLES CLINIC REALTY, LLC (81-0636590) 1000 COWLES CLINIC WAY #C100, GREENSBORO, GA 30642 | REAL ESTATE | GA | N/A | N/A | N/A | N/A | | | N/A | | | N/A |

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

| (a) Name, address and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C-corp, S-corp or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership | (i) Section 512(b)(13) controlled entity? | |
|---|------------------------------|---|-------------------------------|--|---------------------------|---------------------------------|--------------------------|---|----|
| | | | | | | | | Yes | No |
| (1) CENTRAL GEORGIA HEALTH VENTURES, INC. (58-2164989) 691 CHERRY STREET, SUITE 400, MACON, GA 31201 | HOME CARE MANAGEMENT SERVICE | GA | N/A | C CORPORATION | N/A | N/A | N/A | | ✓ |
| (2) CENTRA PROFESSIONAL INDEMNITY, LTD. P.O. BOX 1363, GRAND CAYMAN, CJ | SELF-INSURANCE | CAYMAN ISLANDS | N/A | C CORPORATION | N/A | N/A | N/A | | ✓ |
| (3) NAVICENT HEALTHPLAN, INC. (20-2467391) 691 CHERRY STREET, SUITE 400, MACON, GA 31201 | INSURANCE | GA | N/A | C CORPORATION | N/A | N/A | N/A | | ✓ |

Navicent Health, Inc. and Affiliates

Consolidated Financial Statements

Years Ended September 30, 2018 and 2017



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Navicent Health, Inc. and Affiliates
Macon, Georgia

We have audited the accompanying consolidated financial statements of Navicent Health, Inc. and Affiliates (collectively, "Navicent Health"), which comprise the consolidated balance sheets as of September 30, 2018 and 2017, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 did not audit the financial statements of Centra Professional Indemnity (SPC), Ltd. ("CPI"), a consolidated affiliate, which statements reflect approximately \$75,457,000 and \$72,425,000 of consolidated total assets as of September 30, 2018 and 2017, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CPI for 2018 and 2017, is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Navicent Health as of September 30, 2018 and 2017, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information referred to in the table of contents is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual affiliated entities, 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 supplementary 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, which insofar as it relates to CPI is based on the report of other auditors, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Dixon Hughes Goodman LLP

**Atlanta, Georgia
July 22, 2019**

Navicent Health, Inc. and Affiliates
Consolidated Balance Sheets (dollars in thousands)
September 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 22,622 | \$ 40,494 |
| Short-term investments | 720,320 | 701,722 |
| Patient accounts receivable, less allowance for uncollectible accounts of \$82,688 and \$109,499 in 2018 and 2017, respectively | 152,663 | 158,297 |
| Estimated third-party settlements | 12,874 | 23,117 |
| Other accounts and notes receivable | 20,661 | 29,838 |
| Prepaid expenses and other current assets | 31,521 | 25,526 |
| | <u>960,661</u> | <u>978,994</u> |
| Total current assets | 960,661 | 978,994 |
| Assets limited as to use | 211,114 | 201,201 |
| Long-term investments | 16,878 | 49,348 |
| Property and equipment, net | 476,455 | 403,620 |
| Cash surrender value of insurance policies | 26,880 | 25,671 |
| Other long-term assets | 9,908 | 23,308 |
| | <u>9,908</u> | <u>23,308</u> |
| | <u>1,701,896</u> | <u>1,682,142</u> |
| Total assets | \$ 1,701,896 | \$ 1,682,142 |

See accompanying notes.

Navicent Health, Inc. and Affiliates
Consolidated Balance Sheets (dollars in thousands), continued
September 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 40,365 | \$ 50,218 |
| Accrued compensation and withholdings | 34,908 | 30,929 |
| Current portion of long-term debt | 4,830 | 10,390 |
| Entrance fee deposits and refunds payable | 504 | 1,306 |
| Other current liabilities | <u>16,236</u> | <u>12,571</u> |
| Total current liabilities | 96,843 | 105,414 |
| Long-term debt, excluding current portion | 296,610 | 232,833 |
| Reserve for self-insured losses | 34,854 | 36,435 |
| Accrued pension benefit liability | 46,086 | 77,444 |
| Deferred revenue from entrance fees | 14,538 | 12,113 |
| Entrance fees payable | 24,560 | 25,857 |
| Other long-term liabilities | <u>53,953</u> | <u>60,824</u> |
| Total liabilities | <u>567,444</u> | <u>550,920</u> |
| Net assets: | | |
| Unrestricted | 1,021,077 | 1,017,083 |
| Temporarily restricted | <u>107,003</u> | <u>108,434</u> |
| Total net assets excluding noncontrolling interest | 1,128,080 | 1,125,517 |
| Noncontrolling interest in subsidiaries | <u>6,372</u> | <u>5,705</u> |
| Total net assets | <u>1,134,452</u> | <u>1,131,222</u> |
| Total liabilities and net assets | <u>\$ 1,701,896</u> | <u>\$ 1,682,142</u> |

See accompanying notes.

Navicent Health, Inc. and Affiliates
Consolidated Statements of Operations (dollars in thousands)
Years ended September 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|---------------------------|---------------------------|
| Unrestricted revenues, gains, and other support: | | |
| Patient service revenue (net of contractual allowances and discounts) | \$ 865,369 | \$ 758,887 |
| Provision for bad debts | <u>(91,586)</u> | <u>(130,560)</u> |
| Net patient service revenue less provision for bad debts | 773,783 | 628,327 |
| Other revenue | <u>58,435</u> | <u>43,067</u> |
| Total unrestricted revenues, gains, and other support | 832,218 | 671,394 |
| Expenses: | | |
| Labor and employee benefits | 481,636 | 414,337 |
| Supplies and other expenses | 414,271 | 327,013 |
| Depreciation and amortization | 39,495 | 38,750 |
| Interest | <u>5,738</u> | <u>8,074</u> |
| Total expenses | <u>941,140</u> | <u>788,174</u> |
| Loss from operations | (108,922) | (116,780) |
| Other income: | | |
| Investment income | 31,761 | 23,303 |
| Change in fair value of interest rate swap | 3,982 | 5,387 |
| Other | <u>5,735</u> | <u>5,912</u> |
| Total other income | <u>41,478</u> | <u>34,602</u> |
| Unrestricted revenues, gains, and other support under expenses | (67,444) | (82,178) |
| Gain attributable to noncontrolling interest | <u>(1,173)</u> | <u>(1,063)</u> |
| Unrestricted revenues, gains, and other support under expenses attributable to controlling interest | <u>\$ (68,617)</u> | <u>\$ (83,241)</u> |

See accompanying notes.

Navicent Health, Inc. and Affiliates
Consolidated Statements of Changes in Net Assets (dollars in thousands)
Years ended September 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|
| Unrestricted net assets, controlling interest: | | |
| Unrestricted revenues, gains, and other support under expenses attributable to controlling interest | \$ (68,617) | \$ (83,241) |
| Net unrealized gains on investments | 20,648 | 15,502 |
| Change in pension plan and post retirement health care plan funded status | 36,450 | 21,797 |
| Net assets released from restriction | <u>15,513</u> | <u>934</u> |
| Increase (decrease) in unrestricted net assets, controlling interest | 3,994 | (45,008) |
| Unrestricted net assets, noncontrolling interest: | | |
| Excess of unrestricted revenues, gains, and other support over expenses | 1,173 | 1,063 |
| Distribution to noncontrolling interest | <u>(506)</u> | <u>(598)</u> |
| Increase in unrestricted net assets, noncontrolling interest | 667 | 465 |
| Temporarily restricted net assets: | | |
| Contributions | 5,659 | 7,896 |
| Investment gain | 8,423 | 9,012 |
| Net assets released from restrictions | <u>(15,513)</u> | <u>(934)</u> |
| Increase in temporarily restricted net assets | <u>(1,431)</u> | <u>15,974</u> |
| Increase (decrease) in net assets | 3,230 | (28,569) |
| Net assets at beginning of year | <u>1,131,222</u> | <u>1,159,791</u> |
| Net assets at end of year | <u>\$ 1,134,452</u> | <u>\$ 1,131,222</u> |

See accompanying notes.

Navicent Health, Inc. and Affiliates
Consolidated Statements of Cash Flows (dollars in thousands)
Years ended September 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | \$ 3,230 | \$ (28,569) |
| Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities: | | |
| Net realized and unrealized gains on investments | (35,834) | (23,254) |
| Net restricted contributions and investment income | (14,082) | (16,908) |
| Change in pension plan and post retirement health care plan funded status | (36,450) | (21,797) |
| Change in fair value of interest rate swap | (3,982) | (5,387) |
| Depreciation and amortization | 39,495 | 38,750 |
| Loss on disposal of property and equipment | 260 | 811 |
| Loss on refunding | 2,194 | - |
| Amortization of deferred revenues | (1,996) | (1,648) |
| Proceeds from nonrefundable entrance fees | 4,348 | 1,946 |
| Changes in operating assets and liabilities: | | |
| Patient accounts receivable | 5,634 | 85,134 |
| Other assets, prepaid expenses, and supplies | 16,003 | (17,224) |
| Accounts payable and accrued expenses | (9,853) | 27,686 |
| Accrued compensation and withholdings | 3,979 | (632) |
| Estimated third-party payor settlements | 10,243 | (14,328) |
| Entrance fee deposits | 1,516 | (412) |
| Other current liabilities | 3,665 | (314) |
| Supplemental benefit plan | (1,209) | (1,979) |
| Other long-term liabilities | 5,037 | 1,740 |
| Reserve for self-insured losses | (1,581) | 292 |
| Accrued pension benefit liability | (2,834) | (9,291) |
| Net cash (used in) provided by operating activities | <u>(12,217)</u> | <u>14,616</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (112,011) | (42,786) |
| Proceeds from sales of investments, net | 49,706 | 8,063 |
| Investment in affiliate | - | (14,587) |
| Change in assets limited as to use, net | (9,913) | (6,587) |
| Net cash used in investing activities | <u>(72,218)</u> | <u>(55,897)</u> |
| Cash flows from financing activities: | | |
| Principal payments | - | (9,838) |
| Proceeds from bond refunding | 240,000 | - |
| Proceeds from bank term loans | 61,756 | 30,000 |
| Payment to refund long-term debt | (245,251) | - |
| Debt issuance costs | (482) | - |
| Net restricted contributions and investment income | 14,082 | 16,908 |
| Refund of entrance fees | (4,842) | (4,239) |
| Proceeds from refundable entrance fees | 1,300 | 814 |
| Net cash provided by financing activities | <u>66,563</u> | <u>33,645</u> |
| Net change in cash and cash equivalents | <u>(17,872)</u> | <u>(7,636)</u> |
| Cash and cash equivalents at beginning of year | <u>40,494</u> | <u>48,130</u> |
| Cash and cash equivalents at end of year | <u>\$ 22,622</u> | <u>\$ 40,494</u> |

See accompanying notes.

Notes to Consolidated Financial Statements

1. Organization and General

Central Georgia Health Systems, Inc. was incorporated on November 17, 1994, as a nonprofit corporation whose primary purpose is to serve as a controlling body for The Medical Center of Central Georgia, Inc., and other affiliated entities, in supporting their mission of coordinating the functions of individual corporate providers of a comprehensive range of high quality, reasonably priced health care services to the central Georgia community.

During 2014 Central Georgia Health Systems, Inc. began doing business as Navicent Health. During 2015, Central Georgia Health Systems, Inc. officially changed its name to Navicent Health, Inc. The entities described below are consolidated to form Navicent Health, Inc. and Affiliates (collectively, "Navicent Health").

The Medical Center of Central Georgia, Inc., d/b/a The Medical Center, Navicent Health (the "Medical Center" or "MCNH")

The Medical Center is a nonprofit medical center whose primary purpose is to provide inpatient, outpatient, physician care, home care, emergency and other health care related services to the central Georgia community. The Medical Center operates the Doctors Office Building, Central Georgia Pet, LLC and the Hospice of Central Georgia. The Medical Center is a controlled affiliate of Navicent Health.

The Medical Center leases certain assets from the Macon-Bibb County Hospital Authority (the "Authority") for a term of 30 years. Pursuant to the lease agreement dated February 14, 1995, effective October 1, 1995, substantially all assets of the Authority were transferred to the Medical Center and substantially all liabilities and operating responsibilities of the Authority were assumed by the Medical Center. Pursuant to an Amended and Restated Lease Agreement effective August 30, 2018, the lease was extended for a new term of forty years, with automatic renewal every five years for a new term of forty years. In addition, the Medical Center pays bond indebtedness, the related interest thereon, and certain other expenses of the Authority. At the expiration or termination of the agreement, all assets of the Medical Center and certain interests of affiliated entities shall be distributed, subject to such debt or other liabilities as may be applicable, to the Authority.

The Medical Center of Peach County, Inc. d/b/a The Medical Center of Peach County, Navicent Health ("Peach Medical Center")

Peach Medical Center, incorporated during 2012, is a controlled nonprofit medical center whose primary purpose is to provide inpatient, outpatient, physician care, emergency and other health care related services to the Peach County, Georgia area.

The Peach Medical Center has a Lease and Transfer Agreement ("Lease") with the Hospital Authority of Peach County. Under the terms of the Lease agreement, Navicent Health manages and operates the hospital facility.

Navicent Health Baldwin, Inc. d/b/a Navicent Health Baldwin ("Baldwin")

Navicent is the sole member of Baldwin, a medical center whose primary purpose is to provide inpatient, outpatient, physician care, emergency and other health care related services to the Baldwin County, Georgia area.

Central Georgia Health Ventures, Inc. d/b/a Health Ventures, Navicent Health ("HVNH")

HVNH was incorporated on February 14, 1995 and is a taxable corporation.

Navicent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

Health Services of Central Georgia, Inc. d/b/a Navicent Health Physician Group (“NHPG”)

NHPG, incorporated on February 24, 1997, is a nonprofit corporation whose primary purpose is to employ healthcare providers such as physicians, nurse practitioners and physician assistants that are in short supply in private practice and to provide medical education.

Central Georgia Senior Health, Inc. d/b/a Carlyle Place, Navicent Health (“Carlyle Place”)

Carlyle Place, incorporated on May 2, 1997, is a nonprofit corporation whose primary purpose is to construct, own, and operate a continuing care retirement community in Macon, Georgia.

Navicent Health Foundation, Inc. (the “Foundation”)

The Foundation is a nonprofit corporation whose primary purpose is to raise funds of any kind or character to be used exclusively for charitable, medical, educational, and scientific purposes at or in connection with Navicent Health. During 2017, the Foundation changed its name from Medcen Community Health Foundation, Inc. to Navicent Health Foundation, Inc.

Centra Professional Indemnity (SPC), Ltd. (“CPI”)

CPI, incorporated on November 14, 1995, is a controlled foreign corporation whose primary purpose is to provide certain professional and workers' compensation insurance coverage for Navicent Health.

Central Georgia Rehabilitation Hospital, LLC d/b/a Rehabilitation Hospital, Navicent Health (“RHNH”)

RHNH is a Georgia limited liability company whose sole member is Navicent Health, Inc. The Limited Liability Company operating agreement was made effective as of June 28, 2006, by Navicent Health, Inc. RHNH is operated with the sole mission to provide physical rehabilitation services to the central Georgia community.

Navicent Health Plan, Inc. (“NHP”)

Effective August 29, 2017, Navicent Health purchased all the shares of AmeriHealth Caritas Georgia, Inc., which is domiciled in Georgia. NHP is a health maintenance organization that is to provide managed care services to the Navicent Health market. Subsequent to the purchase date, the name of the organization was changed to Navicent Health Plan, Inc.

Central Georgia PET, LLC (“PET”)

PET was incorporated on December 5, 2001, for the purpose of operating an outpatient radiology imaging center. MCNH has a 66.7% ownership interest in PET whose operations are consolidated within MCNH's consolidated financial statements. Included in unrestricted net assets at September 30, 2018 and 2017, are approximately \$639,000 and \$533,000, respectively, representing the noncontrolling interest in PET.

Secure Health Plans of Georgia, LLC (“SHPG”)

SHPG, incorporated on November 6, 1996, is a limited liability company whose primary purpose is to provide certain health care services through the establishment, operation, and maintenance of a diversified portfolio of insurance products. Navicent Health provided 50.4% of the capital of SHPG. Included in unrestricted net assets at September 30, 2018 and 2017, are \$5,707,000 and \$5,172,000, respectively, representing the noncontrolling interest in SHPG.

Stratus Healthcare

Navicent Health (including the Medical Center, Navicent Health; Navicent Health Baldwin; Medical Center of Peach County, Navicent Health; and Rehabilitation Hospital, Navicent Health) is a member of Stratus Healthcare (“Stratus”) an alliance of 15 hospitals and 9 health systems. Stratus is a collaborative partnership of hospitals, the largest of its kind in the Southeast, in central and South Georgia that has formed to create a network of hospitals, health care systems and physicians. Members of the Stratus alliance will work together to exchange best practices, combine resources, develop coordinated information systems, reduce costs and manage the health of populations, providing

Navicent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

the Federal healthcare reform will require that medical care be reimbursed based on a fee-for-value framework rather than the fee-for-service model used in the past.

Houston Healthcare System, Inc. (“Houston”)

Navicent Health and Houston entered a letter of intent on November 16, 2017 to enter a strategic partnership between the two systems. The partnership agreement is currently under legal and compliance review and is expected to be formalized in fiscal 2019.

***The Charlotte – Mecklenburg Hospital Authority
d/b/a Atrium Health (“Atrium Health”)***

In February 2018, Navicent Health signed a Letter of Intent with Atrium Health to enter a strategic combination to enhance access, affordability, and equity of care for individuals and families in central and south Georgia. In December 2018, Atrium Health and Navicent Health signed an Agreement and Member Substitution (“Agreement”), effective January 1, 2019, pursuant to which AHNH Georgia, Inc., a newly-formed controlled affiliate of Atrium Health, became the sole corporate member of Navicent Health. Through this Agreement, Navicent Health (excluding the Foundation) will become a regional hub in, and an integral part of, the Atrium Health system. Under terms of the agreement, Navicent Health (excluding the Foundation) retains and appoints a majority of its Board of Directors, but Atrium Health holds customary approval rights, including approving Navicent Health budgets and any borrowings or discharge of Navicent Health debt. In addition, Atrium Health agrees to ensure that Navicent Health does not default under any indebtedness agreements, notes or bonds, or other debt-related liabilities. Atrium Health has committed to make certain capital expenditures at Navicent Health facilities that will equal at least \$1 billion over the first 10 years following the combination. The source of the funds for these expenditures will include Navicent Health’s existing cash and cash flows from the operations of Navicent Health following the closing of the transaction, but Atrium Health has committed to fund \$425 million of the total capital commitment.

2. Significant Accounting and Reporting Policies

A summary of the significant accounting and reporting policies followed by Navicent Health in the preparation of its consolidated financial statements is presented below:

Accounting Standards

Navicent Health follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the “FASB.” The FASB sets accounting principles generally accepted in the United States of America (“GAAP”) that Navicent Health follows to ensure consistent reporting of its financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification*, sometimes referred to as the “Codification” or “ASC”. Updates to the Codification are referred to as Accounting Standard Updates (“ASU”).

Principles of Consolidation

The consolidated financial statements include the accounts of Navicent Health and all controlled affiliates. All significant intercompany transactions and accounts have been eliminated in consolidation.

Obligated Group

The Obligated Group, as defined by the Master Trust Indenture (“MTI”), is comprised of the Medical Center, Navicent Health, NHPG, Baldwin, and Peach Medical Center.

Navicent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs in measuring fair value, and GAAP establishes a three level hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

Level 1

Quoted prices in active markets for identical assets or liabilities such as debt and equity securities, mutual funds, and money market accounts that are traded in an active market, and other cash equivalents. Level one investments include common stocks, equity mutual funds and money market funds that are traded in an active market.

Level 2

Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Navicent Health's level 2 investments include corporate bonds, U.S. government obligations, and asset and mortgage backed securities. Navicent Health utilizes a third-party pricing service to determine the fair value of each of these investment securities. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Navicent Health's level 3 investments include limited liability partnerships and limited liability companies. The fair value for these investments are determined by applying Navicent Health's ownership percentage to the net asset value of the investment fund. Underlying investments of the funds include hedge funds, real estate funds, mortgage backed securities, asset backed securities and global equity fund of funds.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks and investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding assets limited as to use. From time to time Navicent Health deposits at banks exceed the Federal Deposit Insurance Corporation insurance limit. By policy, the amount of credit exposure to any one institution is limited, and such investments are generally not collateralized.

Investments

Investments in marketable equity securities and all investments in debt securities are stated at fair value in the consolidated balance sheets. All investments have been designated by management to be other than trading securities. Investment income or loss (including realized gains and losses on investments, interest, dividends and other-than-temporary impairment in investments) is included in the excess of unrestricted revenues, gains, and other support over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of unrestricted revenues, gains, and other support over expenses.

Management evaluates individual securities to ascertain whether other-than-temporary impairment ("OTTI") has occurred. Management considers several factors including when the security might recover in value, declines in market value below 80% of the original cost for a period in excess of a year, and whether or not management intends to hold the respective security until the anticipated recovery in value occurs. No OTTI was recognized during 2018 or 2017.

Navigent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

Assets Limited as to Use

Assets limited as to use include assets held for use for the Foundation activities and by donor restrictions, set aside for the self-insurance reserve fund, or set aside by the Board of Directors (“Board”) for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes.

Interest Rate Swap

Navigent Health utilizes an interest rate swap to manage the variability in interest rates on certain of its variable rate debt. Derivative instruments are required to be reported at fair value as either assets or liabilities in the balance sheet. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, an entity must designate the hedging instrument, based upon the exposure being hedged. For derivative instruments not designated as hedging instruments, the changes in fair value are recognized in the performance indicator.

The performance indicator (excess of unrestricted revenues, gains, and other support over expenses) reported by not-for-profit healthcare organizations is analogous to income from continuing operations of a for-profit enterprise. Navigent Health does not account for the interest rate swap under hedge accounting, and, accordingly, changes in the value of the swap are recorded above the performance indicator. Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed.

Patient Accounts Receivable

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, Navigent Health analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, Navigent Health analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, 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), Navigent Health records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Recoveries of accounts previously written off are recorded as a reduction to the provision for bad debt expense when received.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is based upon management's assessment and consideration of historical and expected net collections, business and economic conditions, trends in health care coverage, and other collection indicators. Periodically, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts. Navigent Health's allowance for doubtful accounts for self-pay patients was 96% and 98% of self-pay accounts receivable at September 30, 2018 and 2017, respectively.

Navicent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

Inventory

Inventory is included as a component of other current assets on the consolidated balance sheets and consists primarily of medical supplies that are stated principally at the lower of average cost or market.

Property and Equipment

Property and equipment acquisitions are recorded on the basis of cost. Expenditures for maintenance and repairs are charged to expense. Expenditures that materially increase the value of property and equipment or extend useful lives are capitalized as a cost of the applicable property and equipment. Navicent Health removes the costs and related allowances from the accounts for properties sold or retired.

Property and equipment are depreciated using straight-line methods over their estimated economic lives. Useful lives range from 5 to 25 years for land improvements, 20 to 40 years for buildings, and 3 to 15 years for equipment.

Long-Lived Assets

Periodically, reviews are performed of long-lived assets, such as property and equipment and goodwill, to determine whether any impairment exists. Management believes that the long-lived assets in the accompanying consolidated balance sheets are appropriately valued at September 30, 2018 and 2017.

Vacation Policy

Employee vacation pay is accrued when earned by the employee and is recorded within accrued compensation and withholdings on the consolidated balance sheets.

Entrance Fee Deposits

Deposits received from future residents (10% of the entrance fee) of the continuing care retirement community are held in an escrow account, earning interest, until the residents move into the continuing care retirement community. These deposits are recorded as a current liability.

Refundable and Nonrefundable Entrance Fees

Refundable and nonrefundable entrance fees are received from residents upon admission to the continuing care retirement community.

Certain contracts with residents stipulate that entrance fees are refundable on a vacated unit when the entrance fee on a comparable unit has been collected but are not limited to the proceeds of re-occupancy. These refundable entrance fees are recorded as refunds payable.

Certain contracts with residents stipulate that entrance fees are not refundable 48 months after the original contract date. Nonrefundable entrance fees are recorded as deferred revenue and amortized on a straight-line basis over the life expectancy of the resident on the date of occupancy. Unamortized deferred revenue from nonrefundable entrance fees is recorded as revenue upon a resident's death or the termination of the contract.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use is restricted by the donor for a specific time period or purpose.

Net Patient Service Revenue, Less Provision for Bad Debts

Net patient service revenue, less provision for bad debts, is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under

Navicent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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

Reserve for Self-Insured Losses

Navicent Health is insured by CPI for certain professional and workers' compensation insurance. CPI determines its provision for known cases on the basis of the losses reported to it by a claims handler. CPI has engaged the services of independent consulting actuaries to advise on the required level of total outstanding loss reserves. The provision for outstanding loss reserves is therefore based upon the advice of these actuaries and management's best estimate for the ultimate development of losses reported.

Changes in estimates of outstanding claims reserves resulting from the continuous review process and differences between estimates and payments are recognized in income in the period in which they are determined.

CPI records its estimated liabilities gross of any amounts recoverable under its own reinsurance, which amounts, if any, are recorded separately in the consolidated balance sheets. In the event that CPI reinsurers are unable to meet their obligations under the reinsurance agreements, CPI would be liable to pay all losses under the reinsurance assumed but would only receive reimbursement to the extent that the reinsurers can meet their obligations.

Operating and Nonoperating Activities

Navicent Health's primary purpose is to provide diversified health care services to the community. As such, activities related to the ongoing operations of Navicent Health are classified as operating activities. Operating revenues include those generated from direct patient care, related support services, and sundry revenues related to the operation of Navicent Health. Activities not directly related to the ongoing operations of Navicent Health, or that occur infrequently, are reported as other revenue. Included in other revenue are activities related to cafeteria, parking, grant, and other miscellaneous revenues. In addition, gains or losses from disposition of operating properties, earnings on interest bearing deposits, change in fair values of interest rate swaps, interest on nonoperating investments, and marketable securities that are used to support health related activities are reported as other income.

Charity Care

Navicent Health provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Navicent Health accepts all patients regardless of their ability to pay. Because Navicent Health does not pursue collection of amounts determined to qualify as charity care, such amounts are excluded from net patient service revenue. Partial payments to which Navicent Health is entitled from public assistance programs on behalf of patients that meet Navicent Health's charity care criteria are reported as net patient service revenue.

Navicent Health, under its financial assistance and uninsured discount policies, provides care without charge or at discounted rates to all uninsured patients, including any uninsured patient who experiences catastrophic-related illness or injury. Key elements used to determine eligibility for financial assistance include a patient's demonstrated inability to pay based on family size and household income relative to Federal income poverty guidelines. Amounts determined to qualify as financial assistance are not reported as net patient service revenue. The estimated cost of services of charity care provided under Navicent Health's financial assistance policy is estimated by applying a cost to charge ratio to the amount of applicable charges foregone. These costs amount to approximately \$47,860,000 and \$37,246,000 for 2018 and 2017, respectively.

Navicent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

Unrestricted Revenues, Gains, and Other Support Under Expenses

The consolidated statements of operations include unrestricted revenues, gains, and other support under expenses. Changes in unrestricted net assets which are excluded from unrestricted revenues, gains, and other support under expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, changes in unfunded pension and postretirement plan gains and losses, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Gifts, Contributions, and Grants

Gifts, contributions, and grants are recorded at market value as of the date of receipt. Noncash items are recorded at market value on the date of the gift. Contributions restricted by the donor are recorded in restricted net assets at market value on the date of the contribution.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as 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 reported in the consolidated statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Income Tax

Navicent Health, Inc., the Medical Center, NHPG, Carlyle Place, and the Foundation are organizations exempt from federal income tax, pursuant to Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. CPI is a foreign corporation not subject to tax in the United States. PET, RHNH and SHPG are organized under Georgia law and the Internal Revenue Code as limited liability companies ("LLC"). The members of an LLC report taxable income or loss on their corporate or individual tax returns. Navicent Health's share of income from PET, RHNH and SHPG operations is not considered unrelated business income ("UBI") and is therefore not subject to tax. Navicent Health and its affiliates have evaluated their tax positions and have determined that they do not have any material unrecognized tax benefits or obligations as of September 30, 2018.

HVNH is subject to income tax. With respect to its for-profit subsidiaries, Navicent Health accounts for income taxes in accordance with the liability method under which deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax bases of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the periods that the deferred tax asset or liability is expected to be realized or settled.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Asset Retirement Obligations

A conditional asset retirement obligation is an unconditional legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. Navicent Health recognizes a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated.

Navicent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

Cash Surrender Value of Insurance Policies

Navicent Health previously had a supplemental executive benefit program (“SEBP”) for current and retired executives (“Executive” or “Executives”) that was designed to protect against the loss of key employees. Navicent Health paid premiums on insurance policies for each Executive in the plan. Navicent Health anticipated that the cash surrender value of the policies would grow to amounts sufficient for the Executives to take withdrawals from, or borrow against, the value to supplement the Executives’ retirement income. During 2009, Navicent Health suspended the SEBP program and stopped making further premium payments on the insurance policies.

Navicent Health continues to retain an assigned interest in the life insurance policies. The cash surrender value of the policies amounted to approximately \$26,880,000 and \$25,671,000 at September 30, 2018 and 2017, respectively, and these amounts are included as a long-term asset in the consolidated balance sheets.

Pension Plan and Postretirement Health Care Benefits

Navicent Health sponsors a defined benefit pension plan and a postretirement health care plan. Navicent Health recognizes the overfunded and underfunded status of the defined benefit pension and postretirement plans in its balance sheets. Changes in the funded status are recorded in the year in which the changes occurred through changes in unrestricted net assets. Plan assets and benefit obligations are measured as of the date of the fiscal year-end balance sheet.

Subsequent Events

Navicent Health evaluated the effect subsequent events would have on the consolidated financial statements from October 1, 2018 through July 22, 2019, which is the date the consolidated financial statements were issued. All reportable subsequent events have been incorporated in the consolidated financial statements.

3. Net Patient Service Revenue

A summary of payment arrangements with major third-party payors follows:

Medicare

Medicare inpatient and outpatient services, with certain limited exceptions, are based on a prospective reimbursement methodology referred to as the Prospective Payment System (“PPS”) for inpatients and Ambulatory Payment Classifications (“APCs”) for outpatients. Under PPS, a hospital is reimbursed at predetermined rates for an episode of care based on diagnosis-related groups (“DRGs”) for inpatients and APCs for outpatients, which classify treatments for illnesses according to the estimated intensity of hospital resources necessary to furnish care for each diagnosis. As a teaching hospital, Navicent Health receives payments for training physicians and other medical professionals (graduate medical education or GME payments). These payments are in two different forms, direct medical education (“DME”) and indirect medical education (“IME”) payments. DME payments support the direct costs of training while IME payments support the higher infrastructure that teaching hospitals incur relating to teaching, and higher patient acuity. As a hospital serving a disproportionate share of low-income patients (Medicare and Medicaid patients eligible to receive supplemental Social Security income), Navicent Health also receives additional payments in the form of disproportionate share payments.

Navicent Health is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report and audits thereof by the Medicare fiscal intermediary. Navicent Health's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. MCNH's cost reports have been audited and final settled by the Medicare fiscal intermediary through September 30, 2009.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a diagnostic related group based methodology that is not subject to retroactive settlement. Outpatient services are paid on a cost reimbursement

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methodology subject to certain limits. Services rendered under this program are recorded at established rates and reduced to the estimated amount due from the third-party payors through recording of contractual adjustments and other discounts. Because Navicent Health cannot pursue collections for the contractual or discounted amounts, they are not reported as revenue.

Beginning June 1, 2006, Georgia Medicaid moved a significant portion of its recipients to managed care companies called Care Management Organizations (“CMO”). Contractual payments are made by the CMO for services provided using the same methodology and payment rates as traditional Medicaid. MCNH’s cost reports have been audited and final settled by the Medicaid fiscal intermediary through September 30, 2015.

Managed Care and Other Payors

Navicent Health has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The bases for payment to Navicent Health under these agreements include prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Net patient service revenues are reported at the estimated net realizable amounts from third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as interim or final settlements are determined. In the opinion of management, adequate provisions have been made for any adjustments that may result from such reviews. However, it is reasonably possible that recorded estimates will change by material amounts in the near term. Net patient service revenue decreased approximately \$1,321,000 and increased approximately \$5,073,000 for 2018 and 2017, respectively, due to changes in amounts previously estimated as a result of final settlements and changes in estimates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Navicent Health believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on the consolidated financial statements. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

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Gross patient service charges and net patient service revenue for the years ended September 30 include:

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Gross patient service charges | \$ 3,076,298 | \$ 2,713,681 |
| Contractual adjustments | 2,012,479 | 1,799,005 |
| Charity care: | | |
| Charity care charges | 198,741 | 152,347 |
| County contributions from tax revenue | <u>(339)</u> | <u>(452)</u> |
| Net charity care | 198,402 | 151,895 |
| Other adjustments | <u>48</u> | <u>3,894</u> |
| Total contractual and other adjustments | <u>2,210,929</u> | <u>1,954,794</u> |
| Patient service revenue (net of contractual allowances and discounts) | 865,369 | 758,887 |
| Less provision for bad debts | <u>91,586</u> | <u>130,560</u> |
| Net patient service revenue, less provision for bad debts | <u>\$ 773,783</u> | <u>\$ 628,327</u> |

Indigent Care Trust Fund

Under the provisions of the Georgia Indigent Care Trust Fund Act ("ICTF"), Medicaid disproportionate share hospitals ("DSH") may contribute funds to be used by the State in the Medicaid program and which will be supplemented by federal funds (combination dollars). The combination dollars are returned to DSH as additional Medicaid inpatient reimbursement.

Amounts recorded in patient service revenue (net of contractual allowances and discounts) in the consolidated financial statements related to the ICTF are summarized approximately as follows:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|-----------------|-----------------|
| Amounts received from the ICTF | \$ 4,415 | \$ 3,552 |
| Contribution to ICTF | <u>1,561</u> | <u>1,141</u> |
| Excess received over contribution | <u>\$ 2,854</u> | <u>\$ 2,411</u> |

Upper Payment Limit

Under the provisions of the Georgia Upper Payment Limit Rate adjustments ("UPL"), government owned or operated hospitals, nursing homes and critical access eligible hospitals may contribute funds to be used by the state in the Medicaid program, which will be supplemented by federal funds (combination dollars). Amounts recorded in the consolidated financial statements related to the UPL are summarized approximately as follows:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|-----------------|-----------------|
| Amounts received from UPL | \$ 10,811 | \$ 7,109 |
| Contributions to UPL | <u>3,419</u> | <u>3,281</u> |
| Excess received over contribution | <u>\$ 7,392</u> | <u>\$ 3,828</u> |

Net amounts received under the ICTF and UPL programs are recorded in net patient service revenue.

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4. Investments

Investments are summarized as follows:

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Short-term investments: | | |
| Money market fund and other | \$ 32,531 | \$ 18,439 |
| Equity securities | 277,992 | 280,192 |
| Alternative investments | 260,432 | 249,267 |
| Asset backed securities | 43,716 | 46,836 |
| Fixed Income Mutual funds | 3,297 | 4,172 |
| U.S. Treasury obligations and other government backed securities | 63,870 | 70,933 |
| Corporate bonds | <u>38,482</u> | <u>31,883</u> |
| | <u>\$ 720,320</u> | <u>\$ 701,722</u> |
| Long-term alternative investments | <u>\$ 16,878</u> | <u>\$ 49,348</u> |

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, the possibility is reasonable that changes in the values of investment securities will occur in the near term and that these changes could materially affect the amounts reported in the consolidated balance sheets.

Navicent Health invests in alternative investments that are defined as venture capital, international and domestic private equity investments, and absolute return (hedge) funds. Long-term investments are alternative investment funds, primarily comprised of real estate funds that require seven to ten-year fund terms before the investments can be liquidated.

The recorded market price for alternative investments is estimated by the individual investment manager taking into account such factors as the financial condition of each investee, economic and market conditions affecting their operations, any changes in management, the length of time since the initial investment, recent transactions involving the securities of the investee, the value of similar securities issued by companies in the same or similar businesses, and limited marketability of the portfolio.

Valuations provided by the general partners and investment managers are evaluated by management through accounting and financial reporting processes to review and monitor existence and valuation assertions. Due to the inherent uncertainty of valuation of the alternative investments, the fair values estimated by the individual investment manager, in the absence of readily ascertainable market values, may not necessarily represent the amounts that could be realized from sales or other dispositions of investments, and the differences may be material.

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Investment income for assets limited as to use and short-term and long-term investments for the years ended September 30 includes:

| | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|
| Investment income: | | |
| Interest and dividends | \$ 16,600 | \$ 15,551 |
| Realized gains | <u>15,161</u> | <u>7,752</u> |
| | <u>\$ 31,761</u> | <u>\$ 23,303</u> |
| Other changes in unrestricted net assets: | | |
| Unrealized gains on investments, other than trading securities | <u>\$ 20,648</u> | <u>\$ 15,502</u> |

5. Assets Limited as to Use

The composition of assets limited as to use stated at fair value is set forth in the following table:

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Self-insurance reserve fund (held primarily by CPI): | | |
| Money market funds | \$ 3,471 | \$ 1,300 |
| Corporate bonds | 25,716 | 27,258 |
| Mutual funds | 20,250 | 13,800 |
| Equity securities | 20,478 | 15,985 |
| Other | 5,542 | 7,227 |
| Alternative investments | <u>-</u> | <u>6,855</u> |
| | <u>75,457</u> | <u>72,425</u> |
| Foundation: | | |
| Cash and cash equivalents | 51 | 143 |
| Money market funds | 11,119 | 4,989 |
| U.S. government securities | 5,009 | 4,311 |
| U.S. corporate bonds | 3,411 | 3,938 |
| Mortgage backed securities | 1,019 | 884 |
| Mutual funds | 18,943 | 20,453 |
| Equity securities | 41,242 | 29,986 |
| Alternative investments | <u>30,175</u> | <u>46,876</u> |
| | <u>110,969</u> | <u>111,580</u> |
| Reservation deposits, held under escrow agreement: | | |
| Cash and cash equivalents | 1,409 | 234 |
| Deposit held by Georgia Department of Insurance | | |
| Cash and cash equivalents | 1,000 | - |
| Designated by Board: | | |
| Other | <u>22,279</u> | <u>16,962</u> |
| | <u>\$ 211,114</u> | <u>\$ 201,201</u> |

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6. Property and Equipment

Property and equipment consisted of the following at September 30:

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|-------------------|-------------------|
| Land and land improvements | \$ 32,455 | \$ 31,604 |
| Buildings and improvements | 477,050 | 465,714 |
| Parking deck | 46,473 | 46,473 |
| Movable equipment | 384,353 | 372,233 |
| Fixed equipment | 111,947 | 108,728 |
| | <u>1,052,278</u> | <u>1,024,752</u> |
| Less accumulated depreciation | <u>725,547</u> | <u>686,562</u> |
| | <u>326,731</u> | <u>338,190</u> |
| Construction-in-progress | <u>149,724</u> | <u>65,430</u> |
| | <u>\$ 476,455</u> | <u>\$ 403,620</u> |

Depreciation expense for the years ended September 30, 2018 and 2017 amounted to approximately \$38,916,000 and \$38,049,000, respectively.

7. Long-Term Debt

A summary of long-term debt of the Obligated Group at September 30 is as follows:

| | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| Term Loan issued in December 2017, variable interest rates, 1.50% at September 30, 2018, due in December 2027; collateralized by the gross revenues of the Obligated Group | \$ 60,000 | - |
| Revenue Anticipation Certificates, Series 2017A for MCNH variable interest rates, 2.28% at September 30, 2018, due in varying installments to 2045; collateralized by the gross revenues of the Obligated Group | 40,000 | - |
| Revenue Anticipation Certificates, Series 2017B for MCNH variable interest rates, 2.14% at September 30, 2018, due in varying installments to 2042; collateralized by the gross revenues of the Obligated Group | 200,000 | - |
| Taxable loan, issued in January 2012, variable interest rate, 2.18% at September 30, 2017, refunded in December 2017 | - | 39,868 |
| Revenue Anticipation Certificates, Series 2012A issued in January 2012, variable interest rate, 1.81% at September 30, 2017, refunded in December 2017 | - | 2,600 |
| Revenue Anticipation Certificates, Series 2012B issued in January 2012, variable interest rate, 1.81% at September 30, 2017, refunded in December 2017 | - | 8,600 |
| Revenue Anticipation Certificates, Series 2012C issued in January 2012, variable interest rate, 1.91% at September 30, 2017, refunded in December 2017 | - | 11,100 |

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| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| Revenue Anticipation Certificates, Series 2012D issued in January 2012, variable interest rate, 1.36% at September 30, 2017, refunded in December 2017 | \$ - | \$ 26,170 |
| Revenue Anticipation Certificates, Series 2009 issued in September 2009, fixed interest rates ranging between 4% and 5%, refunded in December 2017 | - | 80,758 |
| Revenue Anticipation Certificates, Series 2015 for MCNH variable interest rates, 1.29% at September 30, 2017, refunded in December 2017 | - | 9,260 |
| Revenue Anticipation Certificates, Series 2015 for Carlyle Place issued in May 2015, variable interest rates, 1.63% at September 30, 2017, refunded in December 2017 | - | 35,600 |
| Term loan, issued in September 2017, variable interest rate, 1.91% at September 30, 2017, refunded in December 2017 | - | 30,000 |
| Other | <u>1,756</u> | <u>-</u> |
| | 301,756 | 243,956 |
| Less current portion | 4,830 | 10,390 |
| Less unamortized bond issuance costs | <u>316</u> | <u>733</u> |
| | <u>\$ 296,610</u> | <u>\$ 232,833</u> |

Effective December 1, 2017, the Macon-Bibb County Hospital Authority issued the \$40,000,000 Series 2017A Certificates and the \$200,000,000 Series 2017B Certificates. The proceeds of the Series 2017 Certificates were loaned to MCNH for the purpose of refunding the Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia Project) Series 2015 Certificates-MCNH, Series 2015 Certificates-CP, Series 2012A Certificates, Series 2012B Certificates, Series 2012C Certificates, Series 2012D Certificates, and Series 2009 Certificates and financing and reimbursing the cost of construction on the project. The Series 2017A Certificates and Series 2017B Certificates are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of each Bond to be redeemed plus accrued interest to the date fixed for redemption until maturity on August 1, 2045 and August 1, 2042, respectively. Interest is calculated based on one-month LIBOR. The series 2017A Certificates have been purchased by a financial institution with a 10-year holding period that expires on December 31, 2027, prior to maturity of the certificates. The Series 2017B Certificates have been purchased by a financial institution with a 2-year holding period that expires on December 31, 2019, prior to the maturity of the certificates.

Effective December 1, 2017, MCNH entered into a taxable loan with a financial institution in an amount up to \$60,000,000. The proceeds of the loan were used to payoff the remaining balance of the taxable loan issued in 2012 as well as the term loan issued in 2017. The note requires monthly interest payments at the adjusted LIBOR rate beginning February 1, 2018. The full principal balance is due upon maturity of the loan on December 31, 2027.

Effective September 1, 2017, Navicent Health entered into a term note in the amount of \$30,000,000. The Note requires monthly interest payments at the adjusted LIBOR rate. The full principal balance is due upon maturity of the loan in March of 2020.

On May 1, 2015, the Macon-Bibb County Hospital Authority issued \$11,860,000 Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia, Inc. Project), Series 2015 ("Series 2015 Certificates-MCNH"). The proceeds of the Series 2015 Certificates-MCNH were loaned to MCNH for the purpose of refunding the Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia Project) Series 2003A Certificates that were issued July 1, 2003 for the purpose of

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refunding the Series 1993A and 1993C Certificates and financing and reimbursing the cost of construction on the project.

On May 1, 2015, the Macon-Bibb County Hospital Authority issued \$38,435,000 Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia, Inc. Project), Series 2015 ("Series 2015 Certificates-CP"). The proceeds of the Series 2015 Certificates-CP were loaned to Carlyle Place for the purpose of refunding the Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (Central Georgia Senior Health, Inc. – Carlyle Place Project) Series 2000 Certificates that were issued May 1, 2000 for the purpose of financing the cost of construction.

On January 1, 2012, MCNH entered into a taxable note in the amount up to \$50,000,000. The Note requires monthly interest payments at the adjusted LIBOR rate. Principal payments were due annually beginning September 1, 2020 with a final principal payment due July 31, 2023. The Note also has certain financial and other covenants for which Navicent Health must comply.

On January 31, 2012, the Authority issued \$48,700,000 Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia, Inc. Project), Series 2012A, Series 2012B, and Series 2012C ("Series 2012 Certificates"). The proceeds of the Series 2012 Certificates were loaned to MCNH for the purpose of refunding Series 1997, Series 1998, and Series 2003B Certificates ("Prior Bonds"), respectively.

In addition, on January 31, 2012, the Authority issued the Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia, Inc. Project), Series 2012D to finance the construction of the Peach Medical Center hospital facility. Also, on January 31, 2012, MCNH entered in to a taxable loan agreement ("Taxable Loan"). The proceeds of the Taxable Loan were used to finance the construction of various healthcare facilities.

In September 2009, the Authority issued \$80,800,000 Macon-Bibb County Hospital Authority Revenue Anticipation Certificates (The Medical Center of Central Georgia, Inc. Project), Series 2009 Certificates ("Series 2009 Certificates"). The proceeds of the Series 2009 Certificates were loaned to MCNH to (i) pay off two bank loans totaling \$80,000,000 obtained during 2009 that had been used to redeem the Series 2005 Certificates, and (ii) pay the costs of issuing the Series 2009 Certificates.

MCNH guarantees payment of the 2017 Revenue Anticipation Certificates (collectively, the "Certificates") to the Macon-Bibb County Hospital Authority in the form of a lease and transfer agreement (the "Agreement"). The Master Trust Indenture (the "Indenture") for the Certificates was amended to include all members of the Obligated Group under the provisions of the Agreement. To secure prompt payment of principal and interest on the Certificates and secure performance of its obligation, the Obligated Group granted a security interest in its gross revenues (as more fully defined in the Indenture) and in all its property. The Obligated Group is subject to certain covenants, including limitations on additional indebtedness, transfers of assets, maintenance of certain amounts of insurance, and certain other financial covenants under the terms of the Indenture.

Interest paid in 2018 and 2017 totaled approximately \$4,706,000 and \$7,402,000, respectively.

For the year ended September 30, 2018, Navicent Health did not meet the minimum debt service coverage ratio requirement of 1.1 under the Indenture and related Covenant and Loan Agreement dated December 1, 2017. Subsequent to year-end, Navicent Health obtained a waiver from the bank related to its covenant violation at September 30, 2018. The waiver is limited to the violation of the debt service coverage ratio covenant.

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Original principal maturities of long-term debt are as follows:

| | |
|-----------------------------------|-------------------|
| Years ending September 30: | |
| 2019 | \$ 4,830 |
| 2020 | 4,820 |
| 2021 | 5,060 |
| 2022 | 5,310 |
| 2023 | 5,580 |
| Thereafter | <u>276,156</u> |
| | <u>\$ 301,756</u> |

8. Interest Rate Swaps

On October 1, 2001, Carlyle Place entered into an interest rate swap agreement in relation to \$23,000,000 of its Revenue Anticipation Bonds, Series 2000. Although the 2000 Series was refinanced during 2015 and 2017, the interest rate swap agreement remains intact. This interest rate swap agreement, which expires on September 1, 2021, requires Carlyle Place to make fixed-rate interest payments of 4.1% on a monthly basis in return for receiving a monthly variable-rate interest payment. As of September 30, 2018, the floating interest rate, which is based on 67% of LIBOR, was 1.52%. The fair value of Carlyle Place's interest swap liability was approximately \$460,000 and \$894,000 at September 30, 2018 and 2017, respectively, which is included in other long-term liabilities in the accompanying consolidated balance sheets. The fair value of the interest rate swap liability decreased approximately \$434,000 and \$590,000 for the years ended September 30, 2018 and 2017, respectively.

MCNH has an interest rate swap agreement relating to a portion of the \$52,000,000 Series 2005 Revenue Anticipation Bonds ("2005 Series"). Although the 2005 Series was refinanced during 2009, the interest rate swap agreement remains intact. The interest rate swap, which expires on August 1, 2035 and has a mandatory exercise date of May 1, 2021, requires MCNH to make fixed-rate interest payments of 3.2% on a monthly basis in return for receiving a monthly variable-rate interest payment equal to 67% of LIBOR, which was 1.52% at September 30, 2018. The fair value of MCNH's interest swap was a liability of approximately \$5,442,000 and \$8,990,000 at September 30, 2018 and 2017, respectively. These amounts are included in other long-term liabilities in the accompanying consolidated balance sheets. The fair value of the interest rate swap liability decreased approximately \$3,548,000 and \$4,797,000 for the years ended September 30, 2018 and 2017, respectively.

9. Entrance Fees

Nonrefundable and refundable entrance fees are summarized as follows:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|------------------|------------------|
| Nonrefundable entrance fees | \$ 27,408 | \$ 24,477 |
| Accumulated amortization | <u>12,870</u> | <u>12,364</u> |
| | <u>\$ 14,538</u> | <u>\$ 12,113</u> |
| Refundable entrance fee liability | <u>\$ 24,560</u> | <u>\$ 25,857</u> |

Amortization of the nonrefundable entrance fees was approximately \$1,994,000 and \$1,648,000 for the years ended September 30, 2018 and 2017, respectively.

10. Postretirement Benefit Plans

Defined Benefit Pension Plan

Navicent Health has a noncontributory defined benefit pension plan (“pension plan”) covering substantially all employees of Navicent Health. The benefits are based on years of service and the employee's highest compensation during three of the employee's last ten years of service. Navicent Health's funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus any additional amounts Navicent Health may determine to be appropriate.

The Board of Directors of Navicent Health (the “Board”) approved a redesign of the plan that was effective on January 1, 2008. The changes included freezing the plan effective December 31, 2007, with the plan closed to any new participants at December 31, 2007. Plan participants under the age of 40 on January 1, 2008 no longer accumulate benefits.

During 2013, the Board approved an amendment to freeze the pension plan as of December 31, 2013, such that future benefits are no longer accrued for all employees after that date.

Defined Benefit Health Care Plan

Navicent Health sponsors a defined benefit health care plan (“health plan”) that provides postretirement medical benefits to full-time employees who have worked 20 years and attained age 60 while in service with Navicent Health. The plan is contributory with retiree contributions adjusted annually, and it contains other cost-sharing features such as deductibles and coinsurance. Navicent Health's policy is to fund the cost of medical benefits in amounts determined at the discretion of management.

During September 2017, management changed the health plan eligibility requirements. Employees who are within 5 years of eligibility as of October 1, 2017 (achieving age 60 and 20 years of service) will continue to be eligible for coverage; however, employees who are outside 5 years of these requirements, will no longer be eligible for the health plan.

The funded status of the pension plan and health plan is measured as the difference between the fair value of the plans' assets and the projected benefit obligation of the plans.

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The following tables present a reconciliation of the beginning and ending balances of the plans' projected benefit obligation, the fair value of plan assets, and the funded status of the plans as of and for the years ended September, 30, 2018 and 2017:

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|---|------------------------------|------------|----------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Projected benefit obligation, beginning of year | \$ 432,499 | \$ 433,183 | \$ 35,252 | \$ 40,825 |
| Change in benefit obligation: | | | | |
| Service cost | - | - | 922 | 1,729 |
| Interest cost | 14,460 | 13,940 | 1,072 | 1,143 |
| Actuarial (gain) loss | (19,772) | (2,138) | (6,909) | 5,833 |
| Change in plan provisions | - | - | (1,536) | (12,260) |
| Benefits paid | (28,015) | (12,486) | (2,074) | (2,018) |
| Projected benefit obligation, end of year | \$ 399,172 | \$ 432,499 | \$ 26,727 | \$ 35,252 |

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|--|------------------------------|-------------|----------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Fair value of plan assets, beginning of year | \$ 355,055 | \$ 331,734 | \$ - | \$ - |
| Change in plan assets: | | | | |
| Actual return on plan assets | 26,046 | 31,807 | - | - |
| Contributions of plan sponsor | - | 4,000 | 2,074 | 2,018 |
| Contributions of plan participants | - | - | 322 | 322 |
| Benefits paid | (28,015) | (12,486) | (2,396) | (2,340) |
| Fair value of plan assets, end of year | \$ 353,086 | \$ 355,055 | \$ - | \$ - |
| Unfunded status, end of year | \$ (46,086) | \$ (77,444) | \$ (26,727) | \$ (35,252) |

Amounts recognized on the consolidated balance sheets at September 30, 2018 and 2017, are as follows:

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|--------------------------------|------------------------------|-----------|----------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Other current liabilities | \$ - | \$ - | \$ 2,320 | \$ 2,434 |
| Other long-term liabilities | - | - | 24,406 | 32,818 |
| Accrued pension plan liability | 46,086 | 77,444 | - | - |
| | \$ 46,086 | \$ 77,444 | \$ 26,726 | \$ 35,252 |

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Included in unrestricted net assets at September 30, 2018 and 2017, are the following amounts that have not yet been recognized in the net periodic pension and postretirement benefit cost:

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|--|------------------------------|-------------------|----------------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Unrecognized prior service cost (credit) | \$ - | \$ - | \$ (10,926) | \$ (12,186) |
| Unrecognized actuarial loss | <u>138,854</u> | <u>167,378</u> | <u>8,715</u> | <u>17,901</u> |
| | <u>\$ 138,854</u> | <u>\$ 167,378</u> | <u>\$ (2,211)</u> | <u>\$ 5,715</u> |

Changes recognized in unrestricted net assets for the years ended September 30, 2018 and 2017, are as follows:

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|-------------------------------------|------------------------------|--------------------|----------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net actuarial (gain) loss | \$ (24,534) | \$ (10,602) | \$ (6,909) | \$ 5,833 |
| Prior service credit | - | - | (1,536) | (12,260) |
| Amortization of prior service costs | - | - | 2,795 | (12) |
| Amortization of actuarial loss | <u>(3,990)</u> | <u>(4,110)</u> | <u>(2,276)</u> | <u>(644)</u> |
| | <u>\$ (28,524)</u> | <u>\$ (14,712)</u> | <u>\$ (7,926)</u> | <u>\$ (7,083)</u> |

The estimated prior service cost and net gain to be recognized in net periodic pension expense and net periodic postretirement cost during the next fiscal year are as follows:

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|------------------------|------------------------------|--------------|----------------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Prior service credit | \$ - | \$ - | \$ 2,795 | \$ (2,598) |
| Actuarial (gain)/ loss | <u>3,990</u> | <u>4,110</u> | <u>(2,276)</u> | <u>2,513</u> |

A summary of the components of net periodic benefit cost (income) for the years ended September 30, 2018 and 2017 is as follows:

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|--|------------------------------|-------------------|----------------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Service cost | \$ 2,145 | \$ - | \$ 922 | \$ 1,729 |
| Interest cost | 14,460 | 13,940 | 1,072 | 1,143 |
| Expected return on plan assets | (23,429) | (23,342) | - | - |
| Amortization of unrecognized prior service cost (credit) | - | - | (2,795) | 12 |
| Amortization of net loss | <u>3,990</u> | <u>4,110</u> | <u>2,276</u> | <u>644</u> |
| | <u>\$ (2,834)</u> | <u>\$ (5,292)</u> | <u>\$ 1,475</u> | <u>\$ 3,528</u> |

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Assumptions used in determining the actuarial present value of the projected benefit obligations as of September 30, 2018 and 2017, are as follows:

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|--------------------------------|-------------------------------------|-------------|---|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Weighted-average discount rate | 4.34% | 3.98% | 4.09% | 3.59% |

Assumptions used in determining the net periodic benefit cost for the years ended September 30, 2018 and 2017 are as follows:

| | Defined Benefit Pension Plan | | Defined Benefit Health Care Plan | |
|---|-------------------------------------|-------------|---|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Weighted-average discount rate | 3.98% | 3.89% | 3.59% | 3.51% |
| Expected long-term rate of return on assets | 7.00% | 7.00% | N/A | N/A |

The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 8.19% for 2018, decreasing annually to 4.5% in 2026. The health care cost trend rate assumption has an effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of September 30, 2018, by approximately \$1,221,000 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 2018 by approximately \$97,000.

Navicent Health uses fair market value as the market-related value of assets in calculating the expected return on the plan assets component of net periodic pension expense and net periodic postretirement benefit for the years ended September 30, 2018 and 2017.

During 2019, Navicent Health expects to contribute approximately \$6,000,000 and \$2,320,000 to its defined benefit pension plan and health care plan, respectively.

Benefits expected to be paid in each of the next five fiscal years and thereafter are estimated as follows:

| | Defined Benefit Pension Plan | Defined Benefit Health Care Plan |
|----------------------------|-------------------------------------|---|
| Years ending September 30: | | |
| 2019 | \$ 17,310 | \$ 2,320 |
| 2020 | 18,190 | 2,432 |
| 2021 | 19,119 | 2,510 |
| 2022 | 20,036 | 2,642 |
| 2023 | 20,898 | 2,825 |
| 2024-2028 | 115,730 | 13,775 |

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The target allocation for the pension plan is as follows as of September 30, 2018 and 2017:

| | <u>Minimum</u> | <u>Target</u> | <u>Maximum</u> |
|-------------------------|----------------|---------------|----------------|
| Equity securities | 27% | 50% | 78% |
| Debt securities | 12% | 31% | 44% |
| Alternative investments | 5% | 19% | 40% |

To develop the expected long-term rate of return on assets assumptions, Navicent Health considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio.

The Plan investment strategy is focused on matching the emerging long-term needs of the retirement plan with the proven, long-term performance patterns of the various investment markets. The Plan's investments represent the opportunity to reduce Navicent Health's cost of funding plan benefits and insulate the Plan's assets against deterioration of purchasing power caused by inflation.

The target allocation of all assets is to reflect proper diversification in order to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio. In an effort to maintain the overall risk level of the portfolio within an acceptable range, the relative mix of asset classes will be rebalanced back toward the target allocations as opportunities permit, but in any event not less often than annually.

11. Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for income tax purposes. As of September 30, 2018 and 2017, deferred income taxes have no net carrying value. As of September 30, 2018 and 2017, Navicent Health had deferred tax assets of approximately \$2,000,000 and \$4,300,000, respectively, relating principally to net operating loss carryovers. As of September 30, 2018 and 2017, such deferred tax assets were offset by a valuation allowance of an equal amount.

Federal net operating loss carryovers for HVNH totaled approximately \$9,700,000 at September 30, 2018.

12. Commitments and Contingencies

Litigation and Compliance

The System is involved in litigation arising in the ordinary course of business. Management believes that, based on the available information and consultation with legal counsel, recorded reserves are adequate to address the risk of loss related to resolution of these uncertainties.

Changes in federal and state reimbursement funding mechanisms and related government budgetary constraints could have a significant adverse effect on the System. The healthcare industry is subject to numerous laws and regulation from federal, state and local governments, and the government has increased enforcement of Medicare and Medicaid anti-fraud and abuse laws, as well as physician self-referral laws (STARK law and regulation). The System's compliance with these laws and regulations is subject to ongoing internal monitoring as well as periodic governmental review and inquiries, and the System has responded appropriately to any such compliance matters. The System is aware of certain asserted and unasserted compliance matters, and from time to time, the System may agree to resolve certain compliance matters with the government. The System will continue to monitor its compliance and all related government inquiries and respond appropriately. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

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Corporate Integrity Agreement

In connection with settlement agreements between MCNH and the U.S. Department of Health and Human Services, Office of Inspector General (“OIG”), MCNH entered into a Corporate Integrity Agreement (“CIA”) with the OIG to promote compliance with the statutes, regulations, and written directives of Medicare, Medicaid, and all other Federal health care programs. The CIA will last five years from commencement in April 2015 and will require MCNH to provide certain information and maintain certain requirements each year. Effective August 2, 2017, an amendment to the 2015 CIA extended the term of the CIA to August 1, 2022.

General and Professional Liability Insurance

Navicent Health is currently insured for commercial general liability on an occurrence basis and professional liability on a claims-made basis by CPI, a wholly-owned subsidiary of Navicent Health, and excess coverage by commercial insurance carriers through CPI. The excess coverage limits are \$40,000,000 for each of 2018 and 2017. The coverage for professional liability is limited to claims incurred and reported during its term. Actuarially determined funding is provided for losses.

For all claims prior to October 1, 2002, the policy had a limit of \$2 million per occurrence and \$6 million in aggregate. For all claims between October 1, 2002 and September 30, 2004, the policy had a limit of \$4 million per occurrence and \$12 million in aggregate, and for all claims between October 1, 2004 and September 30, 2006, the policy had a limit of \$4 million per occurrence and \$14 million in aggregate. Effective October 1, 2006, the policy has a limit of \$4 million per occurrence and \$20 million in aggregate.

CPI also insures Navicent Health on an occurrence basis for workers’ compensation insurance, which has a limit of \$500,000 per occurrence, with no aggregate limit per year. Beginning April 1, 2011, CPI began insuring Navicent Health for equipment maintenance and repairs with limits of liability of \$2,500,000 per claim and annual aggregate.

During 2018 and 2017, Navicent Health paid premiums of approximately \$10,400,000 and \$12,500,000 to CPI, respectively, for these coverages. These premiums have been properly eliminated from consolidated statements of operations. The reserve for self-insured losses totaled approximately \$34,854,000 and \$36,435,000 at September 30, 2018 and 2017, respectively, and are comprised of reported loss reserves and incurred but not reported loss reserves.

Employee Group Health Insurance

Navicent Health is self-insured for its employee group health insurance. Navicent Health has estimated and recorded accruals for claims incurred, but not reported or paid prior to the fiscal year-end.

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Property and Equipment

Navicent Health has commitments for purchases of property and equipment of approximately \$48,083,000 at September 30, 2018.

13. Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30 are available for the following purposes:

| | <u>2018</u> | <u>2017</u> |
|----------------------------------|-------------------|-------------------|
| Promises for future years | \$ 9,695 | \$ 9,269 |
| Program grants: | | |
| Pathology development | 11,721 | 10,800 |
| Children's Hospital | 17,498 | 25,815 |
| Regional health education center | 1,316 | 1,212 |
| Research and education | 8,930 | 8,344 |
| HEAT Trust | 7,605 | 6,794 |
| Community grants | 13,030 | 12,026 |
| Hospice inpatient facility | 3,358 | 3,045 |
| Emergency center | 3,067 | 2,826 |
| Georgia Heart Center | 17,619 | 16,245 |
| Critical care center | 2,551 | 2,349 |
| Cancer research | 5,316 | 4,868 |
| Other grants | <u>5,297</u> | <u>4,841</u> |
| | <u>\$ 107,003</u> | <u>\$ 108,434</u> |

14. Concentrations of Credit Risk

Navicent Health grants credit to patients, substantially all of whom reside in central Georgia. Navicent Health generally does not require collateral or other security in extending credit to patients; however, they routinely obtain assignment of (or are otherwise entitled to receive) patients' benefits payable under their health programs, plans, or policies (e.g. Medicare, Medicaid, Blue Cross, and other preferred provider arrangements and commercial insurance policies). Revenue from the Medicare and Medicaid programs accounted for approximately 54% and 53% of Navicent's net patient revenue for the years ended September 30, 2018 and 2017, respectively.

The mix of receivables from patients and third-party payors at September 30, 2018 and 2017 was as follows:

| | <u>2018</u> | <u>2017</u> |
|--------------------------|-------------|-------------|
| Medicare | 34% | 36% |
| Medicaid | 12% | 12% |
| Other third-party payors | 48% | 47% |
| Patients | <u>6%</u> | <u>5%</u> |
| | <u>100%</u> | <u>100%</u> |

15. Functional Expenses

Navicent Health does not present expense information by functional classification because its resources and activities are primarily related to providing health care services. Further, since Navicent Health receives substantially all of its resources from providing health care services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

16. Fair Value of Financial Instruments

The following methods and assumptions were used by Navicent Health in estimating the fair value of its financial instruments:

Cash and cash equivalents

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents approximate their fair value.

Investments

Fair values, which are the amounts reported in the consolidated balance sheets, are based on quoted market prices, if available, estimated using quoted market prices for similar securities, or estimated using pricing models, discounted cash flow methodologies, or similar techniques.

Investments considered alternative investments are valued at net asset value.

Patient accounts receivable

The carrying amounts reported in the consolidated balance sheets for patient accounts receivable approximate their fair values.

Assets limited as to use

Fair values, which are the amounts reported in the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Assets limited as to use that are considered alternative investments are valued at net asset value.

Accounts payable and accrued expenses

The carrying amounts reported in the consolidated balance sheets for accounts payable and accrued expenses approximate their fair value.

Accrued compensation and withholdings

The carrying amounts reported in the consolidated balance sheets for accrued compensation and withholdings approximate their fair value.

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Estimated third-party payor settlements

The carrying amounts reported in the balance sheets for estimated third-party payor settlements approximate their fair value.

Long-term debt

Fair values of Navicent Health's revenue anticipation certificates are based on current traded value. The fair value of Navicent Health's remaining long-term debt is estimated using discounted cash flow analyses, based on Navicent Health's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts reported in the balance sheets for long-term debt approximate their fair value.

Derivative Financial Instruments

The fair value of the derivative financial instruments are determined from a discounted cash flow model based on projected interest rates during the term of the contract and amounts outstanding on the corresponding long-term debt. In addition, credit risk associated with the counter party (when an asset) or Navicent Health (when a liability) is factored into the fair value model.

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The following summarizes Navicent Health's assets and (liabilities) by level:

| | Assets (Liabilities) at Fair Value | | |
|--|---|-------------------|-------------------|
| | As of September 30, 2018 | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
| Short-term investments: | | | |
| Money market accounts and other | \$ 7,685 | \$ 24,846 | \$ 32,531 |
| Asset backed: | | | |
| Auto loan receivable | - | 4,903 | 4,903 |
| Collateralized mortgage obligation | - | 33,568 | 33,568 |
| Credit card receivable | - | 710 | 710 |
| Other asset backed | - | 4,535 | 4,535 |
| Total asset backed | - | 43,716 | 43,716 |
| Corporate bonds: | | | |
| Domestic | - | 31,288 | 31,288 |
| Foreign | - | 7,194 | 7,194 |
| Total corporate bonds | - | 38,482 | 38,482 |
| Government securities: | | | |
| FHLMC | - | 15,416 | 15,416 |
| FNMA | - | 17,389 | 17,389 |
| GNMA | - | 6,415 | 6,415 |
| Municipal bonds | - | 8,890 | 8,890 |
| U.S. Treasuries | - | 15,760 | 15,760 |
| Total government securities | - | 63,870 | 63,870 |
| Equity securities: | | | |
| Fixed income mutual funds | 3,297 | - | 3,297 |
| Mutual funds | 100,398 | - | 100,398 |
| Real estate investment trusts | 4,809 | - | 4,809 |
| Common stock: | | | |
| Consumer discretionary | 34,470 | - | 34,470 |
| Consumer staples | 13,884 | - | 13,884 |
| Energy | 7,730 | - | 7,730 |
| Financials | 15,210 | - | 15,210 |
| Foreign | 4,621 | - | 4,621 |
| Health care | 32,713 | - | 32,713 |
| Industrials | 16,482 | - | 16,482 |
| Information technology | 40,653 | - | 40,653 |
| Materials | 5,816 | - | 5,816 |
| Other | 1,206 | - | 1,206 |
| Total common stocks | 172,785 | - | 172,785 |
| Total equity securities | 281,289 | - | 281,289 |
| Total investments in the fair value hierarchy | <u>288,974</u> | <u>170,914</u> | 459,888 |
| Investments measured at net asset value (a) | | | <u>260,432</u> |
| Long-term investments measured at net asset value (a) | | | <u>\$ 16,878</u> |
| Interest rate swap - included in other long-term liabilities | <u>\$ -</u> | <u>\$ (5,902)</u> | <u>\$ (5,902)</u> |

(a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

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| | Assets (Liabilities) at Fair Value | | |
|---|---|----------------|-------------------|
| | As of September 30, 2018 | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
| Included in assets limited as to use: | | | |
| Money market funds | \$ 14,590 | \$ - | \$ 14,590 |
| Mutual funds | 18,943 | 20,250 | 39,193 |
| Equity securities: | | | |
| Common stocks: | | | |
| Consumer discretionary, staples | 11,663 | - | 11,663 |
| Information technology | 9,518 | - | 9,518 |
| Materials and industrials | 4,992 | - | 4,992 |
| Health care | 7,110 | - | 7,110 |
| Financials | 3,076 | - | 3,076 |
| Energy | 1,275 | - | 1,275 |
| Foreign | <u>2,232</u> | <u>-</u> | <u>2,232</u> |
| Total common stocks | 39,866 | - | 39,866 |
| Other equity securities | <u>21,854</u> | <u>-</u> | <u>21,854</u> |
| Total equity securities | 61,720 | - | 61,720 |
| Corporate bonds | 25,716 | 3,411 | 29,127 |
| Government securities: | | | |
| U.S. Federal Agency securities | - | 4,304 | 4,304 |
| Other | <u>-</u> | <u>705</u> | <u>705</u> |
| Total government securities | - | 5,009 | 5,009 |
| Mortgage-backed and asset backed securities | <u>-</u> | <u>1,019</u> | <u>1,019</u> |
| Total investments in the fair value hierarchy | <u>120,969</u> | <u>29,689</u> | 150,658 |
| Total investments measured at net asset value (a) | | | <u>30,175</u> |
| | | | <u>\$ 180,833</u> |

Amounts included in assets limited as to use that are not subject to the fair value disclosure in the table above amounted to \$30,281,000 at September 30, 2018.

- (a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

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The following summarizes Navicent Health's assets and (liabilities) by level:

| | Assets (Liabilities) at Fair Value | | |
|--|---|-------------------|-------------------|
| | As of September 30, 2017 | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
| Short-term investments: | | | |
| Money market accounts and other | \$ 2,261 | \$ 16,178 | \$ 18,439 |
| Asset backed: | | | |
| Auto loan receivable | - | 3,313 | 3,313 |
| Collateralized mortgage obligation | - | 39,210 | 39,210 |
| Credit card receivable | - | 554 | 554 |
| Other asset backed | - | 3,759 | 3,759 |
| Total asset backed | - | 46,836 | 46,836 |
| Corporate bonds: | | | |
| Domestic | - | 29,239 | 29,239 |
| Foreign | - | 2,644 | 2,644 |
| Total corporate bonds | - | 31,883 | 31,883 |
| Government securities: | | | |
| FHLMC | - | 12,376 | 12,376 |
| FNMA | - | 25,815 | 25,815 |
| GNMA | - | 6,642 | 6,642 |
| Municipal bonds | - | 12,184 | 12,184 |
| U.S. Treasuries | - | 13,916 | 13,916 |
| Total government securities | - | 70,933 | 70,933 |
| Equity securities: | | | |
| Fixed income mutual funds | 4,172 | - | 4,172 |
| Mutual funds | 112,199 | - | 112,199 |
| Real estate investment trusts | 4,494 | - | 4,494 |
| Common stock: | | | |
| Consumer discretionary | 26,778 | - | 26,778 |
| Consumer staples | 10,613 | - | 10,613 |
| Energy | 11,805 | - | 11,805 |
| Financials | 10,475 | - | 10,475 |
| Foreign | 5,205 | - | 5,205 |
| Health care | 16,346 | - | 16,346 |
| Industrials | 16,919 | - | 16,919 |
| Information technology | 43,228 | - | 43,228 |
| Materials | 15,607 | - | 15,607 |
| Other | 6,523 | - | 6,523 |
| Total common stocks | 163,499 | - | 163,499 |
| Total equity securities | 284,364 | - | 284,364 |
| Total investments in the fair value hierarchy | <u>286,625</u> | <u>165,830</u> | 452,455 |
| Investments measured at net asset value (a) | | | <u>249,267</u> |
| Long-term investments measured at net asset value (a) | | | <u>\$ 701,722</u> |
| Interest rate swap - included in other long-term liabilities | <u>\$ -</u> | <u>\$ (9,884)</u> | <u>\$ (9,884)</u> |

In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

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| | Assets (Liabilities) at Fair Value | | |
|---|---|----------------|-------------------|
| | As of September 30, 2017 | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
| Included in assets limited as to use: | | | |
| Money market funds | \$ 6,289 | \$ - | \$ 6,289 |
| Mutual funds | 20,453 | 13,800 | 34,253 |
| Equity securities: | | | |
| Common stocks: | | | |
| Consumer discretionary, staples | 6,708 | - | 6,708 |
| Information technology | 8,675 | - | 8,675 |
| Materials and industrials | 4,107 | - | 4,107 |
| Health care | 3,303 | - | 3,303 |
| Financials | 2,391 | - | 2,391 |
| Energy | 642 | - | 642 |
| Foreign | <u>2,757</u> | <u>-</u> | <u>2,757</u> |
| Total common stocks | 28,583 | - | 28,583 |
| Other equity securities | <u>17,389</u> | <u>-</u> | <u>17,389</u> |
| Total equity securities | 45,971 | - | 45,971 |
| Corporate bonds | 11,640 | 19,556 | 31,196 |
| Government securities: | | | |
| U.S. Federal Agency securities | - | 3,941 | 3,941 |
| Other | <u>-</u> | <u>370</u> | <u>370</u> |
| Total government securities | - | 4,311 | 4,311 |
| Mortgage-backed and asset backed securities | <u>-</u> | <u>884</u> | <u>884</u> |
| Total investments in the fair value hierarchy | <u>84,354</u> | <u>38,551</u> | 122,905 |
| Total investments measured at net asset value (a) | | | <u>53,731</u> |
| | | | <u>\$ 176,636</u> |

Amounts included in assets limited as to use that are not subject to the fair value disclosure in the table above amounted to \$24,565,000 at September 30, 2017.

- (a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

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Fair values of the pension plan investments are summarized as follows:

| | Pension Assets at Fair Value | | |
|--|-------------------------------------|----------------|-------------------|
| | As of September 30, 2018 | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
| Money market funds | \$ 9,051 | \$ - | \$ 9,051 |
| Equity mutual funds | 63,936 | - | 63,936 |
| U.S. government securities: | | | |
| U.S. treasuries | 17,106 | - | 17,106 |
| GNMA, FNMA, FHLMC pools | - | 13,501 | 13,501 |
| Government collateralized mortgage and asset backed | - | 892 | 892 |
| Other | - | <u>1,784</u> | <u>1,784</u> |
| Total U.S. government securities | <u>17,106</u> | <u>16,177</u> | <u>33,283</u> |
| Corporate bonds: | | | |
| Domestic | 20,321 | - | 20,321 |
| Foreign | <u>1,807</u> | - | <u>1,807</u> |
| Total corporate obligations | <u>22,128</u> | - | <u>22,128</u> |
| Common stocks: | | | |
| Domestic | 117,432 | - | 117,432 |
| Foreign | <u>8,429</u> | - | <u>8,429</u> |
| Total common stocks | <u>125,861</u> | - | <u>125,861</u> |
| Other funds: | | | |
| Mortgage and asset back securities | - | 7,069 | 7,069 |
| Real estate investment trusts | <u>3,403</u> | - | <u>3,403</u> |
| Total other funds | <u>3,403</u> | <u>7,069</u> | <u>10,472</u> |
| Total investments in the fair value hierarchy | <u>241,485</u> | <u>23,246</u> | 264,731 |
| Total investments measured at net asset value (a) | | | <u>88,355</u> |
| | | | <u>\$ 353,086</u> |

(a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

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| | Pension Assets at Fair Value | | |
|---|-------------------------------------|----------------|-------------------|
| | As of September 30, 2017 | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
| Money market funds | \$ 8,124 | \$ - | \$ 8,124 |
| Equity mutual funds | 74,107 | - | 74,107 |
| U.S. government securities: | | | |
| U.S. treasuries | 11,910 | - | 11,910 |
| GNMA, FNMA, FHLMC pools | - | 16,027 | 16,027 |
| Government collateralized mortgage and asset backed | - | 1,275 | 1,275 |
| Other | - | 435 | 435 |
| Total U.S. government securities | <u>11,910</u> | <u>17,737</u> | <u>29,647</u> |
| Corporate bonds: | | | |
| Domestic | 23,081 | - | 23,081 |
| Foreign | <u>2,144</u> | - | <u>2,144</u> |
| Total corporate obligations | <u>25,225</u> | - | <u>25,225</u> |
| Common stocks: | | | |
| Domestic | 107,101 | - | 107,101 |
| Foreign | <u>13,696</u> | - | <u>13,696</u> |
| Total common stocks | <u>120,797</u> | - | <u>120,797</u> |
| Other funds: | | | |
| Mortgage and asset back securities | - | 5,132 | 5,132 |
| Real estate investment trusts | <u>3,514</u> | - | <u>3,514</u> |
| Total other funds | <u>3,514</u> | <u>5,132</u> | <u>8,646</u> |
| Total investments in the fair value hierarchy | <u>243,677</u> | <u>22,869</u> | 266,546 |
| Total investments measured at net asset value (a) | | | <u>88,509</u> |
| | | | <u>\$ 355,055</u> |

(a) In accordance with Topic 820, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

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(tabular amounts in thousands)

The System's alternative investments are measured at net asset value as a practical expedient for fair value and are accordingly excluded from the fair value hierarchy. The table below sets forth a summary of the alternative investments including a description of the investments and any unfunded commitments or restrictions associated with the investments.

| | <u>Fair Value at 9/30/2018</u> | <u>Fair Value at 9/30/2017</u> | <u>Unfunded Commitments</u> | <u>Other Redemption Restrictions</u> | <u>Redemption Notice Period(v)</u> |
|--|------------------------------------|------------------------------------|---------------------------------|---|---|
| Included in investments: | | | | | |
| Debt securities (i) | \$ 79,598 | \$ 83,400 | \$ 14,689 | 0-1 year lock-up, Some not permitted | 5-30 day written notice, monthly |
| Master funds and fund of funds (ii) | 43,315 | 69,285 | - | 0-1 year lock-up | 35-90 day written notice, monthly to annually |
| Private funds (iii) | 127,039 | 120,701 | - | 0-1 year lock-up | 5-60 day written notice, monthly to annually |
| Real estate investment Funds (iv) | <u>27,358</u> | <u>25,229</u> | 1,122 | Some not permitted | 90 day written notice, quarterly |
| Total | <u>\$ 277,310</u> | <u>\$ 298,615</u> | | | |
| Included in assets limited as to use: | | | | | |
| Debt securities (i) | \$ 11,289 | \$ 20,818 | \$ 3,233 | 0-1 year lock-up, Some not permitted | 5-30 day written notice, monthly |
| Master funds and fund of funds (ii) | 6,078 | 6,854 | - | 0-1 year lock-up | 35-90 day written notice, monthly to annually |
| Private funds (iii) | 7,491 | 20,895 | - | 0-1 year lock-up | 5-60 day written notice, monthly to annually |
| Real estate investment Funds (iv) | <u>5,317</u> | <u>5,164</u> | 2,476 | Some not permitted | 90 day written notice, quarterly |
| Total | <u>\$ 30,175</u> | <u>\$ 53,731</u> | | | |

Navicent Health, Inc. and Affiliates
Notes to Consolidated Financial Statements
(tabular amounts in thousands)

| | <u>Fair Value at 9/30/2018</u> | <u>Fair Value at 9/30/2017</u> | <u>Unfunded Commitments</u> | <u>Other Redemption Restrictions</u> | <u>Redemption Notice Period(v)</u> |
|---|------------------------------------|------------------------------------|---------------------------------|--|---|
| Included in pension plan assets: | | | | | |
| Debt securities (i) | \$ 38,161 | \$ 42,003 | \$ 7,158 | 0-1 year lock-up, Some not permitted | 5-30 day written notice, monthly |
| Master funds and fund of funds (ii) | 20,065 | 18,886 | - | 0-1 year lock-up | 35-90 day written notice, monthly to annually |
| Private funds (iii) | 18,610 | 17,210 | - | 0-1 year lock-up | 5-60 day written notice, monthly to annually |
| Real estate investment Funds (iv) | <u>11,519</u> | <u>10,410</u> | 6,994 | Some not permitted | 90 day written notice, quarterly |
| Total | <u>\$ 88,355</u> | <u>\$ 88,509</u> | | | |

- (i) The objective of these investments is to achieve long-term growth of capital by investing in debt securities. These debt securities include but are not limited to floating rate debt, foreign corporate debt, sovereign risk debt, emerging market debt, and distressed debt.
- (ii) The objective of these investments is to achieve long-term growth of capital by investing in various funds that focus on a wide range of investments. These investments include but are not limited to debt, equities, derivatives, and real estate.
- (iii) The objective of these investments is to achieve long-term growth of capital by investing in a wide range of investments. These investments include but are not limited to equities, futures contracts, and derivatives.
- (iv) The objective of these investments is to achieve long-term growth of capital by investing in a wide range of real estate investments. These investments include portfolio companies, portfolio investments, and real estate assets.
- (v) For many of these investments, there is a limit to the amount that can be redeemed on any redemption date. If the aggregate amount requested by investors to be redeemed on any redemption date is greater than the redemption percentage, generally 10-25% of the net asset value of the total fund, the respective funds' governing board may reduce the amount of shares to be redeemed pro rata among investors so that the aggregate amount to be withdrawn equals the limit percentage of the net asset value of the fund.

17. Equity Investments

Central Georgia Health Network, LLC

Central Georgia Health Network, LLC was incorporated on October 25, 1996, for the purpose of participating in contracts with preferred provider organizations, health maintenance organizations or other alternative health care delivery systems. MCNH owns 29% of the common stock in Central Georgia Health Network, Inc. and accounts for this investment under the equity method of accounting. The investment amounted to approximately \$53,200 and \$59,000 at September 30, 2018 and 2017, respectively.

Central Georgia MRI, LLC

Central Georgia MRI, LLC ("CG MRI") was incorporated on October 2, 2000, as a joint venture with Radiology Associates to share the cost of an MRI laboratory. CG MRI became operational on September 16, 2002. HVNH provided 50% of the capital in CG MRI and records the investment under the equity method of accounting. The investment amounted to approximately \$444,000 and \$327,000 at September 30, 2018 and 2017, respectively.

Georgia Magnetic Imaging Center, Ltd.

Georgia Magnetic Imaging Center, Ltd. ("GMIC") was incorporated on March 22, 1985 to own and operate certain medical equipment. HVNH purchased a 49.5% ownership interest in GMIC on December 31, 2002 for \$1,181,000 and records the investment on the equity method of accounting. The investment amounted to approximately \$1,140,000 and \$1,084,000 at September 30, 2018 and 2017, respectively.

TC2, LLC ("TC2")

TC2 is a Georgia limited liability company formed in 2016 that is owned 50% by Navicent Health. TC2 was formed as an Accountable Care Organization ("ACO") to facilitate participation in shared savings and shared losses and provide compliance with healthcare quality criteria and performance standards. The investment amounted to approximately \$340,000 and \$243,000 at September 30, 2018 and 2017, respectively.

Cowles Clinic Realty, LLC

Cowles Clinic Realty, LLC ("Cowles") was incorporated on October 20, 2003 to operate as a physician practice. Navicent Health purchased a 51% ownership interest in Cowles on September 27, 2016 for \$2,332,000 and records the investment on the equity method of accounting. The investment amounted to approximately \$2,601,000 and \$2,711,000 at September 30, 2018 and 2017, respectively.

18. Management Services Agreements

Navicent Health has a management services agreement with the Hospital Authority of Putnam County ("HAPC"). Under this agreement, Navicent Health is to provide quarterly consulting reports to HAPC. Navicent Health also provides a credit facility agreement in the amount of \$5,000,000 with interest on drawn amounts at 6% per annum. As of September 30, 2018 and 2017, HAPC had drawn \$4,916,000 and \$4,916,000, respectively on the credit facility. HAPC is also required to pay a quarterly management service fee of \$125,000. At September 30, 2018 and 2017, \$1,091,000 and \$1,125,000, respectively was due from Putnam under the management service agreement.

Navicent Health entered into a management services agreement with the Hospital Authority of Monroe County ("HAMC") in December 2016. Under the terms of the consulting agreement, Navicent Health agrees to provide certain management services to HAMC. HAMC agrees to pay Navicent Health a management fee of \$400,000 in year one increasing \$50,000 per year capping at \$500,000. At September 30, 2018 and 2017, \$205,000 and \$300,000, respectively, was due from HAMC under the management consulting agreement.

Supplementary Information

**Navicent Health, Inc. and Affiliates
Consolidating Balance Sheet (dollars in thousands)
September 30, 2018**

| ASSETS | | | | | | | | | | | | | | | | | | | | | | |
|--|----|---------|----|-----------|----|----------|----|--------|----|----------|----|-----------|----|---------|----|-------|----|-------|----|--------|----|-----------|
| Cash and cash equivalents | \$ | 1,398 | \$ | 2,828 | \$ | 2,571 | \$ | 3,062 | \$ | 1,796 | \$ | 11,655 | \$ | 1,017 | \$ | 1,047 | \$ | 3,004 | \$ | 5,576 | \$ | 22,622 |
| Current assets: | | | | | | | | | | | | | | | | | | | | | | |
| Short-term investments | | - | | - | | - | | - | | - | | - | | - | | - | | - | | - | | - |
| Patent accounts receivable, net | | - | | 635,436 | | - | | 571 | | - | | 84,313 | | - | | - | | - | | - | | - |
| Estimated third-party settlements | | - | | 130,509 | | 4,678 | | 8,239 | | 4,954 | | 148,380 | | 115 | | 4,168 | | - | | - | | - |
| Other accounts and notes receivable | | - | | 11,335 | | 1,049 | | 326 | | - | | 12,710 | | - | | - | | - | | - | | - |
| Prepaid expenses and other current assets | | - | | 4,614 | | 522 | | 340 | | 787 | | 9,695 | | 1,190 | | - | | - | | - | | 20,661 |
| Total current assets | \$ | 12,414 | \$ | 805,923 | \$ | 9,072 | \$ | 14,514 | \$ | 7,550 | \$ | 849,473 | \$ | 9,695 | \$ | 5,507 | \$ | 3,004 | \$ | 6,575 | \$ | 960,661 |
| Assets limited as to use | | 18,349 | | - | | - | | - | | - | | 18,349 | | 110,969 | | - | | 1,000 | | - | | 211,114 |
| Long-term investments | | - | | 15,389 | | - | | - | | - | | 15,389 | | 1,489 | | - | | - | | - | | 16,878 |
| Investments in subsidiaries | | 30,235 | | - | | - | | 30,235 | | - | | - | | - | | - | | - | | - | | (30,235) |
| Intercompany | | 13,510 | | 72,408 | | (37,889) | | 10,184 | | (18,682) | | 39,531 | | (143) | | (2) | | - | | - | | (127) |
| Property and equipment, net | | 22,449 | | 391,194 | | 18,960 | | 12,536 | | 1,151 | | 446,290 | | 243 | | 202 | | - | | - | | 476,455 |
| Cash surrender value of insurance policies | | - | | 26,880 | | - | | - | | - | | 26,880 | | - | | - | | - | | - | | 26,880 |
| Other assets | | 11,144 | | 890 | | - | | - | | 498 | | 12,532 | | 48 | | - | | 75 | | - | | 9,908 |
| Total assets | \$ | 108,101 | \$ | 1,312,684 | \$ | (9,857) | \$ | 37,234 | \$ | (9,483) | \$ | 1,438,679 | \$ | 120,812 | \$ | 5,707 | \$ | 4,079 | \$ | 75,457 | \$ | 1,701,896 |
| Liabilities | | | | | | | | | | | | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | | | | | | | | | | | | |
| Accounts payable | | 12,449 | | 805,923 | | 14,514 | | 7,550 | | 18,349 | | 110,969 | | 1,409 | | - | | 1,000 | | - | | 211,114 |
| Accrued expenses | | 18,349 | | - | | - | | - | | - | | 18,349 | | 110,969 | | - | | 1,000 | | - | | 211,114 |
| Deferred tax liabilities | | - | | - | | - | | - | | - | | - | | - | | - | | - | | - | | - |
| Long-term debt | | - | | - | | - | | - | | - | | - | | - | | - | | - | | - | | - |
| Equity | | 30,235 | | - | | - | | 30,235 | | - | | - | | - | | - | | - | | - | | (30,235) |
| Total liabilities and equity | \$ | 108,101 | \$ | 1,312,684 | \$ | (9,857) | \$ | 37,234 | \$ | (9,483) | \$ | 1,438,679 | \$ | 120,812 | \$ | 5,707 | \$ | 4,079 | \$ | 75,457 | \$ | 1,701,896 |

See accompanying auditors' report on supplementary information.

Navient Health, Inc. and Affiliates
Consolidating Balance Sheet (dollars in thousands), continued
September 30, 2018

| | Medical Center of Peach County, Inc. | Medical Center of Georgia, Inc. | Central of Peach County, Inc. | Central of Georgia, Inc. | d/b/a The Georgia, Inc. | Center of Peach County, Inc. | Medical Center of Georgia, Inc. | Central of Georgia, Inc. | Georgia Health Services | of Central Georgia | Georgia Health Services | Central of Georgia, Inc. | Health, Inc. | Navient Health, Inc. | |
|---|--------------------------------------|---------------------------------|-------------------------------|--------------------------|-------------------------|------------------------------|---------------------------------|--------------------------|-------------------------|--------------------|-------------------------|--------------------------|--------------|----------------------|--------------|
| Current liabilities: | | | | | | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 8,766 | \$ 28,642 | \$ 271 | \$ 1,198 | \$ 301 | \$ 39,178 | \$ 93 | \$ 1,016 | \$ (7) | \$ 36 | \$ - | \$ 339 | \$ 272 | \$ (562) | \$ 40,365 |
| Accrued compensation and withholdings | 8,333 | 16,271 | 4,600 | 2,328 | 5,877 | 33,232 | 78 | - | - | 1,037 | - | - | - | - | 34,908 |
| Current portion of long-term debt | - | - | - | - | - | 4,830 | - | - | - | - | - | - | - | - | 4,830 |
| Entrance fee deposits and refunds payable | - | - | - | - | - | - | - | 504 | - | - | - | - | - | - | 504 |
| Other current liabilities | 1,973 | 13,757 | (11) | - | 31 | 15,750 | - | - | (3) | - | - | 460 | 29 | - | 16,236 |
| Total current liabilities | 19,302 | 63,270 | 683 | 3,526 | 6,209 | 92,990 | 171 | 1,520 | (2) | 1,070 | - | 799 | 857 | (562) | 96,843 |
| Long-term debt, excluding current portion | 14,776 | 266,834 | - | 15,000 | - | 296,610 | - | - | - | - | - | - | - | - | 296,610 |
| Reserve for self-insured losses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Accrued pension benefit liability | - | 46,086 | - | - | - | 46,086 | - | - | - | - | - | - | - | - | 46,086 |
| Deferred revenues from entrance fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 14,538 |
| Entrance fees payable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 24,560 |
| Other long-term liabilities | 21,530 | 31,161 | - | - | - | 52,691 | - | 460 | 791 | - | - | - | 11 | - | 53,953 |
| Total liabilities | 55,608 | 407,351 | 683 | 18,526 | 6,209 | 488,377 | 171 | 4,1078 | 789 | 1,070 | - | 35,653 | 868 | (562) | 567,444 |
| Net assets: | | | | | | | | | | | | | | | |
| Unrestricted net assets | 52,493 | 904,667 | (10,540) | 18,708 | (15,692) | 949,636 | 13,638 | 38,970 | - | 4,637 | - | - | - | - | 1,021,077 |
| Temporarily restricted | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 107,003 |
| Noncontrolling interest in subsidiary | - | 666 | - | - | - | 666 | - | - | - | - | - | - | - | - | 6,372 |
| Total net assets | 52,493 | 905,333 | (10,540) | 18,708 | (15,692) | 950,302 | 120,641 | 38,970 | - | 4,637 | - | - | - | - | 1,134,452 |
| Stockholder's equity: | | | | | | | | | | | | | | | |
| Common stock | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Paid-in-capital | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (Accumulated deficit) retained earnings | - | - | - | - | - | - | - | 25,895 | (23,801) | - | - | 4,000 | 1,653 | (31,548) | - |
| | - | - | - | - | - | - | - | - | - | - | - | 4 | - | (19,339) | - |
| | - | - | - | - | - | - | - | - | - | - | - | 75 | 4,053 | (4,145) | - |
| | - | - | - | - | - | - | - | - | - | - | - | 38,134 | 5,002 | (31,548) | - |
| | - | - | - | - | - | - | - | - | - | - | - | 75,457 | 9,923 | (35,692) | - |
| | \$ 108,101 | \$ 1,312,684 | \$ (9,857) | \$ 37,234 | \$ (9,483) | \$ 1,438,679 | \$ 120,812 | \$ 80,048 | \$ 2,883 | \$ 5,707 | \$ 4,079 | \$ 75,457 | \$ 9,923 | \$ (35,692) | \$ 1,701,896 |

See accompanying auditors' report on supplementary information.

