

Form **8879-EO**

IRS e-file Signature Authorization for an Exempt Organization

OMB No. 1545-1878

For calendar year 2016, or fiscal year beginning JUL 1, 2016, and ending JUN 30, 2017

2016

Department of the Treasury
Internal Revenue Service

▶ **Do not send to the IRS. Keep for your records.**

▶ **Information about Form 8879-EO and its instructions is at www.irs.gov/form8879eo.**

Name of exempt organization

Employer identification number

ATLANTIC GENERAL HOSPITAL

52-1656507

Name and title of officer

**CHERYL NOTTINGHAM
VP FINANCE**

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

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

1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue , if any (Form 990, Part VIII, column (A), line 12)	1b <u>121,963,474.</u>
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue , if any (Form 990-EZ, line 9)	2b _____
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b _____
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b _____
5a Form 8868 check here ▶ <input type="checkbox"/>	b Balance Due (Form 8868, line 3c)	5b _____

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2016 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated financial agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software to payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke payment, must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize DIXON HUGHES GOODMAN LLP to enter my PIN 22102
ERO firm name Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ _____ Date ▶ _____

Part III Certification and Authentication

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

5492222102
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2016 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ DIXON HUGHES GOODMAN LLP Date ▶ 05/14/18

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

LHA For Paperwork Reduction Act Notice, see instructions.

Form **8879-EO** (2016)

623051 09-26-16

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

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

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

Information about Form 990 and its instructions is at www.irs.gov/form990.

2016
Open to Public Inspection

A For the 2016 calendar year, or tax year beginning **JUL 1, 2016** and ending **JUN 30, 2017**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ATLANTIC GENERAL HOSPITAL Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 9733 HEALTHWAY DRIVE City or town, state or province, country, and ZIP or foreign postal code BERLIN, MD 21811 F Name and address of principal officer: MICHAEL FRANKLIN 9733 HEALTHWAY DR, BERLIN, MD 21811	D Employer identification number 52-1656507 E Telephone number 410-641-1100 G Gross receipts \$ 122,328,640. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW.ATLANTICGENERAL.ORG		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 1989
M State of legal domicile: MD		

Part I Summary

1	Briefly describe the organization's mission or most significant activities: TO CREATE A COORDINATED CARE DELIVERY SYSTEM THAT WILL PROVIDE ACCESS TO QUALITY CARE,		
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	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	18
5	Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	1028
6	Total number of volunteers (estimate if necessary)	6	226
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	192,278.
7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.
8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
9	Program service revenue (Part VIII, line 2g)	1,317,521.	3,447,385.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	113,982,471.	117,271,884.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	193,172.	426,959.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (C), line 12)	499,987.	817,246.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	115,993,151.	121,963,474.
14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	58,981,778.	62,630,132.
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 214,259.	0.	0.
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	53,740,421.	54,468,323.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	112,722,199.	117,098,455.
19	Revenue less expenses. Subtract line 18 from line 12	3,270,952.	4,865,019.
20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
21	Total liabilities (Part X, line 26)	91,144,899.	96,204,478.
22	Net assets or fund balances. Subtract line 21 from line 20	42,658,309.	41,708,966.
22		48,486,590.	54,495,512.

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 CHERYL NOTTINGHAM, VP FINANCE Type or print name and title	Date _____		
Paid Preparer Use Only	Print/Type preparer's name TAMARA L. VINEYARD	Preparer's signature TAMARA L. VINEYARD	Date 05/14/18	Check <input type="checkbox"/> if self-employed PTIN P01775208
	Firm's name ▶ DIXON HUGHES GOODMAN LLP	Firm's EIN ▶ 56-0747981		
	Firm's address ▶ 1410 SPRING HILL ROAD, 5TH FLOOR TYSONS, VA 22102		Phone no. 703-970-0400	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: TO CREATE A COORDINATED CARE DELIVERY SYSTEM THAT WILL PROVIDE ACCESS TO QUALITY CARE, PERSONALIZED SERVICE, AND EDUCATION TO IMPROVE INDIVIDUAL AND COMMUNITY HEALTH. WE ACCOMPLISH OUR MISSION THROUGH OUR SET OF VALUES, WHICH ARE HONORED IN ALL OUR INTERACTIONS.

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

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

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

4a (Code:) (Expenses \$ 99,216,313. including grants of \$) (Revenue \$ 117,681,414.) ATLANTIC GENERAL HOSPITAL IS A NON PROFIT HEALTHCARE PROVIDER FOCUSING ON INPATIENT AND OUTPATIENT SERVICES FOR OUR LOCAL COMMUNITY. WE ALSO OPERATE MULTIPLE PHYSICIAN OFFICES THROUGHOUT THE REGION THAT PROVIDES FAMILY, INTERNAL AND SPECIALTY MEDICINE TO OUR LOCAL RESIDENTS. WE HAD THE FOLLOWING KEY STATISTICS DURING THE 2016 TAX YEAR: ADMISSIONS: 3,269, PATIENT DAYS: 11,513, ED VISITS: 38,186, SURGERIES: 8,211, OTHER OUTPATIENT VISITS: 67,529, TOTAL VISITS TO OUR PHYSICIAN PRACTICES WERE 95,559.

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 99,216,313.

Part IV Checklist of Required Schedules

Table with 3 columns: Question ID, Yes, No. Rows 1-19 contain various questions about organizational status, lobbying, and financial reporting. 'X' marks indicate 'Yes' answers.

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
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>		X
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>	X	
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>	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
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?		X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
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>		X
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 990-7? <i>If "Yes," complete Schedule L, Part I</i>		X
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>		X
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>		X
28 Was the organization a party to a business transaction with one or more 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>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
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>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	X	
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>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
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>		X
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>		X
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>		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
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>		X
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	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question numbers (1a-14b), Yes/No checkboxes, and numerical input fields. Includes questions about Form 1096, Form W-2G, Form W-3, Form 990-T, Form 8886-T, Form 8282, Form 8899, Form 1098-C, Form 4966, Form 501(c)(7), Form 501(c)(12), Form 4947(a)(1), and Form 501(c)(29).

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 [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (20), 1b (18), 2 (X), 3 (X), 4 (X), 5 (X), 6 (X), 7a (X), 7b (X), 8a (X), 8b (X), 9 (X).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (X), 10b, 11a (X), 11b, 12a (X), 12b (X), 12c (X), 13 (X), 14 (X), 15a (X), 15b (X), 16a (X), 16b.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed MD
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
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: CHERYL NOTTINGHAM - 410-641-9095 9733 HEALTHWAY DRIVE, BERLIN, MD 21811

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) LOUIS TAYLOR CHAIRMAN	2.00	X		X			0.	0.	0.	
(2) HEATHER STANSBURY VICE CHAIRMAN	2.00	X		X			0.	0.	0.	
(3) HUGH CROPPER IV TREASURER	2.00	X		X			0.	0.	0.	
(4) WILLIAM ESHAM III SECRETARY	2.00	X		X			0.	0.	0.	
(5) DR. JON ANDES DIRECTOR	2.00	X					0.	0.	0.	
(6) J. RYAN BERGEY III DIRECTOR	2.00	X					0.	0.	0.	
(7) CORY CARPENTER, MD VICE CHIEF OF STAFF, EX-OFFICIO	2.00	X					0.	0.	0.	
(8) EDWIN CASTANEDA, MD DIRECTOR	2.00	X					0.	0.	0.	
(9) CHARLOTTE CATHELL DIRECTOR	2.00	X					0.	0.	0.	
(10) TODD FERRANTE EX OFFICIO	2.00	X					0.	0.	0.	
(11) DEBBIE GOELLER EX OFFICIO	2.00	X					0.	0.	0.	
(12) JEFFREY GREENWOOD, MD DIRECTOR	2.00	X					0.	0.	0.	
(13) MICHAEL GUERRIERI DIRECTOR	2.00	X					0.	0.	0.	
(14) G. HALE HARRISON DIRECTOR	2.00	X					0.	0.	0.	
(15) MICHAEL JAMES DIRECTOR	2.00	X					0.	0.	0.	
(16) HARRIET L JOHNSON DIRECTOR	2.00	X					0.	0.	0.	
(17) GREGORY SHOCKLEY DIRECTOR	2.00	X					0.	0.	0.	

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) LOIS SIRMAN DIRECTOR	2.00	X						0.	0.	0.
(19) ROBERT THOMPSON DIRECTOR	2.00	X						0.	0.	0.
(20) MICHAEL FRANKLIN PRESIDENT & CEO, EX-OFFICIO	40.00	X		X				552,216.	0.	28,462.
(21) ALAE ZARIF, MD CHIEF OF STAFF, EX-OFFICIO	40.00	X						971,822.	0.	28,462.
(22) CHERYL NOTTINGHAM CFO	40.00			X				224,218.	0.	24,526.
(23) JAMES BRANNON VP PROFESSIONAL SERVICES	40.00				X			173,781.	0.	25,491.
(24) COLLEEN WAREING VP PATIENT CARE	40.00				X			166,269.	0.	20,080.
(25) CURTIS D ASBURY PHYSICIAN	40.00					X		866,164.	0.	13,958.
(26) RABINDRA PAUL PHYSICIAN	40.00					X		572,886.	0.	28,357.
1b Sub-total								3,527,356.	0.	169,336.
c Total from continuation sheets to Part VII, Section A								1,462,935.	0.	67,667.
d Total (add lines 1b and 1c)								4,990,291.	0.	237,003.

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 **90**

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

Section B. Independent Contractors

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

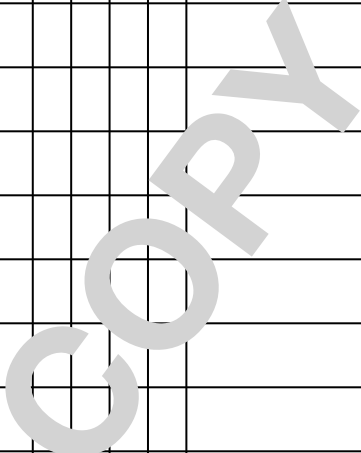
(A) Name and business address	(B) Description of services	(C) Compensation
ALLSCRIPTS HEALTHCARE, LLC, 305 CHURCH AT NORTH HILL STREET, RALEIGH, NC 27609	IT SERVICES	1,480,772.
THE WHAYLAND COMPANY, LLC 30613 SUSSEX HIGHWAY, LAUREL, DE 19956	CONSTRUCTION	892,150.
PENINSULA REGIONAL MEDICAL CENTER, 100 EAST CARROLL STREET, SALISBURY, MD 21801	MEDICAL SERVICES	847,682.
HORIZON CSA, LLC 265 PIT ROAD, MOORESVILLE, NC 28115	MEDICAL SERVICES	688,480.
ATLANTIC GASTROENTEROLOGY, PA 314 FRANKLIN AVENUE, BERLIN, MD 21811	MEDICAL SERVICES	686,324.

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 **32**

SEE PART VII, SECTION A CONTINUATION SHEETS

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(27) JAMES M SKOLKA PHYSICIAN	40.00				X			394,653.	0.	28,462.
(28) JAMES CHERRY PHYSICIAN	40.00				X			571,745.	0.	27,929.
(29) SARA MOGHADDAM PHYSICIAN	40.00				X			496,537.	0.	11,276.
Total to Part VII, Section A, line 1c								1,462,935.		67,667.



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	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c	274,088.				
	d Related organizations	1d					
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	3,173,297.				
	g Noncash contributions included in lines 1a-1f: \$		53,491.				
	h Total. Add lines 1a-1f		3,447,385.				
	Program Service Revenue	2 a NET PATIENT REVENUE	Business Code 621110	114,530,350.	114,530,350.		
b PHARMACY		621110	2,562,637.	2,466,050.	96,587.		
c OTHER OPERATING		621110	178,897.	83,206.	95,691.		
d							
e							
f All other program service revenue							
g Total. Add lines 2a-2f			117,271,884.				
Other Revenue		3 Investment income (including dividends, interest, and other similar amounts)		385,623.			385,623.
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	261,874.				
		(ii) Personal					
		b Less: rental expenses	169,853.				
		c Rental income or (loss)	92,021.				
	d Net rental income or (loss)		92,021.			92,021.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other	84,255.				
		b Less: cost or other basis and sales expenses	42,919.	0.			
		c Gain or (loss)	-42,919.	84,255.			
	d Net gain or (loss)		41,336.			41,336.	
	8 a Gross income from fundraising events (not including \$ 274,088. of contributions reported on line 1c). See Part IV, line 18	a	107,431.				
		b Less: direct expenses	97,124.				
c Net income or (loss) from fundraising events			10,307.			10,307.	
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses						
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a	168,380.					
	b Less: cost of goods sold	55,270.					
	c Net income or (loss) from sales of inventory		113,110.			113,110.	
Miscellaneous Revenue		Business Code					
11 a MISCELLANEOUS		621110	381,384.	381,384.			
	b CAFETERIA	621110	220,424.	220,424.			
	c						
	d All other revenue						
	e Total. Add lines 11a-11d		601,808.				
12 Total revenue. See instructions.		121,963,474.	117,681,414.	192,278.	642,397.		

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	5,186,516.	4,038,181.	1,148,335.	
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	47,099,214.	41,941,901.	5,006,932.	150,381.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	635,000.		635,000.	
9 Other employee benefits	6,406,618.	2,096,538.	4,309,068.	1,012.
10 Payroll taxes	3,302,784.	2,896,240.	395,958.	10,586.
11 Fees for services (non-employees):				
a Management				
b Legal	97,988.	71,782.	26,206.	
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 Sch. O.)	5,658,492.	5,549,441.	109,051.	
12 Advertising and promotion	905,439.	897,655.	1,699.	6,085.
13 Office expenses	2,126,147.	1,781,381.	343,945.	821.
14 Information technology	3,980,913.	19,786.	3,961,127.	
15 Royalties				
16 Occupancy	1,008,907.	1,002,651.	6,256.	
17 Travel	230,503.	192,738.	35,305.	2,460.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	98,308.	78,399.	19,909.	
20 Interest	734,628.	734,628.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	6,609,425.	6,605,493.	3,932.	
23 Insurance	1,563,567.	1,563,567.		
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 SUPPLIES	23,216,949.	23,094,838.	105,094.	17,017.
b PURCHASED SERVICES & PR	3,222,077.	2,135,139.	1,077,324.	9,614.
c REPAIRS & MAINTENANCE	2,242,905.	1,946,719.	285,405.	10,781.
d OUTSIDE LAB SERVICES	1,170,105.	1,170,105.		
e All other expenses	1,601,970.	1,399,131.	197,337.	5,502.
25 Total functional expenses. Add lines 1 through 24e	117,098,455.	99,216,313.	17,667,883.	214,259.
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 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		1	
	2 Savings and temporary cash investments	13,604,572.	2	12,064,308.
	3 Pledges and grants receivable, net	27,767.	3	2,531,290.
	4 Accounts receivable, net	9,041,690.	4	10,340,795.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	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 instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	2,623,947.	8	2,738,539.
	9 Prepaid expenses and deferred charges	1,702,323.	9	2,171,393.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 113,091,704.		
	b Less: accumulated depreciation	10b 63,912,394.	48,584,150.	10c 49,179,310.
	11 Investments - publicly traded securities	10,244,494.	11	11,908,268.
	12 Investments - other securities. See Part IV, line 11	7,696.	12	7,696.
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets	66,304.	14	49,056.
	15 Other assets. See Part IV, line 11	5,241,956.	15	5,213,823.
16 Total assets. Add lines 1 through 15 (must equal line 34)	91,144,899.	16	96,204,478.	
Liabilities	17 Accounts payable and accrued expenses	10,108,847.	17	11,818,136.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	15,132,689.	20	13,695,546.
	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	
	23 Secured mortgages and notes payable to unrelated third parties	7,815,130.	23	7,143,901.
	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	9,601,643.	25	9,051,383.
	26 Total liabilities. Add lines 17 through 25	42,658,309.	26	41,708,966.
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	48,369,206.	27	51,562,512.
	28 Temporarily restricted net assets	117,384.	28	2,933,000.
	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	48,486,590.	33	54,495,512.	
34 Total liabilities and net assets/fund balances	91,144,899.	34	96,204,478.	

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	121,963,474.
2	Total expenses (must equal Part IX, column (A), line 25)	2	117,098,455.
3	Revenue less expenses. Subtract line 2 from line 1	3	4,865,019.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	48,486,590.
5	Net unrealized gains (losses) on investments	5	1,378,017.
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	-234,114.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	54,495,512.

Part XII Financial Statements and Reporting

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

- 1 Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant? Yes No
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- b Were the organization's financial statements audited by an independent accountant? Yes No
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? Yes No
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? Yes No
- b If "Yes," did the organization undergo the required audit or audits? Yes No
If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
1		
2a		X
b	X	
c	X	
3a		X
3b		

Form 990 (2016)

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.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization **ATLANTIC GENERAL HOSPITAL** Employer identification number **52-1656507**

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

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public charity. 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		
Total						

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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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 2016 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2015 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2016. 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 - 2015. 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 - 2016. 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 - 2015. 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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2016. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2015. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

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

Part IV Supporting Organizations

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

Section A. All Supporting Organizations

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

Part IV Supporting Organizations (continued)

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

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

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

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

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

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

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

Section C - Distributable Amount		(A) Prior Year	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).		

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 2016 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-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required- explain in Part VI). See instructions			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013			
d From 2014			
e From 2015			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2016, 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 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions			
7 Excess distributions carryover to 2017. Add lines 3j and 4c			
8 Breakdown of line 7:			
a			
b Excess from 2013			
c Excess from 2014			
d Excess from 2015			
e Excess from 2016			

Schedule A (Form 990 or 990-EZ) 2016

Part VI

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

Lined area for supplemental information with a large diagonal 'COPY' watermark.

Schedule B

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

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Name of the organization

ATLANTIC GENERAL HOSPITAL

Employer identification number

52-1656507

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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

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

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

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

501(c)(3) taxable private foundation

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

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

General Rule

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

Special Rules

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

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

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

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

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	AGH AUXILIARY 9733 HEALTHWAY DRIVE BERLIN, MD 21811	\$ 105,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	AGH JUNIOR AUXILIARY GROUP 9733 HEALTHWAY DRIVE BERLIN, MD 21811	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	ALAE ZARIF 8708 CYPRESS STREET BERLIN, MD 21811	\$ 7,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	BANK OF OCEAN CITY PO BOX 150 OCEAN CITY, MD 21843	\$ 53,775.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	BULL ON THE BEACH RESTAURANTS 12507 SUNSET AVENUE, #8 OCEAN PINES, MD 21842	\$ 30,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	CALVIN B. TAYLOR BANKING CO. PO BOX 5 BERLIN, MD 21811	\$ 23,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	CHARLOTTE K. CATHELL 36 PINEHURST ROAD BERLIN, MD 21811	\$ 12,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	CHRISTINE W. GLICK 10706 PINEY ISLAND DRIVE BISHOPVILLE, MD 21813-1452	\$ 5,350.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	COMMUNITY FOUNDATION OF THE EASTERN SHORE 1324 BELMONT AVENUE, SUITE 401 SALISBURY, MD 21804	\$ 102,115.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	DELMARVA MEDIA GROUP/THE DAILY TIMES 115 S. DIVISION ST. SALISBURY, MD 21801	\$ 5,536.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
11	DOUGH ROLLER RESTAURANTS PO BOX 419 OCEAN CITY, MD 21843-0419	\$ 8,300.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
12	EMERGENCY SERVICE ASSOCIATES, P.A. 100 E. CARROLL STREET SALISBURY, MD 21801	\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13	ESTATE OF ALICE M. EASTBURN 1400 N. MARKET STREET WILMINGTON, DE 19801	\$ 29,561.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
14	ESTATE OF JAMES G. GIATRAS 2801 N. BALTIMORE AVE UNIT 309 OCEAN CITY, MD 21842	\$ 95,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
15	HAL GLICK SERVICE AWARD GALA 11036 WORCESTER HIGHWAY BERLIN, MD 21811	\$ 14,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
16	HARDWIRE LLC 1947 CLARKE AVE POCOMOKE CITY, MD 21851	\$ 14,000.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
17	HARVEY L. BERGER 11734 INDIAN RIDGE ROAD RESTON, VA 20191	\$ 25,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
18	HORIZON CSA, LLC 265 PIT ROAD MOORESVILLE, NC 28115	\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
19	INSURANCE MANAGEMENT GROUP, INC. 109 77TH STREET OCEAN CITY, MD 21842	\$ 25,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
20	JACK BURBAGE FOUNDATION, INC. 9428 STEPHEN DECATUR HIGHWAY BERLIN, MD 21811	\$ 110,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
21	JOHN W. FAGER 11831 BACK CREEK ROAD BISHOPVILLE, MD 21813	\$ 10,250.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
22	KELLY FOODS CORPORATION 33337 MEDINA ROAD MEDINA, OH 44256	\$ 12,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
23	MARYLAND HOSPITAL ASSOCIATION 6820 DEERPATH ROAD ELKRIDGE, MD 21705	\$ 30,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
24	NAGE CATERING AND PANTRY LLC 19724 COASTAL HIGHWAY REHOBOTH BEACH, DE 19971	\$ 6,790.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
25	NANCY W. BARRETT 2 BUCKINGHAM ROAD BERLIN, MD 21811-1412	\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
26	NETCRAFTSMEN, LLC 7134 COLUMBIA GATEWAY DRIVE, SUITE 100 COLUMBIA, MD 21046	\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
27	OCEAN AMUSEMENTS, INC. PO BOX 986 OCEAN CITY, MD 21843-0986	\$ 25,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
28	PARK PLACE JEWELERS 12641 OCEAN GATEWAY OCEAN CITY, MD 21842	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
29	SYSCO EASTERN MARYLAND, LLC PO BOX 477 POCOMOKE CITY, MD 21851	\$ 17,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
30	THE CAROUSEL GROUP 11700 COASTAL HIGHWAY OCEAN CITY, MD 21842	\$ 13,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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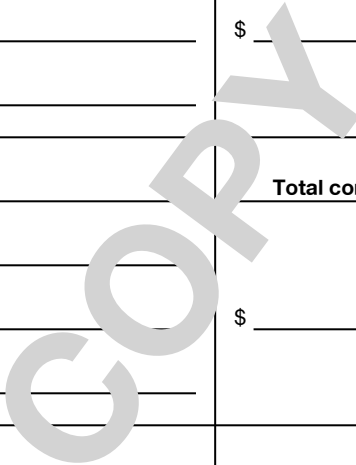
Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
31	THE HARRISON GROUP PO BOX 160 OCEAN CITY, MD 21843	\$ 26,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
32	THE M&T CHARITABLE FOUNDATION 1100 NORTH MARKET ST WILMINGTON, DE 19890	\$ 32,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
33	THE WHITING-TURNER CONTRACTING COMPANY 100 WEST MAIN ST SALISBURY, MD 21801	\$ 7,750.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
34	TOWN OF BERLIN 10 WILLIAM STREET BERLIN, MD 21811	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
35	WILDE CHARITABLE FOUNDATION, INC. P.O. BOX 540 OCEAN CITY, MD 21843-0540	\$ 5,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
36	WILLOW CONSTRUCTION, LLC 400 MARYLAND AVENUE EASTON, MD 21601	\$ 29,165.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
37	WORCESTER COUNTY COMMISSIONERS PO BOX 248 SNOW HILL, MD 21863-0248	\$ 75,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)



Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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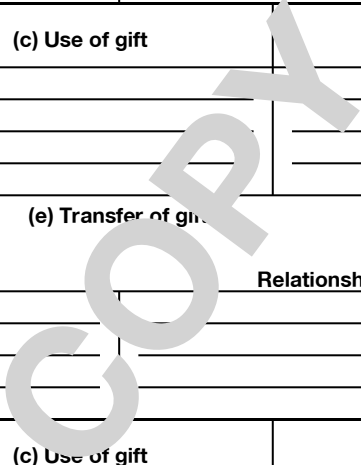
Part II Noncash Property (See instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
10	IN-KIND MEDIA FOR OCEAN CITY HEALTH FAIR _____ _____ _____	\$ <u>1,036.</u>	<u>04/07/17</u>
11	IN-KIND FOOD FOR DINNER AT GOLF TOURNAMENT _____ _____ _____	\$ <u>2,500.</u>	<u>09/22/16</u>
16	IN-KIND SIGN PRINTING _____ _____ _____	\$ <u>14,000.</u>	<u>05/18/17</u>
24	IN-KIND CATERING SERVICES FOR ANNIVERSARY CELEBRATION _____ _____ _____	\$ <u>6,790.</u>	<u>05/18/17</u>
36	IN KIND PRECONSTRUCTION SERVICES _____ _____ _____	\$ <u>29,165.</u>	<u>04/30/17</u>
	_____ _____ _____	\$ _____	_____

Name of organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
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Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

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



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.**

▶ **Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No. 1545-0047

2016
Open to Public Inspection

Name of the organization ATLANTIC GENERAL HOSPITAL **Employer identification number** 52-1656507

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).

Preservation of land for public use (e.g., recreation or education) Preservation of a historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (c)	2c
d Number of conservation easements included in (c) acquired after 8/17/00 and not on a historic structure listed in the National Register	2d

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

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

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

Yes No

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

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

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

Yes No

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

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

a Revenue included on Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule D (Form 990) 2016

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	5,007,236.	5,306,622.	5,587,476.	4,979,858.	4,635,531.
b Contributions	279,635.				
c Net investment earnings, gains, and losses	-74,567.	-63,878.	29,024.	730,740.	547,495.
d Grants or scholarships					
e Other expenditures for facilities and programs		204,117.	270,811.	83,940.	166,017.
f Administrative expenses	32,083.	31,391.	39,067.	39,182.	37,151.
g End of year balance	5,180,221.	5,007,236.	5,306,622.	5,587,476.	4,979,858.

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

- a Board designated or quasi-endowment 62.00
- b Permanent endowment 38.00 %
- c Temporarily restricted endowment .00 %

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

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

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

	Yes	No
3a(i)		X
3a(ii)		X
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		5,841,074.		5,841,074.
b Buildings		40,997,191.	16,973,781.	24,023,410.
c Leasehold improvements				
d Equipment		60,611,857.	46,938,613.	13,673,244.
e Other		5,641,582.		5,641,582.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				49,179,310.

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. (Col. (b) must equal Form 990, Part X, col. (B) line 12.)		

Part VIII Investments - Program Related.

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

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

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 14. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DONOR RESTRICTED CASH	84,906.
(2) BOARD DESIGNATED RESTRICTED CASH	66,913.
(3) DEFERRED FINANCING COSTS	774,312.
(4) INSURANCE RECOVERABLE	4,287,692.
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	5,213,823.

Part X Other Liabilities.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ADVANCES FROM THIRD PARTIES	934,662.
(3) CAPITAL LEASE	1,613,863.
(4) INSURANCE UNPAID LOSS	4,287,692.
(5) INSURANCE IBNR FOR CAPTIVE	2,022,793.
(6) SWAP CONTRACT	192,373.
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	9,051,383.

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.

1	Total revenue, gains, and other support per audited financial statements		1	120,461,614.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments	2a	1,378,017.	
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d	169,853.	
e	Add lines 2a through 2d	2e		1,547,870.
3	Subtract line 2e from line 1	3		118,913,744.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b	3,049,730.	
c	Add lines 4a and 4b	4c		3,049,730.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5		121,963,474.

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

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

1	Total expenses and losses per audited financial statements		1	117,268,308.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII.)	2d	169,853.	
e	Add lines 2a through 2d	2e		169,853.
3	Subtract line 2e from line 1	3		117,098,455.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b		
c	Add lines 4a and 4b	4c		0.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part VIII, line 16.)	5		117,098,455.

Part XIII Supplemental Information.

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

PART V, LINE 4:

THE COMMUNITY FOUNDATION OF THE EASTERN SHORE HOLDS, AND ACCOUNTS FOR IN ITS FINANCIAL STATEMENTS, A PERMANENT ENDOWMENT FUND (THE "FUND") ESTABLISHED IN THE HOSPITAL'S NAME. THE HOSPITAL IS THE SOLE BENEFICIARY OF THE FUND AND IS ENTITLED TO INVESTMENT INCOME EARNED BY THE FUND. THE 2016 TAX YEAR ENDING BALANCE FOR THE FUND WAS \$1,958,131.

PART X, LINE 2:

THE CORPORATION IS EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AS A PUBLIC CHARITY. FEDERAL TAX LAW REQUIRES THAT THE CORPORATION BE OPERATED IN A MANNER CONSISTENT WITH ITS INITIAL EXEMPTION APPLICATION IN ORDER TO MAINTAIN ITS EXEMPT STATUS. MANAGEMENT

Part XIII Supplemental Information (continued)

HAS ANALYZED THE OPERATIONS OF THE CORPORATION AND CONCLUDED THAT IT REMAINS IN COMPLIANCE WITH THE REQUIREMENTS FOR EXEMPTION.

THE STATE IN WHICH THE CORPORATION OPERATES ALSO PROVIDES GENERAL EXEMPTION FROM STATE INCOME TAXATION FOR ORGANIZATIONS THAT ARE EXEMPT FROM FEDERAL INCOME TAXATION. HOWEVER, THE CORPORATION IS SUBJECT TO BOTH FEDERAL AND STATE INCOME TAXATION AT CORPORATE TAX RATES ON ITS UNRELATED BUSINESS INCOME. EXEMPTION FROM OTHER STATE TAXES, SUCH AS REAL AND PERSONAL PROPERTY TAXES, IS SEPARATELY DETERMINED.

CURRENT ACCOUNTING STANDARDS DEFINE THE THRESHOLD FOR RECOGNIZING UNCERTAIN INCOME TAX RETURN POSITIONS IN THE FINANCIAL STATEMENTS AS "MORE LIKELY THAN NOT" THAT THE POSITION IS SUSTAINABLE, BASED ON TECHNICAL MERITS, AND ALSO PROVIDE GUIDANCE ON THE MEASUREMENT, CLASSIFICATION, AND DISCLOSURE OF TAX RETURN POSITIONS IN THE FINANCIAL STATEMENTS. MANAGEMENT BELIEVES THERE IS NO IMPACT ON THE CORPORATION'S ACCOMPANYING FINANCIAL STATEMENTS RELATED TO UNCERTAIN INCOME TAX PROVISIONS.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

RENTAL EXPENSES 169,853.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

RESTRICTED CONTRIBUTION 3,049,730.

PART XII, LINE 2D - OTHER ADJUSTMENTS:

RENTAL EXPENSES 169,853.

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

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))	
		2017 ANNIVERSARY (event type)	GOLF CLASSIC (event type)	1 (total number)		
Revenue	1	Gross receipts	140,295.	131,697.	109,527.	381,519.
	2	Less: Contributions	84,545.	80,016.	109,527.	274,088.
	3	Gross income (line 1 minus line 2)	55,750.	51,681.		107,431.
Direct Expenses	4	Cash prizes		1,248.		1,248.
	5	Noncash prizes		8,851.	19,205.	28,056.
	6	Rent/facility costs	12,397.	7,888.		20,285.
	7	Food and beverages	31,808.	3,969.		35,777.
	8	Entertainment	350.			350.
	9	Other direct expenses	4,685.	1,750.	4,973.	11,408.
	10	Direct expense summary. Add lines 4 through 9 in column (d)				97,124.
11	Net income summary. Subtract line 10 from line 3, column (d)				10,307.	

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

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

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

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

b If "No," explain: _____

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

b If "Yes," explain: _____

- 11** Does the organization conduct gaming activities with nonmembers? Yes No
- 12** Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming? Yes No
- 13** Indicate the percentage of gaming activity conducted in:
- | | | |
|--------------------------------------|------------|---|
| a The organization's facility | 13a | % |
| b An outside facility | 13b | % |
- 14** Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ _____

Address ▶ _____

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

Name ▶ _____

Address ▶ _____

16 Gaming manager information:

Name ▶ _____

Gaming manager compensation ▶ \$ _____

Description of services provided ▶ _____

Director/officer Employee Independent contractor

17 Mandatory distributions:

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

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

Part IV Supplemental Information *(continued)*

COPY

**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, question 20.
- ▶ Attach to Form 990.
- ▶ Information about Schedule H (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization **ATLANTIC GENERAL HOSPITAL** Employer identification number **52-1656507**

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

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

	(a) Number of activities or programs (optional)	(b) Percent served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
7 Financial Assistance and Certain Other Community Benefits at Cost						
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			1669450.		1669450.	1.43%
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			1669450.		1669450.	1.43%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1160778.	2,303.	1158475.	.99%
f Health professions education (from Worksheet 5)			647,615.	1,600.	646,015.	.55%
g Subsidized health services (from Worksheet 6)			7643881.	359,084.	7284797.	6.22%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			45,292.		45,292.	.04%
j Total. Other Benefits			9497566.	362,987.	9134579.	7.80%
k Total. Add lines 7d and 7j			11167016.	362,987.	10804029.	9.23%

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			1,094.		1,094.	.00%
2 Economic development			1,055.		1,055.	.00%
3 Community support			158,039.		158,039.	.13%
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building			27,139.		27,139.	.02%
7 Community health improvement advocacy			2,600.		2,600.	.00%
8 Workforce development			3,828.		3,828.	.00%
9 Other			102,296.		102,296.	.09%
10 Total			296,051.		296,051.	.24%

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	X
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	3,146,936.
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 for including this portion of bad debt as community benefit	3	
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.		

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IM)	5	49,973,063.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	31,264,669.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	18,708,394.
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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year?	9a	X
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	X

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

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

Part V Facility Information (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 ATLANTIC GENERAL HOSPITAL

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

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: <u>2015</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	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.ATLANTICGENERAL.ORG</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	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: <u>2015</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a If "Yes," (list url): <u>WWW.ATLANTICGENERAL.ORG</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)?		X
b 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 ATLANTIC GENERAL HOSPITAL

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	X	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>300</u> %		
b <input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input type="checkbox"/> Insurance status		
f <input type="checkbox"/> Underinsurance status		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	X	
15 Explained the method for applying for financial assistance?	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
16 Was widely publicized within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.ATLANTICGENERAL.ORG</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW.ATLANTICGENERAL.ORG</u>		
c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>WWW.ATLANTICGENERAL.ORG</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 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 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 ATLANTIC GENERAL HOSPITAL

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

Policy Relating to Emergency Medical Care

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

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group ATLANTIC GENERAL HOSPITAL

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 The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period
- b 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 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 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?

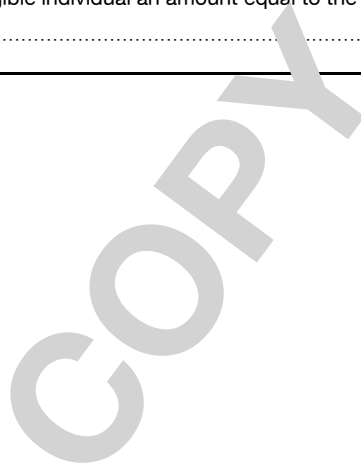
If "Yes," explain in Section C.

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.

	Yes	No
23		X
24		X

Schedule H (Form 990) 2016



Part V Facility Information (continued)

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

ATLANTIC GENERAL HOSPITAL:

PART V, SECTION B, LINE 5: THE HOSPITAL FACILITY TOOK INTO ACCOUNT INPUT FROM REPRESENTATIVES OF THE COMMUNITY SERVED BY THE HOSPITAL FACILITY, INCLUDING THOSE WITH SPECIAL EXPERTISE IN PUBLIC HEALTH AND REPRESENTATIVES FROM UNDERSERVED, UNINSURED OR MINORITY GROUPS. IN PARTICULAR, INFORMATION WAS GATHERED FROM PARTICIPANTS IN OUR FREE CLINICS AND SCREENINGS, CHURCH GROUPS (VARIOUS CONGREGATIONS TO WHOM WE PROVIDE SERVICES AND THROUGH THOSE REPRESENTED IN OUR FAITH BASED PARTNERSHIP), LOCAL BUSINESSES AND THROUGH OUR COMMUNITY HEALTH FAIRS. THIS PRIMARY DATA WAS COLLECTED THROUGH THE USE OF PAPER QUESTIONNAIRES PROVIDED DIRECTLY TO THE PARTICIPANTS, AS WELL AS QUESTIONNAIRES THAT COULD BE ACCESSED ON THE HOSPITAL FACILITY'S WEBSITE.

WE ALSO CONSULTED WITH NUMEROUS AGENCIES IN THE COMMUNITY WHO ARE KNOWLEDGEABLE ABOUT HEALTH NEEDS OF THE COMMUNITY, INCLUDING:

- WORCESTER COUNTY HEALTH DEPARTMENT
- WORCESTER COUNTY PREVENTION OFFICE
- WORCESTER COUNTY MENTAL/BEHAVIOR HEALTH SERVICES
- MAC, INC. (MAINTAINING ACTIVE CITIZENS-YOUR AREA AGENCY OF AGING)
- CAREGIVERS RESOURCE CENTER
- LOCAL PARKS AND RECREATION DEPARTMENTS
- TRI-COUNTY DIABETES ALLIANCE
- TRI-COUNTY COMMUNITY HEALTH BOARD
- COASTAL HOSPICE
- WORCESTER COUNTY BOARD OF EDUCATION

Part V Facility Information (continued)

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

WORCESTER YOUTH AND FAMILY SERVICES

ATLANTIC GENERAL HOSPITAL:

PART V, SECTION B, LINE 6A: PART OF THE DATA USED IN OUR COMMUNITY HEALTH NEEDS ASSESSMENT STEMS FROM THE TRI-COUNTY NEEDS ASSESSMENT UNDERTAKEN IN CONJUNCTION WITH PENINSULA REGIONAL MEDICAL CENTER IN SALISBURY AND MCCREADY HOSPITAL IN CRISFIELD.

ATLANTIC GENERAL HOSPITAL:

PART V, SECTION B, LINE 11: DURING THE HOSPITAL FACILITY'S 2017 TAX YEAR, IT CONTINUED TO ADDRESS COMMUNITY HEALTH NEEDS IDENTIFIED IN ITS MOST RECENTLY CONDUCTED CHNA PURSUANT TO THE IMPLEMENTATION STRATEGY. BELOW IS A BRIEF DESCRIPTION OF SOME OF THE ACTIVITIES UNDERTAKEN TO MEET IDENTIFIED COMMUNITY HEALTH NEEDS:

1. INCREASE COMMUNITY ACCESS TO COMPREHENSIVE, QUALITY HEALTHCARE SERVICES.

1) REDUCE UNNECESSARY HEALTHCARE COSTS AND REDUCTION IN HOSPITAL ADMISSIONS AND READMISSIONS DURING FY17

2) INCREASE IN AWARENESS AND SELF-MANAGEMENT OF CHRONIC DISEASE DURING FY17

3) REDUCE HEALTH DISPARITIES DURING FY17. PARTNER WITH POULTRY PLANTS TO PROMOTE WELLNESS BY COMMUNITY EDUCATION EVENTS AND ACCESS TO SCREENINGS. PROVIDE COMMUNITY HEALTH EVENTS TO TARGET MINORITY POPULATIONS BY INCREASING RELATIONSHIPS WITH FAITH-BASED PARTNERSHIPS, LOCAL BUSINESSES

Part V Facility Information (continued)

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

AND CULTURAL/ETHNIC COMMUNITY EVENTS. EDUCATE COMMUNITY ON FINANCIAL ASSISTANCE OPTIONS TO IMPROVE AFFORDABILITY OF CARE AND REDUCE DELAY IN CARE.

4) INCREASE COMMUNITY CAPACITY AND COLLABORATION FOR SHARED RESPONSIBILITY TO ADDRESS UNMET HEALTH NEEDS DURING FY17

5) INCREASE NUMBER OF PRACTICING PRIMARY CARE PROVIDERS AND SPECIALISTS TO COMMUNITY DURING FY17

2. DECREASE THE INCIDENCE OF ADVANCED BREAST, LUNG, COLON, AND SKIN CANCER IN COMMUNITY

1) INCREASE AWARENESS AROUND IMPORTANCE OF PREVENTION AND EARLY DETECTION AND REDUCE HEALTH DISPARITIES.

2) INCREASE PROVIDER SERVICES IN COMMUNITY TO PROVIDE FOR CANCER RELATED TREATMENT.

3) IMPROVE ACCESS AND REFERRALS TO COMMUNITY RESOURCES RESULTING IN BETTER OUTCOMES.

4) INCREASE SUPPORT TO PATIENTS AND CAREGIVERS.

5) INCREASE PARTICIPATION IN COMMUNITY CANCER SCREENINGS ESPECIALLY AT-RISK AND VULNERABLE POPULATIONS.

3. PROMOTE COMMUNITY RESPIRATORY HEALTH THROUGH BETTER PREVENTION, DETECTION, TREATMENT, AND EDUCATION EFFORTS

1) DECREASE TOBACCO USE IN WORCESTER COUNTY. PROVIDE SPEAKERS TO COMMUNITY GROUPS ON SMOKING CESSATION.

2) INCREASE PARTICIPATION IN COMMUNITY LUNG/RESPIRATORY SCREENINGS ESPECIALLY AT-RISK AND VULNERABLE POPULATIONS.

3) INCREASE AWARENESS AROUND IMPORTANCE OF PREVENTION AND EARLY DETECTION.

Part V Facility Information (continued)

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

4) INCREASE HEALTH LITERACY FOR HEALTH CONDITIONS/HEALTHY LIVING. IMPROVE HEALTH LITERACY IN MIDDLE SCHOOLS RELATED TO TOBACCO USE

5) INCREASE PROVIDER SERVICES IN COMMUNITY TO PROVIDE FOR RESPIRATORY RELATED TREATMENT

6) DECREASE HOSPITAL ADMISSIONS AND READMISSIONS. REDUCE EMERGENCY DEPARTMENT (ED) VISITS FOR CHRONIC OBSTRUCTIVE PULMONARY DISEASE (COPD) AND ASTHMA

4. SUPPORT COMMUNITY MEMBERS IN ACHIEVING A HEALTHY WEIGHT

1) INCREASE HEALTH LITERACY AND SELF-MANAGEMENT FOR HEALTH CONDITIONS/HEALTHY LIVING BY INCREASING AWARENESS AROUND IMPORTANCE OF NUTRITION, EXERCISE AND HEALTHY WEIGHT. IMPROVE HEALTH LITERACY IN ELEMENTARY AND MIDDLE SCHOOLS RELATED TO NUTRITION AND EXERCISE THROUGH THE INTEGRATED HEALTH LITERACY PROGRAM.

2) INCREASE PATIENT ENGAGEMENT IN SELF-MANAGEMENT OF CHRONIC CONDITIONS. CONTINUE TO PROVIDE EDUCATION ON HEALTH LIVING TOPICS TO FAITH-BASED PARTNERSHIP AND COMMUNITY SENIOR CENTERS

3) INCREASE AWARENESS OF COMMUNITY RESOURCES, PROGRAMS AND SERVICES.

4) INCREASE PARTICIPATION IN COMMUNITY BMI SCREENINGS AND HYPERTENSION SCREENINGS ESPECIALLY AT-RISK AND VULNERABLE POPULATIONS.

5) INCREASE AND STRENGTHEN CAPACITY AND COLLABORATION FOR SHARED RESPONSIBILITY TO ADDRESS UNMET HEALTH NEEDS. INTEGRATE HEALTHY PEOPLE 2020 OBJECTIVES INTO AGHS OFFICES.

6) INCREASE ACCESS TO HEALTHY FOODS AND NUTRITIONAL INFORMATION. PROVIDE SPEAKERS TO COMMUNITY GROUPS ON NUTRITION

Part V Facility Information *(continued)*

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

5. DECREASE INCIDENCE OF DIABETES IN THE COMMUNITY.

1) REDUCE UNNECESSARY HEALTHCARE COSTS AND DECREASE HOSPITAL ADMISSIONS AND READMISSIONS.

2) INCREASE AWARENESS AROUND IMPORTANCE OF PREVENTION OF DIABETES AND EARLY DETECTION.

3) INCREASE PATIENT ENGAGEMENT IN SELF-MANAGEMENT OF CHRONIC CONDITIONS.

4) INCREASE PROVIDER SERVICES IN COMMUNITY TO PROVIDE FOR DIABETES RELATED TREATMENT.

5) INCREASE PARTICIPATION IN COMMUNITY GLUCOSE SCREENINGS ESPECIALLY AT-RISK AND VULNERABLE POPULATIONS.

6) INCREASE COMMUNITY CAPACITY AND COLLABORATION FOR SHARED RESPONSIBILITY TO ADDRESS UNMET HEALTH NEEDS.

6. IMPROVE CARDIOVASCULAR HEALTH OF COMMUNITY

1) INCREASE AWARENESS AROUND IMPORTANCE OF PREVENTION AND EARLY DETECTION OF HEART DISEASE AND HYPERTENSION.

2) INCREASE HEALTH LITERACY FOR HEALTH CONDITIONS/HEALTHY LIVING. IMPROVE HEALTH LITERACY IN ELEMENTARY AND MIDDLE SCHOOLS RELATED TO HEART HEALTH.

3) INCREASE PARTICIPATION IN COMMUNITY HYPERTENSION, CHOLESTEROL AND CAROTID SCREENINGS ESPECIALLY AT-RISK AND VULNERABLE POPULATIONS.

INCREASE COMMUNITY HEALTH SCREENINGS FOR HIGH BLOOD PRESSURE, CAROTID ARTERY AND CHOLESTEROL

4) INCREASE PROVIDER SERVICES IN COMMUNITY TO PROVIDE FOR CARDIOVASCULAR RELATED TREATMENT. ENSURE PROPER PROFESSIONALS IN COMMUNITY TO PROVIDE VASCULAR CARE

5) INCREASE COMMUNITY CAPACITY AND COLLABORATION FOR SHARED RESPONSIBILITY TO ADDRESS UNMET HEALTH NEEDS.

Part V Facility Information (continued)

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

6) INCREASE PATIENT ENGAGEMENT IN SELF-MANAGEMENT OF CHRONIC CONDITIONS.

UTILIZE FAITH BASED PARTNERSHIPS, TO PROVIDE ACCESS

7) INCREASE CARE FOR INDIVIDUALS SUFFERING FROM CHRONIC CONDITIONS AND

DECREASE HOSPITAL ADMISSIONS AND READMISSIONS

8) DECREASE TOBACCO USE IN WORCESTER COUNTY. MAINTAIN AGH/HS CAMPUS AND

LOCATIONS AS TOBACCO FREE

7. INITIATIVE PROMOTE AND ENSURE LOCAL RESOURCES ARE IN PLACE TO ADDRESS MENTAL HEALTH.

1) INCREASE ACCURATE AND UP-TO-DATE INFORMATION AND REFERRAL SERVICE

2) IMPROVE HEALTH LITERACY IN ELEMENTARY AND MIDDLE SCHOOLS RELATED TO MENTAL HEALTH

3) INCREASE AWARENESS OF COMMUNITY RESOURCES, PROGRAMS AND SERVICES.

PARTICIPATE IN COMMUNITY EVENTS THAT SPOTLIGHT MENTAL HEALTH SERVICES.

4) INCREASE AND STRENGTHEN CAPACITY AND COLLABORATION FOR SHARED RESPONSIBILITY TO ADDRESS UNMET HEALTH NEEDS

5) INCREASE PROVIDER SERVICES IN COMMUNITY TO PROVIDE FOR MENTAL HEALTH RELATED TREATMENT

8. INITIATIVE: REDUCE OPIOID SUBSTANCE ABUSE TO PROTECT COMMUNITY HEALTH, SAFETY, AND QUALITY OF LIFE FOR ALL

1) IMPROVE HEALTH LITERACY IN MIDDLE SCHOOLS RELATED TO OPIOID ABUSE.

2) INCREASE ACCURATE AND UP-TO-DATE INFORMATION AND REFERRAL SERVICE.

3) DECREASE OPIOID ABUSE AND OVER DOSE RATES

4) INCREASE AND STRENGTHEN CAPACITY FOR SHARED RESPONSIBILITY TO ADDRESS UNMET HEALTH NEEDS.

Part V Facility Information (continued)

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

9. INITIATIVE: PREVENT ILLNESS AND DISABILITY RELATED TO ARTHRITIS AND OTHER RHEUMATIC CONDITIONS, OSTEOPOROSIS, AND CHRONIC BACK CONDITIONS IN THE COMMUNITY

- 1) REDUCE UNNECESSARY HEALTHCARE COSTS
- 2) INCREASE PROVIDER SERVICES TO COMMUNITY TO PROVIDE FOR ARTHRITIS AND OTHER RHEUMATIC CONDITIONS, OSTEOPOROSIS, AND CHRONIC BACK CONDITION RELATED TREATMENTS
- 3) INCREASE HEALTH LITERACY AND SELF-MANAGEMENT FOR CHRONIC HEALTH CONDITIONS/HEALTHY LIVING.

THE HOSPITAL FACILITY WILL NOT ATTEMPT TO ADDRESS ALL OF THE IDENTIFIED NEEDS IN ITS COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA). WHEN UNDERTAKING THE CHNA AND IMPLEMENTATION STRATEGY, THE HOSPITAL FACILITY WENT THROUGH A PRIORITIZATION PROCESS TO DETERMINE THOSE COMMUNITY HEALTH NEEDS THAT THE HOSPITAL FACILITY WOULD ATTEMPT TO ADDRESS. SOME OF THE FACTORS CONSIDERED WHEN PRIORITIZING THE NEEDS WERE THE SIZE AND SEVERITY OF THE NEED, THE HOSPITAL FACILITY'S ABILITY TO IMPACT THE NEED, THE AVAILABILITY OF OTHER RESOURCES AND STAKEHOLDERS IN THE COMMUNITY THAT ARE ALREADY ATTEMPTING TO MEET THE NEED, AND THE ABILITY FOR THE HOSPITAL TO EFFICIENTLY UTILIZE FINANCIAL RESOURCES TO EFFECT EACH NEED.

PURSUANT TO THE PRIORITIZATION PROCESS, THE HOSPITAL FACILITY DETERMINED THAT CERTAIN IDENTIFIED NEEDS WOULD NOT BE ADDRESSED BY THE HOSPITAL FACILITY, INCLUDING TRANSPORTATION AND DENTAL HEALTH SERVICES. WHILE TRANSPORTATION, PUBLIC OR PRIVATE, REMAINS A BARRIER IN THE RURAL COMMUNITY TO BETTER ACCESS TO HEALTH CARE, THERE

Part V Facility Information *(continued)*

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

ARE OTHER COMMUNITY ORGANIZATIONS BETTER ALIGNED TO ADDRESS THIS PRIORITY. FOR EXAMPLE, THERE IS THE SHORE TRANSIT SYSTEM, SHORE UP AND MEDICAL TRANSIT THROUGH AMERICAN CANCER SOCIETY AND OTHER ORGANIZATIONS THAT ADDRESS THIS NEED. IN ADDITION, DENTAL HEALTH SERVICES IS CURRENTLY ADDRESSED IN THE COMMUNITY BY THE PROGRAM AT THE COUNTY HEALTH DEPARTMENT, AS WELL AS THE FEDERAL PROGRAM THREE LOWER COUNTIES (TLC) AND BY LA RED IN SUSSEX COUNTY, DE.

EACH OF THE HEALTH NEEDS LISTED IN THE HOSPITAL'S CHNA AS WELL AS WORCESTER COUNTY HEALTH DEPARTMENT'S COMMUNITY NEEDS ASSESSMENT IS IMPORTANT AND IS BEING ADDRESSED BY NUMEROUS PROGRAMS AND INITIATIVES OPERATED BY THE HOSPITAL AND/OR OTHER COMMUNITY PARTNERS OF THE HOSPITAL. NEEDS NOT ADDRESSED AS A PRIORITY AREA IN THE IMPLEMENTATION PLAN ARE BEING ADDRESSED IN THE COMMUNITY BY OTHER ORGANIZATIONS AND BY ORGANIZATIONS BETTER SITUATED TO ADDRESS THE NEED.

ATLANTIC GENERAL HOSPITAL:

PART V, SECTION B, LINE 20E: THE HOSPITAL FACILITY OR AN AUTHORIZED THIRD PARTY DID NOT UNDERTAKE ANY OF THE COLLECTION ACTIONS NOTED IN PART V, SECTION B, LINE 16 BEFORE MAKING REASONABLE EFFORTS TO DETERMINE ANY PATIENT'S ELIGIBILITY UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY. IN ORDER TO HELP DETERMINE PATIENTS' ELIGIBILITY UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, THE HOSPITAL UNDERTAKES A NUMBER OF ACTIONS, INCLUDING NOTIFYING PATIENTS OF THE FINANCIAL ASSISTANCE POLICY ON ADMISSION, NOTIFYING PATIENTS OF THE FINANCIAL ASSISTANCE POLICY PRIOR TO DISCHARGE, NOTIFYING PATIENTS OF THE FINANCIAL ASSISTANCE POLICY IN

Part V Facility Information (continued)

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

COMMUNICATIONS WITH THE PATIENTS' BILLS, AND DOCUMENTING ITS DETERMINATION OF WHETHER PATIENTS WERE ELIGIBLE FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY.

ATLANTIC GENERAL HOSPITAL:

PART V, SECTION B, LINE 23: THE HOSPITAL FACILITY DOES NOT CHARGE ANY INDIVIDUALS THAT IT KNOWS ARE ELIGIBLE FOR FINANCIAL ASSISTANCE AN AMOUNT EQUAL TO THE GROSS CHARGE FOR ANY SERVICE. THE HOSPITAL USES THE CHARGE MASTER RATES FOR A SERVICE AS A STARTING POINT AGAINST WHICH THE DISCOUNTS MANDATED IN THE HOSPITAL FACILITY'S FINANCIAL ASSISTANCE POLICY ARE APPLIED TO DETERMINE THE AMOUNT ACTUALLY BILLED TO PATIENTS ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY. THE HOSPITAL FACILITY WILL NOT COLLECT PAYMENT FROM ANY PATIENT ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY IN EXCESS OF THE REDUCED AMOUNT THAT IS ACTUALLY BILLED TO SUCH FINANCIAL ASSISTANCE PATIENT. IN ADDITION, IF THE HOSPITAL CHARGED AN INDIVIDUAL THAT HAD NOT YET BEEN DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE AT THE TIME OF CHARGE AN AMOUNT EQUAL TO GROSS CHARGES, THEN UPON DETERMINING THE INDIVIDUAL WAS ELIGIBLE FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, THE HOSPITAL PROMPTLY CORRECTS THE BILL.

PART V, SECTION, LINE 22

MARYLAND WAIVER MEDICARE EXEMPT

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? 19

Name and address	Type of Facility (describe)
1 ATLANTIC HEALTH CENTER 9714 HEALTHWAY DR BERLIN, MD 21811	MEDICAL OFFICE
2 AGHS NEUROLOGY 314 FRANKLIN AVENUE, SUITE 104 BERLIN, MD 21811	MEDICAL OFFICE
3 AGHS SURGICAL ASSOCIATES AGH BARIATRI 10231 OLD OCEAN CITY BLVD, SUITE 207 BERLIN, MD 21811	MEDICAL OFFICE
4 ATLANTIC UROLOGY 10231 OLD OCEAN CITY BLVD, SUITE 206 BERLIN, MD 21811	MEDICAL OFFICE
5 BERLIN INTERNAL MEDICINE 314 FRANKLIN AVENUE, SUITE 103 BERLIN, MD 21811	MEDICAL OFFICE
6 BERLIN PRIMARY CARE & PULMONOLOGY 10344 OLD OCEAN CITY BLVD, SUITE 2 BERLIN, MD 21811	MEDICAL OFFICE
7 AGH REGIONAL CANCER CARE CENTER 10231 OLD OCEAN CITY BLVD SUITE 208 BERLIN, MD 21811	MEDICAL OFFICE
8 OCEAN PINES PRIMARY CARE 11107 RACETRACK ROAD BERLIN, MD 21811	MEDICAL OFFICE
9 OCEAN VIEW INTERNAL MEDICINE 96 ATLANTIC AVENUE, UNIT #3 OCEAN VIEW, DE 19970	MEDICAL OFFICE
10 POCOMOKE MEDICAL CENTER 500 MARKET STREET, SUITE 101 POCOMOKE, MD 21851	MEDICAL OFFICE

Schedule H (Form 990) 2016

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? 19

Name and address	Type of Facility (describe)
11 SELBYVILLE WOMEN'S HEALTH 38394 DUPONT BOULEVARD, UNIT H SELBYVILLE, DE 19975	MEDICAL OFFICE
12 WEST FENWICK MEDICAL CENTER 37464 LION DRIVE SELBYVILLE, DE 19975	MEDICAL OFFICE
13 AGH DERMATOLOGY 38394 DUPONT BOULEVARD, UNIT F/G SELBYVILLE, DE 19975	MEDICAL OFFICE
14 TOWNSEND MEDICAL CENTER 1001 PHILADELPHIA AVENUE OCEAN CITY, MD 21842	MEDICAL OFFICE
15 WEST OCEAN CITY PRIMARY CARE 12308 OCEAN GATEWAY, UNIT 1 OCEAN CITY, MD 21842	MEDICAL OFFICE
16 WEST OCEAN CITY PEDIATRICS 12308 OCEAN GATEWAY, UNIT 3 OCEAN CITY, MD 21842	MEDICAL OFFICE
17 ATLANTIC ENDOSCOPY CENTER 10231 OLD OCEAN CITY BLVD, SUITE 304 BERLIN, MD 21811	MEDICAL OFFICE
18 WOUND CARE CENTER 10231 OLD OCEAN CITY BLVD, SUITE 104 BERLIN, MD 21811	MEDICAL OFFICE
19 WEST OCEAN CITY WOMEN'S HEALTH 12308 OCEAN GATEWAY, UNIT 8 BERLIN, MD 21811	MEDICAL OFFICE

Part VI Supplemental Information

Provide the following information.

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- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART I, LINE 3C:

IN ADDITION TO QUALIFYING FOR FINANCIAL ASSISTANCE BECAUSE THE PATIENT'S FAMILY INCOME FALLS BELOW THE FEDERAL POVERTY GUIDELINES THRESHOLDS (FREE CARE FOR FAMILY INCOME LESS THAN 200% OF THE FEDERAL POVERTY GUIDELINES, AND DISCOUNTED CARE FOR FAMILY INCOME LESS THAN 300% OF THE FEDERAL POVERTY GUIDELINES), A PATIENT MAY QUALIFY FOR FINANCIAL ASSISTANCE IF THAT PATIENT INCURS A FINANCIAL HARDSHIP AND HAS FAMILY INCOME UNDER 500% OF THE FEDERAL POVERTY GUIDELINES. A FINANCIAL HARDSHIP MEANS MEDICAL DEBT INCURRED BY A FAMILY OVER A TWELVE MONTH PERIOD THAT EXCEEDS 25% OF THE FAMILY'S INCOME. ONLY INCOME AND FAMILY SIZE WILL BE CONSIDERED IN APPROVING APPLICATIONS FOR FINANCIAL ASSISTANCE, UNLESS THE AMOUNT OWED IS GREATER THAN \$20,000, THE PATIENT'S TAX RETURN SHOWS A SIGNIFICANT AMOUNT OF INTEREST INCOME, OR THE PATIENT INDICATES THAT THE PATIENT HAS BEEN LIVING OFF OF THEIR SAVINGS ACCOUNT. IF ONE OF THE SCENARIOS LISTED ABOVE IS APPLICABLE, THEN THE ORGANIZATION MAY CONSIDER THE PATIENT'S LIQUID ASSETS, INCLUDING THE PATIENT'S CHECKING AND SAVINGS ACCOUNTS, STOCKS, BONDS, CD'S, MONEY MARKET OR ANY OTHER ACCOUNTS FOR THE PAST THREE MONTHS. HOWEVER, THE FOLLOWING ASSETS ARE ALWAYS EXCLUDED: THE FIRST \$10,000 OF

Part VI Supplemental Information

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MONETARY ASSETS, UP TO \$150,000 IN A PRIMARY RESIDENCE, AND CERTAIN RETIREMENT BENEFITS, SUCH AS 401K PLANS WHERE THE IRS HAS GRANTED PREFERENTIAL TAX TREATMENT. IF THE PATIENT IS ALREADY ENROLLED IN A MEANS-TESTED PROGRAM, THE PATIENT IS DEEMED ELIGIBLE FOR FREE CARE ON A PRESUMPTIVE BASIS, WITHOUT REQUIRING ANY OF THE FINANCIAL DOCUMENTS REQUIRED ON A FULL APPLICATION.

SCHEDULE H, PART I, LINE 5

IT IS THE ORGANIZATION'S POLICY TO PROVIDE FINANCIAL ASSISTANCE TO ANY INDIVIDUAL THAT QUALIFIES UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY, REGARDLESS OF THE AMOUNT OF CHARITY CARE BUDGETED FOR BY THE ORGANIZATION DURING THE YEAR.

SCHEDULE H, PART I, LINE 6

THE ORGANIZATION FILES A COMMUNITY BENEFIT REPORT WITH THE MARYLAND HEALTH SERVICES COST REVIEW COMMISSION ANNUALLY. THE COMMUNITY BENEFIT REPORT IS AVAILABLE TO THE PUBLIC.

Part VI Supplemental Information

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SCHEDULE H, PART I, LINE 7A, 7B AND 7F

MARYLAND HOSPITAL ASSOCIATION UNIFIED MARYLAND HOSPITAL RESPONSES

SCHEDULE H PART I LINE 7A, 7B AND 7F 7A. CHARITY CARE AT COST AND 7F.

HEALTH PROFESSIONS EDUCATION ARE EXPLAINED IN THE FOLLOWING: MARYLAND'S

REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT

DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW

COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS

AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR

THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL

PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN

EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO

BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE. 7B.

UNREIMBURSED MEDICAID IS EXPLAINED IN THE FOLLOWING: MARYLAND'S

REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT

DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW

COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS

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PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY DIRECTED OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE. COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO. THE EXCEPTION TO THIS IS THE IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT. IN RECENT YEARS, THE STATE OF MARYLAND HAS CLOSED FISCAL GAPS IN THE STATE MEDICAID BUDGET BY ASSESSING HOSPITALS THROUGH THE RATE SETTING SYSTEM. DURING THE 2017 TAX YEAR, THE MEDICAID PROVIDER ASSESSMENT WAS \$375,705.

SCHEDULE H, PART I, LINE 7G

ATLANTIC GENERAL HOSPITAL INCURRED \$4,497,291 OF NET COMMUNITY BENEFIT EXPENSE FROM UNDERTAKING SUBSIDIZED HEALTH SERVICES DURING ITS 2017 TAX YEAR. OF THIS AMOUNT, \$6,951,819 WAS RELATED TO LOSSES ASSOCIATED WITH OPERATING PHYSICIAN PRACTICES RUN DIRECTLY BY ATLANTIC GENERAL HOSPITAL. ATLANTIC GENERAL HOSPITAL HAS PUT TOGETHER THIS PHYSICIAN NETWORK, DESPITE THE FINANCIAL LOSS IT CREATES FOR THE ORGANIZATION, IN ORDER TO MEET AN IDENTIFIED COMMUNITY NEED. IN PARTICULAR, THERE IS A

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SHORTAGE OF PRIMARY CARE AND SPECIALIST PHYSICIANS IN THE COMMUNITY,
 AND IN ORDER TO HELP PROVIDE ADEQUATE PHYSICIAN COVERAGE TO ITS
 COMMUNITY, ATLANTIC GENERAL HAS RECRUITED AND EMPLOYED PHYSICIANS TO
 REDUCE THE GAP. THIS SHORTAGE OF PHYSICIANS IS PARTICULARLY ACUTE IN
 THE RURAL AREAS SURROUNDING THE HOSPITAL, WHICH ATLANTIC GENERAL
 HOSPITAL HAS ATTEMPTED TO ALLEVIATE BY LOCATING ITS PHYSICIAN OFFICES
 THROUGHOUT THE COMMUNITY (INCLUDING IN RURAL AREAS).

PART III, LINE 4:

TEXT FROM THE ORGANIZATION'S AFS FOOTNOTE:

NET PATIENT SERVICE REVENUE AND PATIENT ACCOUNTS RECEIVABLE

NET PATIENT SERVICE REVENUE IS REPORTED AT ESTIMATED NET REALIZABLE
 AMOUNTS FROM PATIENTS, THIRD PARTY PAYERS, AND OTHERS FOR SERVICES
 RENDERED.

Part VI Supplemental Information

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PATIENT ACCOUNTS RECEIVABLE INCLUDE HOSPITAL AND PHYSICIAN CHARGES FOR ACCOUNTS DUE FROM MEDICARE, MARYLAND MEDICAL ASSISTANCE (MEDICAID), CAREFIRST, COMMERCIAL AND MANAGED CARE INSURERS, AND SELF-PAYING PATIENTS. DEDUCTED FROM PATIENT ACCOUNTS RECEIVABLE ARE ESTIMATES OF ALLOWANCES FOR THE EXCESS OF CHARGES OVER THE PAYMENTS ON PATIENT ACCOUNTS TO BE RECEIVED FROM THIRD PARTY PAYERS AND UNCOLLECTIBLE AMOUNTS RELATED TO SELF-PAYING PATIENTS. THESE ESTIMATES ARE CALCULATED BY MANAGEMENT BASED ON HISTORICAL COLLECTION EXPERIENCE AND ANALYSIS OF FINANCIAL CLASS AND AGE OF GROUPS OF ACCOUNTS RECEIVABLE.

PART III, LINE 8:

WE USED THE MEDICARE COST REPORT TO DETERMINE MEDICARE ALLOWABLE COSTS COMPARED TO MEDICARE TOTAL REVENUE.

PART III, LINE 9B:

THE CURRENT FINANCIAL ASSISTANCE APPLICATION PROCESS ALLOWS FOR PATIENTS TO APPLY FOR FINANCIAL ASSISTANCE. FINANCIAL ASSISTANCE WILL BE CONSIDERED FOR ALL APPLICATIONS RECEIVED WITHIN 240 DAYS OF THE FIRST POST-DISCHARGE

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BILLING STATEMENT. WHEN A PATIENT IS SUBSEQUENTLY FOUND ELIGIBLE FOR FINANCIAL ASSISTANCE POST DISCHARGE, THE ORGANIZATION WILL APPLY THE APPLICABLE FINANCIAL ASSISTANCE DISCOUNT TO ALL OUTSTANDING BALANCES ON THE PATIENT'S ACCOUNT AND IMMEDIATELY CEASE TO ATTEMPT TO COLLECT ANY AMOUNTS IN EXCESS OF ANY FINANCIAL ASSISTANCE DISCOUNTED AMOUNT STILL DUE. THE HOSPITAL WILL PROVIDE A REFUND FOR AMOUNTS PAID BY A PATIENT THAT WAS SUBSEQUENTLY FOUND TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE ON THE DATE OF SERVICE, WHICH AMOUNTS WERE IN EXCESS OF THE AMOUNT DUE AFTER THE APPLICATION OF THE APPLICABLE FINANCIAL ASSISTANCE DISCOUNT, SO LONG AS THE APPLICATION FOR FINANCIAL ASSISTANCE WAS SUBMITTED BY THE PATIENT WITHIN TWO YEARS OF THE DATE OF SERVICE.

PART VI, LINE 2:

THE ORGANIZATION ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY IT SERVES THROUGH MANY DIFFERENT ACTIVITIES, STUDIES AND COLLABORATIONS WITH LOCAL GOVERNMENT AND NON-GOVERNMENT ORGANIZATIONS. THE HOSPITAL IS CURRENTLY WORKING UNDER THE STRATEGIC INITIATIVES WHICH WERE DEVELOPED FOR PLANNING THROUGH 2018. EACH YEAR, WITHIN THIS FRAMEWORK THE HOSPITAL MAKES PLANS

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FOR THE UPCOMING YEAR USING THE SWOT/GAP ANALYSIS MODEL. USING THIS MODEL THE LEADERSHIP TEAM MEETS WITH THE MEDICAL STAFF TO LOOK AT STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS TO PLAN FOR THE COMING FISCAL YEAR. THIS INFORMATION THEN GOES TO THE BOARD TO, ALONG WITH SENIOR LEADERSHIP, FINALIZE THE STRATEGIC INITIATIVES FOR THE COMING YEAR. USING THIS INFORMATION THE COMMUNITY BENEFITS COMMITTEE AND THE VISIONS FOR TOTAL HEALTH ADVISORY BOARD DETERMINE THE GOALS FOR THE COMING YEAR. THE DOCUMENTS USED BY THE HOSPITAL TO DETERMINE COMMUNITY NEEDS ARE: THE HEALTH ASSESSMENT PUBLICATION FROM THE HEALTH DEPARTMENT, LOCAL AGENCIES AND 3 HOSPITALS, WORCESTER COUNTY LOCAL HEALTH PLAN, FY2008 TRI-COUNTY ADOLESCENTS ASSOCIATION STATE OF MARYLAND CANCER REGISTRY LATEST CENSUS UPDATE FEEDBACK FROM AREA PHYSICIANS AND COMMUNITY MEMBERS QUESTIONNAIRES AND EVALUATIONS FROM OUR COMMUNITY EVENTS NCR PICKER PATIENT EVALUATIONS AND FEEDBACK HOSPITAL PERCEPTION SURVEY 2015 IN ADDITION, INFORMATION REGARDING COMMUNITY HEALTH NEEDS IS OBTAINED AS A RESULT OF THE ORGANIZATION'S LEADERSHIP MEMBERS SITTING ON THE BOARDS OF MANY COMMUNITY ORGANIZATIONS, INCLUDING: T-CHIP, SART, SAFE, PLAY IT SAFE COMMITTEE, OCEAN CITY DRUG AND ALCOHOL ABUSE PREVENTION COMMITTEE, MHA ADVISORY

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BOARD, FAITH BASED COALITION, ENCORE, BLOOD BANK OF DELMARVA, TRI COUNTY
 DIABETES, CHAMBERS OF COMMERCE OF TOWNS THROUGHOUT THE REGION, MANY HEALTH
 DEPARTMENT COUNCILS, MHA COMMITTEES, STATE HEALTH DEPARTMENT BOARDS, WE
 ALSO HAVE A "VISIONS (HEALTHY HAPPENINGS) BOARD COMPRISED OF COMMUNITY
 PROVIDERS OF HEALTH RELATED SERVICES INCLUDING TRADITIONAL AS WELL AS
 INTEGRATIVE HEALTH SERVICES. THROUGH THIS COMMITTEE WE CAN KEEP OUR FINGER
 ON THE PULSE OF THE AREA IN WHICH WE SERVE. THIS COMMITTEE GIVES US GREAT
 FEEDBACK ON SERVICES AND PROGRAMS THAT ARE NEEDED THOSE THAT ARE WORKING
 AND THOSE THAT AREN'T. IT IS THROUGH THIS COMMITTEE THAT PUTS ON A MAJOR
 HEALTH CONFERENCE EACH YEAR, WHICH PROVIDES HEALTH EDUCATION AS WELL AS
 SCREENINGS. WE MET WITH GREAT SUCCESS IN SELBVILLE, DELWARE LOCATION OF
 MAJOR HEALTHY HAPPENINGS HEALTH FAIR, AND ACCORDING TO THE EVALUATIONS,
 WERE ABLE TO PROVIDE SERVICES TO PEOPLE WHO OTHERWISE WOULD NOT HAVE
 GOTTEN THEM. THE ORGANIZATION'S AUXILIARY VOLUNTEERS ARE ANOTHER GREAT
 RESOURCE FOR DETERMINING COMMUNITY HEALTH NEEDS. THE ORGANIZATION HAS OVER
 400 AUXILLIANS. THEY ARE ACTIVE ON MANY COMMITTEES WITHIN THE HOSPITAL AND
 ALSO REPRESENT THE HOSPITAL ON DIFFERENT COMMUNITY BOARDS. IN ADDITION,
 THE ORGANIZATION WORKS VERY CLOSELY WITH ITS LOCAL HEALTH DEPARTMENT TO

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PLAN SERVICES TO MEET COMMUNITY NEEDS AND DECREASE THE DUPLICATION OF SERVICES IN THE COMMUNITY. MEMBERS OF THE HOSPITAL STAFF SIT ON MANY COMMITTEES AND BOARDS OF THE LOCAL HEALTH DEPARTMENT.

PART VI, LINE 3:

WE INFORM INDIVIDUALS IN THE COMMUNITY ABOUT THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY IN A NUMBER OF WAYS. FIRST, THERE IS SIGNAGE THROUGHOUT THE HOSPITAL, AS WELL AS BROCHURES IN ALL WAITING AREAS, EXPLAINING THAT THE ORGANIZATION PROVIDES FINANCIAL ASSISTANCE. IN ADDITION, ARTICLES ARE PUBLISHED IN NEWSLETTERS THAT ARE DISTRIBUTED TO THE HOMES OF ALL RESIDENTS IN THE COMMUNITY NOTING THE EXISTENCE OF THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAM. HOSPITAL STAFF IS EDUCATED TO ANSWER QUESTIONS RELATED TO APPLYING FOR FINANCIAL ASSISTANCE, AND HOSPITAL SUPPORT SERVICES HELPS PATIENTS APPLY FOR MEDICAL ASSISTANCE (SUCH AS MEDICAID). FURTHERMORE, HOSPITAL FINANCIAL COUNSELORS HELP GUIDE PATIENTS TO FINANCIAL AID SERVICES THEY MAY QUALIFY FOR. ALL INPATIENTS ARE PROVIDED WITH A FINANCIAL ASSISTANCE APPLICATION IN THEIR DISCHARGE PACKAGE. IN ADDITION, DURING THE REGISTRATION PROCESS, IF THE PATIENT DOES

Part VI Supplemental Information

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- 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.

NOT HAVE INSURANCE THE REGISTRAR OR FINANCIAL COUNSELOR WILL ASK IF THEY ARE INTERESTED IN APPLYING FOR FINANCIAL ASSISTANCE AND HELP WITH FILLING OUT THE APPLICATION. ANY PATIENT WHO SEEKS FINANCIAL OR MEDICAL ASSISTANCE WILL READILY FIND INFORMATION AND HOSPITAL STAFF TO HELP WITH THE PROCESS.

PART VI, LINE 4:

ATLANTIC GENERAL IS LOCATED IN WORCESTER COUNTY, WHICH IS THE EASTERNMOST COUNTY LOCATED IN THE U.S. STATE OF MARYLAND. WORCESTER COUNTY COMPRISES ATLANTIC GENERAL'S PRIMARY SERVICE AREA. WORCESTER COUNTY CONTAINS THE ENTIRE LENGTH OF THE STATE'S ATLANTIC COAST LINE. IT IS HOME TO THE POPULAR VACATION RESORT AREA OF OCEAN CITY. THE COUNTY IS APPROXIMATELY 60 MILES LONG. ACCORDING TO THE U.S. CENSUS BUREAU, THE COUNTY HAS A TOTAL AREA OF 695 SQUARE MILES OF WHICH, 473 SQUARE MILES OF IT IS LAND AND 221 SQUARE MILES OF IT IS WATER. ATLANTIC GENERAL IS LOCATED IN A NON-URBAN AREA OF WORCESTER COUNTY, 10 MILES FROM THE ATLANTIC OCEAN. THE 2010 CENSUS SHOWED A POPULATION OF THE COUNTY OF 51,769 (2016 UPDATE), A 0.61% GROWTH IN POPULATION 2010-2016. THE LARGEST CONCENTRATION OF THE POPULATION IS IN THE NORTHERN PART OF THE COUNTY, WHICH IS WHERE THE OCEAN

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CITY RESORT AREA IS LOCATED, AS WELL AS THE BERLIN/OCEAN PINES AREA. THE AREA IS A MECCA FOR RETIREES WHO LIVE HERE FULL TIME OR DIVIDE THEIR TIME BETWEEN MARYLAND AND FLORIDA. ETHNICITY IS AS FOLLOWS:

WHITE 42,024, BLACK/AF AMER 7,159, AM IND/AK NATIVE 143, ASIAN 729, NATIVE HI/PI 13, SOME OTHER RACE 699, 2+ RACES 1,002

MEDIAN HOUSEHOLD INCOME OF RESIDENTS OF WORCESTER COUNTY \$60,834 . THE PERCENTAGE OF RESIDENTS BELOW THE POVERTY LEVEL IS 7.31%. THE AVERAGE AGE OF THE RESIDENTS IS BROKEN DOWN AS FOLLOWS:

2016 MALE POPULATION BY AGE 25,146
 2016 POP, MALE: AGE <18 4,591 (18.26%)
 2016 POP, MALE: AGE 18+ 20,555 (81.74%)
 2016 POP, MALE: AGE 65+ 6,211 (24.70%)
 2016 MEDIAN AGE MALE 47.9
 2016 FEMALE POPULATION BY AGE 26,623
 2016 POP, FEMALE: AGE <18 4,497 (16.89%)

Part VI Supplemental Information

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2016 POP, FEMALE: AGE 18+ 22,126 (83.11%)

2016 POP, FEMALE: AGE 65+ 7,328 (27.53%)

2016 MEDIAN AGE FEMALE 50.3

48.16% OF THE PATIENTS CARED FOR AT THE HOSPITAL ARE MEDICARE PATIENTS.

THE REMAINING PAYOR MIX IS THE FOLLOWING: MEDICAID 16.89%, COMMERCIAL

10.93%, BLUE CROSS 18.44%, SELF PAY 2.89% AND OTHERS 2.69%. IN THE

WORCESTER COUNTY VITAL STATS 2014, THE AGE-ADJUSTED MORTALITY RATE IS

599/100,000.

ACCORDING TO THE WORCESTER COUNTY HEALTH DEPARTMENT 2017 COMMUNITY HEALTH IMPROVEMENT PLAN, PRIORITY AREAS IN THE COUNTY INCLUDE; #1 PROMOTE HEALTHY

LIFESTYLES AND PREVENT CHRONIC DISEASE #2 PROMOTE SAFE SCHOOL ENVIRONMENTS

AND HEALTHY BEHAVIORS #3 ACCESS TO HEALTH CARE #4 STRENGTHEN BEHAVIORAL

HEALTH SERVICES. DURING THE SUMMER MONTHS, THE ORGANIZATION PROVIDES A

SIGNIFICANT AMOUNT OF HEALTH CARE SERVICES (PREDOMINANTLY EMERGENCY CARE)

TO TOURISTS VISITING THE OCEAN RESORT OF OCEAN CITY, MD. THIS IS RELATED

TO THE FACT THAT THE POPULATION OF OCEAN CITY INCREASES BY ABOUT 200,000

EACH YEAR DURING THE TOURIST SEASON.

Part VI Supplemental Information

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PART VI, LINE 5:

THE ORGANIZATION'S GOVERNING BODY IS COMPOSED PRIMARILY OF INDEPENDENT MEMBERS FROM THE ORGANIZATION'S COMMUNITY. IN ADDITION, THE ORGANIZATION'S MEDICAL STAFF IS OPEN TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY. ALL FINANCIAL SURPLUSES EARNED BY THE ORGANIZATION ARE USED TO ENHANCE THE ORGANIZATION'S PATIENT SERVICES, INCLUDING THROUGH THE UNDERTAKING OF VARIOUS COMMUNITY BENEFIT ACTIVITIES. THE ORGANIZATION UNDERTAKES NUMEROUS ACTIVITIES TO PROMOTE THE HEALTH OF ITS COMMUNITY. IN PARTICULAR, THE ORGANIZATION HAS IDENTIFIED A COMMUNITY NEED FOR ACCESS TO ADDITIONAL PHYSICIANS LOCATED IN THE COMMUNITY. IN ORDER TO MEET THIS IDENTIFIED COMMUNITY NEED, THE ORGANIZATION HAS DIRECTLY EMPLOYED NUMEROUS PHYSICIANS AT A SUBSTANTIAL COST TO THE ORGANIZATION. DURING FY2017, THE PHYSICIAN PRACTICES INCURRED A LOSS OF \$6,951,819.

IN ADDITION, THE ORGANIZATION UNDERTAKES COMMUNITY BUILDING ACTIVITIES TO PROMOTE THE PROGRAMS THE ORGANIZATION OFFERS AND ASSURE THEY ARE REACHING THE TARGETED AUDIENCE. EXAMPLES OF THESE SPECIFIC ACTIVITIES WOULD BE

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THE SMALL NEIGHBORHOOD-TYPE HEALTH FAIRS IN WHICH WE ARE INVOLVED, AT WHICH EVENTS YOUNG PEOPLE ARE TARGETED AND NEEDS THAT ARE FILLED THROUGH OUR SPEAKERS BUREAU.

OTHER INVOLVEMENT IN COMMUNITY BUILDING ACTIVITIES INCLUDE: OUR PARTICIPATION IN THE LOCAL SCHOOL MENTORING PROGRAMS IN WHICH OUR STAFF IS VERY ACTIVE. WE HAVE STUDENTS FROM OUR LOCAL HIGH SCHOOL WHO DO A SHADOWING PROGRAM THROUGHOUT ALL DEPARTMENTS OF OUR HOSPITAL. THIS HELPS THEM IN MAKING A CAREER CHOICE THROUGH EXPOSURE TO DIFFERENT JOBS IN THE HEALTH CARE ARENA.

WE HAVE STAFF WHO REPRESENT THE HOSPITAL ON MANY CIVIC BOARDS SUCH AS ALL THE LOCAL AREA CHAMBERS, VARIOUS CIVIC GROUPS, AND THE LOCAL COUNTY SCHOOL BOARD. WE ALSO PARTICIPATE IN THE ACS RELAY FOR LIFE, KOMEN RACE, OUT OF THE DARKNESS, AND MARCH OF DIMES WALK FOR BABIES.

WE PROVIDE EMS TRAINING FOR THE LOCAL FIRE COMPANIES, MOST OF WHOM ARE VOLUNTEER STAFFED. WE OFFER AN EXCHANGE PROGRAM OF EQUIPMENT WHICH HELPS

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THEM WITH TRANSPORTS TO THE EMERGENCY DEPARTMENT.

AGH WORKS WITH THE LOCAL FAITH BASED COMMUNITIES BY PROVIDING EDUCATION AND SERVICES TO THEIR CONGREGATIONS. WE HAVE A FAITH BASED MEDICAL HOME GROUP WHICH MEETS WITH CLERGY AND LAY HEALTH AMBASSADORS FROM THEIR HOUSES OF WORSHIP TO FUNNEL THE MESSAGE OF HEALTH AND WELLNESS TO THEIR PEOPLE.

ONE OF OUR BUILDINGS ON CAMPUS HOUSES OUR COUNTY CHILD ADVOCACY CENTER. THROUGH THIS STATE OF THE ART FACILITY THE VICTIM HAS TO TELL THEIR STORY ONLY ONCE TO ONE PERSON WHILE ALL THE OTHERS WHO NEED TO SEE AND HEAR THE TESTIMONY CAN WATCH THROUGH A CLOSED CIRCUIT SYSTEM.

ALSO PART OF OUR COMMUNITY BUILDING PROGRAM INCLUDES OUR PARTICIPATION IN DISASTER PREPAREDNESS. BECAUSE WE ARE GEOGRAPHICALLY LOCATED IN AN AREA OF EXTREME POTENTIAL DISASTER, ONLY 6 MILES FROM THE ATLANTIC OCEAN, WE WOULD BE THE SOURCE OF CARE AND PROTECTION FOR MANY IN THE AREA SHOULD A MAJOR HURRICANE HIT OUR AREA OF COASTLINE. PART OF THE HOSPITAL'S

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PROVISION FOR THE COMMUNITY IN SUCH A DISASTER WOULD BE TO PROVIDE CLEAN DRINKING WATER FOR THEM; THROUGH THE NEW WATER PURIFICATION SYSTEM WHICH WE RECENTLY PURCHASED AND INSTALLED WE HAVE THE ABILITY TO PROVIDE CLEAN WATER FOR NOT JUST OUR PATIENTS AND STAFF BUT FOR THE COMMUNITY AT LARGE.

WE ALSO WORK CLOSELY WITH OUR LOCAL PUBLIC AND PRIVATE SCHOOLS TO OFFER EDUCATION PROGRAMMING. EACH YEAR WE HOST OVER 500 KINDERGARTEN STUDENTS FOR OUR HOSPITAL TOURS. THIS SERVES TO INTRODUCE THEM TO THE SERVICES OF THE HOSPITAL IN HOPES THAT THEIR TRIP FOR SERVICES WILL NOT BE AS FRIGHTENING. FOR THE PAST SEVERAL YEARS WE HAVE SPONSORED A MAJOR ASSEMBLY PROGRAM WHICH FIGHTS CHILDHOOD OBESITY INTO THE ELEMENTARY SCHOOLS. MANY OF OUR ASSOCIATES SERVE ON VARIOUS BOARDS OF THE SCHOOL SYSTEM OFFERING OUR EXPERTISE. THROUGH OUR SPEAKER'S BUREAU WE SEND SPEAKERS INTO MANY CLASSROOMS FOR INSTRUCTION. THE INTEGRATED HEALTH LITERACY PROGRAM (IHLP) SERVES APPROXIMATELY 3,500 STUDENTS ACROSS WORCESTER COUNTY. CURRENTLY, THE PROGRAM IS IMPLEMENTED IN GRADES ONE THROUGH SIX COUNTY-WIDE AND IS BEING PILOTED IN SEVENTH AND EIGHTH GRADE CLASSROOMS AT ONE LOCAL MIDDLE SCHOOL. STUDENTS ARE TAUGHT FOUR HEALTH

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LESSONS THAT ARE INTEGRATED INTO THEIR CORE AREA (MATHEMATICS, SCIENCE, READING LANGUAGE ARTS, AND SOCIAL STUDIES) CURRICULUM. ALL LESSONS IN THE PROGRAM ARE TAUGHT BY CORE AREA CLASSROOM TEACHERS. THE IHLP TEAM PLANS TO CONTINUE TO WORK WITH WORCESTER COUNTY PUBLIC SCHOOLS AND OTHER KEY STAKEHOLDERS TO EXPAND THE PROGRAM INTO THE REMAINING SEVENTH AND EIGHTH GRADE CLASSROOMS IN THE COUNTY NEXT YEAR.

SOME ADDITIONAL SERVICES WHICH THE HOSPITAL PROVIDES FOR FREE TO THE COMMUNITY, WHICH PROMOTE HEALTH INCLUDE:

1. LIVING WELL PROGRAM - THIS CHRONIC DISEASE SELF MANAGEMENT PROGRAM FROM STANFORD UNIVERSITY TEACHES PEOPLE HOW TO LIVE A BETTER LIFE IN THE MIDST OF THE LIMITATIONS CAUSED BY THEIR CHRONIC CONDITIONS.

2. HYPERTENSION CLINICS - BLOOD PRESSURE SCREENINGS IN LOCAL PHARMACIES MONTHLY AS WELL AS AT MANY OTHER MEETINGS AND CONVENTIONS IN THE AREA. THESE HELP RESIDENTS MONITOR THEIR BLOOD PRESSURE AND RELIEVE SOME OVERCROWDING IN PHYSICIAN OFFICES. THIS ALLOWS US THE OPPORTUNITY TO

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PROVIDE ONE-ON-ONE TEACHING TO INDIVIDUALS.

3. HEALTHFAIRS -THE HOSPITAL IS INVOLVED IN SEVERAL LARGE AND SMALL HEALTHFAIR EVENTS IN VARIOUS LOCATIONS THROUGHOUT THE YEAR. ONE SUCH EVENT IS A PARTNERSHIP WITH AARP/TOWN OF OCEAN CITY TO OFFER A FAIR WITH MANY SCREENINGS AND HEALTH INFORMATION. WE ALSO SPONSOR AN EDUCATIONAL AND SCREENING CONFERENCE ONCE A YEAR CALLED HEALTHY HAPPENINGS HEALTH CONFERENCE. THIS IS HELD IN VARIOUS LOCATIONS WITHIN OUR SERVICE AREA WHICH ALLOWS US TO PROVIDE FREE SERVICES TO THOSE WHO MIGHT NOT OTHERWISE BE ABLE TO ACCESS HEALTH CARE. WE ALSO PARTNER WITH MANY CHURCHES AND COMMUNITY GROUPS TO OFFER SMALL HEALTH FAIRS.

4. WE PROVIDE EDUCATION IN WRITTEN FORM THROUGH LOCAL PUBLICATIONS (NEWSPAPERS AND MAGAZINES) AND OUR OWN ON CALL QUARTERLY PUBLICATION. MANY OF OUR PHYSICIANS PROVIDE ARTICLES FOR THESE.

5. WE ALSO HAVE A SPEAKER'S BUREAU WHICH PROVIDES EDUCATIONAL PRESENTATIONS FOR AREA CIVIC GROUPS, BUSINESSES, CHURCHES, SCHOOLS AND

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CONVENTIONS WHICH ARE HELD IN OUR RESORT AREA.

6. WE PROVIDE EDUCATION FOR THE LOCAL SCHOOLS THROUGH OUR HOSPITAL TOUR PROGRAM AND IHLP. THESE PROGRAMS ALLOW US TO SPREAD THE HEALTH MESSAGE AGAINST CHILDHOOD OBESITY TO THE YOUNGER GENERATION.

7. BEING IN A BEACH RESORT COMMUNITY THERE ARE MANY SPORTING EVENTS WHICH OCCUR LOCALLY. WE PARTICIPATE IN MANY OF THESE BY PROVIDING FIRST AID ON SITE FOR THOSE IN ATTENDANCE AND THOSE PARTICIPATING IN THE ACTIVITY.

PART VI, LINE 6:

IN ADDITION TO OPERATING AN ACUTE CARE HOSPITAL THAT PROVIDES A 24 HOUR ER, ATLANTIC GENERAL HOSPITAL EMPLOYS A NETWORK OF PRIMARY CARE AND SPECIALIST PHYSICIANS THAT PROVIDE NEEDED HEALTH CARE SERVICES THROUGHOUT ATLANTIC GENERAL'S COMMUNITY, INCLUDING SERVING SOME OF THE HOSPITAL'S MORE RURAL AREAS. BECAUSE OF THE RURAL NATURE OF THE COMMUNITIES THE HOSPITAL SERVES, TRANSPORTATION FOR HEALTHCARE CAN BE CHALLENGING. BY LOCATING THESE EMPLOYED PHYSICIANS' OFFICES THROUGHOUT THE HOSPITAL'S

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SERVICE REGION, THE HOSPITAL IS ABLE TO HELP IMPROVE ACCESS TO PHYSICIANS' SERVICES FOR MEMBERS OF THE COMMUNITY.

IN ADDITION, THE HOSPITAL RUNS ATLANTIC HEALTH CLINIC, WHICH IS A FACILITY THAT OFFERS CARE ON A SLIDING FEE COST BASIS.

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

MD

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2016

Open to Public Inspection

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.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

Name of the organization

ATLANTIC GENERAL HOSPITAL

Employer identification number

52-1656507

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 the organization to establish compensation of the CEO/Executive Director, but explain in Part III.

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

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

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

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

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

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

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

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

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

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

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

	Yes	No
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

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

Schedule J (Form 990) 2016

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) MICHAEL FRANKLIN PRESIDENT & CEO, EX-OFFICIO	(i)	453,334.	74,114.	24,768.	6,625.	21,837.	580,678.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) ALAE ZARIF, MD CHIEF OF STAFF, EX-OFFICIO	(i)	624,519.	346,756.	547.	6,625.	21,837.	1,000,284.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) CHERYL NOTTINGHAM CFO	(i)	205,241.	18,256.	721.	5,807.	18,719.	248,744.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) JAMES BRANNON VP PROFESSIONAL SERVICES	(i)	161,518.	11,590.	673.	4,187.	21,304.	199,272.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) COLLEEN WAREING VP PATIENT CARE	(i)	152,263.	13,032.	974.	4,035.	16,045.	186,349.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) CURTIS D ASBURY PHYSICIAN	(i)	327,738.	519,969.	18,457.	6,625.	7,333.	880,122.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) RABINDRA PAUL PHYSICIAN	(i)	476,227.	95,659.	1,000.	6,625.	21,732.	601,243.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) JAMES M SKOLKA PHYSICIAN	(i)	366,494.	9,901.	18,258.	6,625.	21,837.	423,115.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) JAMES CHERRY PHYSICIAN	(i)	553,051.	196.	18,498.	6,625.	21,304.	599,674.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) SARA MOGHADDAM PHYSICIAN	(i)	351,840.	126,649.	18,048.	3,943.	7,333.	507,813.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Supplemental Information on Tax-Exempt Bonds

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

▶ **Attach to Form 990.** ▶ **Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.**

Name of the organization **ATLANTIC GENERAL HOSPITAL** Employer identification number **52-1656507**

Part I Bond Issues											
(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MAYOR AND COUNCIL OF BERLIN, MD		NONE	06/29/10	2,200,000.			X		X		X
B MAYOR AND COUNCIL OF BERLIN, MD		NONE	12/13/10	10000000.			X		X		X
C											
D											

Part II Proceeds										
	A		B		C		D			
	Yes	No	Yes	No	Yes	No	Yes	No		
1 Amount of bonds retired	1,014,444.		4,369,307.							
2 Amount of bonds legally defeased										
3 Total proceeds of issue	2,200,000.		10,000,867.							
4 Gross proceeds in reserve funds										
5 Capitalized interest from proceeds										
6 Proceeds in refunding escrows										
7 Issuance costs from proceeds	44,000.		59,584.							
8 Credit enhancement from proceeds										
9 Working capital expenditures from proceeds										
10 Capital expenditures from proceeds	2,156,000.		9,518,440.							
11 Other spent proceeds			422,843.							
12 Other unspent proceeds										
13 Year of substantial completion	2012		2012							
14 Were the bonds issued as part of a current refunding issue?		X		X						
15 Were the bonds issued as part of an advance refunding issue?		X		X						
16 Has the final allocation of proceeds been made?	X		X							
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X							

Part III Private Business Use									
	A		B		C		D		
	Yes	No	Yes	No	Yes	No	Yes	No	
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X					
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X					

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X		X				
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?	X		X					
b Exception to rebate?		X		X				
c No rebate due?		X		X				
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		X	X					
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2016

Open To Public Inspection

Department of the Treasury
Internal Revenue Service

- ▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
- ▶ Attach to Form 990.
- ▶ Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization **ATLANTIC GENERAL HOSPITAL** Employer identification number **52-1656507**

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art				
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded				
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory	X	2	9,290.	
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (CONSTRUCTION)	X	1	29,165.	
26 Other ▶ (MEDIA)	X	2	15,036.	
27 Other ▶ ()				
28 Other ▶ ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29**

- 30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which isn't required to be used for exempt purposes for the entire holding period?
- b If "Yes," describe the arrangement in Part II.
- 31 Does the organization have a gift acceptance policy that requires the review of any nonstandard contributions?
- 32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?
- b If "Yes," describe in Part II.
- 33 If the organization didn't report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.

	Yes	No
30a		X
31	X	
32a		X

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

Schedule M (Form 990) (2016)

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public
Inspection

Name of the organization

ATLANTIC GENERAL HOSPITAL

Employer identification number

52-1656507

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

PERSONALIZED SERVICE, AND EDUCATION TO IMPROVE INDIVIDUAL AND COMMUNITY
HEALTH. WE ACCOMPLISH OUR MISSION THROUGH OUR SET OF VALUES, WHICH ARE
HONORED IN ALL OUR INTERACTIONS.

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

THE DIRECTOR OF FINANCE COMPILES THE NECESSARY INFORMATION FROM THE
ORGANIZATION'S ACCOUNTING RECORDS, INFORMATION RECEIVED FROM THE
FOUNDATION, AND INFORMATION RECEIVED FROM THE PATIENT BILLING OFFICE. THE
COMPILED INFORMATION IS THEN SENT TO THE ORGANIZATION'S OUTSIDE TAX
ACCOUNTANTS TO HELP PREPARE THE FORM 990. A DRAFT OF THE FORM 990 IS THEN
REVIEWED BY THE DIRECTOR OF FINANCE, THE CFO, AND THE CEO OF THE
ORGANIZATION AND ANY COMMENTS ARE REFLECTED IN A FURTHER REVISED DRAFT.
PRIOR TO FILING THE FORM 990, THE LATEST VERSION OF THE FORM 990 IS MADE
AVAILABLE TO ALL MEMBERS OF THE BOARD FOR THEIR REVIEW AND COMMENTS.

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

IT IS THE POLICY OF ATLANTIC GENERAL HOSPITAL/HEALTH SYSTEM THAT MEMBERS OF
THE BOARD OF DIRECTORS, THE HOSPITAL PRESIDENT, AND THE SENIOR LEADERSHIP
STAFF WILL BE REQUIRED TO SIGN AN ANNUAL CONFLICT OF INTEREST STATEMENT AND
TO ADHERE TO THE CONFLICT OF INTEREST POLICY. THIS WILL BE SIGNED ANNUALLY
IN OCTOBER. ALL CANDIDATES FOR BOARD MEMBERSHIP MUST BE ADVISED OF THIS
POLICY PRIOR TO THEIR ELECTION TO THE BOARD.

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

THE ORGANIZATION UTILIZES A COMPENSATION COMMITTEE, A WRITTEN EMPLOYMENT

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

Schedule O (Form 990 or 990-EZ) (2016)

Name of the organization ATLANTIC GENERAL HOSPITAL	Employer identification number 52-1656507
--	---

CONTRACT, A COMPENSTION SURVEY OR STUDY AND AN APPROVAL BY THE BOARD OR
 COMPENSATION COMMITTEE.

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

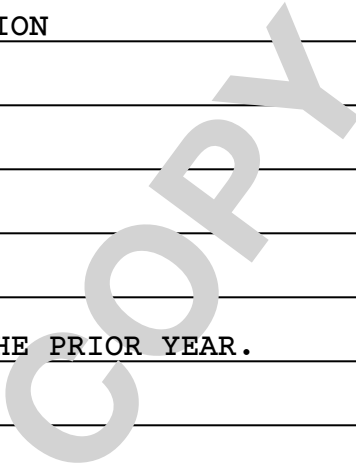
THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY
 AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST.

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

NET ASSETS RELEASED FROM RESTRICTION	-132,904.
PLEDGES RECEIVABLE ADJUSTMENT	-101,210.
TOTAL TO FORM 990, PART XI, LINE 9	-234,114.

FORM 990, PART XII, LINE 2C:

THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.



Form **990-T**

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

OMB No. 1545-0687

2016

For calendar year 2016 or other tax year beginning JUL 1, 2016, and ending JUN 30, 2017

▶ Information about Form 990-T and its instructions is available at www.irs.gov/form990t.
▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Department of the Treasury
Internal Revenue Service

Open to Public Inspection for
501(c)(3) Organizations Only

<p>A <input type="checkbox"/> Check box if address changed</p> <p>B Exempt under section <input checked="" type="checkbox"/> 501(c)(3)) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)</p>	Print or Type	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) ATLANTIC GENERAL HOSPITAL</p> <p>Number, street, and room or suite no. If a P.O. box, see instructions. 9733 HEALTHWAY DRIVE</p> <p>City or town, state or province, country, and ZIP or foreign postal code BERLIN, MD 21811</p>	<p>D Employer identification number (Employees' trust, see instructions.) 52-1656507</p> <p>E Unrelated business activity codes (See instructions.) 621110 446110</p>
--	---------------------	---	---

C Book value of all assets at end of year: **96,204,478.**

F Group exemption number (See instructions.)

G Check organization type: 501(c) corporation 501(c) trust 401(a) trust Other trust

H Describe the organization's primary unrelated business activity. ▶ **PHYSICIAN BILLING SERVICES, PHARMACY**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ **CHERYL NOTTINGHAM** Telephone number ▶ **410-641-9095**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales <u>193,170.</u>			
b Less returns and allowances <u>891.</u> c Balance ▶	1c <u>192,279.</u>		
2 Cost of goods sold (Schedule A, line 7)	2 <u>88,024.</u>		
3 Gross profit. Subtract line 2 from line 1c	3 <u>104,255.</u>		104,255.
4a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5		
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule I)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (See instructions; attach schedule)	12		
13 Total. Combine lines 3 through 12	13 <u>104,255.</u>		104,255.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)			
14 Compensation of officers, directors, and trustees (Schedule K)	14		
15 Salaries and wages	15		<u>18,169.</u>
16 Repairs and maintenance	16		<u>5,350.</u>
17 Bad debts	17		
18 Interest (attach schedule)	18		
19 Taxes and licenses	19		<u>1,517.</u>
20 Charitable contributions (See instructions for limitation rules)	20		
21 Depreciation (attach Form 4562)	21	<u>122.</u>	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a		<u>122.</u>
23 Depletion	23		
24 Contributions to deferred compensation plans	24		
25 Employee benefit programs	25		<u>2,179.</u>
26 Excess exempt expenses (Schedule I)	26		
27 Excess readership costs (Schedule J)	27		
28 Other deductions (attach schedule) SEE STATEMENT 1	28		<u>34,256.</u>
29 Total deductions. Add lines 14 through 28	29		<u>61,593.</u>
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30		<u>42,662.</u>
31 Net operating loss deduction (limited to the amount on line 30) SEE STATEMENT 2	31		<u>42,662.</u>
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32		<u>0.</u>
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33		<u>1,000.</u>
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34		<u>0.</u>

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and:			
a	Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____		
b	Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____		
c	Income tax on the amount on line 34	35c	0.
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)		36	
37 Proxy tax. See instructions		37	
38 Alternative minimum tax		38	
39 Tax on Non-Compliant Facility Income. See instructions		39	
40 Total. Add lines 37, 38 and 39 to line 35c or 36, whichever applies		40	0.

Part IV Tax and Payments

41a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	41a	
b	Other credits (see instructions)	41b	
c	General business credit. Attach Form 3800	41c	
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	41d	
e	Total credits. Add lines 41a through 41d	41e	
42	Subtract line 41e from line 40	42	0.
43	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form _____ Other (attach schedule)	43	
44	Total tax. Add lines 42 and 43	44	0.
45a	Payments: A 2015 overpayment credited to 2016	45a	
b	2016 estimated tax payments	45b	
c	Tax deposited with Form 8868	45c	
d	Foreign organizations: Tax paid or withheld at source (see instructions)	45d	
e	Backup withholding (see instructions)	45e	
f	Credit for small employer health insurance premiums (Attach Form 8941)	45f	
g	Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other _____ Total	45g	
46	Total payments. Add lines 45a through 45g	46	
47	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	47	
48	Tax due. If line 46 is less than the total of lines 44 and 47, enter amount owed	48	0.
49	Overpayment. If line 46 is larger than the total of lines 44 and 47, enter amount overpaid	49	0.
50	Enter the amount of line 49 you want: Credited to 2017 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	50	

Part V Statements Regarding Certain Activities and Other Information (see instructions)

51	At any time during the 2016 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here	Yes	No
52	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
53	Enter the amount of tax-exempt interest received or accrued during the tax year		

Sign Here

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 taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: _____ Date: _____ Title: **VP FINANCE**

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

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	TAMARA L. VINEYARD	TAMARA L. VINEYARD	05/14/18		P01775208
	Firm's name DIXON HUGHES GOODMAN LLP	Firm's EIN 56-0747981			
	Firm's address 1410 SPRING HILL ROAD, 5TH FLOOR TYSONS, VA 22102			Phone no. 703-970-0400	

Schedule A - Cost of Goods Sold. Enter method of inventory valuation **N/A**

1	Inventory at beginning of year	1	0.	6	Inventory at end of year	6	0.
2	Purchases	2	88,024.	7	Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	88,024.
3	Cost of labor	3		8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a	Additional section 263A costs (attach schedule)	4a					
4b	Other costs (attach schedule)	4b					
5	Total. Add lines 1 through 4b	5	88,024.				X

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions)

1. Description of property

(1)	
(2)	
(3)	
(4)	

2. Rent received or accrued

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	0.	Total
		0.

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) **0.**

(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) **0.**

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	2. Gross income allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)			
(2)			
(3)			
(4)			
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Totals		Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
		0.	0.
Total dividends-received deductions included in column 8			0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).
Totals			0.	0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
		Enter here and on page 1, Part I, line 9, column (A).		Enter here and on page 1, Part I, line 9, column (B).
Totals		0.		0.

Schedule I - Exploited Exempt Activity Income, Other Income, and Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
		Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).			Enter here and on page 1, Part II, line 26.
Totals		0.	0.			0.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))		0.	0.			0.

Part II **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	0.	0.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

Form 990-T (2016)

COPY

FORM 990-T

OTHER DEDUCTIONS

STATEMENT 1

DESCRIPTION	AMOUNT
OCCUPANCY	158.
PURCHASED SERVICES	9,133.
OFFICE EXPENSES	2,589.
SUPPLIES	97.
CONTRACT SERVICE	22,135.
TRAVEL	15.
ADVERTISING	129.
TOTAL TO FORM 990-T, PAGE 1, LINE 28	34,256.

FORM 990-T

NET OPERATING LOSS DEDUCTION

STATEMENT 2

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR
06/30/05	308,028.	169,875.	138,153.	138,153.
06/30/06	232,633.	0.	232,633.	232,633.
06/30/07	343,156.	0.	343,156.	343,156.
06/30/08	366,549.	0.	366,549.	366,549.
06/30/09	390,246.	0.	390,246.	390,246.
06/30/10	71,125.	0.	71,125.	71,125.
NOL CARRYOVER AVAILABLE THIS YEAR			1,541,862.	1,541,862.

Information Return of U.S. Persons With Respect To Certain Foreign Corporations

(Rev. December 2015)
Department of the Treasury
Internal Revenue Service

▶ For more information about Form 5471, see www.irs.gov/form5471
Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **JAN 1, 2016**, and ending **DEC 31, 2016**

Attachment
Sequence No. **121**

Name of person filing this return ATLANTIC GENERAL HOSPITAL <small>Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)</small> 9733 HEALTHWAY DRIVE City or town, state, and ZIP code BERLIN, MD 21811	A Identifying number 52-1656507 B Category of filer (See instructions. Check applicable box(es): 1 (repealed) 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input checked="" type="checkbox"/>
Filer's tax year beginning JUL 1, 2016 , and ending JUN 30, 2017	

D Check if any excepted specified foreign financial assets are reported on this form (see instructions)

E Person(s) on whose behalf this information return is filed:

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

Important: Fill in all applicable lines and schedules. All information must be in English. All amounts must be stated in U.S. dollars unless otherwise indicated.

1a Name and address of foreign corporation FREESTATE HEALTHCARE INSURANCE COMPANY, LTD. P.O. BOX 10233 GRAND CAYMAN KY1-1002 CAYMAN ISLANDS	b(1) Employer identification number, if any 98-0464065 b(2) Reference ID number (see instructions) c Country under whose laws incorporated CAYMAN ISLANDS
---	--

d Date of incorporation	e Principal place of business	f Principal business activity code number	g Principal business activity	h Functional currency
12/14/04	CAYMAN ISLANDS	525100	OTHER INSURANCE FUND	UNITED STATES, DOLLAR

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States	b If a U.S. income tax return was filed, enter: <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">(i) Taxable income or (loss)</td> <td style="width:50%;">(ii) U.S. income tax paid (after all credits)</td> </tr> <tr> <td> </td> <td> </td> </tr> </table>	(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)		
(i) Taxable income or (loss)	(ii) U.S. income tax paid (after all credits)				

c Name and address of foreign corporation's statutory or resident agent in country of incorporation ARTEX RISK SOLUTIONS (CAYMAN) LIMIT P.O. BOX 10233 GRAND CAYMAN KY1-1002 CAYMAN ISLANDS	d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different SAME AS 2C
---	--

Schedule A Stock of the Foreign Corporation		
(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

	(a) Name of country or U.S. possession	Amount of tax		
		(b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1	U.S.			
2				
3				
4				
5				
6				
7				
8	Total			

Schedule F Balance Sheet

Important: Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.

Assets		(a) Beginning of annual accounting period	(b) End of annual accounting period
1	Cash	1	
2a	Trade notes and accounts receivable	2a	
b	Less allowance for bad debts	2b	() ()
3	Inventories		
4	Other current assets (attach statement)	4	
5	Loans to shareholders and other related persons	5	
6	Investment in subsidiaries (attach statement)	6	
7	Other investments (attach statement)	7	
8a	Buildings and other depreciable assets	8a	
b	Less accumulated depreciation	8b	() ()
9a	Depletable assets	9a	
b	Less accumulated depletion	9b	() ()
10	Land (net of any amortization)	10	
11	Intangible assets:		
a	Goodwill	11a	
b	Organization costs	11b	
c	Patents, trademarks, and other intangible assets	11c	
d	Less accumulated amortization for lines 11a, b, and c	11d	() ()
12	Other assets (attach statement)	12	
13	Total assets	13	
Liabilities and Shareholders' Equity			
14	Accounts payable	14	
15	Other current liabilities (attach statement)	15	
16	Loans from shareholders and other related persons	16	
17	Other liabilities (attach statement)	17	
18	Capital stock:		
a	Preferred stock	18a	
b	Common stock	18b	
19	Paid-in or capital surplus (attach reconciliation)	19	
20	Retained earnings	20	
21	Less cost of treasury stock	21	() ()
22	Total liabilities and shareholders' equity	22	

Schedule G Other Information

1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership? Yes No
2 During the tax year, did the foreign corporation own an interest in any trust? Yes No
3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3? Yes No
4 During the tax year, was the foreign corporation a participant in any cost sharing arrangement? Yes No
5 During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement? Yes No
6 During the tax year, did the foreign corporation participate in any reportable transaction as defined in Regulations section 1.6011-4? Yes No
7 During the tax year, did the foreign corporation pay or accrue any foreign tax that was disqualified for credit under section 901(m)? Yes No
8 During the tax year, did the foreign corporation pay or accrue foreign taxes to which section 909 applies, or treat foreign taxes that were previously suspended under section 909 as no longer suspended? Yes No

Schedule H Current Earnings and Profits

Important: Enter the amounts on lines 1 through 5c in functional currency.

1 Current year net income or (loss) per foreign books of account
2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):
a Capital gains or losses
b Depreciation and amortization
c Depletion
d Investment or incentive allowance
e Charges to statutory reserves
f Inventory adjustments
g Taxes
h Other (attach statement) STATEMENT 3
3 Total net additions
4 Total net subtractions
5a Current earnings and profits (line 1 plus line 3 minus line 4)
5b DASTM gain or (loss) for foreign corporations that use DASTM
5c Combine lines 5a and 5b
5d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations)
Enter exchange rate used for line 5d 1.000000

Schedule I Summary of Shareholder's Income From Foreign Corporation

If item E on page 1 is completed, a separate Schedule I must be filed for each Category 4 or 5 filer for whom reporting is furnished on this Form 5471. This schedule I is being completed for:

Name of U.S. shareholder Identifying number
1 Subpart F income (line 38b, Worksheet A in the instructions)
2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions)
3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)
4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)
5 Factoring income
6 Total of lines 1 through 5. Enter here and on your income tax return
7 Dividends received (translated at spot rate on payment date under section 989(b)(1))
8 Exchange gain or (loss) on a distribution of previously taxed income

Was any income of the foreign corporation blocked? Yes No
Did any such income become unblocked during the tax year (see section 964(b))? Yes No
If the answer to either question is "Yes," attach an explanation.

FORM 5471

OTHER NET ADJUSTMENTS

STATEMENT 3

<u>DESCRIPTION</u>	<u>NET ADDITIONS</u>	<u>NET SUBTRACTIONS</u>
RELATED PARTY PREMIUMS		4,824,875.
RELATED PTY LOSS RESERVES & CLAIM	3,897,296.	
TOTAL TO 5471, PAGE 4, SCHEDULE H, LINE 2H	<u>3,897,296.</u>	<u>4,824,875.</u>

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**SCHEDULE J
(Form 5471)**

(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)
of Controlled Foreign Corporation**

► Information about Schedule J (Form 5471) and its instructions is at www.irs.gov/form5471.
► Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471

Identifying number

ATLANTIC GENERAL HOSPITAL

52-1656507

Name of foreign corporation

EIN (if any)

Reference ID number

FREESTATE HEALTHCARE INSURANCE COMPANY, LTD.

98-0464065

Important: Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year	-11,170,422.					-11,170,422.
2a Current year E&P						
b Current year deficit in E&P	880,103.					
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b)	-12,050,525.					
4 Amounts included under section 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)						
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	-12,050,525.					
7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.)	-12,050,525.					-12,050,525.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 12-2012)

**Return by a U.S. Transferor of Property
 to a Foreign Corporation**

▶ **Information about Form 926 and its separate instructions is at www.irs.gov/form926.**
 ▶ **Attach to your income tax return for the year of the transfer or distribution.**

Part I U.S. Transferor Information (see instructions)

Name of transferor ATLANTIC GENERAL HOSPITAL	Identifying number (see instructions) 52-1656507
--	--

- 1** If the transferor was a corporation, complete questions 1a through 1d.
- a** If the transfer was a section 361(a) or (b) transfer, was the transferor controlled (under section 368(c)) by 5 or fewer domestic corporations? Yes No
- b** Did the transferor remain in existence after the transfer? Yes No
- If not, list the controlling shareholder(s) and their identifying number(s):

Controlling shareholder	Identifying number

- c** If the transferor was a member of an affiliated group filing a consolidated return, is it the parent corporation? Yes No
- If not, list the name and employer identification number (EIN) of the parent corporation:

Name of parent corporation	EIN of parent corporation

- d** Have basis adjustments under section 367(a)(5) been made? Yes No

- 2** If the transferor was a partner in a partnership that was the actual transferor (but is not treated as such under section 367), complete questions 2a through 2d.

- a** List the name and EIN of the transferor's partnership:

Name of partnership	EIN of partnership

- b** Did the partner pick up its pro rata share of gain on the transfer of partnership assets? Yes No
- c** Is the partner disposing of its **entire** interest in the partnership? Yes No
- d** Is the partner disposing of an interest in a limited partnership that is regularly traded on an established securities market? Yes No

Part II Transferee Foreign Corporation Information (see instructions)

3 Name of transferee (foreign corporation) FREESTATE HEALTHCARE INSURANCE COMPANY, LTD.	4a Identifying number, if any 98-0464065
---	--

5 Address (including country) P.O. BOX 10233 GRAND CAYMAN, KY1-1002 CAYMAN ISLANDS	4b Reference ID number
---	------------------------

6 Country code of country of incorporation or organization
CJ

7 Foreign law characterization (see instructions)
CORPORATION

- 8** Is the transferee foreign corporation a controlled foreign corporation? Yes No

Part III Information Regarding Transfer of Property (see instructions)

Type of property	(a) Date of transfer	(b) Description of property	(c) Fair market value on date of transfer	(d) Cost or other basis	(e) Gain recognized on transfer
Cash			936,485.		
Stock and securities					
Installment obligations, account receivables or similar property					
Foreign currency or other property denominated in foreign currency					
Inventory					
Assets subject to depreciation recapture (see Temp. Regs. sec. 1.367(a)-4T(b))					
Tangible property used in trade or business not listed under another category					
Intangible property					
Property to be leased (as described in final and temp. Regs. sec. 1.367(a)-4(c))					
Property to be sold (as described in Temp. Regs. sec. 1.367(a)-4T(d))					
Transfers of oil and gas working interests (as described in Temp. Regs. sec. 1.367(a)-4T(e))					
Other property					

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Supplemental Information Required To Be Reported (see instructions):

Part IV Additional Information Regarding Transfer of Property (see instructions)

9 Enter the transferor's interest in the foreign transferee corporation before and after the transfer:

(a) Before 20.0000 % (b) After 20.0000 %

10 Type of nonrecognition transaction (see instructions) IRC SECTION 351

11 Indicate whether any transfer reported in Part III is subject to any of the following:

- a Gain recognition under section 904(f)(3)
b Gain recognition under section 904(f)(5)(F)
c Recapture under section 1503(d)
d Exchange gain under section 987

12 Did this transfer result from a change in the classification of the transferee to that of a foreign corporation?

13 Indicate whether the transferor was required to recognize income under final and Temporary Regulations sections 1.367(a)-4 through 1.367(a)-6 for any of the following:

- a Tainted property
b Depreciation recapture
c Branch loss recapture
d Any other income recognition provision contained in the above-referenced regulations

14 Did the transferor transfer assets which qualify for the trade or business exception under section 1.367(a)(3)?

15 a Did the transferor transfer foreign goodwill or going concern value as defined in Temporary Regulations section 1.367(a)-1T(d)(5)(iii)?

b If the answer to line 15a is "Yes," enter the amount of foreign goodwill or going concern value transferred \$

16 Was cash the only property transferred?

17 a Was intangible property (within the meaning of section 936(h)(3)(B)) transferred as a result of the transaction?

b If "Yes," describe the nature of the rights to the intangible property that was transferred as a result of the transaction:

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

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

▶ **Information about Form 8868 and its instructions is at www.irs.gov/form8868.**

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

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

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

	Enter filer's identifying number	
Type or print	Name of exempt organization or other filer, see instructions. ATLANTIC GENERAL HOSPITAL	Employer identification number (EIN) or 52-1656507
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 9733 HEALTHWAY DRIVE	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BERLIN, MD 21811	

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

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990 (corporation)	07
Form 990-BL	02	Form 1041 (individual)	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 522 (estate)	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

CHERYL NOTTINGHAM

• The books are in the care of ▶ **9733 HEALTHWAY DRIVE - BERLIN, MD 21811**
Telephone No. ▶ **410-641-9095** Fax No. ▶ _____

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **MAY 15, 2018**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ▶ calendar year _____ or
- ▶ tax year beginning **JUL 1, 2016**, and ending **JUN 30, 2017**.

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

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

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

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

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

▶ **Information about Form 8868 and its instructions is at www.irs.gov/form8868 .**

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

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

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

	Enter filer's identifying number	
Type or print	Name of exempt organization or other filer, see instructions. ATLANTIC GENERAL HOSPITAL	Employer identification number (EIN) or 52-1656507
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 9733 HEALTHWAY DRIVE	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BERLIN, MD 21811	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 7

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990 (corporation)	07
Form 990-BL	02	Form 1041 (individual)	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 522 (estate)	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

CHERYL NOTTINGHAM

• The books are in the care of ▶ **9733 HEALTHWAY DRIVE - BERLIN, MD 21811**
Telephone No. ▶ **410-641-9095** Fax No. ▶ _____

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **MAY 15, 2018**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ▶ calendar year _____ or
- ▶ tax year beginning **JUL 1, 2016**, and ending **JUN 30, 2017**.

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

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

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

Electronic Filing PDF Attachment

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Atlantic General Hospital Corporation

Audited Financial Statements

Years Ended June 30, 2017 and 2016

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Independent Auditors' Report

Board of Trustees
Atlantic General Hospital Corporation
Berlin, Maryland

We have audited the accompanying financial statements of Atlantic General Hospital Corporation (the Corporation), which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atlantic General Hospital Corporation as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matter – New Accounting Pronouncement

As discussed in Note 2 to the financial statements, during the year ended June 30 2017, the Corporation implemented new accounting guidance for accounting for debt issuance cost and reporting that requires retroactive adjustments to amounts previously reported as of and for the year ended June 30, 2016. Our opinion is not modified with respect to this matter

Dixon Hughes Goodman LLP

**Gaithersburg, Maryland
October 25, 2017**

Atlantic General Hospital Corporation
Balance Sheets
June 30, 2017 and 2016

	2017	As Adjusted 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,064,308	\$ 13,604,571
Investments	8,358,835	7,051,195
Patient accounts receivable, less uncollectible accounts of \$6,021,463 and \$4,306,491 for 2017 and 2016, respectively	10,080,616	8,785,038
Supply inventory	2,738,539	2,623,947
Prepaid expenses and other current assets	3,594,126	1,958,973
Total current assets	36,836,424	34,023,724
Land, buildings and equipment	49,179,310	48,584,152
Other assets:		
Assets whose use is limited:		
Cash and cash equivalents restricted by donor	84,906	69,860
Cash and cash equivalents internally designated for a future endowment	66,913	74,994
Investments internally designated for a future endowment	3,529,433	3,173,300
Noncurrent pledges receivable	1,370,969	30,000
Long-term investments	27,696	27,696
Other noncurrent assets	4,334,515	4,838,398
Total other assets	9,414,432	8,214,248
Total assets	\$ 95,430,166	\$ 90,822,124

Atlantic General Hospital Corporation
Balance Sheets
June 30, 2017 and 2016

(Continued)

	<u>2017</u>	<u>As Adjusted 2016</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,856,689	\$ 4,640,810
Salaries, wages, and related items	5,915,128	5,421,737
Interest payable	46,318	46,301
Advances from third party payers	934,662	1,009,128
Current portion of long-term debt	<u>2,398,737</u>	<u>2,338,086</u>
Total current liabilities	15,151,534	13,456,062
Noncurrent liabilities:		
Long-term debt, less current portion and unamortized debt issuance costs	19,280,261	22,083,964
Swap contracts	192,373	154,682
Other liabilities	<u>6,310,486</u>	<u>6,640,826</u>
Total liabilities	40,934,654	42,335,534
Net assets:		
Unrestricted		
General	47,966,166	45,120,912
Board-designated	3,596,346	3,248,294
Temporarily restricted	<u>2,933,000</u>	<u>117,384</u>
Total net assets	<u>54,495,512</u>	<u>48,486,590</u>
Total liabilities and net assets	<u>\$ 95,430,166</u>	<u>\$ 90,822,124</u>

See accompanying notes.

Atlantic General Hospital Corporation
Statements of Operations
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>As Adjusted 2016</u>
Operating revenue:		
Patient service revenue, net of contractual allowances and discounts	\$ 119,312,454	\$ 115,478,446
Provision for bad debts	<u>(4,851,375)</u>	<u>(3,990,597)</u>
Net patient service revenue, less provision for bad debts	114,461,079	111,487,849
Other operating revenue	<u>3,280,562</u>	<u>3,456,714</u>
Total operating revenue	117,741,641	114,944,563
Operating expenses:		
Salaries	52,285,730	48,475,388
Employee benefits and other related expenses	10,343,440	10,506,395
Professional fees and contracted services	10,969,217	13,120,161
Supplies and other expense	27,144,853	25,277,220
Utilities	1,540,276	1,479,646
Maintenance and repairs	5,907,319	5,250,009
Insurance	1,563,567	1,495,849
Interest	873,994	841,909
Depreciation	6,622,664	6,440,605
Amortization	<u>17,248</u>	<u>17,248</u>
Total operating expenses	<u>117,268,308</u>	<u>112,904,430</u>
Income from operations	473,333	2,040,133
Other income:		
Investment income	469,878	183,350
Net unrealized gains (losses) on trading portfolio	1,378,017	(519,440)
Other	<u>872,078</u>	<u>720,076</u>
Total other income	<u>2,719,973</u>	<u>383,986</u>
Revenue and gains in excess of expenses	<u>\$ 3,193,306</u>	<u>\$ 2,424,119</u>

See accompanying notes.

Atlantic General Hospital Corporation
Statements of Change in Net Assets
Years Ended June 30, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
Nets assets, beginning of year	\$ 48,369,206	\$ 117,384	\$ 48,486,590
Revenue and gains in excess of expenses	3,193,306	-	3,193,306
Restricted contributions	-	2,948,520	2,948,520
Net assets released from restrictions used for operations	-	(132,904)	(132,904)
Change in net assets	<u>3,193,306</u>	<u>2,815,616</u>	<u>6,008,922</u>
Net assets, end of year	<u>\$ 51,562,512</u>	<u>\$ 2,933,000</u>	<u>\$ 54,495,512</u>
	2016		
	Unrestricted	Temporarily Restricted	Total
Net assets, beginning of year	\$ 45,945,087	\$ 91,914	\$ 46,037,001
Revenue and gains in excess of expenses	2,424,119	-	2,424,119
Restricted contributions	-	327,394	327,394
Net assets released from restrictions used for operations	-	(301,924)	(301,924)
Change in net assets	<u>2,424,119</u>	<u>25,470</u>	<u>2,449,589</u>
Net assets, end of year	<u>\$ 48,369,206</u>	<u>\$ 117,384</u>	<u>\$ 48,486,590</u>

Atlantic General Hospital Corporation
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	As Adjusted 2016
Cash flows from operating activities and other gains:		
Change in net assets	\$ 6,008,922	\$ 2,449,589
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities and other gains:		
Depreciation and amortization expense	6,639,912	6,457,853
Amortization of debt issuance costs	32,318	32,363
Provision for bad debts	4,851,375	3,990,597
Recognition of change in fair value of swap contract	37,691	183,462
Realized losses (gains) on sale of investments	(84,255)	79,263
Unrealized (gains) losses on trading portfolio	(1,378,017)	519,440
Loss (gain) on disposal of equipment	42,919	(9,821)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Patient accounts receivable, net	(6,146,953)	(2,919,339)
Supply inventory	(114,592)	(276,121)
Prepaid expenses and other current assets	(1,635,153)	223,227
Increase (decrease) in:		
Accounts payable and accrued expenses	1,215,879	(4,561,322)
Salaries, wages and related items	493,391	518,898
Interest payable	17	(1,719)
Third party advances	(74,466)	243,403
Other liabilities	(1,184,674)	88,442
Net cash and cash equivalents provided by operating activities and other gains	<u>8,704,314</u>	<u>7,018,215</u>
Cash flows from investing activities:		
Net purchase of trading investments	(201,501)	(309,689)
Net purchase of land, building, and equipment	(7,093,256)	(4,764,017)
Net cash and cash equivalents used in investing activities	<u>(7,294,757)</u>	<u>(5,073,706)</u>
Cash flows from financing activities:		
Payments on long-term debt	(2,459,000)	(2,125,922)
Proceeds from long-term debt	-	452,208
Payments for debt issuance costs	(483,855)	-
Net cash and cash equivalents used in financing activities	<u>(2,942,855)</u>	<u>(1,673,714)</u>
Net change in cash and cash equivalents	(1,533,298)	270,795
Cash and cash equivalents at beginning of year	<u>13,749,425</u>	<u>13,478,630</u>
Cash and cash equivalents at end of year	<u>\$ 12,216,127</u>	<u>\$ 13,749,425</u>
Supplemental cash flow disclosure:		
Interest paid	<u>\$ 877,766</u>	<u>\$ 813,318</u>
Supplemental disclosure of noncash investing and financing activities:		
Capital lease obligations issued for equipment	<u>\$ 167,485</u>	<u>\$ 1,880,519</u>

See accompanying notes.

Notes to Financial Statements

1. Organization and Nature of Activities

Atlantic General Hospital Corporation (the Corporation) is a non-stock, non-profit Maryland corporation organized on April 4, 1989, primarily for the purpose of constructing, owning and operating Atlantic General Hospital (the Hospital) in Worcester County, Maryland. On May 21, 1993, the Hospital commenced operations as a full-service acute care inpatient and outpatient health care facility. Admitting physicians are primarily practitioners in the local area. Prior to May 21, 1993, the Corporation's primary activity was the planning and development of the Hospital.

2. Summary of Significant Accounting Policies

Use of estimates

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

Basis of presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Board-designated unrestricted net assets

Board-designated unrestricted net assets represent assets whose use by the Hospital has been designated by the Board of Trustees for a particular purpose. The Board of Trustees may remove or modify the designations at any time. The board-designated assets were a result of the Hospital being named beneficiary in a portion of an estate pursuant to a will in 2001. Board-designated unrestricted net assets as of June 30, 2017 and 2016 are reported as cash and cash equivalents and investments internally designated for a future endowment in the accompanying balance sheets and are comprised of the following:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 66,913	\$ 74,994
Investments	<u>3,529,433</u>	<u>3,173,300</u>
	<u>\$ 3,596,346</u>	<u>\$ 3,248,294</u>

The Board of Trustees has determined that any investment income on the future endowment will be internally designated by using a three year rolling average market value method, of which 3% annually can be used to fund physician practice development.

Temporarily restricted net assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors or grantors to a specific time period or purpose. Temporarily restricted net assets as of June 30 are restricted for community and education programs and operations.

Atlantic General Hospital Corporation

Notes to Financial Statements

Donor-restricted gifts

Unconditional promises to give cash and other assets to the Corporation 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 on the earlier of the date the condition is satisfied or 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 reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted revenue and support in the accompanying financial statements.

Risk factors

The Corporation's ability to maintain and/or increase future revenues could be adversely affected by: (1) the growth of managed care organizations promoting alternative methods for health care delivery and payment of services such as discounted fee-for-service networks and capitated fee arrangements (the rate setting process in the State of Maryland prohibits hospitals from entering into discounted fee arrangements, however, managed care contracts may provide for exclusive service arrangements); (2) proposed and/or future changes in the laws, rules, regulations, and policies relating to the definition, activities, and/or taxation of not-for-profit tax-exempt entities; (3) the outcome of the federal budget debate, and the enactment into law of all or any part of the current budget resolutions under consideration by Congress related to Medicare and Medicaid reimbursement methodology and/or further reductions in payments to hospitals and other health care providers; (4) the ultimate impact of the federal health care reform legislation (5) the future of Maryland's certificate of need program, where future deregulation could result in the entrance of new competitors, or future additional regulation may eliminate the Hospital's ability to expand or add new services; and (6) the future of the Maryland Health Services Cost Review Commission's authority to regulate rates, where future changes could result in reductions to revenues since payers would be allowed to negotiate discounts not currently allowed.

The Joint Commission, a non-governmental privately owned entity, provides accreditation status to hospitals and other health care organizations in the United States of America. Such accreditation is based upon a number of requirements including undergoing periodic surveys conducted by Joint Commission personnel. Certain managed care payers require hospitals to have appropriate Joint Commission accreditation in order to participate in those programs. In addition, the Center for Medicare and Medicaid Services of the U.S. Department of Health and Human Services (CMS), the agency with oversight of the Medicare and Medicaid programs, provides "deemed status" for facilities having Joint Commission accreditation. In other words, by being Joint Commission accredited, facilities are "deemed" to be in compliance with the Medicare and Medicaid conditions of participation. Termination as a Medicare provider or exclusion from any or all of these programs/payers would have a materially negative impact on the future financial position, operating results and cash flows of the Hospital. The Hospital has been accredited by the Joint Commission through September 19, 2018.

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

Cash and cash equivalents

The Corporation invests excess cash in financial instruments, which are converted into cash as needed to meet the Corporation's obligations. Cash equivalents are highly liquid financial instruments with original maturities of less than three months or containing provisions for early redemption without penalty. The Corporation has cash holding in commercial banks that routinely exceed the Federal Deposit Insurance Corporation maximum insurance limit of \$250,000.

Atlantic General Hospital Corporation
Notes to Financial Statements

The composition of cash and cash equivalents at June 30 is as follows:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents, classified as a current asset	\$ 12,064,308	\$ 13,604,571
Amounts restricted by donor	84,906	69,860
Amounts internally designated for a future endowment	<u>66,913</u>	<u>74,994</u>
Total cash and cash equivalents (as reported in the accompanying statements of cash flows)	<u>\$ 12,216,127</u>	<u>\$ 13,749,425</u>

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the accompanying balance sheets based on quoted market prices. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in other income, unless the income or loss is restricted by donor or law. Long-term investments represent charitable gift annuities recorded at the present value of the expected gift and investment in a captive insurance company.

The composition of investments at June 30 is as follows:

	<u>2017</u>	<u>2016</u>
Investments:		
Common stock	\$ 2,374,443	\$ 2,969,534
Mutual funds - equities	8,153,443	5,666,195
Mutual funds - fixed maturity	<u>1,388,078</u>	<u>1,616,462</u>
	11,915,964	10,252,191
Less investments internally designated for a future endowment	3,529,433	3,173,300
Less long-term investments	<u>27,696</u>	<u>27,696</u>
Undesignated investments	<u>\$ 8,358,835</u>	<u>\$ 7,051,195</u>

Investment income for the years ended June 30 consists of:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 385,623	\$ 262,613
Realized gains (losses)	<u>84,255</u>	<u>(79,263)</u>
	<u>\$ 469,878</u>	<u>\$ 183,350</u>

During 2008, the Corporation joined Maryland e-Care, LLC, a joint venture formed by six Maryland hospitals to provide remote monitoring technology with clinical decision support and physician/nursing services for their use in the intensive care units and other clinical areas within their respective hospitals. Currently, the Corporation maintains an 8.11% interest (\$20,000) in this joint venture, which is reported using the cost method of accounting in the accompanying financial statements.

Fair value measurements

Current accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, 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. Level two investments include corporate bonds, U.S. government obligations, and asset and mortgage backed securities. A third party pricing service may be used 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. Level three investments can include limited liability partnerships and limited liability companies. The fair value for these investments are determined by applying the ownership percentage to the net asset value of the investment fund. Underlying investments of the funds can include hedge funds, real estate funds, mortgage backed securities, asset backed securities, and global equity fund of funds.

The following discussion describes the valuation methodologies used for financial assets measured at fair value. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates, and estimates of the amount and timing of future cash flows. Care should be exercised in deriving conclusions about the Corporation's business, its value, or financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of the timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset.

Fair values of common stock and mutual funds have been determined by the Corporation from observable market quotations, when available. Private placement securities and other equity securities where a public quotation is not available are valued by using broker quotes.

The fair value of the Corporation's interest rate swap contracts are based on the proprietary model of a third party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the swap, and considers the credit risk of the Corporation and the counterparty. The method used to determine the fair value calculates the estimated future payments required by the swap and discounts these payments using an appropriate discount rate. The value represents the estimated exit price that the Corporation would pay to terminate the agreement.

Atlantic General Hospital Corporation
Notes to Financial Statements

The following table presents the Corporation's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of June 30, 2017:

Assets	<u>Level 1</u>	<u>Level 2</u>	<u>Total Fair Value</u>
Mutual funds:			
Fixed maturity:			
High Yield Bond	\$ 291,456	\$ -	\$ 291,456
Inflation-Protected Bond	176,951	-	176,951
Intermediate-term Bond	919,671	-	919,671
Equities:			
Bank Loan	49,771	-	49,771
Commodities Broad Basket	75,000	-	75,000
Diversified Emerging Markets	911,420	-	911,420
Equity Energy	74,496	-	74,496
Foreign Large Blend	824,465	-	824,465
Foreign Large Growth	1,056,915	-	1,056,915
Foreign Large Value	179,638	-	179,638
Foreign Small/Mid Growth	49,325	-	49,325
Large Blend	131,936	-	131,936
Large Growth	1,335,307	-	1,335,307
Large Value	1,246,110	-	1,246,110
Mid-Cap Growth	385,375	-	385,375
Mid-Cap Value	434,722	-	434,722
Option Writing	310,100	-	310,100
Real Estate	303,234	-	303,234
Small Blend	785,629	-	785,629
Common stocks:			
Basic Materials	62,768	-	62,768
Consumer Goods	90,779	-	90,779
Financial	627,814	728,540	1,356,354
Healthcare	426,643	-	426,643
Industrial Goods	84,955	-	84,955
Services	98,325	-	98,325
Technology	209,030	-	209,030
Utilities	25,589	-	25,589
Total	<u>\$ 11,167,424</u>	<u>\$ 728,540</u>	<u>\$ 11,895,964</u>
Liabilities			
Interest rate swaps	<u>\$ -</u>	<u>\$ (192,373)</u>	<u>\$ (192,373)</u>
	<u>\$ -</u>	<u>\$ (192,373)</u>	<u>\$ (192,373)</u>

Atlantic General Hospital Corporation
Notes to Financial Statements

The following table presents the Corporation's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total Fair Value</u>
Assets			
Mutual funds:			
Fixed maturity:			
High Yield Bond	\$ 325,816	\$ -	\$ 325,816
Inflation-Protected Bond	336,698	-	336,698
Intermediate-term Bond	953,947	-	953,947
Equities:			
Diversified Emerging Markets	520,679	-	520,679
Equity Energy	77,544	-	77,544
Foreign Large Blend	943,279	-	943,279
Foreign Large Growth	20,149	-	20,149
Large Blend	104,508	-	104,508
Large Growth	1,036,780	-	1,036,780
Large Value	1,049,384	-	1,049,384
Mid-Cap Growth	214,960	-	214,960
Mid-Cap Value	310,698	-	310,698
Multialternative	200,592	-	200,592
Real Estate	303,924	-	303,924
Small Blend	784,379	-	784,379
Small Value	99,319	-	99,319
Common stocks:			
Basic Materials	157,027	-	157,027
Consumer Goods	177,571	-	177,571
Financial	595,897	728,540	1,324,437
Healthcare	500,362	-	500,362
Industrial Goods	132,561	-	132,561
OTC Markets	14,612	-	14,612
Services	192,983	-	192,983
Technology	413,967	-	413,967
Utilities	36,015	-	36,015
Total	<u>\$ 9,503,651</u>	<u>\$ 728,540</u>	<u>\$ 10,232,191</u>
Liabilities			
Interest rate swaps	\$ -	\$ (154,682)	\$ (154,682)
	<u>\$ -</u>	<u>\$ (154,682)</u>	<u>\$ (152,682)</u>

There were no significant transfers between fair value hierarchy levels for the years ended June 30, 2017 and 2016.

Supply inventory

Supply inventory is stated at the lower of cost or market, with cost determined principally by the first-in, first-out method.

Atlantic General Hospital Corporation
Notes to Financial Statements

Land, buildings, and equipment

Land, buildings, and equipment are carried at cost, including net interest on related borrowings capitalized during periods of construction. Donated items are recorded at fair value at the date of the donation. Capital leases are carried at the lower of the present value of their net minimum lease payments or the fair value of the leased properties at the inception of the lease less accumulated amortization. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. The carrying amounts of significant assets sold, retired, or otherwise disposed of and the related allowances for depreciation are eliminated from the accounts.

Depreciation, which includes amortization of equipment under capital leases, is recorded on the straight-line basis using the half-year convention over the estimated useful lives (or lease term if shorter) of 10 to 40 years for buildings and improvements and 5 to 10 years for equipment. Any acquisitions from July 1, 1999 and forward that are in excess of \$100,000 are depreciated on the straight-line basis without using the half-year convention.

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

Net patient service revenue and patient accounts receivable

Net patient service revenue is reported at estimated net realizable amounts from patients, third party payers, and others for services rendered.

The following table presents the detail of net patient service revenue:

	<u>2017</u>	<u>2016</u>
Gross charges for patient service	\$ 162,112,254	\$ 156,123,842
Deductions from gross charges		
Charity care	2,569,515	3,277,821
Contractual and other allowances	<u>40,230,285</u>	<u>37,367,575</u>
Net patient service revenue	119,312,454	115,478,446
Less: provision for bad debts	<u>4,851,375</u>	<u>3,990,597</u>
	<u>\$ 114,461,079</u>	<u>\$ 111,487,849</u>

Patient accounts receivable include Hospital and physician charges for accounts due from Medicare, Maryland Medical Assistance (Medicaid), CareFirst, commercial and managed care insurers, and self-paying patients. Deducted from patient accounts receivable are estimates of allowances for the excess of charges over the payments on patient accounts to be received from third party payers and uncollectible amounts related to self-paying patients. These estimates are calculated by management based on historical collection experience and analysis of financial class and age of groups of accounts receivable. The allowance for doubtful accounts compared to gross patient accounts receivable was 27% and 24% as of June 30, 2017 and 2016, respectively. The increase in the allowance for doubtful accounts in 2017 was due to a decline in collection experience.

Charity care

The Hospital provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates. Such patients are identified based on financial information obtained from the patient (or their guarantor) and subsequent analysis, and use of the federal poverty limits as guidelines. Since the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as a component of net patient service revenue or net patient accounts receivable.

Atlantic General Hospital Corporation

Notes to Financial Statements

Under current accounting standards, the Hospital is required to report the cost of providing charity care. The cost of charity care provided by the Hospital totaled \$1,485,695 and \$2,507,535 for the years ended June 30, 2017 and 2016, respectively. Rates charged by the Hospital for regulated services are determined based on an assessment of direct and indirect cost calculated pursuant to the methodology established by the Maryland Health Services Cost Review Commission (the Commission). For any charity services rendered by the Corporation, the cost of charity care is calculated by applying the estimated total cost-to-charge ratio for the Hospital services to the total amount of charges for services provided to patients benefitting from the charity care policies of the Hospital.

A Maryland hospital either receives payments from or makes payments to the Commission with respect to an Uncompensated Care Fund (UCC) established for rate-regulated hospitals in Maryland. The UCC is intended to provide Maryland hospitals with funds to support the provision of uncompensated care at those hospitals. The Hospital received net payments from the UCC of \$512,458 and \$1,201,716 for the years ended June 30 2017 and 2016, respectively.

Revenue and gains in excess of expenses

The statements of operations include revenue and gains in excess of expenses. Changes in unrestricted net assets, which are excluded from revenue and gains in excess of expenses, consistent with industry practice, include contributions of (and assets released from donor restrictions related to) long-lived assets and other items that are required by accounting principles generally accepted in the United States of America to be reported separately.

Maryland Health Services Cost Review Commission (the Commission)

Certain of the Hospital's charges are subject to review and approval by the Commission. The Hospital has filed the required reports with the Commission and believes it is in compliance with the Commission's requirements. The rate of reimbursement for principally all inpatient services and certain other services to patients under the Medicare and Medicaid programs prior to January 1, 2014 was based on a 36-year-old agreement between the Centers for Medicare and Medicaid Services (CMS) and the Commission. This agreement was based upon a waiver from the Medicare prospective payment system reimbursement principles granted to the State of Maryland under Section 1814(b) of the Social Security Act. In January 2014, CMS approved a new waiver to modernize Maryland's unique all-payer rate-setting system for hospital services. The current waiver consists of a five-year performance period. Maryland hospitals will commit to achieving significant quality improvements including reductions in 30-day readmissions and hospital acquired conditions. Maryland will also limit the annual Medicare per capita hospital cost growth to a rate lower than the national annual per capita growth rate per year for 2015 to 2018. Under this model, Medicare is estimated to save at least \$330 million over the next five years. Under the waiver, Maryland will shift virtually all of its hospital revenue over the five year performance period into global payment models. The Hospital elected to participate in this new global budget revenue program.

Patient service revenue is recorded at rates established by the Commission. The Hospital entered into a Global Budget Revenue (GBR) agreement with the Commission. The GBR agreement will renew each year for a one-year period unless it is cancelled by the Commission or by the Hospital. The GBR agreement provides the Hospital with a fixed revenue amount (CAP) under which it must operate each year. The CAP is adjusted annually for inflation, change in the Hospital's payer mix and uncompensated care, change in population and quality incentives.

The Commission's rate-setting methodology for service centers that provide both inpatient and outpatient services or only outpatient services consists of establishing an acceptable unit rate for these centers within the applicable facility. The actual average unit charge for each service center is compared to the approved rate on a monthly basis. The rate variances, plus penalties where applicable, are applied to decrease (in the case of overcharges) or increase (in the case of undercharges) future approved rates on an annual basis. The timing of the Commission's rate adjustments for the Hospital could result in an increase or reduction due to the variances and penalties described above in a year subsequent to the year in which such items occur. The Hospital's policy is to accrue revenue based on actual rates charged for services to patients in the year in which the services are performed and are billable.

Atlantic General Hospital Corporation

Notes to Financial Statements

Other operating revenue

The Hospital met compliance requirements to receive incentives to upgrade and implement certified electronic health record systems and become meaningful users under the provisions of the American Recovery and Reinvestment Act of 2009. The Corporation recognized \$0 and \$653,618 of meaningful use incentives for fiscal years ended June 30, 2017 and 2016, respectively, and reported this amount as other operating revenue in the accompanying statements of operations. The meaningful use incentive amounts received are subject to audit and future settlement by CMS.

Advertising and marketing costs

The Corporation expenses advertising and marketing costs as they are incurred. Advertising and marketing expenses were approximately \$1,534,000 and \$1,302,000 for the fiscal years ended June 30, 2017 and 2016, respectively, and are reported as supplies and other expense in the accompanying statements of operations. No advertising or marketing costs have been capitalized in the accompanying balance sheets.

Income taxes

The Corporation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code as a public charity. Federal tax law requires that the Corporation be operated in a manner consistent with its initial exemption application in order to maintain its exempt status. Management has analyzed the operations of the Corporation and concluded that it remains in compliance with the requirements for exemption.

The state in which the Corporation operates also provides general exemption from state income taxation for organizations that are exempt from federal income taxation. However, the Corporation is subject to both federal and state income taxation at corporate tax rates on its unrelated business income. Exemption from other state taxes, such as real and personal property taxes, is separately determined.

Current accounting standards define the threshold for recognizing uncertain income tax return positions in the financial statements as “more likely than not” that the position is sustainable, based on technical merits, and also provide guidance on the measurement, classification, and disclosure of tax return positions in the financial statements. Management believes there is no impact on the Corporation’s accompanying financial statements related to uncertain income tax provisions.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which provides a principles-based standard for recognizing revenue through a five-step process. The guidance in ASU 2014-09 is effective for the Corporation beginning July 1, 2018, with early adoption permitted. At the present time, management has not yet determined what the effects of adopting this ASU will be on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases. The amendments in this ASU are effective for the Corporation beginning on July 1, 2019, with early adoption permitted, and should be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Management has not yet determined what the effects of adopting this ASU will be on its financial statements.

Atlantic General Hospital Corporation
Notes to Financial Statements

In August 2016, FASB issued ASU 2016-14, *Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for Profit Entities*. The amendments in this ASU make certain improvements that address many, but not all, of the identified issues about the current financial reporting for Not-for-Profit (NFP) entities. Under the new guidance, financial statements and noted disclosures requirements for NFP entities include the following:

1. Present on the face of the statement of financial position net assets with and without donor restrictions
2. Present on the statement of activities additional operation measures.
3. Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.
4. Enhanced disclosures that provide quantitative and qualitative information about liquidity management.

The amendments in ASU 2016-14 are effective for the Corporation beginning on July 1, 2018, with early adoption permitted. Management has not yet determined what the effects of adopting this ASU will be on its consolidated financial statements.

Presentation of debt issuance costs

Effective July 1, 2017 the Corporation adopted ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which amends presentation guidance by requiring debt issuance costs related to a recognized debt obligation be presented in the balance sheet as a direct deduction from the carrying amount of that debt obligation, consistent with the presentation of debt discounts. ASU 2015-03 does not change the recognition and measurement requirements for debt issuance costs. Prior to the issuance of this ASU, an entity would present debt issuance costs as an asset. Accordingly, the amounts in the 2016 financial statements described below have been reclassified for comparative purposes to conform to the presentation in the 2017 financial statements. Such reclassifications did not impact the 2016 change in net assets.

	As of June 30, 2016		
	As Previously Reported	Retrospective Adjustment	As Adjusted
Balance sheets:			
Assets			
Debt issuance costs, net of accumulated amortization	\$ 322,775	\$ (322,775)	\$ -
Total assets	91,144,899	(322,775)	90,822,124
Liabilities and members' equity			
Long-term debt, less current portion, net of unamortized debt issuance costs	\$ 22,406,739	\$ (322,775)	\$ 22,083,964
Total liabilities and members' equity	91,144,889	(322,775)	90,822,124
Statement of operations:			
Amortization	\$ 49,611	\$ (32,363)	\$ 17,248
Interest	809,546	32,363	841,909
Statement of cash flows:			
Depreciation and amortization	\$ 6,490,216	\$ (32,363)	\$ 6,457,853
Amortization of debt issuance costs	-	32,363	32,363

Atlantic General Hospital Corporation
Notes to Financial Statements

Amounts in the 2016 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2017 financial statements. Such reclassifications did not impact the 2016 change in net assets. Accordingly, the

3. Land, Buildings, and Equipment

Land, buildings, and equipment are comprised of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Land, buildings, and improvements	\$ 46,838,265	\$ 45,640,801
Fixed equipment	20,490,255	19,641,983
Movable equipment	37,143,417	35,645,535
Capital lease equipment	<u>2,978,185</u>	<u>2,242,205</u>
	107,450,122	103,170,524
Less accumulated depreciation	<u>63,912,394</u>	<u>57,340,792</u>
	43,537,728	45,829,732
Construction in process	<u>5,641,582</u>	<u>2,754,420</u>
	<u>\$ 49,179,310</u>	<u>\$ 48,584,152</u>

Accumulated amortization on leased equipment totaling \$1,399,997 and \$1,038,505 is included in the balance of accumulated depreciation as of June 30, 2017 and 2016, respectively. Amortization expense associated with capital lease equipment was \$355,257 and \$159,534 for the years ended June 30, 2017 and 2016, and is included in the balance of depreciation expense in the accompanying statements of operations.

4. Pledges Receivable

Unconditional promises to give cash and others assets are recorded at fair value in the year that they are made net of allowance for uncollectible accounts and discounted to their present value. As of June 30, 2017, promises to give that are expected to be received in less than one year total \$1,162,554, one to five years total \$1,396,824, and more than five years total 75,355. The promises to give in future years are discounted in the amount of \$101,210 at a rate of 2.8% at June 30, 2017. Conditional promises to give are recorded at the time they become unconditional and are reported in prepaid expenses and other current assets and noncurrent pledges receivable of the accompanying balance sheet.

5. Non-Current Liabilities

Long-term debt as of June 30 is comprised of the following:

	<u>2017</u>	<u>2016</u>
\$9,978,700 Berlin, Maryland Hospital Refunding Revenue Bonds (Atlantic General Hospital Facility), Series 2001; interest is determined by taking the weighted BMA index plus 1.65% per annum; principal and interest payments are due monthly commencing December 20, 2001 through December 1, 2026.	\$ 5,630,963	\$ 6,054,083

Atlantic General Hospital Corporation
Notes to Financial Statements

<p>\$5,000,000 Berlin, Maryland Hospital Revenue Bond (Atlantic General Hospital Facility), Series 2002; interest is currently the weighted BMA index plus 1.65% per annum, with an option to change quarterly to 65% of the prime rate; payable in monthly principal and interest installments of \$11,111 commencing October 1, 2008; matures September 1, 2027.</p>	1,366,667	1,500,000
<p>\$2,200,000 Series A Bond payable to M&T Bank with a fixed interest rate of 5.19%, which was based on the 10 year point on the S43 MUNI Swaps Curve + 2.44% until June 30, 2020. Beginning July 1, 2020 to and including its maturity or prepayment in full, the loan will bear interest at a rate equal to the Weighted SIFMA Calculation + 1.65%. Principal and interest payments are due monthly commencing August 1, 2010 through July 1, 2025.</p>	1,185,556	1,332,222
<p>\$2,600,000 Series B Bond payable to M&T Bank with a fixed interest rate of 5.08% through June 30, 2020 and a variable rate equal to the weighted SIFMA Calculation + 1.65%. Principal and interest payments are due monthly commencing January 1, 2011 through July 1, 2025.</p>	1,449,425	1,628,736
<p>\$7,400,000 Series C Bond payable to M&T Bank with a variable interest rate equal to the Weighted SIFMA Calculation through December 31, 2012 and a fixed rate calculated as the 7-year point on the S43 Muni Swaps Curve + 2.44% from January 1, 2013 through June 30, 2020; thereafter, a variable rate equal to the SIFMA rate. Principal and interest payments are due monthly commencing August 1, 2011 through July 1, 2025. This loan converted to a fixed rate of 3.48% on January 1, 2013.</p>	4,062,935	4,617,648
<p>\$4,154,850 loan payable to M&T Bank with an interest rate of M&T 10 year swap rate; payable in monthly principal installments of \$17,312 maturing on April 9, 2023. The Corporation entered into an interest rate swap that effectively fixes the interest rate at 4.02%. The interest rate swap expires April 9, 2023.</p>	3,306,560	3,514,302
<p>\$1,750,000 loan payable from Bank of Ocean City, secured by real property, with interest of 3.99%; payable in monthly principal and interest installments of \$10,599 commencing May 11, 2014; due April 11, 2034.</p>	1,557,060	1,637,541
<p>\$1,950,000 loan payable from Bank of Ocean City, secured by real property, interest of 3.99%; payable in monthly principal and interest installments of \$11,810 commencing June 23, 2014; due May 23, 2034.</p>	965,787	1,087,487
<p>\$680,000 loan payable from Bank of Ocean City, secured by real property, with interest of 3.99%; payable in monthly principal and interest installments of \$4,118 commencing July 30, 2015; due June 30, 2035.</p>	633,777	652,412
<p>\$452,208 loan payable from Bethesda Leasing, LLC for tenant improvements, with interest of 5.00%; payable in monthly principal and interest installments of \$4,796 commencing April 1, 2016; due March 1, 2026.</p>	407,228	446,435

Atlantic General Hospital Corporation
Notes to Financial Statements

\$633,753 loans payable for financing of Allscripts Perks Inpatient Clinical System with fixed interest rate of 2.00% secured by the associated equipment. Principal and interest payments are due monthly beginning October 1, 2011 through July 1, 2019.	83,229	286,693
\$208,522 loan payable for financing of Allscripts Sunrise Mobile MD Software and Sunrise EPSi Software with a fixed interest rate of 3.99% secured by the associated equipment. Principal and interest payments are due annually beginning December 31, 2015 through December 31, 2023.	190,260	190,260
Capital leases payable, with interest ranging from 3.54% to 5.44%, secured by selected equipment.	<u>1,613,863</u>	<u>1,797,006</u>
Total long-term debt	22,453,310	24,744,825
Less – net unamortized debt issuance costs.	(774,312)	(322,775)
Less – current portion	<u>(2,398,737)</u>	<u>(2,338,086)</u>
	<u>\$ 19,280,261</u>	<u>\$ 22,083,964</u>

Maturities of long-term debt, including capital leases, for years ending June 30 are as follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>After 2022</u>
Future minimum lease payments	\$ 462,221	\$ 468,395	\$ 472,869	\$ 335,403	\$ 35,528	\$ 6,044
Less interest	<u>77,429</u>	<u>54,980</u>	<u>26,337</u>	<u>6,925</u>	<u>899</u>	<u>27</u>
	384,792	413,415	446,532	328,478	34,629	6,017
Notes/loans payable	566,145	474,366	477,636	487,660	505,929	4,632,165
Bonds payable	<u>1,436,891</u>	<u>1,489,481</u>	<u>1,519,225</u>	<u>1,550,829</u>	<u>1,584,411</u>	<u>6,114,709</u>
	<u>\$ 2,387,828</u>	<u>\$ 2,377,262</u>	<u>\$ 2,443,393</u>	<u>\$ 2,366,967</u>	<u>\$ 2,124,969</u>	<u>\$10,752,891</u>

2001 Series refunding revenue bond

On December 20, 2001, pursuant to a loan and financing agreement (the Financing Agreement) between the Corporation, the Mayor and Council of Berlin, Maryland (the Issuer), and M&T Bank (formerly Wilmington Trust Company (the Lender), the Town of Berlin issued a \$9,978,700 Hospital Refunding Revenue Bond (Atlantic General Hospital Facility), 2001 Series (the 2001 Bond) dated December 1, 2001, to refund the then-existing 1992 Series Revenue Bonds (the Prior Bonds), provide for the payment of accrued and unpaid interest and premium on the Prior Bonds, and provide for the payment of a portion of the costs of issuance of the 2001 Bond. The Financing Agreement requires monthly payments by the Corporation sufficient to meet the principal and interest requirements of the 2001 Bond through its maturity on December 1, 2026. There is no trustee for the 2001 Bond; the Corporation makes all payments of principal and interest on the 2001 Bond directly to the Lender.

In accordance with the terms of the Financing Agreement, the Corporation has entered into various covenants imposing restrictions on the transfer or disposition of property and incurrence of additional indebtedness, restrictions on the acquisition of real property and equipment beyond specified limits, the achievement of certain pre-established financial indicators, monthly reporting of financial information, and the granting of a security interest in all property and unrestricted revenues of the Corporation.

Atlantic General Hospital Corporation Notes to Financial Statements

The Corporation's obligations are evidenced by the Financing Agreement, a deed of trust, and other documents executed and delivered for the purpose of securing the loan. The Corporation has assigned a continuing security interest in its receipts, equipment collateral, personal property, any judgments or awards, any insurance settlements, all rents, and all right and title and interest in property leases and subleases. Upon the occurrence of an event of default under the Financing Agreement, the interest on the outstanding principal balance will be increased 2% per annum in excess of the tax-exempt rate or the taxable rate, as applicable, until such time that the default is cured.

The 2001 Bond is subject to redemption prior to the scheduled December 1, 2026 maturity in different ways:

1. Mandatory redemption in whole but not in part, at the sole option of the Lender, at a redemption price equal to the unpaid principal amount together with unpaid interest through redemption. Redemption without premium or penalty is available on December 1, 2021. The lender must give 180 days' notice for mandatory redemption and they can only do so in the fiscal year 2022.
2. Special mandatory redemption given certain circumstances, in whole or in part as the case may be, at redemption price equal to the principal amount together with all unpaid interest through redemption plus applicable penalties.

2002 Series revenue bond

On September 18, 2002, pursuant to a loan and financing agreement (Second Financing) between the Corporation, the Issuer, and the Lender, the Town of Berlin issued a qualified tax-exempt \$5,000,000 Berlin, Maryland Corporation Revenue Bond (Atlantic General Hospital Facility), 2002 Series (the 2002 Bond) dated September 1, 2002. Its proceeds were used to finance a portion of the cost of the acquisition, construction and equipping of an expansion of the existing hospital facility for additional emergency, surgical, and outpatient service capacity. The Second Financing requires monthly payments by the Corporation directly to the Lender sufficient to meet the principal and interest requirements of the 2002 Bond through its maturity on September 1, 2027. Initially, interest was paid at 65% of the prime rate; however, from January 1, 2003 until such time that the Corporation enters into a swap arrangement, the Corporation has the option to direct a change in the interest rate between the initial rate and the weighted BMA calculation plus 165 basis points on any quarterly conversion date.

The Bond is subject to redemption prior to the September 18, 2027 maturity in different ways:

1. Mandatory redemption in whole but not in part, at the sole option of the Lender, at a redemption price equal to the unpaid principal amount together with unpaid interest through redemption. Redemption without premium or penalty is available on September 1, 2022.
2. Special mandatory redemption given certain circumstances, in whole or in part as the case may be, at redemption price equal to the principal amount together with all unpaid interest through redemption plus applicable penalties.

The 2002 Bond is collateralized by the pledged receipts, property, and revenues of the Hospital. The 2002 Bond also imposes certain restrictive covenants on the Corporation, for which noncompliance could cause accelerated demand for payment.

In July 2009, the Corporation received written notification from the Lender agreeing to waive the put options for the 2001 Series Refunding Revenue Bond and 2002 Series Revenue Bond.

Atlantic General Hospital Corporation Notes to Financial Statements

2008 Commercial mortgage loan

During 2008, the Corporation obtained a \$5.172 million commercial mortgage loan from a commercial bank for the purposes of paying pre-existing debt and completing construction on a medical office building. The loan is collateralized by a mortgage lien against the Hospital property as well as certain units in the medical office building. During 2013, the outstanding balance of \$4,154,850 was refinanced over a 20-year term, maturing April 11, 2023. At that time the Corporation entered into a 10-year interest rate swap agreement effectively fixing the interest rate at 4.02%.

Swap agreements

In connection with the issuance of the 2008 term loan and commercial loan, the Corporation entered into an ISDA Master Agreement with the Lender to reduce the Corporation's exposure to future variable cash flows caused by fluctuations in the interest rate (the 2008 Swap Agreement). Under the terms of the 2008 Swap Agreement, the Corporation paid a fixed rate of 5.30% and 5.15% on the outstanding principal balance of the 2008 Commercial mortgage loan and the 2008 term loan, respectively, during the period April 2008 to March 2013. The 2008 Swap Agreement expired on April 9, 2013. With the refinancing of the 2008 term loan during 2013, the Corporation entered into an interest rate swap agreement with the Lender expiring April 2023 (the 2013 Swap Agreement). Under the 2013 Swap Agreement, the fixed rate is 1.77% and the variable rate is the 30-day LIBOR rate. In connection with the issuance of new tax-exempt financing subsequent to June 30, 2017 (Note 11), the Corporation entered into forward contracts to lock fixed interest rates ranging from 1.46% to 1.82% on a notional amount of approximately \$30 million.

The fair value of the swap agreements as of June 30, 2017 and 2016 (as determined in consultation with investment hedging consultants), based on the present value of cash flow differences over the life of the swap agreement between the interest rate calculated on the swap agreements at inception and rates available on similar swap agreements as of June 30 is (\$192,373) and (\$154,682), respectively. Payments made to the counterparty to the Swap Agreement were \$37,691 and \$183,462 for the years ended June 30, 2017 and 2016, respectively. The Corporation is exposed to credit loss in the event of nonperformance by the counterparty on the swap agreements, but does not anticipate nonperformance by the counterparty.

2010 Series revenue bonds

Pursuant to a Commitment Letter dated June 21, 2010, M&T Bank approved financing in the aggregate principal amount not to exceed \$12,200,000 for the Corporation by the issuance of three series of bonds (Series A, Series B and Series C), collectively, the 2010 Series Revenue Bonds issued by the Mayor and Council of Berlin (the Issuer). On June 29, 2010, pursuant to a loan and financing agreement (the 2010 Loan and Financing Agreement) between the Corporation, the Issuer, and M&T Bank (the Lender), the Issuer issued the Hospital Revenue Bonds (Atlantic General Hospital Facility) 2010 Series A in the amount of \$2,200,000. The Series B Bond and Series C Bond were issued on December 13, 2010 in the amounts of \$2,600,000 and \$7,400,000, respectively. Proceeds of each Series of the Bonds have been used to finance a portion of cost of the acquisition, installation and improvement of various facilities, equipment and furnishings at the main Hospital campus, equipment at the billing office, and equipment at the Atlantic Health Center.

The financing requires monthly payments by the Corporation directly to the Lender sufficient to meet the principal and interest requirements of the 2010 Bonds through their maturity on July 1, 2025. Repayment began on August 1, 2010 for Series A Bond and February 1, 2011 for Series B Bond and August 1, 2011 for the Series C Bond.

The Series A and B Bonds bear interest from the date of their issuance to and including June 30, 2020 at a fixed rate which is equal to the rate of 10-year point on the S43 MUNI Swaps Curve plus 244 basis points. For the Series A Bond and B Bond, the interest rate is 5.19% and 5.08%, respectively. Beginning July 1, 2020 to and including their maturity or repayment in full, the Bonds shall bear interest at a rate which is equal to the Weighted SIFMA Calculation plus 165 basis points. The Series C Bond incurred interest from the date of its issuance to and including December 31, 2012 at a variable rate which was equal to the Weighted SIFMA Calculation plus 165 basis points. From and after January 1, 2013 to and including June 30, 2020, the Series C Bond bears interest at the fixed rate of 7-year point on the S43 MUNI Swaps Curve plus 244 basis points, which was 3.48%. From and after July 1, 2020

Atlantic General Hospital Corporation Notes to Financial Statements

to and including its maturity or repayment in full, the Series C Bond shall bear interest at a variable rate which is equal to the Weighted SIFMA Calculation plus 165 basis points. The 2010 Loan and Financing Agreement precludes any additional interest rate swaps or other interest rate hedging arrangement with respect to any Series of the Bonds.

The Bonds are subject to redemption prior to the July 1, 2025 maturity in different ways:

1. Optional redemption in whole or in part, at the direction of the Corporation and if approved by the Issuer, with partial redemptions applied to unpaid interest, premiums, and then principal installments in the inverse order of the installment payment dates:

<u>Redemption Period</u>	<u>Redemption Price (on principal)</u>
July 1, 2017 – June 30, 2018	102%
July 1, 2018 – June 30, 2019	101%
July 1, 2019 – June 30, 2020 and thereafter	100%

2. Mandatory redemption prior to maturity from Receipts Requiring Mandatory Redemption.
3. Mandatory redemption prior to maturity at the option of the Holder.
4. Mandatory redemption prior to maturity upon the occurrence of a Determination of Taxability.

The 2010 Bonds are collateralized by the pledged receipts, property, and the revenues of the Hospital. The 2010 Bonds also impose certain restrictive covenants on the Corporation, for which noncompliance could cause accelerated demand for payment.

The Bonds are also subject to a put option which can be exercised with at least 270 days prior written notice to the Borrower, whereby the Lender at its sole option may put any one or more of the Bonds to the Borrower as of July 1, 2020, and be paid the unpaid principal balance of such Bond or Bonds selected for such put option, plus interest accrued thereon to such put date.

2015 Commercial Mortgage Loan

During 2015, the Corporation obtained a \$680,000 commercial mortgage from a commercial bank for the purposes of purchasing a condominium unit in the medical office building. The loan is collateralized by a mortgage lien against the condominium. Principal and interest payments of \$4,118 are made monthly and the loan matures on June 30, 2035.

6. Professional Liability Insurance Coverage

The Corporation is presently exposed to asserted and unasserted potential legal claims encountered in the ordinary course of business. In the opinion of management, the resolution of such matters will not have a material adverse impact on the Corporation's June 30, 2017 financial position or the results of operations for the year then ended.

Prior to 2005, the Corporation had claims-made professional liability insurance through a commercial insurance carrier covering claims arising from the performance of professional services and brought against the Corporation while the policy was in force. Insurable limits under this policy were \$1 million per claim and \$3 million annual aggregate shared limit basis. In addition, the Corporation maintained an umbrella policy of \$15,000,000 per occurrence and aggregate.

Atlantic General Hospital Corporation Notes to Financial Statements

During 2005, the Hospital, in conjunction with eight other Maryland hospitals, (Shareholders) formed Freestate Healthcare Insurance Company, Ltd. (Captive), a Cayman Islands company, to provide claims-made professional and general liability coverage for the risks of the Shareholders, their controlled affiliates, and their respective employees. Each of the Shareholders is a Maryland nonprofit corporation, exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (Code or IRC), as an organization described in Section 501(c)(3) of the Code. The Shareholders are not affiliated with one another through common ownership or control. As of June 30, 2017, the Captive had five Shareholders.

The Captive provides primary coverage to the Shareholders and their affiliates with limits of liability of \$1,000,000 for each and every claim (Retained Layer), and provides an excess policy with various limits of liability which is fully reinsured through commercial carriers. The Corporation has \$10,000,000 of additional reinsurance in the aggregate through such reinsurance arrangements. The estimated unpaid loss liability reserved by the captive for the Hospital was \$4,287,692 and \$4,774,327 at June 30, 2017 and 2016, respectively. In accordance with current accounting standards, the June 30, 2017 and 2016 unpaid loss liability is recorded as a noncurrent liability, and the related insurance recovery was reported as a noncurrent asset, in the accompanying balance sheets. An estimated liability for incurred but not reported professional liability claims has also been recorded in the amount of approximately \$2,023,000 and \$1,866,000 as a noncurrent liability as of June 30, 2017 and 2016, respectively.

Premiums are calculated by an actuary under a retrospectively rated policy and are based primarily on the experience of the Shareholders. The total premium is allocated to each of the Shareholders based on their experience. Premiums for the Corporation's professional and general liability insurance of approximately \$1,077,000 and \$1,038,000 were charged to operations during fiscal years 2017 and 2016. Retrospective premium assessments and credits are calculated based on the aggregate experience of all named insureds under the policy. Each named insured's assessment or credit is based on the percentage of their actual exposure to the actual exposure of all named insureds. In management's opinion, the assets of the Captive are sufficient to meet its obligations as of June 30, 2017. If the financial condition of the Captive were to materially deteriorate in the future, and the Captive was unable to pay its claim obligations, the responsibility to pay those claims would return to the member hospitals.

7. Commitments

Employment agreements

The Corporation has entered into various employee agreements with certain physicians whereby the Corporation has agreed to pay reasonable expenses of the physicians' practices in addition to compensation for services rendered. These agreements are generally for a period of two years.

Lease agreements

The Corporation has entered into various lease agreements for equipment and facilities. Most lease arrangements contain a renewal option. Total rent expense for the years ended June 30, 2017 and 2016 was approximately \$1,258,000 and \$1,140,000 respectively. Future minimum payments on noncancelable office and equipment leases, with initial or remaining terms of one year or more, for years ending June 30 are as follows:

2018	\$	1,161,449
2019		1,091,889
2020		952,092
2021		818,942
2022		467,406
Thereafter		<u>598,895</u>
	\$	<u>5,090,673</u>

Retirement plans

The Corporation sponsors a 403(b) retirement covering substantially all employees of the Corporation. Participants may elect to contribute a percentage of their pretax annual compensation, as defined by the Plan, not to exceed the maximum allowable contributions under the Internal Revenue Code (IRC). The Corporation matches 50% of the first 5% of participants' elective deferrals and participants become 100% vested in employer contributions after three years of continuous service. Plan expenses were approximately \$635,000 and \$630,000 for the years ended June 30, 2017 and 2016, respectively.

Effective January 31, 2003, the Corporation entered into an agreement to sponsor a Section 457 deferred compensation plan. All contributions to the Section 457 plan are from participating employees; however, all assets of the Section 457 plan are the sole property of the Corporation and are fully subject to claims by the Corporation's general creditors.

Self-insured plans

Effective May 1, 2002, the Corporation joined the Maryland Hospital Association (MHA) Workers' Compensation Self-Insurance Group to self-insure for worker's compensation benefits. The annual premium for worker's compensation is calculated based on the Corporation's payroll estimate and MHA rates per payroll classification. The MHA rates are determined based on past experience. Amounts charged to operations for workers' compensation expense were \$468,738 and \$414,062 for the years ended June 30, 2017 and 2016, respectively.

In lieu of paying unemployment tax premiums to the State of Maryland, the Corporation secured a letter of credit with M&T Bank, effective May 21, 2004. As of June 30, 2017 the letter of credit was in the amount of \$410,020. Additionally, the Corporation paid actual Maryland unemployment claims in the amount of \$56,132 and \$69,657 for the years ended June 30, 2017 and 2016, respectively.

The Corporation maintains an agreement with a third party to administer a self-insured health plan that benefits Hospital associates and their dependents. On behalf of participating associates, the Corporation pays the cost of health claims and an administration fee for each subscriber associate. The participating associates share in the cost by remitting a pre-established premium through payroll deductions. Additionally, the Hospital obtains stop loss insurance to cover possible claims in excess of expected claims. The stop loss insurance agreements are annual agreements, subject to annual renewals. The Corporation submits a claim for reimbursement of stop loss insurance when claims exceed a pre-established ceiling. The Corporation's net health benefit expense for the fiscal years ended June 30, 2017 and 2016, net of premiums received from associates during the fiscal years, (\$1,051,963 and \$905,560 respectively), was \$5,460,084 and \$5,898,830, respectively.

The Corporation maintains an agreement with a third party to coordinate the administration of dental health benefits to Hospital employees and their dependents. This is an annual agreement, subject to annual renewals. On behalf of participating employees, the Hospital pays the cost of claims and a fee for each subscriber employee, and the participating employees remit a portion of the Corporation's cost through a pre-established schedule of payroll deductions.

Allscripts Perks inpatient clinical system

In September 2011, the Corporation entered into a seven-year agreement for an electronic medical records system and support services for approximately \$8.8 million. As of June 30, 2017, approximately \$7.6 million has been paid. In December, 2014, the Corporation entered into a nine-year agreement for additional system and support services for approximately \$5.8 million. The 2014 agreement also extended the support and remote hosting services of the 2011 agreement (to begin upon expiration of the 2011 agreement) for an additional time period to continue coterminous with the 2014 agreement for approximately \$6.2 million. As of June 30, 2017, approximately \$3.5 million has been paid. In September 2015, the Corporation entered into 5 year agreement for annual upgrades for approximately \$820,000 in total. Expenditures will be expensed or capitalized in the year they are disbursed. As of June 30, 2017, approximately \$468,000 has been incurred and capitalized.

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Regional Cancer Center

In December 2016, with the consent of the Board of Directors, the Corporation entered into an agreement for the construction of a new regional cancer facility for approximately \$9 million. It is expected that the construction of the facility will be completed near December 2017 and will cost approximately \$15 million to build, equip, and furnish the cancer center. Subsequent to year-end, the Corporation has obtained financing for the project and has begun construction.

8. Functional expenses

The Corporation provides general health care services to residents within its geographic area. Expenses related to providing these services are as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Health care services	\$ 93,181,395	\$ 80,496,219
General and administrative	<u>24,086,913</u>	<u>32,408,211</u>
	<u>\$ 117,268,308</u>	<u>\$ 112,904,430</u>

9. Business and Credit Concentrations

The Corporation grants credit to patients, many of whom are local residents. The Corporation generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits receivable under their health insurance programs, plans or policies.

At June 30, the Corporation had gross accounts receivable from third-party payers and others as follows:

	<u>2017</u>	<u>2016</u>
Medicare	\$ 6,295,489	\$ 4,932,045
Medicaid	632,806	762,570
Commercial insurance and HMOs	4,427,853	3,793,459
CareFirst	2,789,868	2,142,296
Self-pay and others	<u>7,781,213</u>	<u>6,423,375</u>
	<u>\$ 21,927,229</u>	<u>\$ 18,053,745</u>

Gross patient charges, by payer class, consisted of the following for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Medicare	50%	50%
Medicaid	13%	12%
Commercial insurance and HMOs	14%	14%
CareFirst	18%	18%
Self-pay and others	<u>5%</u>	<u>6%</u>
	<u>100%</u>	<u>100%</u>

10. Grant Awards

In January 2002, the Hospital received notice indicating it was a recipient of a conditional award of up to \$750,000 through the Perdue Kresge Challenge for the Community, an endowment challenge grant program for nonprofit organizations serving the Lower Eastern Shore of Maryland. This grant was contingent upon the Hospital's ability to raise, at a minimum, slightly more than two-thirds of the \$750,000 match (\$502,500) in qualified gifts in the Hospital's named agency-restricted endowment fund (the Fund). During 2005, the Hospital met the full challenge and Purdue Kresge matched the \$750,000. By Board designation, all of the income distributed from the Perdue Kresge Challenge endowment will be used to fund physician practice development in the community.

On January 15, 2002, an endowment fund (the Fund) was established in the Hospital's name in order for the Hospital to participate in the Perdue Kresge Challenge for the Community. The Fund is held by and accounted for in the financial statements of the Community Foundation of the Eastern Shore. An unrelated third party actively manages the investments, which are invested currently in various bonds, mutual funds, and equities. All realized gains and losses are reinvested in the Fund. The Fund has no minimum value requirement. All gifts to the Fund will be invested in perpetuity. The Hospital, as sole beneficiary to any interest earned on the Fund, will receive income distributions earned on the assets of the Fund with no external restrictions regarding use; however, the Board of Trustees has designated all investment income from this endowment fund for funding physician practice development in the community. Income distributions will be made on an annual basis. Fund activity is presented below for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Beginning fund balance	\$ 1,833,937	\$ 1,961,652
Interest and dividends	66,954	64,464
Net realized and unrealized losses	171,496	(79,688)
Administrative and management fees	(19,536)	(19,483)
Annual income distributions	<u>(94,720)</u>	<u>(93,008)</u>
Ending fund balance	<u>\$ 1,958,131</u>	<u>\$ 1,833,937</u>

11. Subsequent Events

In preparing these financial statements, the Corporation has considered events have been evaluated by management through October 25, 2017, which is the date the financial statements were issued. In September 2017, the Corporation entered into new tax-exempt financing of \$30 million (including forward contracts to synthetically fix interest rates on variable rate indebtedness; see Note 5) and bank qualified bonds of \$10 million that will be used to refund existing debt and fund the building and equipping of a new cancer center, WOC Women's Imaging and the Master Facility Plan.