

IRS e-file Signature Authorization for an Exempt Organization

For calendar year 2016, or fiscal year beginning OCT 1, 2016, and ending SEP 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

MARCO ISLAND HOSPITAL, INC.

59-2315435

Name and title of officer

RICK WYLES

CHIEF FINANCIAL OFFICER

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	4,737,943.
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 for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I 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 RSM US LLP

ERO firm name

to enter my PIN 54321

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 ▶ *Rick Wyles* Date ▶ 8-13-18

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.

15911660616

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 ▶ *Wayne Harden* Date ▶ 8-13-18

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

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

A For the 2016 calendar year, or tax year beginning OCT 1, 2016 **and ending** SEP 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 MARCO ISLAND HOSPITAL, INC. Doing business as MARCO HEALTHCARE CENTER Number and street (or P.O. box if mail is not delivered to street address) Room/suite 40 S. HEATHWOOD DRIVE City or town, state or province, country, and ZIP or foreign postal code MARCO ISLAND, FL 34145 F Name and address of principal officer: RICK WYLES same as C above	D Employer identification number 59-2315435 E Telephone number 239-624-6338 G Gross receipts \$ 4,811,966. 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.NCHMD.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: 1983		M State of legal domicile: FL

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>HELPING EVERYONE LIVE A LONGER, HAPPIER, AND HEALTHIER LIFE.</u> 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. 3 Number of voting members of the governing body (Part VI, line 1a) 3 9 4 Number of independent voting members of the governing body (Part VI, line 1b) 4 8 5 Total number of individuals employed in calendar year 2016 (Part V, line 2a) 5 48 6 Total number of volunteers (estimate if necessary) 6 59 7 a Total unrelated business revenue from Part VIII, column (C), line 12 7a 0. b Net unrelated business taxable income from Form 990-T, line 34 7b 0.																									
Revenue		<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Prior Year</th> <th style="text-align: center;">Current Year</th> </tr> </thead> <tbody> <tr> <td>8 Contributions and grants (Part VIII, line 1h)</td> <td style="text-align: right;">0.</td> <td style="text-align: right;">0.</td> </tr> <tr> <td>9 Program service revenue (Part VIII, line 2g)</td> <td style="text-align: right;">4,439,274.</td> <td style="text-align: right;">4,669,998.</td> </tr> <tr> <td>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td> <td style="text-align: right;">0.</td> <td style="text-align: right;">0.</td> </tr> <tr> <td>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td> <td style="text-align: right;">370,470.</td> <td style="text-align: right;">67,945.</td> </tr> <tr> <td>12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td> <td style="text-align: right;">4,809,744.</td> <td style="text-align: right;">4,737,943.</td> </tr> </tbody> </table>		Prior Year	Current Year	8 Contributions and grants (Part VIII, line 1h)	0.	0.	9 Program service revenue (Part VIII, line 2g)	4,439,274.	4,669,998.	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0.	0.	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	370,470.	67,945.	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,809,744.	4,737,943.						
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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 RICK WYLES, CHIEF FINANCIAL OFFICER Type or print name and title	Date
Paid Preparer Use Only	Print/Type preparer's name WAYNE HARDER	Preparer's signature Date Check <input type="checkbox"/> if self-employed PTIN P00294296
	Firm's name ▶ RSM US LLP Firm's address ▶ ONE SOUTH WACKER, STE 800 CHICAGO, IL 60606	Firm's EIN ▶ 42-0714325 Phone no. 312-634-3400

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:

HELPING EVERYONE LIVE A LONGER, HAPPIER, AND HEALTHIER LIFE.

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

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

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

4a (Code:) (Expenses \$ 3,078,265. including grants of \$) (Revenue \$ 4,684,325.)
MARCO ISLAND HOSPITAL OPERATES AN 11 1/2-HOUR/7-DAYS A WEEK URGENT CARE FACILITY AND SERVICES PATIENTS WITHOUT REGARD TO THEIR ABILITY TO PAY. DURING FYE 9/30/17, 10,106 PATIENTS WERE TREATED. OF THESE PATIENTS, 10.74% WERE CLASSIFIED AS MEDICAID, CHARITY, OR BAD DEBTS.

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 **▶** 3,078,265.

Part IV Checklist of Required Schedules

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

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?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		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 or 990-EZ? <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 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?	X	

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Input box for Schedule O response

Main 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, and various IRS forms.

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed FL
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records:
 RICK WYLES, CHIEF FINANCIAL OFFICER - (239) 624-4005
 350 7TH STREET NORTH, NAPLES, FL 34102

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) KEVIN M. FITZGERALD CHAIRMAN	2.00 0.00	X		X				0.	0.	0.
(2) JOHN L. (JACK) PATTERSON 1ST VICE CHAIRMAN	2.00 0.00	X		X				0.	0.	0.
(3) RICHARD ADAMS 2ND VICE CHAIRMAN/SECRETARY/TREASURE	2.00 0.00	X		X				0.	0.	0.
(4) LISA GANDY TRUSTEE	2.00 0.00	X						0.	0.	0.
(5) DENNIS PIDHERNY TRUSTEE	2.00 0.00	X						0.	0.	0.
(6) DAVID CARUSO TRUSTEE	2.00 0.00	X						0.	0.	0.
(7) DIANNA DOHM TRUSTEE	2.00 0.00	X						0.	0.	0.
(8) PATRICIA KAUFMAN TRUSTEE	2.00 0.00	X						0.	0.	0.
(9) ALLEN S. WEISS, M.D. PRESIDENT/CEO/TRUSTEE	1.00 44.00	X		X				0.	912,173.	21,876.
(10) KEVIN D. COOPER CHIEF OF STAFF	1.00 44.00			X				0.	529,363.	29,317.
(11) PHILLIP DUTCHER COO, NCH HEALTHCARE SYSTEM	1.00 44.00			X				0.	537,567.	3,524.
(12) RICK WYLES CHIEF FINANCIAL OFFICER	1.00 44.00			X				0.	338,594.	27,896.
(13) FRANK ASTOR M.D. CHIEF MEDICAL OFFICER	1.00 44.00			X				0.	467,349.	22,425.
(14) MICHELE THOMAN, R.N. TERM 11/16 CHIEF NURSING OFFICER	1.00 44.00			X				0.	362,284.	27,130.
(15) MICHAEL RILEY CHIEF STRATEGY OFFICER	1.00 44.00			X				0.	303,612.	33,976.
(16) RENEE M. THIGPEN CHIEF HR OFFICER	1.00 44.00			X				0.	276,470.	27,426.
(17) ELIZABETH MARTIN ASSISTANT SECRETARY	1.00 44.00			X				0.	66,039.	20,675.

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) JAMES K. MARTIN TERM 05/17 CHIEF DEVELOPMENT OFFICER	1.00 44.00			X				0.	340,526.	32,471.
(19) GARY TOMCIK CHIEF EXPERIENCE OFFICER	1.00 44.00			X				0.	192,512.	28,013.
(20) ZACHARY BOSTOCK CHIEF ADMINISTRATIVE OFFICER	1.00 44.00			X				0.	398,248.	30,149.
(21) JONATHAN KLING, R.N. START 11/16 CHIEF NURSING OFFICER	1.00 44.00			X				0.	173,316.	30,102.
(22) SARAH RICHARDSON TERM 02/16 FORMER CHIEF INFORMATION OFFICER	0.00 0.00						X	0.	178,044.	2,271.
1b Sub-total								0.	5,076,097.	337,251.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								0.	5,076,097.	337,251.

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 **0**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
NONE		

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 **0**

Part VIII Statement of Revenue

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

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c						
	d Related organizations	1d						
	e Government grants (contributions)	1e						
	f All other contributions, gifts, grants, and similar amounts not included above	1f						
	g Noncash contributions included in lines 1a-1f: \$							
	h Total. Add lines 1a-1f							
Program Service Revenue	2 a NET PATIENT SVC REV	Business Code	621400	4,669,998.	4,669,998.			
	b							
	c							
	d							
	e							
	f All other program service revenue							
	g Total. Add lines 2a-2f			4,669,998.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)							
	4 Income from investment of tax-exempt bond proceeds							
	5 Royalties							
	6 a Gross rents	(i) Real	127,641.					
		(ii) Personal						
		b Less: rental expenses	74,023.					
		c Rental income or (loss)	53,618.					
	d Net rental income or (loss)			53,618.			53,618.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities						
		(ii) Other						
		b Less: cost or other basis and sales expenses						
		c Gain or (loss)						
	d Net gain or (loss)							
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a						
		b Less: direct expenses						
c Net income or (loss) from fundraising events								
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							
	b Less: cost of goods sold							
	c Net income or (loss) from sales of inventory							
Miscellaneous Revenue			Business Code					
11 a AUXILIARY SALES REV		900099	14,101.	14,101.				
	b							
	c							
	d All other revenue	900099	226.	226.				
	e Total. Add lines 11a-11d			14,327.				
12 Total revenue. See instructions.			4,737,943.	4,684,325.	0.	53,618.		

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

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	1,613,396.	1,378,002.	235,394.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	41,714.	35,628.	6,086.	
9 Other employee benefits	103,177.	88,123.	15,054.	
10 Payroll taxes	116,070.	99,135.	16,935.	
11 Fees for services (non-employees):				
a Management				
b Legal				
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.)	222,358.	191,010.	31,348.	
12 Advertising and promotion	2,422.	2,069.	353.	
13 Office expenses	193,447.	165,223.	28,224.	
14 Information technology				
15 Royalties				
16 Occupancy	107,446.	91,770.	15,676.	
17 Travel	4,752.	4,059.	693.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	269,603.	230,268.	39,335.	
23 Insurance	32,218.	27,517.	4,701.	
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 BAD DEBT EXPENSE	620,051.	620,051.		
b MEDICAL SUPPLIES	145,180.	145,180.		
c				
d				
e All other expenses	230.	230.		
25 Total functional expenses. Add lines 1 through 24e	3,472,064.	3,078,265.	393,799.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

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

Part X Balance Sheet

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

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash - non-interest-bearing	8,884.	1	10,096.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	587,204.	4	544,815.
	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		8	
	9 Prepaid expenses and deferred charges		9	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 10,300,748.		
	b Less: accumulated depreciation	10b 5,333,890.	5,176,598.	10c 4,966,858.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	312,360.	15	30,641.
16 Total assets. Add lines 1 through 15 (must equal line 34)	6,085,046.	16	5,552,410.	
Liabilities	17 Accounts payable and accrued expenses	192,200.	17	154,003.
	18 Grants payable		18	
	19 Deferred revenue	6,026.	19	2,613.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	36,870.	25	38,363.
	26 Total liabilities. Add lines 17 through 25	235,096.	26	194,979.
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	5,849,950.	27	5,357,431.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	5,849,950.	33	5,357,431.	
34 Total liabilities and net assets/fund balances	6,085,046.	34	5,552,410.	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	4,737,943.
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,472,064.
3	Revenue less expenses. Subtract line 2 from line 1	3	1,265,879.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	5,849,950.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1,758,398.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	5,357,431.

Part XII Financial Statements and Reporting

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

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

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 grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (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? If "Yes" to a, b, or c, provide detail in Part VI.		
11a		
11b		
11c		

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

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

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

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

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

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (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 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 MARCO ISLAND HOSPITAL, INC.	Employer identification number 59-2315435
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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).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

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

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

Yes No

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

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

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

Yes No

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

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

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

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

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

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

▶ \$ _____

b Assets included in Form 990, Part X

▶ \$ _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b	

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

Part VI Land, Buildings, and Equipment.

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,959,284.		1,959,284.
b Buildings		6,225,886.	3,517,095.	2,708,791.
c Leasehold improvements				
d Equipment		1,701,569.	1,428,523.	273,046.
e Other		414,009.	388,272.	25,737.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				4,966,858.

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 11d. See Form 990, Part X, line 15.

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

Part X Other Liabilities.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ACCRUED EXP - PROF/GEN LIAB INSURANCE	22,637.
(3) ACCRUED EXP - WORKER ' S COMP	15,726.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	38,363.

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

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

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

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

Part XIII Supplemental Information.

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

Part X, Line 2:

THE SYSTEM AND ALL OF ITS NOT-FOR-PROFIT SUBSIDIARIES ARE EXEMPT FROM

FEDERAL INCOME TAXES ON RELATED INCOME UNDER SECTION 501(a) OF THE

INTERNAL REVENUE CODE (THE CODE). THE SYSTEM AND ALL OF ITS NOT-FOR-PROFIT

SUBSIDIARIES DO NOT HAVE SIGNIFICANT UNRELATED BUSINESS INCOME; HOWEVER,

SUCH STATUS IS SUBJECT TO FINAL DETERMINATION UPON EXAMINATION OF THE

RELATED INCOME TAX RETURNS BY THE APPROPRIATE TAXING AUTHORITIES. THE

SYSTEM IS GENERALLY NO LONGER SUBJECT TO TAX EXAMINATIONS IN THE MAJOR

U.S. TAXING JURISDICTIONS IN WHICH THEY OPERATE FOR TAX YEARS PRIOR TO

2013.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2016

Department of the Treasury
Internal Revenue Service

- ▶ **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.**

Open to Public Inspection

Name of the organization MARCO ISLAND HOSPITAL, INC. **Employer identification number** 59-2315435

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

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

7 Financial Assistance and Certain Other Community Benefits at Cost

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)		10,106	7,967.		7,967.	.28%
b Medicaid (from Worksheet 3, column a)			79,957.	95,926.	0.	.00%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs		10,106	87,924.	95,926.	7,967.	.28%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	2	1,180	9,016.		9,016.	.32%
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits	2	1,180	9,016.		9,016.	.32%
k Total. Add lines 7d and 7j	2	11,286	96,940.	95,926.	16,983.	.60%

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 MARCO ISLAND HOSPITAL, INC.

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

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		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>20 15</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>HTTP://WWW.NCHMD.ORG/ABOUT-US/ANNUAL-REPORTS</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>20 15</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a If "Yes," (list url): <u>HTTP://WWW.NCHMD.ORG/ABOUT-US/ANNUAL-REPORTS</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 MARCO ISLAND HOSPITAL, INC.

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	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>400</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 checked="" type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance status		
g	<input checked="" type="checkbox"/> Residency		
h	<input checked="" 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 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>See Part V, Page 8</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>See Part V, Page 8</u>		
c	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>See Part V, Page 8</u>		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by 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 MARCO ISLAND HOSPITAL, INC.

		Yes	No
17	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment?	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 FAP application process		
c	<input checked="" type="checkbox"/> Processed incomplete and complete FAP applications		
d	<input checked="" 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 MARCO ISLAND HOSPITAL, INC.

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

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.

MARCO ISLAND HOSPITAL, INC.:

Part V, Section B, Line 5: CHNA TAKING INTO ACCOUNT INPUT FROM THE

COMMUNITY

THE NCH HEALTHCARE SYSTEM LEADERSHIP TEAM IS ACTIVELY INVOLVED AND

PARTICIPATES IN MANY COMMUNITY RELATED ORGANIZATIONS AND GROUPS THAT ARE

CONTINUALLY ASSESSING UNMET NEEDS WITHIN COLLIER COUNTY. NCH HEALTHCARE

SYSTEM HAS HISTORICALLY WORKED WITH OUR BOARD OF TRUSTEES, COLLIER COUNTY

CHILDREN'S ALLIANCE, COLLIER COUNTY PUBLIC SCHOOLS, THE IMMOKALEE

FOUNDATION, CHILDREN'S MEDICAL SERVICES, AND OTHER AGENCIES THROUGHOUT THE

COMMUNITY IN ASSESSING AND COLLABORATING IN EFFORTS TO IMPROVE THE HEALTH

OF OUR COMMUNITY.

NCH HEALTHCARE SYSTEM WORKS COLLABORATIVELY WITH THE FLORIDA DEPARTMENT OF

HEALTH IN COLLIER COUNTY, THE COUNTY AND CITY GOVERNMENT, THE NAPLES AREA

CHAMBER OF COMMERCE AND SEVERAL OTHER COMMUNITY GROUPS TO FORM THE

COMMUNITY ASSESSMENT DESIGN GROUP. THE PURPOSE IS TO ASSESS THE

COMMUNITY'S STRENGTHS AND OPPORTUNITIES. THE CURRENT COMMUNITY HEALTH

IMPROVEMENT PLAN (CHIP) BEGAN IN 2016 AND A NEW COMMUNITY HEALTH NEEDS

ASSESSMENT (CHNA) WAS COMPLETED IN 2016. SINCE 2013, LOCAL PUBLIC HEALTH

SYSTEM PARTNERS HAVE CONVENED THE LEADERSHIP FOR COMMUNITY HEALTH

IMPROVEMENT PLANNING (LCHIP) COMMITTEE MEETINGS TO GUIDE THE DEVELOPMENT

OF THE CHIP FOR COLLIER COUNTY.

USING THE MOBILIZING FOR ACTION THROUGH THE PLANNING AND PARTNERSHIP

(MAPP) FRAMEWORK, THE LCHIP COMMITTEE REVIEWED THE 2016 COMMUNITY HEALTH

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.

ASSESSMENT (CHA) AND HELD DISCUSSIONS REGARDING GROUP PRIORITIES AND OBJECTIVES GOING FORWARD. FOR THE PAST FEW YEARS, THE COLLECTIVE FOCUS WAS REDUCING OBESITY. THE COMMITTEE AGREED TO CONTINUE THE FOCUS ON REDUCING OBESITY. IN ADDITION, THE LCHIP COMMITTEE SAW THE NEED TO CONCENTRATE EFFORTS ON BEHAVIORAL HEALTH.

THE LCHIP COMMITTEE DEVELOPED THE HEALTHIEST COLLIER OBESITY AND BEHAVIORAL HEALTH OBJECTIVES TO PROMOTE AWARENESS AND PROVIDE OPPORTUNITIES FOR CHILDREN AND ADULTS TO MAKE CONSISTENT, INFORMED CHOICES ABOUT HEALTHY EATING, ACTIVE LIVING AND SOCIAL WELL-BEING.

THE LCHIP ESTABLISHED THE FOLLOWING GOALS FOR OBESITY AND BEHAVIORAL HEALTH:

OBESITY

- 1. INCREASE THE INITIATION, DURATION, AND EXCLUSIVITY OF BREASTFEEDING
- 2. TO MAKE HEALTHIER CHOICES EASIER FOR STUDENTS
- 3. TO PROMOTE HEALTHY BEHAVIORS AND EXPAND OPPORTUNITIES TO IMPROVE HEALTH
- 4. INCREASE AWARENESS AND PARTICIPATION IN HEALTH AND WELLNESS INITIATIVES
- 5. RAISE WELL-BEING IN SWFL THROUGH A COMPREHENSIVE APPROACH TO HEALTH

IMPROVEMENT

- 6. SHARE EFFECTIVE STRATEGIES AND MESSAGES THAT SUPPORT HEALTHY BEHAVIORS
- 7. PROMOTING ALL ASPECTS OF HEALTH AND WELLNESS IN SENIORS

BEHAVIORAL HEALTH

- 1. TO PROMOTE EMOTIONAL, PSYCHOLOGICAL AND SOCIAL WELL-BEING PROGRAMS

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.

THE LCHIP CONVENED SEVERAL TIMES IN 2017 TO REVIEW THE GOALS, STRATEGIES,
OBJECTIVES, INDICATORS, OUTCOMES AND STATUS OF THE 7 HEALTHIEST COLLIER
OBESITY OBJECTIVES AND THE 1 HEALTHIEST COLLIER BEHAVIORAL HEALTH
OBJECTIVE.

THE FOLLOWING ACCOMPLISHMENTS WERE MADE IN COLLIER COUNTY IN 2017 IN
REGARDS TO THE GOALS ESTABLISHED BY THE LCHIP COMMITTEE.

OBESITY GOAL 1. INCREASE THE INITIATION, DURATION, AND EXCLUSIVITY OF
BREASTFEEDING

OBJECTIVE: DOUBLE NUMBER OF BREASTFEEDING FRIENDLY (BFF) CHILD CARES BY
DECEMBER 2017.

ACCOMPLISHMENT: INCREASED BFF BUSINESSES FROM 3 TO 6.

COMMUNITY BENEFIT: BREASTFEEDING SAVES LIVES. RESEARCH SHOWS THAT IF 90%
OF FAMILIES BREASTFED EXCLUSIVELY FOR 6 MONTHS, NEARLY 1,000 DEATHS AMONG
INFANTS COULD BE SAVED.

OBESITY GOAL 2. TO MAKE HEALTHIER CHOICES EASIER FOR STUDENTS

OBJECTIVE: BY JUNE 2018, EXPANDED "KIDS ON THE GO" TO 5 ADDITIONAL
SCHOOLS.

ACCOMPLISHMENT: INCREASED SCHOOLS PARTICIPATING FROM 15 TO 22 SCHOOLS.

COMMUNITY BENEFIT: REGULAR PHYSICAL ACTIVITY BEFORE AND AFTER SCHOOL CAN
PRODUCE LONG-TERM HEALTH BENEFITS.

OBESITY GOAL 7. PROMOTING ALL ASPECTS OF HEALTH AND WELLNESS IN SENIORS

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.

OBJECTIVE: BY DECEMBER 2018, HAVE PROGRAMS IN EACH SENIOR CENTER TO

PROMOTE GOOD NUTRITION AND EXERCISE FOR SENIORS.

ACCOMPLISHMENT: CURRENTLY THERE ARE OVER 60 PROGRAMS ON NUTRITION,

EXERCISE AND GENERAL HEALTH AND WELLNESS.

COMMUNITY BENEFIT: REGULAR PHYSICAL ACTIVITY CAN PRODUCE LONG-TERM HEALTH

BENEFITS.

BEHAVIORAL HEALTH GOAL 1.TO PROMOTE EMOTIONAL,PSYCHOLOGICAL AND SOCIAL

WELL-BEING PROGRAMS

OBJECTIVE: RAISE WELL-BEING IN SWFL THROUGH A COMPREHENSIVE APPROACH TO

HEALTH IMPROVEMENT.

ACCOMPLISHMENT: THE 2017 WELL-BEING INDEX SCORE SLIGHTLY INCREASED FROM

68.6 IN 2015 TO 69.2 IN 2017. IN ADDITION, THE 2017 WELL-BEING INDEX FOUND

WE ARE LIVING 2/10 OF A YEAR LONGER IN SWFL WHILE THE NATION'S AVERAGE

LIFE EXPECTANCY DROPPED BY 1/10 OF A YEAR.

COMMUNITY BENEFIT: CHANGING HEALTH RELATED BEHAVIORS CAN PRODUCE LONG-TERM

HEALTH BENEFITS.

THE CHIP SERVES AS A ROADMAP FOR CONTINUOUS IMPROVEMENT. THE CHIP WILL

CONTINUE TO EVALUATE THE NEEDS OF THE COMMUNITY AND BY WORKING TOGETHER,

WE CAN HAVE A SIGNIFICANT IMPACT ON COLLIER COUNTY'S HEALTH AND

WELL-BEING.

MARCO ISLAND HOSPITAL, INC.:

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.

Part V, Section B, Line 6a: CHNA CONDUCTED WITH ONE OR MORE HOSPITAL

FACILITIES

AS PART OF AN INTEGRATED HEALTHCARE SYSTEM, THE CHNA FOR NAPLES COMMUNITY

HOSPITAL AND MARCO ISLAND HOSPITAL WAS PREPARED JOINTLY.

MARCO ISLAND HOSPITAL, INC.:

Part V, Section B, Line 11: ADDRESSING THE NEEDS IDENTIFIED IN THE CHNA

THE CHNA IDENTIFIED PROBLEM AREAS THAT NEEDED TO BE ADDRESSED. THESE

INCLUDE SUFFICIENT JOB EMPLOYMENT, ECONOMIC OPPORTUNITIES, ACCESS TO

AFFORDABLE HOUSING, DRUG AND ALCOHOL ABUSE, SAFE ROADWAYS FOR BICYCLIST

AND PEDESTRIANS, PRIMARY CARE RESOURCES, ACCESS TO AFFORDABLE HEALTHY

FOOD, ACCESS TO LONG TERM CARE NEEDS, COMMUNICABLE DISEASE, OBESITY,

CHRONIC DISEASE, MENTAL HEALTH, DENTAL HEALTH, ACCESS TO CARE,

DISABILITIES AND UNINTENTIONAL INJURIES.

UPON REVIEW OF THE FINDINGS OF THE CHNA, THE NCH LEADERSHIP TEAM CAME UP

WITH FIVE KEY AREAS TO FOCUS ON WHICH INCLUDED CARDIOVASCULAR HEALTH,

CANCERS, DIABETES, MATERNAL AND INFANT HEALTH AND OBESITY. BELOW IS A

SUMMARY OF ACTIVITIES AND INITIATIVES NCH ACHIEVED IN THE PAST THREE YEARS

IN THESE SPECIFIC KEY AREAS.

CARDIOVASCULAR HEALTH

1. ALIGNED WITH POPULATION HEALTH, NCH IS SPONSORING THE SOUTHWEST FLORIDA

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.

BLUE ZONE INITIATIVE WHICH WAS LAUNCHED IN THE SUMMER OF 2015. THE WELL-BEING INDEX, AN IMPORTANT METRIC IN THE BLUE ZONE ASSESSMENT IS AN AVERAGE OF SIX SUB-INDICES INCLUDING PHYSICAL HEALTH SCREENINGS, A KEY COMPONENT IN ASSESSING BASELINE PHYSICAL HEALTH INCLUDING CARDIAC ISSUES WHICH ARE ALSO USED FOR MEASURING IMPROVEMENT.

2. A DOZEN COMMUNITY LECTURES RELATED TO CARDIOVASCULAR HEALTH AND PREVENTION WERE PRESENTED TO THE COMMUNITY AT VARIOUS LOCATIONS THROUGHOUT SOUTHWEST FLORIDA. TOPICS INCLUDE "KEEPING YOUR HEART HEALTHY", "PREVENTING CORONARY HEART DISEASE" AND "HEALTHY LIFESTYLE" ARE PROVIDED BY CARDIOLOGISTS, PRIMARY CARE PHYSICIANS, REGISTERED DIETICIANS AND OTHERS.

3. CARDIOVASCULAR SCREENING PROGRAMS AT DISCOUNTED RATES HAVE BEEN IMPLEMENTED AT DESIGNATED TIMES THROUGHOUT THE YEAR. MEDICAL SPECIALISTS PROVIDED SAME-DAY, ONE-ON-ONE CONSULTATIONS BASED ON SCREENING RESULTS WITH EVERY PARTICIPANT. FUTURE PLANS INCLUDE THE POSSIBILITY OF ESTABLISHING OR PARTNERING WITH A MOBILE UNIT TO PROVIDE ADDITIONAL SCREENING AND OUTREACH TO THE COMMUNITY.

ONCOLOGY

MAMMOGRAM SCREENINGS ARE OFFERED AND PROVIDED TO UNINSURED AND UNDERINSURED PATIENTS. IN ADDITION, A COMMUNITY FAIR IS SCHEDULED EACH YEAR AT LOCAL CHURCHES, CP-3 SCREENINGS AND AN AMERICAN CANCER ASSOCIATION STUDY HAS ALSO BEEN COMPLETED.

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.

DIABETES MANAGEMENT

NCH HEALTHCARE SYSTEM'S VON ARX DIABETES CENTER HAS TWO RECOGNIZED AMERICAN DIABETES PROGRAMS THAT MAINTAIN DATA COLLECTION AND REPORTING REQUIREMENTS. DIABETES SUPPORT GROUPS ARE PROVIDED TO THE COMMUNITY. ALSO, FREE PRE-DIABETES SEMINARS AND COMMUNITY LECTURES ARE OFFERED THROUGHOUT THE YEAR.

PHILANTHROPIC FUNDS HAVE BEEN ALLOCATED FOR PEDIATRICS TO ASSURE THEY HAVE APPOINTMENTS SCHEDULED WITH REGISTERED DIETICIANS OR NURSES FOR UNDERINSURED OR UNINSURED CHILDREN. PHILANTHROPIC FUNDS ARE ALSO USED FOR GESTATIONAL PATIENTS PROVIDING EDUCATIONAL CLASSES, AND SUPPLIES.

OUR RESULTS INCLUDE 80% OF WOMEN ACHIEVED TARGET RANGES FOR BLOOD GLUCOSE LEVELS AND 85% OF BABIES BORN MET BIRTH WEIGHT GOALS (<9 LBS.).

ACCOMPLISHMENTS FOR 2017 INCLUDE, BUT ARE NOT LIMITED TO:

- i. THE VON ARX DIABETES CENTER SEEING 8,796 PATIENTS;
- ii. SERVICES WERE EXPANDED TO MARCO ISLAND AND BONITA SPRINGS;
- iii. EXPANDED GROCERY STORE TOURS;
- iv. MAINTAINED ACCREDITATION WITH THE AMERICAN DIABETES ASSOCIATION

MATERNAL AND INFANT HEALTH

NCH'S INITIAL LATCH MEASUREMENT IS 91%. NCH IS IMPLEMENTING SKIN TO SKIN IN THE DELIVERY ROOM. THE SKIN TO SKIN RATE IS 83%. NCH RECEIVED IN 2017 A GRANT FROM THE FLORIDA DEPARTMENT OF HEALTH TO ATTAIN "BABY USA" HOSPITAL

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.

DESIGNATION. ALL REGISTERED NURSES IN LABOR AND DELIVERY, MB, NICU,

PEDIATRICS AND PEDIATRICS ED ARE EDUCATED IN BREASTFEEDING.

NCH MAINTAINS A BREASTFEEDING RATE OF 52%. NCH EMPLOYS 3 FTE LACTATION

CONSULTANTS WHICH ARE AVAILABLE 7 DAYS A WEEK 16 HOURS PER DAY. NCH ALSO

HOSTS THE COLLIER COUNTY BREASTFEEDING COALITION WITH AN OVERALL GOAL TO

INCREASE BREASTFEEDING RATES IN COLLIER COUNTY.

NCH IS A HOST MEMBER OF A SUBSTANCE ABUSE COALITION AND SPONSORS REGULAR

MEETINGS HELD AT NCH. THE COALITION REPORTS DATA TO THE STATE AND ALSO

SUPPORTS NURSE EDUCATIONAL PROGRAMS FOR PARENTS ON THE DETRIMENTAL EFFECTS

OF SUBSTANCE ABUSE FOR NEWBORNS. ALL PATIENTS AND PARENTS ARE OFFERED TDAP

IMMUNIZATION AND CURRENTLY ON WOMEN AND CHILDREN'S AND PEDIATRIC NURSING

UNITS A STANDING ORDER FOR TDAP ADMINISTRATION IF STATUS IS UNKNOWN. IN

ADDITION, IN WOMEN AND CHILDREN'S AND PEDIATRIC NURSING UNITS ALL NCH

STAFF HAVE RECEIVED THE TDAP VACCINE AS WELL AS ANY NEW STAFF.

OBESITY

NCH IS A MEMBER OF THE SCHOOL HEALTH ADVISORY COUNCIL AND MEETS ON A

REGULAR BASIS TO ADDRESS SCHOOL NUTRITION, DIET AND EXERCISE FOR HEALTH

LIVING STUDENTS. NCH ALSO SPONSORS A YOUTH OBESITY SUPPORT GROUP WHERE

PEDIATRIC PATIENTS ARE TREATED AT THE VON ARX DIABETES AND NUTRITION

CENTER ON A MONTHLY BASIS. THE KEY INITIATIVES THAT WILL ADDRESS THE

COMMUNITY TO REDUCE OBESITY IS THE BLUE ZONE PROJECT WHICH WAS MENTIONED

IN MUCH DETAIL EARLIER IN THIS REPORT.

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.

NCH WORKING WITH THE FLORIDA DEPARTMENT OF HEALTH - COLLIER COUNTY

PARTICIPATED AGAIN IN THE COLLIER COUNTY COMMUNITY ASSESSMENT DESIGN

GROUP. SIMILAR TO THE 2012 PROJECT THE SCOPE OF THE GROUP WAS TO DESIGN A

COMMUNITY STRENGTHS/OPPORTUNITIES SURVEY. A SURVEY WAS PREPARED AND SENT

OUT TO THE HEALTH CARE LEADERS, COMMUNITY FOCUS GROUPS AND HEALTH CARE

STAFF. IDENTIFIED PROBLEM AREAS INCLUDED THE FOLLOWING:

SUFFICIENT JOB EMPLOYMENT

ECONOMIC OPPORTUNITIES

ACCESS TO AFFORDABLE HOUSING

DRUG AND ALCOHOL ABUSE

SAFE ROADWAYS FOR BICYCLISTS AND PEDESTRIANS

PRIMARY CARE RESOURCES

ACCESS TO AFFORDABLE HEALTH FOOD

ACCESS TO LONG-TERM CARE BEDS

COMMUNICABLE DISEASE

OBESITY

CHRONIC DISEASE

MENTAL HEALTH

DENTAL HEALTH

HEALTH OF THE ELDERLY

ACCESS TO CARE

DISABILITIES

UNINTENTIONAL INJURIES

SUBSEQUENTLY, THE LEADERSHIP FOCUS GROUP MET TO DISCUSS BOTH THE POSITIVE

AND NEGATIVE FACTORS THAT INFLUENCED THESE AREAS.

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.

THE NEXT STEP IN THE PROCESS WAS TO CONDUCT GEOGRAPHICAL AREA COMMUNITY

FOCUS GROUPS. THESE GROUPS WERE CHOSEN TO REFLECT AND INCLUDE THE

DIVERSITY OF COMMUNITY LOCATIONS, ETHNICITY, AND SOCIO-ECONOMIC FACTORS.

THE DISTINCT AREAS OF THE COUNTY REPRESENTED UNIQUE DEMOGRAPHIC AND

SOCIOECONOMIC CHARACTERISTICS. THE DIFFERENCES WERE VALUABLE AND USEFUL

FOR ASSESSING AND PRIORITIZING HEALTHCARE NEEDS WITHIN OUR COMMUNITY.

IN ADDITION, WE PROVIDED INPUT INTO THE ANALYSIS ON VARIOUS HEALTH

INDICATORS WHICH INCLUDED THE FOLLOWING:

POPULATION

SOCIOECONOMIC CHARACTERISTICS

INFECTIOUS DISEASE

HEALTH BEHAVIORS AND HEALTH STATUS

MORTALITY INDICATORS

MATERNAL AND INFANT HEALTH

HEALTH OF THE OLDER POPULATION

ACCESS TO HEALTH CARE

MENTAL HEALTH

CHRONIC DISEASES

INJURIES

UPON REVIEW OF THE FINDINGS OF THE (CHNA) THE NCH LEADERSHIP TEAM REVIEWED

THE FINDINGS. A PRIORITIZATION SESSION WAS COMPLETED WHICH WAS BASED ON

THE MISSION, VISION AND CORE VALUES OF THE NCH HEALTHCARE SYSTEM WITH A

PRIMARY FOCUS ON THE GOAL OF COLLIER COUNTY BECOMING THE HEALTHIEST COUNTY

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.

IN THE UNITED STATES. UPON MUCH DISCUSSION THE TEAM CAME UP WITH FIVE KEY

AREAS OF FOCUS WHICH INCLUDE:

CHRONIC DISEASE

CANCER

MENTAL HEALTH

HEALTH OF THE OLDER POPULATION

OBESITY

UNADDRESSED IDENTIFIED NEEDS

ALTHOUGH SEVERAL COMMUNITY NEEDS WERE IDENTIFIED, NCH MUST FOCUS OUR

EXISTING CLINICAL STRENGTHS AND INFRASTRUCTURE WHERE WE CAN MAXIMIZE OUR

RESOURCES TO BENEFIT THE GREATEST NUMBER OF PEOPLE IN THE COMMUNITY. NCH

WILL CONTINUE TO RE-EVALUATE THE UNADDRESSED IDENTIFIED NEEDS AND PURSUE

ACTION WHEN AND WHERE RESOURCES ALLOW.

MARCO ISLAND HOSPITAL, INC.:

Part V, Section B, Line 13b: NCH HEALTHCARE SYSTEM, INC., WHICH INCLUDES

MIH, HAS A POLICY THAT ALLOWS A DISCOUNT FOR SELF-PAY UNINSURED OR

UNDERINSURED PATIENTS WITH INCOME AND ASSETS GREATER THAN 200% OF FPG WHEN

THE FAP APPPLICATION AND SUPPORTING DOCUMENTATION IS PROVIDED.

MARCO ISLAND HOSPITAL, INC.:

Part V, Section B, Line 13h: MIH

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.

BASIS FOR CALCULATING AMOUNTS CHARGED TO PATIENTS.

ANOTHER FACTOR MIH USES IN DETERMINING AMOUNTS CHARGED TO PATIENTS IS

FAMILY SIZE.

MARCO ISLAND HOSPITAL, INC.

Part V, line 16a, FAP website:

[HTTP://WWW.NCHMD.ORG/PATIENTS-AND-VISITORS/BILLING-INFO](http://WWW.NCHMD.ORG/PATIENTS-AND-VISITORS/BILLING-INFO)

MARCO ISLAND HOSPITAL, INC.

Part V, line 16b, FAP Application website:

[HTTP://WWW.NCHMD.ORG/PATIENTS-AND-VISITORS/BILLING-INFO](http://WWW.NCHMD.ORG/PATIENTS-AND-VISITORS/BILLING-INFO)

MARCO ISLAND HOSPITAL, INC.

Part V, line 16c, FAP Plain Language Summary website:

[HTTP://WWW.NCHMD.ORG/PATIENTS-AND-VISITORS/BILLING-INFO](http://WWW.NCHMD.ORG/PATIENTS-AND-VISITORS/BILLING-INFO)

Part VI Supplemental Information

Provide the following information.

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

Part I, Line 6a:

RELATED PARTY DISCLOSURES

MARCO ISLAND HOSPITAL, INC. ("MIH") IS AN AFFILIATE OF NCH HEALTHCARE SYSTEM, INC. ("NCHS"). NCHS PREPARES A COMMUNITY BENEFIT REPORT ANNUALLY AND INCLUDES THIS REPORT WITH ITS FORM 990 TAX RETURN FILING.

THE COMMUNITY BENEFIT REPORT PREPARED INCLUDES ALL ORGANIZATIONS OF THE SYSTEM, INCLUDING MARCO ISLAND HOSPITAL, INC.

Part I, Line 7:

COSTING METHOD USED

THE COSTING METHODOLOGY USED IN CALCULATING THE AMOUNTS REPORTED ON THE LINE 7 TABLE ARE BASED ON A COST TO CHARGE RATIO. THE COST TO CHARGE RATIO WAS DERIVED FROM WORKSHEET 2.

Part I, Ln 7 Col(f):

Part VI Supplemental Information

Provide the following information.

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

BAD DEBT EXPENSE INCLUDED FORM 990, PART IX, LINE 25

THE BAD DEBT EXPENSE AMOUNT INCLUDED ON FORM 990, PART IX, LINE 25(A) WAS

\$620,051 FOR THE YEAR ENDED SEPTEMBER 30, 2017. THIS AMOUNT HAS BEEN

SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGES REPORTED ON THE

SCHEDULE H, PART I, LINE 7 TABLE.

Part III, Line 2:

BAD DEBT EXPENSE, COSTING METHODOLOGY USED

THE COSTING METHODOLOGY USED IN DETERMINING THE AMOUNTS REPORTED ON LINES

2 AND 3 ARE BASED ON THE COST TO CHARGE RATIO.

Part III, Line 3:

BAD DEBT EXPENSE

MIH PROVIDES CARE WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED

RATES TO PATIENTS WHO MEET SPECIFIC CRITERIA UNDER ITS CHARITY CARE

Part VI Supplemental Information

Provide the following information.

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

GUIDELINES BECAUSE MIH DOES NOT PURSUE COLLECTION OF ACCOUNTS DETERMINED

TO QUALIFY AS CHARITY CARE. THESE AMOUNTS ARE NOT REPORTED AS REVENUE BUT

DEEMED AN ITEM OF COMMUNITY BENEFIT.

Part III, Line 4:

BAD DEBT EXPENSE FOOTNOTE

BAD DEBTS REPRESENT CHARGES DEEMED UNCOLLECTIBLE DUE TO EITHER: (A) A

PATIENT'S INABILITY TO QUALIFY AS CHARITY, WELFARE, OR MEDICAID, YET CLEAR

FINANCIAL INDICATIONS EXIST THAT DEMONSTRATE AN INABLILITY TO PAY, OR (B)

A PATIENT'S REFUSAL TO PAY FOR SERVICES PROVIDED AND THE SYSTEM'S DECISION

TO CEASE FURTHER COLLECTION EFFORTS.

THE BAD DEBT EXPENSE FOOTNOTE DISCLOSURE CAN BE FOUND ON PAGE 15-16 OF THE

ATTACHED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NCH HEALTHCARE SYSTEM,

INC. AND SUBSIDIARIES.

Part III, Line 8:

Part VI Supplemental Information

Provide the following information.

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

COSTING METHODOLOGY, MEDICARE SHORTFALL

THE COSTING METHODOLOGY USED IN DETERMINING THE AMOUNT REPORTED ON LINE 6

IS BASED ON A COST TO CHARGE RATIO. THE COST TO CHARGE RATIO WAS DERIVED

FROM WORKSHEET 2.

CONSISTENT WITH THE CHARITABLE HEALTHCARE MISSION OF MARCO ISLAND

HOSPITAL, INC. AND THE COMMUNITY BENEFIT STANDARD SET FORTH IN IRS REVENUE

RULING 69-545, THE HOSPITAL PROVIDES CARE FOR ALL PATIENTS COVERED BY

MEDICARE SEEKING MEDICAL CARE. SUCH CARE IS PROVIDED REGARDLESS OF WHETHER

THE REIMBURSEMENT PROVIDED FOR SUCH SERVICES MEETS OR EXCEEDS THE COSTS

INCURRED BY THE HOSPITAL TO PROVIDE SUCH SERVICES.

AS A RESULT, MARCO ISLAND HOSPITAL, INC. VIEWS ANY SHORTFALL REPORTED IN

LINE 7 AS AN ADDITIONAL ITEM OF COMMUNITY BENEFIT PROVIDED BY THE

ORGANIZATION.

Part III, Line 9b:

632100 11-02-16

Part VI Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
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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.

COLLECTION PRACTICES

MARCO ISLAND HOSPITAL, INC. PROVIDES CARE WITHOUT CHARGE OR AT AMOUNTS

LESS THAN ITS ESTABLISHED RATES TO PATIENTS WHO MEET SPECIFIC CRITERIA

UNDER THE STATE'S CHARITY CARE GUIDELINES. BECAUSE MARCO ISLAND HOSPITAL,

INC. DOES NOT PURSUE COLLECTION OF ACCOUNTS DETERMINED TO QUALIFY AS

CHARITY CARE, THESE AMOUNTS ARE NOT REPORTED AS REVENUE.

Part VI, Line 2:

NEEDS ASSESSMENT

THE ORGANIZATION ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITIES IT

SERVES IN VARIOUS WAYS. OUR LEADERSHIP TEAM IS ACTIVELY INVOLVED AND

PARTICIPATES IN MANY COMMUNITY RELATED ORGANIZATIONS AND GROUPS THAT ARE

CONTINUALLY ASSESSING UNMET NEEDS WITHIN COLLIER COUNTY. WE HAVE

HISTORICALLY WORKED WITH OUR BOARD OF TRUSTEES, COLLIER COUNTY CHILDREN'S

ALLIANCE, COLLIER COUNTY PUBLIC SCHOOLS, THE IMMOKALEE FOUNDATION,

CHILDREN'S MEDICAL SERVICES, AND OTHER AGENCIES THROUGHOUT OUR COMMUNITY

Part VI Supplemental Information

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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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.

IN ASSESSING AND COLLABORATING IN EFFORTS TO IMPROVE THE HEALTH OF OUR
 COMMUNITY.

NCH PROVIDES MANY HEALTH-ENHANCING EDUCATIONAL PROGRAMS AND RESOURCES IN
 PROMOTING HEALTH TO THE COMMUNITY. THE CURRENT PROGRAMS AND RESOURCES
 PROVIDED TO THE COMMUNITY INCLUDE THE FOLLOWING: HEALTH SEMINARS,
 COMMUNITY HEALTH FAIRS, FREE DIAGNOSTIC AND SCREENING/TESTING, THE
 NEIGHBORHOOD HEALTH CLINIC, HEART PROGRAMS, CANCER SURVIVAL AWARENESS,
 PATIENT SUPPORT GROUPS, TWO WELLNESS CENTERS, VON ARX DIABETES CENTER,
 PASTORAL CARE SERVICES, AND SPONSOR AND SUPPORT CLINICAL NURSING SCHOOLS.

IN ADDITION TO THE PROGRAMS LISTED, WE ARE ALSO WORKING WITH THE SAFE AND
 HEALTHY CHILDREN'S COALITION OF COLLIER COUNTY TO DEVELOP PROGRAMS FOR
 DROWNING PREVENTION, CHILDHOOD OBESITY, SAFE SLEEP EFFORTS, AND
 BREASTFEEDING PROGRAMS.

DURING 2016, WE COMPLETED A COMMUNITY NEEDS ASSESSMENT REPORT AND HAVE
 POSTED THIS REPORT ON OUR WEBSITE

Part VI Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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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.

([HTTP://WWW.NCHMD.ORG/ABOUT-US/ANNUAL-REPORTS](http://www.nchmd.org/about-us/annual-reports)). WE ARE COMMITTED TO
 PROMOTING EXISTING AND POTENTIAL NEW PROGRAMS TO THE COMMUNITY IN RESPONSE
 TO THE COMMUNITY HEALTH NEEDS ASSESSMENT. PLEASE REFER TO THIS REPORT AND
 DETAILED PLAN WHICH WAS REVIEWED BY THE NCH HEALTHCARE SYSTEM BOARD OF
 TRUSTEES AND APPROVED AT THE SEPTEMBER 28, 2016 BOARD OF TRUSTEES MEETING.

INCLUDED IN THE 2016 REPORT IS THE BLUE ZONE PROJECT WHICH BEGAN IN 2015
 AND IS SPONSORED BY NCH. THE BLUE ZONE PROJECT IS A COMPREHENSIVE
 WELL-BEING IMPROVEMENT INITIATIVE DESIGNED TO HELP PEOPLE LIVE LONGER AND
 BETTER BY BUILDING STRONG SOCIAL NETWORKS AND ENCOURAGING SUSTAINABLE
 CHANGES THROUGHOUT THE COMMUNITY THAT LEADS TO HEALTHIER CHOICES.

Part VI, Line 3:

INFORMATION REGARDING PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE
 MARCO ISLAND HOSPITAL, INC. RECOGNIZES ITS RESPONSIBILITY TO COMMUNICATE
 ITS FINANCIAL POLICIES AND EXPECTATIONS TO PATIENTS. THE HOSPITAL INFORMS
 AND EDUCATES PATIENTS BY PROVIDING PATIENTS WITH THE NCH HEALTHCARE SYSTEM

Part VI Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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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.

PATIENT RIGHTS AND RESPONSIBILITIES. INCLUDED IN THESE RIGHTS IS THE RIGHT TO BE GIVEN, UPON REQUEST, FULL MEDICAL INFORMATION AND FINANCIAL COUNSELING. IN ADDITION, A PATIENT REPRESENTATIVE WILL CONTACT PATIENTS PRIOR TO SERVICES TO EVALUATE THE PATIENT'S ABILITY TO PAY. THIS PROCESS INCLUDES OBTAINING THE PATIENT'S CURRENT FINANCIAL INFORMATION, OBTAINING A CREDIT REPORT, AND REVIEWING THE PATIENT'S PAYMENT HISTORY WITH MARCO ISLAND HOSPITAL, INC. PERSONS REQUIRING ASSISTANCE WITH THE UNFUNDED PORTION OF THEIR BILLS ARE ENCOURAGED TO REQUEST A CHARITY EVALUATION. MARCO ISLAND HOSPITAL, INC. ALSO PROVIDES ASSISTANCE FOR PATIENTS TO APPLY FOR MEDICAID COVERAGE OR OTHER STATE OR LOCAL ASSISTANCE PROGRAMS WHICH MAY ASSIST WITH PAYMENT FOR MEDICAL SERVICES.

Part VI, Line 4:

COMMUNITY INFORMATION

MARCO ISLAND HOSPITAL, INC. SERVES AN OLDER COMMUNITY. THE MEDIAN AGE IS 65.7. THE ESTIMATED MEDIAN HOUSEHOLD INCOME IS \$80,046. THE UNEMPLOYMENT RATE IS APPROXIMATELY 1.5%. THE PERCENTAGE OF RESIDENTS IN THE POVERTY

Part VI Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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- 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.

LEVEL IS APPROXIMATELY 5.8%.

Part VI, Line 5:

INFORMATION REGARDING PROMOTION OF COMMUNITY HEALTH

MARCO ISLAND HOSPITAL, INC. EMPLOYEES ARE INVOLVED IN A WIDE VARIETY OF
 ACTIVITIES AND ESSENTIAL SERVICES THAT ARE GEARED TOWARDS POSITIVELY
 AFFECTING OUR COMMUNITY'S HEALTH STATUS. THE FOLLOWING IS A SUMMARY OF TWO
 SUCH ACTIVITIES PROVIDED DURING THE YEAR:

MARCO ISLAND HOSPITAL, INC. OFFERED FREE BLOOD PRESSURE CHECKS TO THE
 COMMUNITY MONDAY THROUGH FRIDAY FROM 9:00 AM TO 4:00 PM (9:00 AM TO NOON
 IN THE SUMMER MONTHS). FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017,
 1,180 COMPLIMENTARY BLOOD PRESSURE CHECKS WERE GIVEN TO THE PUBLIC. MARCO
 ISLAND HOSPITAL, INC. ALSO PARTICIPATED IN THE CITY OF MARCO HEALTH FAIR
 AND MARCO COMMUNITY HEALTH FAIR.

Part VI, Line 6:

AFFILIATED HEALTHCARE SYSTEM INFORMATION

Part VI Supplemental Information

Provide the following information.

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

MARCO ISLAND HOSPITAL, INC. IS AN AFFILIATE OF THE NCH HEALTHCARE SYSTEM, INC. THE NCH HEALTHCARE SYSTEM, INC. PROVIDES HEALTH-ENHANCING EDUCATIONAL PROGRAMS AND RESOURCES IN PROMOTING THE HEALTH OF OUR COMMUNITY. THE TYPES OF PROGRAMS/RESOURCES PROVIDED INCLUDE: HEALTH SEMINARS, COMMUNITY HEALTH FAIRS & TESTING, REGISTERED NURSES EDUCATING FUTURE PATIENTS, SUPPORTING THE NEIGHBORHOOD HEALTH CLINIC, PHYSICIAN LED ACCESS NETWORK OF COLLIER COUNTY, HEART PROGRAMS, CANCER SURVIVAL AWARENESS, SUPPORT OF PATIENT FAMILIES, DR. JOHN BRIGGS WELLNESS CENTER, AND SHARING OUR SPACE AT NO COST TO NEEDY, NOT-FOR-PROFIT ORGANIZATIONS. THE ORGANIZATION ALSO SPONSORS AND SUPPORTS THE CLINICAL NURSING SCHOOLS IN OUR COMMUNITY.

THE ORGANIZATION'S CIVIC INVOLVEMENT INCLUDES MEMBERS OF NCH MANAGEMENT WHO SERVE ON COMMUNITY BOARDS IN VARIOUS CAPACITIES. THE HOSPITALS HAVE ALWAYS PROVIDED EXEMPLARY PASTORAL CARE SERVICES. NCH IS ENCOURAGING THEIR OWN HEALTHCARE PROFESSION BY SPONSORING CAREER DAYS, JOB SHADOWING, AND LECTURES AT LOCAL MIDDLE AND HIGH SCHOOLS ON THE MANY OPPORTUNITES IN THE HEALTHCARE FIELD. IN ADDITION TO MARCO ISLAND HOSPITAL, INC., THE NCH

Part VI Supplemental Information

Provide the following information.

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

HEALTHCARE SYSTEM ALSO INCLUDES THE FOLLOWING NON-PROFIT ORGANIZATIONS:

>NAPLES COMMUNITY HOSPITAL IS LOCATED IN COLLIER COUNTY, FLORIDA. THE HOSPITAL CONSISTS OF NAPLES COMMUNITY HOSPITAL, A 391-BED ACUTE CARE FACILITY, AND NORTH NAPLES HOSPITAL, A 322-BED ACUTE CARE FACILITY. THE HOSPITAL ALSO HAS A BLOOD CENTER AND MAINTAINS VARIOUS OTHER OUTPATIENT CENTERS LOCATED THROUGHOUT THE COUNTY.

>COLLIER HEALTH CARE, INC. OWNS AND LEASES HEALTHCARE FACILITIES IN NAPLES AND IMMOKALEE, FLORIDA. THIS ORGANIZATION ALSO OPERATES CHILDREN'S MEDICAL SERVICES, A PROGRAM SERVING CHRONICALLY ILL AND SPECIAL NEEDS CHILDREN UNDER TITLE V AND THE FLORIDA KIDCARE PROGRAM THROUGH TITLE XXI.

>NCHMD, INC. OWNS AND OPERATES PHYSICIAN MEDICAL PRACTICES AND OUTPATIENT RADIOLOGY SERVICES IN COLLIER AND LEE COUNTY, FLORIDA.

Part VI, Line 7, List of States Receiving Community Benefit Report:

FL

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2016

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.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
MARCO ISLAND HOSPITAL, INC.

Employer identification number
59-2315435

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |
- b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain
- 2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?
- 3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.
- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |
- 4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:
- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.
- Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.**
- 5** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:
- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.
- 6** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:
- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.
- 7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III
- 8** Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III
- 9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

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

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

Schedule J (Form 990) 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) ALLEN S. WEISS, M.D. PRESIDENT/CEO/TRUSTEE	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	756,585.	136,709.	18,879.	0.	21,876.	934,049.	0.
(2) KEVIN D. COOPER CHIEF OF STAFF	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	431,967.	78,982.	18,414.	0.	29,317.	558,680.	0.
(3) PHILLIP DUTCHER COO, NCH HEALTHCARE SYSTEM	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	438,299.	78,982.	20,286.	0.	3,524.	541,091.	0.
(4) RICK WYLES CHIEF FINANCIAL OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	319,880.	0.	18,714.	0.	27,896.	366,490.	0.
(5) FRANK ASTOR M.D. CHIEF MEDICAL OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	405,570.	42,591.	19,188.	0.	22,425.	489,774.	0.
(6) MICHELE THOMAN, R.N. TERM 11/16 CHIEF NURSING OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	286,878.	59,244.	16,162.	2,351.	24,779.	389,414.	0.
(7) MICHAEL RILEY CHIEF STRATEGY OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	240,129.	44,295.	19,188.	4,471.	29,505.	337,588.	0.
(8) RENEE M. THIGPEN CHIEF HR OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	219,797.	37,899.	18,774.	5,745.	21,681.	303,896.	0.
(9) JAMES K. MARTIN TERM 05/17 CHIEF DEVELOPMENT OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	271,766.	49,572.	19,188.	5,383.	27,088.	372,997.	0.
(10) GARY TOMCIK CHIEF EXPERIENCE OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	173,857.	0.	18,655.	0.	28,013.	220,525.	0.
(11) ZACHARY BOSTOCK CHIEF ADMINISTRATIVE OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	324,700.	55,368.	18,180.	3,059.	27,090.	428,397.	0.
(12) JONATHAN KLING, R.N. START 11/16 CHIEF NURSING OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	162,816.	10,230.	270.	4,366.	25,736.	203,418.	0.
(13) SARAH RICHARDSON TERM 02/16 FORMER CHIEF INFORMATION OFFICER	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	23,068.	37,533.	117,443.	1,467.	804.	180,315.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

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

Part I, Line 4a:

SARAH RICHARDSON, CHIEF INFORMATION OFFICER RESIGNED 2/2/2016 AND RECEIVED

A SEVERANCE PAYMENT OF \$115,877 FOR CALENDAR YEAR 2016.

Part I, Line 7:

PROVISION OF NON-FIXED PAYMENTS

THIS ORGANIZATION IS AN AFFILIATE OF NCH HEALTHCARE SYSTEM, INC. ("THE

SYSTEM"). THE SYSTEM MAY PROVIDE DISCRETIONARY BONUS AND/OR INCENTIVE

COMPENSATION PAYMENTS TO ELIGIBLE EMPLOYEES. COMPENSATION PAYMENTS FOR ALL

EMPLOYEES EXCLUDING THE CEO AND SENIOR LEADERSHIP TEAM IS DETERMINED BY THE

SYSTEM BOARD OF TRUSTEES HUMAN RESOURCES COMMITTEE AND/OR CEO. COMPENSATION

PAYMENTS MADE TO ANY DISQUALIFIED PERSON IS APPROVED BY THE SYSTEM THROUGH

THE PROCESS DESCRIBED IN FORM 990, PART VI, SECTION B, LINE 15.

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 MARCO ISLAND HOSPITAL, INC.	Employer identification number 59-2315435
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Form 990, Part VI, Section A, line 6:

GOVERNING BODY AND MANAGEMENT

NCH HEALTHCARE SYSTEM, INC. IS THE SOLE CORPORATE MEMBER OF THE
ORGANIZATION.

Form 990, Part VI, Section A, line 7a:

GOVERNING BODY AND MANAGEMENT

NCH HEALTHCARE SYSTEM, INC. SOLE MEMBER OF THIS ORGANIZATION, ELECTS THIS
ORGANIZATION'S DIRECTORS.

Form 990, Part VI, Section A, line 7b:

GOVERNING BODY AND MANAGEMENT

ALL OF THE GOVERNANCE DECISIONS FOR MARCO ISLAND HOSPITAL, INC. ARE
RESERVED TO THE GOVERNING BODY OF NCH HEALTHCARE SYSTEM, INC.

Form 990, Part VI, Section B, line 11b:

REVIEW PROCESS

INFORMATION RELATED TO MARCO ISLAND HOSPITAL, INC.'S ("MIH") FORM 990
FILING IS GATHERED BY FINANCE STAFF AND PROVIDED TO RSM US LLP FOR REVIEW.
AFTER THE REVIEW BY RSM US LLP THE FORM 990 IS REVIEWED BY THE NCH
HEALTHCARE SYSTEM CHIEF OF STAFF AND CHIEF FINANCIAL OFFICER. THE FORM 990

IS THEN REVIEWED BY THE CHAIRMAN OF THE NCH FINANCE COMMITTEE AND OUTSIDE

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 MARCO ISLAND HOSPITAL, INC.	Employer identification number 59-2315435
---	--

COUNSEL FOR THE BOARD. PRIOR TO BOARD APPROVAL, THE FORM 990 IS PROVIDED TO ALL OF THE BOARD OF TRUSTEES FOR THEIR REVIEW VIA THE BOARD PORTAL. AT THE CONCLUSION OF THIS REVIEW PROCESS THE FORM 990 IS APPROVED BY THE BOARD OF TRUSTEES (EXECUTIVE COMMITTEE) PRIOR TO FILING WITH THE IRS.

Form 990, Part VI, Section B, Line 12c:

CONFLICT OF INTEREST POLICY

ANNUALLY, ALL NCH HEALTHCARE SYSTEM, INC. OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES ARE REQUIRED TO DISCLOSE INTERESTS THAT COULD POTENTIALLY GIVE RISE TO CONFLICTS. AFTER DISCLOSURE OF THE FINANCIAL INTEREST AND ALL MATERIAL FACTS, AND AFTER ANY DISCUSSION WITH THE INTERESTED PERSON, HE/SHE SHALL LEAVE THE BOARD OR COMMITTEE MEETING WHILE THE DETERMINATION OF A CONFLICT OF INTEREST IS DISCUSSED AND VOTED UPON. THE REMAINING BOARD OR COMMITTEE MEMBERS SHALL DECIDE IF A CONFLICT OF INTEREST EXISTS. MANAGEMENT SHALL DISCLOSE OTHER POTENTIAL CONFLICTS WITH THE COMPLIANCE OFFICER.

AFTER EXERCISING DUE DILIGENCE, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE CORPORATION CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT WITH REASONABLE EFFORTS FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST. IF A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY ATTAINED UNDER CIRCUMSTANCES THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST, THE BOARD OR COMMITTEE SHALL DETERMINE BY A MAJORITY VOTE OF THE DISINTERESTED TRUSTEES WHETHER THE TRANSACTION OR ARRANGEMENT IS IN THE CORPORATION'S BEST INTEREST AND FOR ITS OWN BENEFIT. IF THE TRANSACTION IS FAIR AND REASONABLE TO THE CORPORATION THE BOARD OR COMMITTEE SHALL MAKE ITS DECISION AS TO WHETHER TO ENTER INTO THE TRANSACTION OR ARRANGEMENT IN CONFORMITY WITH SUCH DETERMINATION.

Name of the organization MARCO ISLAND HOSPITAL, INC.	Employer identification number 59-2315435
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THE COMPLIANCE OFFICER WILL DETERMINE IF A MANAGEMENT TEAM MEMBER OR
EMPLOYEE SHOULD BE EXCUSED FROM A DISCUSSION OR PARTICIPATE IN A DECISION
IN WHICH THERE MAY BE A CONFLICT OF INTEREST.

Form 990, Part VI, Section B, Line 15:

COMPENSATION PROCESS

THIS ORGANIZATION IS AN AFFILIATE OF THE NCH HEALTHCARE SYSTEM, INC. ("THE
SYSTEM"). COMPENSATION ARRANGEMENTS INVOLVING OUR CEO AND SENIOR LEADERSHIP
TEAM ARE ESTABLISHED BY THE SYSTEM BOARD OF TRUSTEES COMPENSATION COMMITTEE
PURSUANT TO A PROCESS THAT SATISFIES THE REBUTTABLE PRESUMPTION PROCEDURE
AVAILABLE FOR SECTION 4958 EXCESS BENEFIT TRANSACTION TAX PURPOSES (WHICH
REQUIRES A REVIEW OF COMPENSATION DETERMINATION BY DISINTERESTED PERSONS,
USE OF APPROPRIATE COMPARABILITY DATA, AND CONTEMPORANEOUS DOCUMENTATION OF
THE PROCESS).

Form 990, Part VI, Section C, Line 19:

DOCUMENTS AVAILABLE TO THE PUBLIC

THE FORMS 1023 AND 990, GOVERNING DOCUMENTS, AUDITED FINANCIAL STATEMENTS,
AND CONFLICT OF INTEREST POLICY OF NCHSI ARE AVAILABLE TO THE PUBLIC UPON
REQUEST. FINANCIAL STATEMENTS ARE ALSO AVAILABLE VIA OUR WEBSITE:
[HTTP://WWW.NCHMD.ORG/ABOUT-US/ANNUAL-REPORTS](http://www.nchmd.org/about-us/annual-reports). DOCUMENTS AVAILABLE FOR
REQUEST ARE AVAILABLE PURSUANT TO THE PERIOD OF DISCLOSURE PROVIDED IN
SECTION 6104(d).

Form 990, Part XI, line 9, Changes in Net Assets:

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

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

OMB No. 1545-0047

2016

**Open to Public
Inspection**

Name of the organization **MARCO ISLAND HOSPITAL, INC.** Employer identification number **59-2315435**

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
NCH HEALTHCARE SYSTEM, INC. - 59-2314655 P.O. BOX 413029 NAPLES, FL 34101	HOLDING CO	Florida	501 (C) (3)	Line 12b, II	N/A		X
NAPLES COMMUNITY HOSPITAL, INC. - 59-0694358 P.O. BOX 413029 NAPLES, FL 34101	HEALTHCARE	Florida	501 (C) (3)	3	NCH SYSTEM		X
NCHMD, INC. DBA NCH PHYSICIAN GROUP - 33-1075317, P.O. BOX 413029, NAPLES, FL 34101	HEALTHCARE	Florida	501 (C) (3)	9	NCH SYSTEM		X
COMMUNITY HOME SERVICES, INC. - 59-2440516 P.O. BOX 413029 NAPLES, FL 34101	SUPPORT ORG	Florida	501 (C) (3)	Line 12b, II	NCH SYSTEM		X

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

Schedule R (Form 990) 2016

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

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

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

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

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

Electronic Filing PDF Attachment

NCH Healthcare System, Inc. and Subsidiaries

Consolidated Financial Report
September 30, 2017

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Supplementary information	
Consolidating balance sheets	33-34
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RSM US LLP

Independent Auditor's Report

To the Board of Trustees of
NCH Healthcare System, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of NCH Healthcare System, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2017 and 2016, the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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.

Auditor's 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 from 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 NCH Healthcare System, Inc. and Subsidiaries as of September 30, 2017 and 2016, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Miami, Florida
January 24, 2018

NCH Healthcare System, Inc. and Subsidiaries

**Consolidated Balance Sheets
September 30, 2017 and 2016**

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 41,305,268	\$ 35,493,712
Investments	10,375,846	12,652,337
Due from patients and others, net of allowance for uncollectibles of approximately \$40,595,000 in 2017 and \$33,149,000 in 2016	61,178,583	61,892,753
Assets limited as to use	16,955,324	14,081,258
Inventories	11,204,360	10,287,811
Estimated third-party payor receivable	1,301,484	-
Other current assets	6,827,092	7,587,709
Total current assets	149,147,957	141,995,580
Assets limited as to use:		
Self-insurance fund	15,402,801	17,378,326
Board-designated assets	324,425,200	289,072,024
Assets held by trustee under bond indentures	4,425,529	4,389,554
Donor receivables	26,114,636	25,118,464
Assets designated or restricted for donor intentions	22,545,064	19,696,861
	392,913,230	355,655,229
Less assets limited as to use that are available to pay current liabilities	(16,955,324)	(14,081,258)
	375,957,906	341,573,971
Investment in partnerships	998,042	3,992,530
Property and equipment, net of accumulated depreciation	333,510,191	317,002,751
Other assets	8,804,151	7,204,971
Total assets	\$ 868,418,247	\$ 811,769,803

See notes to the consolidated financial statements.

NCH Healthcare System, Inc. and Subsidiaries

**Consolidated Balance Sheets
September 30, 2017 and 2016**

	2017	2016
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	\$ 5,798,754	\$ 5,597,773
Current portion of estimated self-insurance liabilities	4,070,960	4,697,362
Accounts payable	28,098,394	18,917,230
Accrued expenses	27,302,363	28,915,767
Accrued interest	2,901,049	2,962,587
Estimated third-party payor payable	-	2,004,081
Total current liabilities	68,171,520	63,094,800
Long-term debt, excluding current portion	144,925,102	150,558,065
Estimated self-insurance liabilities, excluding current portion	11,331,841	12,680,964
Other liabilities	8,916,839	9,375,348
Total liabilities	233,345,302	235,709,177
Net assets:		
Unrestricted	583,707,743	528,509,889
Temporarily restricted	36,582,126	32,989,659
Permanently restricted	14,783,076	14,561,078
Total net assets	635,072,945	576,060,626
Total liabilities and net assets	\$ 868,418,247	\$ 811,769,803

See notes to the consolidated financial statements.

NCH Healthcare System, Inc. and Subsidiaries

**Consolidated Statements of Operations
Years Ended September 30, 2017 and 2016**

	2017	2016
Unrestricted revenues:		
Net patient service revenue	\$ 543,174,655	\$ 527,778,355
Other revenue	14,394,185	14,447,533
Unrestricted charitable contributions	2,842,278	2,683,907
Net assets released from restrictions for operations	2,445,497	2,495,433
Total revenues	562,856,615	547,405,228
Expenses:		
Salaries and wages	254,419,561	244,343,752
Employee benefits	32,320,263	30,239,718
Supplies and other expenses	146,563,052	145,791,305
Purchased services	69,745,886	66,252,842
Depreciation and amortization	35,752,516	31,901,576
Interest expense	7,080,346	7,094,367
Total expenses	545,881,624	525,623,560
Operating income	16,974,991	21,781,668
Other income:		
Investment income	7,080,551	7,368,758
Disposition of assets, net	(533,762)	(40,878)
Excess of revenues over expenses	23,521,780	29,109,548
Change in net unrealized gains on other than trading securities	24,489,927	15,576,335
Net assets released from restrictions for capital	7,186,147	12,703,815
Increase in unrestricted net assets	\$ 55,197,854	\$ 57,389,698

See notes to consolidated financial statements.

NCH Healthcare System, Inc. and Subsidiaries

**Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2017 and 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at September 30, 2015	\$ 471,120,191	\$ 39,700,015	\$ 14,426,617	\$ 525,246,823
Excess of revenues over expenses	29,109,548	-	-	29,109,548
Change in net unrealized gains on other than trading securities	15,576,335	1,420,760	127,461	17,124,556
Restricted gifts and bequests	-	6,743,345	7,000	6,750,345
Income from restricted investments	-	324,787	-	324,787
Net assets released from restrictions for operations	-	(2,495,433)	-	(2,495,433)
Net assets released from restrictions for capital	12,703,815	(12,703,815)	-	-
Change in net assets	57,389,698	(6,710,356)	134,461	50,813,803
Net assets at September 30, 2016	528,509,889	32,989,659	14,561,078	576,060,626
Excess of revenues over expenses	23,521,780	-	-	23,521,780
Change in net unrealized gains on other than trading securities	24,489,927	1,764,520	215,998	26,470,445
Restricted gifts and bequests	-	11,042,527	6,000	11,048,527
Income from restricted investments	-	417,064	-	417,064
Net assets released from restrictions for operations	-	(2,445,497)	-	(2,445,497)
Net assets released from restrictions for capital	7,186,147	(7,186,147)	-	-
Change in net assets	55,197,854	3,592,467	221,998	59,012,319
Net assets at September 30, 2017	\$ 583,707,743	\$ 36,582,126	\$ 14,783,076	\$ 635,072,945

See notes to consolidated financial statements.

NCH Healthcare System, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended September 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 59,012,319	\$ 50,813,803
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Restricted gifts and bequests for capital and endowment	(5,440,678)	(4,434,554)
Net loss from partnerships	1,273,304	304,232
Change in net realized and unrealized gains on other than trading securities	(24,054,171)	(17,123,325)
Income from restricted gifts and bequests	(417,064)	(324,787)
Depreciation and amortization	35,918,307	31,901,576
Provision for bad debts	63,115,629	55,188,928
Loss on disposal of property and equipment	533,762	40,878
Changes in assets and liabilities:		
Increase in due from patients and others excluding provision for bad debts	(62,401,459)	(59,432,512)
Change in estimated third-party payor receivable/payable	(3,305,565)	(2,133,970)
Increase in inventories	(916,549)	(1,266,269)
Decrease in donor receivables	2,211,216	929,444
Decrease (increase) in other current assets	760,617	(1,063,637)
Increase in accounts payable	8,458,684	680,453
(Decrease) increase in accrued expenses	(1,613,404)	1,411,647
Decrease in accrued interest	(61,538)	(55,525)
Decrease in estimated self-insurance liabilities	(1,975,525)	(730,019)
(Decrease) Increase in other liabilities	(458,509)	451,246
Net cash provided by operating activities	70,639,376	55,157,609
Cash flows from investing activities:		
Purchases of property and equipment including acquisition of tangible and intangible assets	(47,803,214)	(50,145,413)
Proceeds from the sales of property and equipment	24,575	40,636
Purchases of investments	(102,646,619)	(97,141,392)
Sales of investments	92,715,452	93,144,228
(Increase) decrease in other assets	(2,136,156)	1,618,014
Investment in partnerships	(2,034,439)	(1,477,990)
Net cash used in investing activities	(61,880,401)	(53,961,917)
Cash flows from financing activities:		
Restricted gifts and bequests for capital and endowment	2,233,290	7,805,834
Income from restricted gifts and bequests	417,064	324,787
Repayment of long-term debt	(5,597,773)	(5,407,541)
Net cash (used in) provided by financing activities	(2,947,419)	2,723,080
Increase in cash and cash equivalents	5,811,556	3,918,772
Cash and cash equivalents:		
Beginning	35,493,712	31,574,940
Ending	\$ 41,305,268	\$ 35,493,712
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 7,224,417	\$ 7,244,138
Change in donor receivables for capital and endowment	3,207,388	(3,371,280)
Noncash additions to property and equipment	5,665,509	4,943,029

See notes to consolidated financial statements.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization: The NCH Healthcare System, Inc., (the Parent) was incorporated as a 501(c)(3) not-for-profit parent holding corporation in 1983 under a plan of reorganization to better serve the community's health care needs and to provide management with greater flexibility in providing services.

The NCH Healthcare System, Inc. and Subsidiaries (the System) consolidated financial statements consist of the following entities:

Naples Community Hospital, Inc. (the Hospital), a not-for-profit corporation located in Collier County, Florida, consists of two hospitals with 713 beds. The Downtown Naples Hospital Campus is a 391-bed acute care facility and North Naples Hospital Campus is a 322-bed acute care facility. The Hospital also has a blood center and various other outpatient centers located throughout the community. The Hospital is a wholly owned subsidiary of the System. The majority of the System's Board of Trustees also serves on the Board of Trustees of the Hospital.

NCHMD, Inc. (d/b/a NCH Healthcare Group), a not-for-profit corporation, owns and operates physician medical practices in Collier and Lee County, Florida.

The Obligated Group consists of Naples Community Hospital, Inc., NCHMD, Inc., and the Parent.

Marco Island Hospital, Inc. d/b/a Marco Healthcare Center (MIH), a not-for-profit corporation, operates an urgent care center and medical office building on Marco Island, Florida.

Collier Health Care, Inc. (CHCI), a not-for-profit corporation, owns and leases healthcare facilities in Naples and Immokalee, Florida. CHCI also operates Children's Medical Services, a program serving chronically ill and special needs children under Title V and the Florida KidCare Program through Title XXI.

Health Resources Corporation (HRC), a for-profit holding company which consists of the following proprietary subsidiaries: (i) Community Imaging, Inc. (CII) was formed to operate as a partner in the operation of diagnostic imaging centers. CII's 50% partnership interest in Naples Diagnostic Imaging Center, Ltd. (NDIC) is accounted for using the equity method of accounting. In November 2017, CII's partnership agreement with NDIC ended. Before the partnership ended, the System acquired the majority of the assets of NDIC on January 1, 2017 (see Note 18). (ii) Ambulatory Surgical Care Center, Inc. (ASCC) owns a 15% interest in Naples Day Surgery (NDS), a nonaffiliated limited liability company which operates an ambulatory surgery centers in Collier County, Florida and is accounted for using the equity method of accounting. (iii) Community Home Care, Inc. owns a 49% interest in Kokua Healing Arts, Inc.; an established private duty home health agency headquartered in Naples, Florida and is accounted for using the equity method of accounting.

The Parent owns a 50% interest in Bonita Community Health Center (BCHC), a not-for-profit organization. BCHC operates an urgent care center, an ambulatory surgical care center, a diagnostic imaging center and an outpatient rehabilitation center in Estero, Florida. Additionally, BCHC leases office space to physicians and other healthcare providers. The investment in BCHC is accounted for using the equity method. In conjunction with the issuance of long-term debt for the construction and equipping of the BCHC facility, the System has provided an unconditional guarantee to pay 50% of the obligations related to this debt should BCHC default. Currently, BCHC's total liabilities exceed total assets and as a result the System is reporting \$2,040,410 in other liabilities on the balance sheet. As of September 30, 2017, total long-term debt outstanding at BCHC was approximately \$20,303,000.

The Parent also owns a 50% interest in Naples Physician Hospital Organization d/b/a Community Health Partners (CHP), a not-for-profit taxable entity under the laws of the state of Florida. CHP contracts with various employers and other third-party payors for the provision of healthcare services by CHP members. The investment in CHP is accounted for using the equity method.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The System maintains the legal right to appoint trustees and directors of its wholly owned subsidiaries. In addition, the System maintains the right to approve: (1) the operating and capital budgets, (2) all amendments to the bylaws and articles of incorporation and (3) all long-term debt obligations and requests for certificates of need for all of the wholly owned subsidiaries.

Basis of presentation: These consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to report on the System as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted as follows:

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the System. Generally, the donors of these assets permit the System to use the income earned from these assets for general or specific purposes.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations and/or time restrictions that will eventually be met by actions of the System and/or the passage of time.

Unrestricted net assets: Net assets generated from operations, unrestricted donations, and the satisfaction or lapse of temporary restrictions. These are not subject to donor-imposed stipulations.

A summary of the Organization's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of the System. All significant intercompany amounts and transactions have been eliminated in consolidation. The entities that are part of the System are all legally separate entities.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less at date of purchase but exclude amounts whose use is limited for specific purposes and self insurance programs or by board designation and arrangements under trust agreements.

Investments and investment income: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investments are recorded as current assets when they are available for current operations. Investments that are not available for current operations as a result of contractual obligations, restrictions, designations or for other reasons are not included in current assets. Investment income or loss includes realized gains and losses on investments, interest and dividends unless the income or loss is restricted by donor or law. Unrealized gains and losses on other than trading investments are excluded from the excess of revenues over expenses unless the unrealized losses are determined to be other than temporary. Interest and dividends are recorded when earned. Realized gains and losses are recorded when the investments are sold. Unrealized gains and losses represent the change in fair value between reporting periods. All of the System's investments are classified as other than trading.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The System invests in a professionally managed portfolio that contains common shares and bonds of publicly traded companies, U.S. government and agency obligations, mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Due from patients and others: Due from patients and others are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Inventories: Inventories consist primarily of operating supplies and are stated at the lower of cost or market, on a first-in, first-out basis.

Assets limited as to use: Assets limited as to use primarily include assets required by state insurance laws to fund claims in the System's self-insurance programs, assets set aside by the Board of Trustees primarily for capital replacement, assets held by trustee under bond indenture agreements, donor receivables, and assets designated or restricted for donor intentions. Amounts required to meet current liabilities of the System have been classified as current assets.

The System has received gifts of beneficial interests in trusts held by bank trustees. Under some trusts, the System is named as the beneficiary in remainder trusts held by third parties. The beneficial interest in these trusts are carried at fair value. The System has other trusts whereby it has the irrevocable right to receive the income earned on its share of the trust assets in perpetuity, but never receives the trust assets. The System reports their interest in these trusts based on their prorata share of the fair value of the assets in the trust. The beneficial interest in the trusts are reported as assets limited as to use and as temporarily or permanently restricted net assets (endowments).

Donor receivables: Pledges to make future donations are reported at net present value generally at the time the unconditional pledge is made, net of an allowance for estimated uncollectible pledges.

Donor contributions: Unconditional donor promises to give and contributions are reported at fair value at the time of the gift. Conditional promises to give are recognized at fair value when the conditions on which they depend are substantially met or the probability that the condition will not be met is remote. Gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and consolidated statements of changes in net assets as net assets released from restrictions for operations or capital.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are recorded at cost or if donated, at fair market value at date of donation. Property and equipment donated for operations are recorded as additions to unrestricted net assets. Major asset classifications and useful lives are generally based on the estimated utility of the assets and considering the American Hospital Association guidelines. Depreciation is provided over the estimated useful life of each class of depreciable assets, which range from 3 to 40 years, and is computed on the straight-line method. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed and any resulting gain or loss is included in other income within the consolidated statements of operations.

Debt issue costs: Debt issue costs are amortized over the life of the related bonds using the effective interest method.

Estimated self-insurance liabilities: The liability for estimated self-insured medical malpractice claims, workers' compensation claims and health and dental claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. Health and dental claim liabilities are included with accrued expenses. The liability for medical malpractice claims and workers' compensation claims have been actuarially determined.

Excess of revenues over expenses: The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments classified as other than trading securities and assets released from donor restrictions for capital in accordance with stipulations of a gift.

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

Charity care: The System provides care without charge or at amounts less than its established rates to patients who meet specific criteria under the State's charity care guidelines. Because the System does not pursue collection of accounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Income taxes: The System and all of its not-for-profit subsidiaries are exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code (the Code). The System and all of its not-for-profit subsidiaries do not have significant unrelated business income; however, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities. The System's for-profit subsidiaries are subject to income tax. The income tax expense for fiscal year 2016 was approximately \$72,000 and the estimate for income tax expense for fiscal year 2017 is approximately \$1,283,000. The System's practice is to recognize interest and/or penalties related to income tax matters as income tax expense in the consolidated statements of operations under supplies and other expenses. The System is generally no longer subject to tax examinations in the major U.S. taxing jurisdictions in which they operate for tax years prior to 2014.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Fair value measurements: The System follows the authoritative guidance for fair value measurements and the fair value option for financial assets and financial liabilities. The guidance for the fair value option for financial assets and financial liabilities provides companies the irrevocable option to measure many financial assets and liabilities at fair value on their acquisition or commitment date, with changes in fair value recognized in earnings. The System has not elected to measure any financial assets or liabilities at fair value that were not previously required to be measured at fair value.

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the System. Unobservable inputs are inputs that reflect the System's assumptions about the factors market participants would use in valuing the asset or liability.

The guidance establishes three levels of inputs that may be used to measure fair value:

Level 1: Includes financial instruments for which quoted market prices for identical instruments that are available in active markets. Level 1 assets consist of money market funds, equity mutual and exchange-traded funds, equity securities and U.S. Treasury securities as they are traded in an active market with sufficient volume and frequency of transactions.

Level 2: Includes financial instruments for which there are inputs other than quoted prices included within Level 1 that are observable for the instrument such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets with sufficient volume or infrequent transactions (less active markets) or model-driven valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data, including market interest rate curves, referenced credit spreads and pre-payment rates. Level 2 assets and liabilities consist of certain marketable debt instruments. Marketable debt instruments in this category include U.S. government and agency securities, corporate bonds, fixed income funds and foreign and domestic equity securities.

Level 3: Includes financial instruments for which fair value is derived from valuation techniques including pricing models and discounted cash flow models in which one or more significant inputs are unobservable, including the System's own assumptions. The pricing models incorporate transaction details such as contractual terms, maturity and, in certain instances, timing and amount of future cash flows, as well as assumptions related to liquidity and credit valuation adjustments of marketplace participants. Level 3 equity funds include charitable remainder trust receivables and perpetual trusts which are recorded at fair value based on the underlying value of the assets in the trust or discounted cash flow of the expected payment streams.

Reclassifications: Reclassifications have been made to the 2016 consolidated financial statements in order to conform to the current period presentation. These reclassifications had no effect on excess of revenue over expenses, changes in net assets or total net assets as previously reported.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Newly adopted accounting pronouncements: In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*, which resulted in the reclassification of debt issuance costs from “bond issue costs, net” to inclusion as a reduction of “long-term debt, excluding current portion” on the consolidated balance sheets. The System has adopted this guidance as of September 30, 2017 and retroactively applied to 2016.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which updates the goodwill impairment test by removing Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The System has elected to early adopt this guidance as of September 30, 2017 and retroactively applied to 2016.

Recent accounting pronouncements not yet adopted: In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and replaces most of the existing revenue recognition guidance, including industry-specific guidance, in current U.S. GAAP. The standard is effective for the System’s fiscal year beginning October 1, 2018. Management is currently evaluating the potential impact that the adoption of this update will have on its financial reporting.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosures of financial instruments. The ASU, among other changes, will require unrealized gains and losses on equity investments to be recognized within the performance indicator. ASU 2016-01 will be effective for the System’s fiscal year beginning October 1, 2019. At September 30, 2016, the System elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included herein. Management is currently evaluating the potential impact the adoption of the remaining portions of this update will have on the System’s financial reporting.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new guidance establishes the principals to report transparent and economically neutral information about the assets and liabilities that arise from leases. The standard is effective for the System’s fiscal year beginning October 1, 2019. Management is currently evaluating the potential impact that the adoption of this update will have on its financial reporting.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which updates the requirements for financial statements and notes to improve the usefulness of information provided to donors, grantors, creditors, and other users of financial statements. The standard is effective for the System’s fiscal year beginning October 1, 2018. Management is currently evaluating the potential impact that the adoption of this update will have on its financial reporting.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. The standard is effective for the System’s fiscal year beginning October 1, 2019. Management is currently evaluating the potential impact that the adoption of this update will have on its financial reporting.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The standard is effective for the System's fiscal year beginning October 1, 2018. Management is currently evaluating the potential impact that the adoption of this update will have on its financial reporting.

Note 2. Third-Party Payors

The System has agreements with third-party payors that provide for payment to the System at amounts different from its established rates. A summary of the basis of payments from the System's primary third-party payors follows:

Medicare: Most inpatient acute, rehabilitation, psychiatric and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

The System's hospital specific rates include the full update for meaningful electronic health record (EHR) user and quality data submission.

Certain Medicare services are paid under a cost reimbursement methodology. The System's Medicare cost reports have been filed for all years through September 30, 2016 and have been audited by the Medicare intermediary for all years through September 30, 2014. Retroactive adjustments for cost report settlements are accrued on an estimated basis in the period when the related services are rendered and adjusted in future periods when final settlements are determined.

Medicaid: Florida Medicaid implemented a prospective inpatient reimbursement based on All Patient Refined Diagnostic Related Groups methodology (APR DRG) effective in 2013. Payments under APR DRG assignment are made on a per case basis and are not subject to retrospective rate adjustments. Florida Medicaid implemented a prospective reimbursement methodology for outpatient services using Enhanced Ambulatory Payment Group (EAPG) effective July 1, 2017. Prior to that date outpatient services were paid based upon a cost reimbursement methodology using a per revenue code line item published rate. Outpatient payments prior to July 2017 are subject to retrospective rate adjustments.

The System's Medicaid cost report audits have been completed through September 30, 2015.

Changes in estimates of third-party payor settlements increased net patient service revenue by approximately \$1,793,000 and \$637,000, respectively, for the years ended September 30, 2017 and 2016.

Laws and regulations governing the Medicare and Medicaid Programs are complex and subject to interpretation. The System believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to audits, claims, inquiries and investigations from government authorities and agencies that occur in the ordinary course of business. Current audits, claims, inquiries, and investigations and their ultimate resolutions, individually or in the aggregate, are not expected to have a material adverse effect on the System's business, financial condition, results of operations or cash flows. The System's classification of patients and the appropriateness of their care are subject to review by the fiscal intermediaries administering the Medicare and Medicaid programs.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 Third-Party Payors (Continued)

Other: The System has also entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the System under these arrangements includes prospectively determined rates per discharge, per diem, discounts from established charges, and prospectively determined rates per procedure for outpatient services. Some of these arrangements provide for review of paid claims for compliance with the terms of the contract and can result in retroactive settlement with third parties. Any retroactive adjustments for other third party claims are recorded in the period when final settlement is determined.

Note 3. Net Patient Service Revenue and Due From Patients and Others

Net patient service revenue consisted of the following for the years ended September 30:

	2017	2016
Gross charges	\$ 2,153,606,520	\$ 2,043,047,558
Medicare and Medicaid allowances	(1,209,485,024)	(1,153,630,290)
Other discounts and allowances	(337,831,212)	(306,449,985)
Total allowances	(1,547,316,236)	(1,460,080,275)
Provision for bad debts	(63,115,629)	(55,188,928)
Total deductions from gross charges	(1,610,431,865)	(1,515,269,203)
Net patient service revenue	\$ 543,174,655	\$ 527,778,355

Patient service revenue net of contractual allowances, discounts and bad debt recognized from third-party payor sources in the years ended September 30, is as follows:

	2017	2016
Third-party payors	\$ 511,597,186	\$ 500,103,989
Self-pay payors	31,577,469	27,674,366
Total all payors	\$ 543,174,655	\$ 527,778,355

The System recognizes net patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered.

Amounts due from patients and others are reported net of uncollectible accounts for bad debts and contractual allowances under third-party payor arrangements in the accompanying consolidated financial statements.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3. Net Patient Service Revenue and Due From Patients and Others (Continued)

Patient service revenue, net of contractual allowances, discounts, and bad debt recognized in the years ended September 30, 2017 and 2016, and net amounts due from patients and others from these major payor sources is as follows:

	Net Patient Service Revenue		Due From Patients and Others	
	2017	2016	2017	2016
Medicare	51%	50%	34%	32%
Medicaid	6%	7%	6%	7%
Blue Cross/Blue Shield	26%	21%	17%	17%
Others	17%	22%	43%	44%
Total all payors	100%	100%	100%	100%

Note 4. Uncompensated Care

Uncompensated care represents either charges foregone or charges in excess of payment received for services provided to patients who are not covered under contracts with third-party payors. The major components of uncompensated care are categorized as charity, welfare, and bad debts.

Charity care represents services and supplies furnished at no charge to patients who have qualified under the income criteria promulgated by the state of Florida. Patients who would otherwise be deemed as charity care can sometimes qualify under the Collier County Welfare Program. Payments under the County Welfare Program are limited by the amount appropriated by the County.

Finally, bad debts represent charges deemed uncollectible due to either: (a) a patient's inability to qualify as charity, welfare, or Medicaid, yet clear financial indications exist that demonstrate an inability to pay or (b) a patient's refusal to pay for services provided and the System's decision to cease further collection efforts.

Uncompensated care for the years ended September 30, was as follows:

	2017	2016
Charity care – charges foregone, based on established rates	\$ 90,329,483	\$ 79,994,693
Welfare – difference between established rates and reimbursement received	2,646,910	2,075,069
Total charity care and welfare	92,976,393	82,069,762
Bad debts – charges deemed uncollectible	63,115,629	55,188,928
Total uncompensated care	\$ 156,092,022	\$ 137,258,690
Estimated cost of providing uncompensated care	\$ 38,712,741	\$ 34,342,124

The System applied adjusted expenses as a percent of revenues to the charity, welfare and bad debt charges written off to determine an estimated cost of uncompensated care.

The System's allowance for doubtful accounts increased approximately \$7,446,000 from approximately \$33,149,000 for fiscal year 2016 to approximately \$40,595,000 for fiscal year 2017. The increase in the allowance for doubtful accounts is attributed to the current trends in the collection of patient accounts. The System has seen increases in health insurance deductible amounts and co-pays which have negatively impacted the allowance for doubtful accounts. The System has not materially changed its charity care policy.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Temporarily and Permanently Restricted Net Assets, and Endowments

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

	2017	2016
Health care services:		
Building construction and purchase of equipment	\$ 21,437,935	\$ 16,828,847
Clinical	14,375,552	15,244,535
Education	226,915	227,260
Indigent	541,724	689,017
	<u>\$ 36,582,126</u>	<u>\$ 32,989,659</u>

Permanently restricted net assets at September 30 are restricted to:

	2017	2016
Investments to be held in perpetuity, the income from which is expendable to support health care services	<u>\$ 14,783,076</u>	<u>\$ 14,561,078</u>

At September 30, outstanding pledges from various corporations, foundations and individuals, included in donor receivables in assets limited as to use, were as follows:

	2017	2016
Amounts due:		
Within one year	\$ 8,458,834	\$ 4,994,342
In one to five years	13,637,493	13,750,245
In six to eight years	669,130	2,147,972
Over eight years	9,168,064	9,561,582
	<u>31,933,521</u>	<u>30,454,141</u>
Less:		
Discounts for the time value of money	<u>(5,818,885)</u>	<u>(5,335,677)</u>
	<u>\$ 26,114,636</u>	<u>\$ 25,118,464</u>

Estimated cash flows from pledge receivables due after one year are discounted using a risk-adjusted rate, that is commensurate with the pledges' due dates and established in the year the pledge is received.

The System operates under the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). The FUPMIFA defines an endowment fund as an institutional fund, or any part thereof, not wholly expendable by the institution on a current basis under the terms of the applicable gift instrument. The System's interpretation of its fiduciary responsibilities for donor restricted endowments under FUPMIFA is that it is required to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the System may expend so much of an endowment fund as the System determines to be prudent for the uses and purposes of which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Temporarily and Permanently Restricted Net Assets, and Endowments (Continued)

The System considers the following in expenditure decisions for its endowment funds:

- The program needs of the System
- The intent of the donors of the endowment fund
- The terms of the applicable instrument
- General economic conditions
- The possible effects of inflation or deflation
- The expected total return from income and the appreciation of investments
- The other resources of the System
- Perpetuation of the endowment

The System classifies the following as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, when applicable. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed by FUPMIFA. The investment income from the System's endowment funds are designated for general and specific purposes.

The System's endowment investment policies are directed by the Investment Committee of the Board of Trustees. The System's policies establish a moderate risk posture with respect to both time and risk preference. These risk postures are developed to provide consistent return patterns over a moderate time horizon and are consistent with conserving the purchasing power of its endowment funds. Strategies employed for achieving the System's investment objectives include passively and actively managed funds invested in domestic and global equities, domestic and global fixed income, absolute return and real assets.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Temporarily and Permanently Restricted Net Assets, and Endowments (Continued)

Changes in endowment net assets for the years ended September 30, 2017 and 2016, consisted of the following:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2015	\$ 3,555,282	\$ 14,426,617	\$ 17,981,899
Investment return:			
Investment income	319,238	-	319,238
Change in unrealized losses	1,326,238	127,461	1,453,699
Total investment return	1,645,476	127,461	1,772,937
Gifts	-	7,000	7,000
Appropriation of endowment assets for expenditure	(199,782)	-	(199,782)
Endowment net assets at September 30, 2016	5,000,976	14,561,078	19,562,054
Investment return:			
Investment income	404,816	-	404,816
Change in unrealized gains	1,655,186	215,998	1,871,184
Total investment return	2,060,002	215,998	2,276,000
Gifts	-	6,000	6,000
Appropriation of endowment assets for expenditure	(316,062)	-	(316,062)
Endowment net assets at September 30, 2017	\$ 6,744,916	\$ 14,783,076	\$ 21,527,992

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Assets Limited as to Use and Investments

The composition of assets limited as to use stated at fair value at September 30 are set forth in the following table:

	2017	2016
Self-insurance funds:		
Cash and cash equivalents	\$ 11,117,129	\$ 11,975,810
U.S. government and agency securities	916,459	1,250,814
Mortgage-backed securities	815,631	1,735,726
Corporate bonds	1,060,523	1,282,441
Self-insurance receivables	1,493,059	1,133,535
	<u>15,402,801</u>	<u>17,378,326</u>
Board-designated assets:		
Cash and cash equivalents	6,212,140	4,257,310
U.S. government and agency securities	27,507,512	21,146,697
Mortgage-backed securities	31,021,264	35,149,054
Corporate bonds	24,523,679	28,053,427
Fixed income funds	45,892,136	41,234,731
Equities and equity funds – domestic	120,586,235	102,453,879
Equities and equity funds – foreign	68,682,234	56,776,926
	<u>324,425,200</u>	<u>289,072,024</u>
Assets held by trustee under bond indentures:		
Cash and cash equivalents	4,425,529	4,389,554
Assets designated or restricted for donor intentions:		
Cash and cash equivalents	4,244,826	3,241,586
U.S. government and agency securities	491,054	478,171
Mortgage-backed securities	245,341	284,412
Corporate bonds	609,233	455,560
Fixed income funds	92,928	93,061
Equities and equity funds – domestic	10,398,919	9,690,352
Equities and equity funds – foreign	6,462,763	5,453,719
Donor receivables	26,114,636	25,118,464
	<u>48,659,700</u>	<u>44,815,325</u>
Total assets limited as to use	<u>\$ 392,913,230</u>	<u>\$ 355,655,229</u>

The composition of current unrestricted and undesignated investments stated at fair value at September 30 are set forth in the following table:

	2017	2016
Current investments:		
U.S. government and agency securities	\$ 3,405,069	\$ 3,707,142
Mortgage-backed securities	3,030,446	5,144,317
Corporate bonds	3,940,331	3,800,878
Total current investments	<u>\$ 10,375,846</u>	<u>\$ 12,652,337</u>

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Assets Limited as to Use and Investments (Continued)

Investment income and gains (losses) from unrestricted cash, assets limited as to use, and investments, excluding earnings reported in temporarily restricted net assets, are comprised of the following for the years ended September 30:

	2017	2016
Interest income and realized gains and losses on sale of investments	\$ 7,080,551	\$ 7,368,758
Change in unrealized gains on other than trading securities	24,489,927	15,576,335
Total investment earnings	<u>\$ 31,570,478</u>	<u>\$ 22,945,093</u>

The fair value of debt securities classified by contractual maturity, as of September 30, 2017, are as follows:

	Amortized Cost	Fair Value
Due within one year	\$ 13,121,965	\$ 13,072,898
Due after one year through three years	27,705,578	27,490,361
Due after three years	21,784,645	21,890,601
Mortgage-backed securities	35,295,350	35,112,682
	<u>\$ 97,907,538</u>	<u>\$ 97,566,542</u>

Expected maturities will differ from contractual maturities because the issuers of certain debt securities do have the right to call or prepay their obligations without any penalties.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Assets Limited as to Use and Investments (Continued)

The System follows the authoritative guidance for fair value measurements as defined in Note 1 and the following tables present the System's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at September 30, 2017 and 2016:

	2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 20,073,618	\$ 6,335,262	\$ -	\$ 26,408,880
U.S. government and agency securities	-	32,320,094	-	32,320,094
Mortgage-backed securities	-	35,112,682	-	35,112,682
Corporate bonds	-	30,133,766	-	30,133,766
Fixed income funds	-	45,985,064	-	45,985,064
Equities and equity funds – domestic	114,623,730	15,000,022	1,361,402	130,985,154
Equities and equity funds – foreign	57,311,765	17,833,232	-	75,144,997
	192,009,113	182,720,122	1,361,402	376,090,637
Trusts held by others	-	-	7,908,865	7,908,865
Total assets at fair value	\$ 192,009,113	\$ 182,720,122	\$ 9,270,267	\$ 383,999,502
	2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 19,950,248	\$ 4,320,179	\$ -	\$ 24,270,427
U.S. government and agency securities	-	26,582,824	-	26,582,824
Mortgage-backed securities	-	42,313,509	-	42,313,509
Corporate bonds	-	33,592,306	-	33,592,306
Fixed income funds	-	41,327,792	-	41,327,792
Equities and equity funds – domestic	96,766,290	14,088,083	1,289,858	112,144,231
Equities and equity funds – foreign	44,477,644	17,753,001	-	62,230,645
	161,194,182	179,977,694	1,289,858	342,461,734
Trusts held by others	-	-	7,443,078	7,443,078
Total assets at fair value	\$ 161,194,182	\$ 179,977,694	\$ 8,732,936	\$ 349,904,812

The following tables are a rollforward of the consolidated balance sheets amounts for financial instruments classified by the System within level 3 of the valuation hierarchy as defined in Note 1:

	Trusts Held by Others	Equity Funds	Total
Fair value October 1, 2015	\$ 7,128,075	\$ 1,267,536	\$ 8,395,611
Realized and unrealized gain	190,003	22,322	212,325
Contributions	250,000	-	250,000
Distributions	(125,000)	-	(125,000)
Fair value September 30, 2016	7,443,078	1,289,858	8,732,936
Realized and unrealized gain	253,287	71,544	324,831
Contributions	350,000	-	350,000
Distributions	(137,500)	-	(137,500)
Fair value September 30, 2017	\$ 7,908,865	\$ 1,361,402	\$ 9,270,267

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Assets Limited as to Use and Investments (Continued)

The System evaluates the investment portfolio for other-than-temporary impairment (OTTI) in accordance with Accounting Standards Codification (ASC) 320, Investments – Debt and Equity Securities. An investment security is considered impaired if the fair value of the security is less than its cost or amortized cost basis. When impairment of an equity or debt security is considered to be other-than-temporary, the security is written down to its fair value and an impairment loss is recorded in earnings. The System has reviewed debt and equity securities in a loss position as of September 30, 2017 and 2016, which included evaluating the near-term prospects of the issuers in relation to the severity and duration of the unrealized losses, and reviewing the securities for instances of credit downgrades, defaults, and other matters that might indicate the declines in value are other-than-temporary. Based on that evaluation and the System's ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the System does not consider these investments to be other-than-temporarily impaired at September 30, 2017 and 2016.

The Systems unrealized losses by category of investment, based on the length of time the securities are in a continuous unrealized loss position at September 30, are as follows:

	2017					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government and agency securities	\$ 29,818,704	\$ (135,090)	\$ 20,378,867	\$ (394,114)	\$ 50,197,571	\$ (529,204)
Corporate bonds	12,124,194	(85,835)	6,076,290	(136,621)	18,200,484	(222,456)
Fixed income funds	809,027	(32,976)	29,466,572	(1,200,811)	30,275,599	(1,233,787)
Equities and equity funds – domestic	332,242	(22,541)	14,667,781	(995,752)	15,000,023	(1,018,293)
	<u>\$ 43,084,167</u>	<u>\$ (276,442)</u>	<u>\$ 70,589,510</u>	<u>\$ (2,727,298)</u>	<u>\$ 113,673,677</u>	<u>\$ (3,003,740)</u>

	2016					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government and agency securities	\$ 22,732,178	\$ (134,522)	\$ 11,851,801	\$ (264,971)	\$ 34,583,979	\$ (399,493)
Corporate bonds	10,236,361	(104,088)	6,515,368	(247,037)	16,751,729	(351,125)
Fixed income funds	1,331,860	(118,019)	39,902,871	(4,152,660)	41,234,731	(4,270,679)
Equities and equity funds – domestic	1,319,145	(90,889)	57,246,581	(4,232,438)	58,565,726	(4,323,327)
	<u>\$ 35,619,544</u>	<u>\$ (447,518)</u>	<u>\$ 115,516,621</u>	<u>\$ (8,897,106)</u>	<u>\$ 151,136,165</u>	<u>\$ (9,344,624)</u>

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Property and Equipment

Property and equipment and accumulated depreciation and amortization consists of the following at September 30:

	2017	2016
Land	\$ 27,957,731	\$ 24,398,307
Land improvements	8,745,498	8,745,499
Buildings	406,292,678	382,316,646
Fixed equipment	55,329,046	51,002,279
Movable equipment	282,814,015	257,970,631
Rental apartments	600,990	600,990
Leasehold improvements	12,049,825	11,840,392
Facilities expansion in progress	15,234,924	29,376,600
	<u>809,024,707</u>	<u>766,251,344</u>
Less: Accumulated depreciation and amortization	<u>(475,514,516)</u>	<u>(449,248,593)</u>
	<u>\$ 333,510,191</u>	<u>\$ 317,002,751</u>

The facilities expansion in progress at September 30, 2017, included the construction costs of various projects, which management estimates will cost an additional \$41,925,000, \$48,430,000 and \$14,250,000 to complete during 2018, 2019 and 2020, respectively. The System funds these construction projects through operations and contributions.

Impairment: Long-lived assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or market values. To date, management has determined that no impairment of long-lived assets is required.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Goodwill and other Identifiable Intangible Assets

Goodwill and other identifiable intangible assets, and the related accumulated amortization, are comprised of the following at September 30, 2017 and 2016, and are included in other assets on the consolidated balance sheets.

	2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets not subject to amortization:			
Goodwill	\$ 4,430,085	\$ -	\$ 4,430,085
Intangible assets subject to amortization:			
Electronic medical records (5 years)	330,000	49,500	280,500
Employee contracts (10 years)	4,480,000	3,339,333	1,140,667

	2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets not subject to amortization:			
Goodwill	\$ 2,381,665	\$ -	\$ 2,381,665
Intangible assets subject to amortization:			
Noncompete (7 years)	250,000	234,524	15,476
Employee contracts (10 years)	4,480,000	2,867,333	1,612,667

Estimated future annual amortization expense is as follows:

Years ending September 30:		
2018		\$ 538,000
2019		538,000
2020		262,667
2021		66,000
2022		16,500
		<u>\$ 1,421,167</u>

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Long-Term Debt

The System was obligated under long-term debt as follows at September 30:

	2017	2016
Collier County Industrial Development Authority Healthcare Facilities Revenue Bonds, Series 2010 (payable by the Hospital under an agreement with Collier County) consisting of \$3,423,754 serial bonds due October 2017 with interest paid quarterly at 2.954%. \$3,526,312 serial bonds due October 2018 with interest paid quarterly at 2.954%. \$3,631,943 serial bonds due October 2019 with interest paid quarterly at 2.954%. \$3,739,816 serial bonds due October 2020 with interest paid quarterly at 2.954%.	\$ 14,321,825	\$ 17,644,598
Collier County Industrial Development Authority Healthcare Facilities Revenue Bonds, Series 2011 Public (payable by the Hospital under an agreement with Collier County) consisting of \$1,630,000 serial bonds due October 2017 with interest paid semi-annually at 5.00%. \$1,705,000 serial bonds due October 2018 with interest paid semi-annually at 4.375%. \$1,780,000 serial bonds due October 2019 with interest paid semi-annually at 4.5% and \$1,865,000 serial bonds due October 2020 with interest paid semi-annually at 5.00% and \$3,380,000 serial bonds due October 2021 with interest paid semi-annually at 5.00% and \$84,610,000 serial Bonds due from October 2022 through October 2039 with interest paid semi-annually at rates ranging from 5.00% to 6.25%.	94,970,000	96,525,000
Collier County Industrial Development Authority Healthcare Facilities Revenue Bonds, Series 2011 (payable by the Hospital under an agreement with Collier County) consisting of \$745,000 serial bonds due October 2017 with interest paid monthly at 2.15%. \$775,000 serial bonds due October 2018 with interest paid monthly at 2.15%. The remaining revenue bond amount of \$41,470,000 will be repriced on October 1, 2018, and if not remarketed successfully the debt will become due in 2018.	42,990,000	43,710,000
Total long-term debt	152,281,825	157,879,598
Less:		
Unamortized original issue discount	(691,320)	(755,472)
Debt issuance costs	(866,649)	(968,288)
Current maturities	(5,798,754)	(5,597,773)
	<u>\$ 144,925,102</u>	<u>\$ 150,558,065</u>

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Long-Term Debt (Continued)

The agreements underlying the bond issues described above contain covenants that provide for, among other things, the maintenance of certain financial ratios, conditions for issuance of additional indebtedness and the transferability of funds. The System was in compliance with financial related covenants for the years ended September 30, 2017 and 2016. The Series 2010, 2011 Public, and 2011 Bank Qualified bonds are collateralized under the Hospital Master Trust Indenture. The Hospital Master Trust Indenture is collateralized by all revenue, accounts receivable, contract rights, and general intangibles of the Obligated Group and by the money and securities held in the funds and accounts established under the applicable indentures.

The aggregate principal maturities and sinking fund requirements on long-term debt in each of the next five years and thereafter are as follows, assuming that the \$41,470,000 of the 2011 Bank Qualified Bonds are successfully remarketed as disclosed on the previous page. If the bonds are not remarketed the amount reported as maturities below in fiscal year 2019, would increase by approximately \$41,470,000.

Years ending September 30:	
2018	\$ 5,798,754
2019	6,006,312
2020	6,216,943
2021	6,439,816
2022	4,295,000
Thereafter	<u>123,525,000</u>
	<u>\$ 152,281,825</u>

Note 10. Self-Insured Claims

The System is self-insured for its professional liability, workers' compensation and employee health programs.

For 2017 and 2016 professional liability, the System had a \$3,000,000 per claim self-insured retention. To pay claims in excess of the self-insured retention, the System purchased an excess professional liability policy (claims-made basis).

Losses from asserted claims and from unasserted claims identified under the System's incident reporting system are accrued based on estimates that incorporate the System's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors and incidents that may have occurred but that have not been identified under the incident reporting system. Total expenses under this program were \$1,843,199 and \$3,031,662 during the years ended September 30, 2017 and 2016, respectively, and are included in supplies and other expenses in the consolidated statements of operations. As of September 30, 2017 and 2016, the System had accrued \$13,998,100 and \$16,123,571, respectively, which, in the opinion of management, based on historical experience and current actuarial analyses, is sufficient to cover reported claims and claims incurred but not reported. The accrued professional liability has been discounted at a rate of 3% in 2017 and 2016. The discount on the accrual for professional liability was approximately \$1,140,000 and \$1,285,000 at September 30, 2017 and 2016, respectively. The System has recorded approximately \$1,049,000 and \$856,000 for September 30, 2017 and 2016, respectively, of estimated professional liability insurance recoveries which is included in the self-insurance fund in assets limited as to use on the accompanying consolidated balance sheets.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Self-Insured Claims (Continued)

For 2017 and 2016 workers' compensation, the System had a \$500,000 per claim self-insured retention. To pay claims in excess of its self-insured retention, the System purchased an excess liability policy (occurrence-basis). As of September 30, 2017 and 2016, the System had accrued \$1,404,701 and \$1,254,755, respectively, which, in the opinion of management, based on historical experience and current actuarial analyses, is sufficient to cover reported claims and claims incurred but not reported. Total expenses under this program were \$685,032 and \$629,598 during the years ended September 30, 2017 and 2016, respectively, and are included in supplies and other expenses in the consolidated statements of operations. The accrued workers' compensation liability has been discounted at a rate of 3% in 2017 and 2016. The discount on the accrued workers' compensation liability was approximately \$146,000 and \$135,000 at September 30, 2017 and 2016, respectively. The System has recorded approximately \$445,000 and \$277,000 for September 30, 2017 and 2016, respectively, of estimated workers compensation insurance recoveries which is included in the self-insurance fund in assets limited as to use on the accompanying consolidated balance sheets.

For 2017 and 2016 employee health coverage, the System had a \$300,000 per claim self-insured retention. The plan calls for an unlimited lifetime maximum benefit per covered life. As of September 30, 2017 and 2016, the System had accrued \$5,204,826 and \$4,366,106, respectively, based on historical experience, which, in the opinion of management is sufficient, to cover reported claims and claims incurred but not reported. Due to the short-term nature of these claims, the liability is included in accrued expenses and has not been discounted. The System recognizes patient service revenue for employee's receiving medical care within the System. Employee health services provided by external services outside the System are included in employee benefits as an expense.

The System is involved in litigation arising from the ordinary course of business. In the opinion of management and counsel, these matters will be resolved without a material adverse effect to the System's financial position, results of operations or cash flows.

Note 11. Defined Contribution Plan

The System has a defined contribution plan covering all eligible employees. The System, at its discretion will match a percentage of each participant's salary reduction contributions after the participant has completed 12 months of employment. In the event the System chooses to make a matching contribution, the matching amount shall equal 100% of the first 2% of compensation contributed by the participant as salary reduction contributions plus 50% of the next 4% of compensation contributed by the participant as salary reduction contributions, up to a maximum of 4% of compensation.

The System's contributions, net of forfeitures, for the years ended September 30, 2017 and 2016, were approximately \$6,592,000 and \$5,332,000, respectively.

Note 12. Related Party Transactions

Several physician members of the Board of Trustees serve as elected medical department chairs, medical directors and medical staff officers and are paid a stipend for serving in these positions or have an exclusive contract with the System. In addition, some of these physician members participate in ER call rotation and are paid a per diem fee for coverage. Three members of the Board of Trustees are employees of the System. One member of the Board of Trustees is an owner of a property, which NCH pays for rental space.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Leases

The System leases buildings and equipment under operating leases. Rental expense for the years ended September 30, 2017 and 2016, approximated \$6,298,000 and \$5,630,000, respectively, and are included in supplies and other expenses in the consolidated statements of operations. The future minimum lease payments under operating leases at September 30, 2017, are approximately as follows:

Years ending September 30:

2018	\$ 5,128,000
2019	2,856,000
2020	2,331,000
2021	2,143,000
2022	2,035,000
Thereafter	7,335,000
	<u>\$ 21,828,000</u>

Note 14. Concentrations of Credit Risk

Financial instruments which potentially subject the System to concentrations of credit risk consist principally of cash and cash equivalents, investments and assets limited as to use.

The System places its cash and cash equivalents with what management believes to be high credit quality financial institutions. Included in cash and cash equivalents are bank deposits, certificates of deposit and other short-term investments in the amount of approximately \$41,305,000 and \$35,494,000 as of September 30, 2017 and 2016, respectively. The System's assets limited as to use and investments include cash and cash equivalents, U.S. government and agency securities, corporate bonds, preferred stock and common stock which are subject to market risk, as listed in Note 6. The System limits the amount of credit exposure to any one company or financial institution by diversifying its investments.

Notes 2 and 3 detail the concentration of revenue and accounts receivable.

Note 15. Functional Expenses

The expenses reported in the consolidated statements of operations were incurred for the following:

	2017	2016
Patient and ancillary care	\$ 399,687,641	\$ 381,518,982
Education	14,853,957	12,208,101
Technology	19,855,755	19,553,151
General and administrative	59,475,414	61,046,672
Development expenses	2,542,152	2,479,063
Other activities	49,466,705	48,817,591
Total functional expenses	<u>\$ 545,881,624</u>	<u>\$ 525,623,560</u>

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 16. Investment in Partnerships

The partnerships that the System has ownership in, furthers the System's strategy to build a network of affiliated providers and expand availability of health care resources within the Southwest Florida region. The System's ownership interest in NDIC was 50% through January 1, 2017. The System acquired the land, buildings, radiology equipment, other tangible assets and intangible assets of NDIC on January 1, 2017. The System terminated (see Note 18) the NDIC partnership in November 2017. The System's ownership in BCHC is 50%. Condensed financial information, obtained from unaudited financial statements for the System's significant partnership investments as of and for the years ended September 30 are as follows:

	NDIC		BCHC	
	2017	2016	2017	2016
Total assets	\$ -	\$ 7,747,365	\$ 16,263,216	\$ 16,373,653
Total liabilities	\$ -	\$ 1,930,904	\$ 20,944,035	\$ 22,066,669
Net assets (deficit)	-	5,816,461	(4,680,819)	(5,693,016)
Total liabilities and net assets	\$ -	\$ 7,747,365	\$ 16,263,216	\$ 16,373,653
Revenue	\$ -	\$ 16,497,373	\$ 7,301,922	\$ 7,444,373
Expenses	-	(16,260,035)	(9,176,247)	(9,151,482)
Excess of revenue over (under) expenses	\$ -	\$ 237,338	\$ (1,874,325)	\$ (1,707,109)
Member contributions – NCH 50%	\$ -	\$ -	\$ 1,401,085	\$ 1,643,352

Note 17. Hurricane Impact

On September 10th, 2017, Hurricane Irma made landfall in the System's primary service area of Collier County. The size of the storm and duration were significant and the impact of the storm was felt throughout Collier County and across the State of Florida. NCH remained fully operational before, during and after the storm. However due to the mandatory evacuations that were in place in our service area before and during the storm and the community recovery efforts after the storm, our September 2017 inpatient and outpatient volumes were much lower than forecast. Patient volumes did quickly rebound to normal levels beginning in October 2017. In addition to the decreased September 2017 volumes, the System also experienced an increase in labor, food, supplies, and maintenance and repair expenses of approximately \$3,000,000 due to the hurricane.

The System is in the process of filing a claim with Federal Emergency Management Agency (FEMA) for these expenses. The System has not recognized any reimbursement that may be received from FEMA, in accordance with accounting principles generally accepted in the United States (GAAP).

Note 18. Disposition of Partnership

In November 2017, Community Imaging, Inc.'s (CII) partnership in Naples Diagnostic Imaging Center, Ltd. (NDIC) ended. Before the partnership ended the System acquired the land, buildings, radiology equipment, other tangible assets and intangible assets of NDIC on January 1, 2017. The System consolidated these diagnostic imaging centers with existing imaging centers under NCHMD, Inc. and upon doing so, became the largest provider of imaging services in Collier County. NCH paid \$5,250,000 to purchase NDIC assets. The transaction resulted in \$2,048,420 of goodwill and \$330,000 of intangible assets.

NCH Healthcare System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 19. Subsequent Events

The System has performed a review of subsequent events through January 24, 2018, the date the consolidated financial statements were issued.



RSM US LLP

Independent Auditor's Report on the Supplementary Information

To the Board of Trustees of
NCH Healthcare System, Inc.

We have audited the consolidated financial statements of NCH Healthcare System, Inc. and Subsidiaries as of and for the years ended September 30, 2017 and 2016, and have issued our report thereon, dated January 24, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying consolidating information is presented for purposes of additional analysis, rather than to present the financial position and results of operations of the individual companies and is not a required part of the financial statements as a whole. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Miami, Florida
January 24, 2018

NCH Healthcare System, Inc. and Subsidiaries

Consolidating Balance Sheet September 30, 2017

	Naples Community Hospital, Inc.	Other Obligated Group Entities	Obligated Group	All Other Entities	Eliminations	System Consolidated Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 45,340,618	\$ (4,502,337)	\$ 40,838,281	\$ 466,987	\$ -	\$ 41,305,268
Investments	10,375,846	-	10,375,846	-	-	10,375,846
Due from patients and others, net of allowance for estimated uncollectible	52,404,283	8,229,485	60,633,768	544,815	-	61,178,583
Assets limited as to use	15,681,337	1,263,847	16,945,184	10,140	-	16,955,324
Inventories	10,418,626	785,734	11,204,360	-	-	11,204,360
Estimated third-party payor receivable	1,301,484	-	1,301,484	-	-	1,301,484
Other current assets	4,805,171	1,214,962	6,020,133	806,959	-	6,827,092
Total current assets	140,327,365	6,991,691	147,319,056	1,828,901	-	149,147,957
Assets limited as to use:						
Self-insurance fund	10,582,573	4,781,865	15,364,438	38,363	-	15,402,801
Board-designated assets	324,425,200	-	324,425,200	-	-	324,425,200
Assets held by trustee under bond indentures	4,425,529	-	4,425,529	-	-	4,425,529
Donor receivables	26,114,636	-	26,114,636	-	-	26,114,636
Assets designated or restricted for donor intentions	22,545,064	-	22,545,064	-	-	22,545,064
	388,093,002	4,781,865	392,874,867	38,363	-	392,913,230
Less assets limited as to use that are available to pay current liabilities	(15,681,337)	(1,263,847)	(16,945,184)	(10,140)	-	(16,955,324)
	372,411,665	3,518,018	375,929,683	28,223	-	375,957,906
Investment in partnerships						
	-	6,443,937	6,443,937	335,678	(5,781,573)	998,042
Property and equipment, net of accumulated depreciation	290,390,308	35,149,004	325,539,312	7,970,879	-	333,510,191
Other assets	2,359,553	4,449,598	6,809,151	1,995,000	-	8,804,151
Total assets	\$ 805,488,891	\$ 56,552,248	\$ 862,041,139	\$ 12,158,681	\$ (5,781,573)	\$ 868,418,247
Liabilities and net assets						
Current liabilities:						
Current portion of long-term debt	\$ 5,798,754	\$ -	\$ 5,798,754	\$ -	\$ -	\$ 5,798,754
Current portion of estimated self-insurance liabilities	2,796,973	1,263,847	4,060,820	10,140	-	4,070,960
Accounts payable	25,182,875	2,821,370	28,004,245	94,149	-	28,098,394
Accrued expenses	18,689,759	7,688,167	26,377,926	924,437	-	27,302,363
Accrued interest	2,901,049	-	2,901,049	-	-	2,901,049
Total current liabilities	55,369,410	11,773,384	67,142,794	1,028,726	-	68,171,520
Long-term debt, excluding current portion						
	144,925,102	-	144,925,102	-	-	144,925,102
Estimated self-insurance liabilities, excluding current portion	7,785,600	3,518,018	11,303,618	28,223	-	11,331,841
Due to related organizations	21,569,378	(630,264)	20,939,114	(20,939,114)	-	-
Other liabilities	5,147,234	3,391,432	8,538,666	378,173	-	8,916,839
Total liabilities	234,796,724	18,052,570	252,849,294	(19,503,992)	-	233,345,302
Net assets:						
Unrestricted	519,326,965	38,499,678	557,826,643	31,662,673	(5,781,573)	583,707,743
Temporarily restricted	36,582,126	-	36,582,126	-	-	36,582,126
Permanently restricted	14,783,076	-	14,783,076	-	-	14,783,076
Total net assets	570,692,167	38,499,678	609,191,845	31,662,673	(5,781,573)	635,072,945
Total liabilities and net assets	\$ 805,488,891	\$ 56,552,248	\$ 862,041,139	\$ 12,158,681	\$ (5,781,573)	\$ 868,418,247

NCH Healthcare System, Inc. and Subsidiaries

Consolidating Balance Sheet September 30, 2016

	Naples Community Hospital, Inc.	Other Obligated Group Entities	Obligated Group	All Other Entities	Eliminations	System Consolidated Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 40,085,720	\$ (5,241,707)	\$ 34,844,013	\$ 649,699	\$ -	\$ 35,493,712
Investments	12,652,337	-	12,652,337	-	-	12,652,337
Due from patients and others, net of allowance for estimated uncollectible	56,219,557	5,085,992	61,305,549	587,204	-	61,892,753
Assets limited as to use	12,593,059	1,478,233	14,071,292	9,966	-	14,081,258
Inventories	9,551,644	736,167	10,287,811	-	-	10,287,811
Other current assets	4,813,406	2,334,469	7,147,875	439,834	-	7,587,709
Total current assets	135,915,723	4,393,154	140,308,877	1,686,703	-	141,995,580
Assets limited as to use						
Self-insurance fund	11,872,597	5,468,859	17,341,456	36,870	-	17,378,326
Board-designated assets	289,072,024	-	289,072,024	-	-	289,072,024
Assets held by trustee under bond indentures	4,389,554	-	4,389,554	-	-	4,389,554
Donor receivables	25,118,464	-	25,118,464	-	-	25,118,464
Assets designated or restricted for donor intentions	19,696,861	-	19,696,861	-	-	19,696,861
	350,149,500	5,468,859	355,618,359	36,870	-	355,655,229
Less: assets limited as to use that are available to pay current liabilities	(12,593,059)	(1,478,233)	(14,071,292)	(9,966)	-	(14,081,258)
	337,556,441	3,990,626	341,547,067	26,904	-	341,573,971
Investment in partnerships	-	6,474,924	6,474,924	3,299,179	(5,781,573)	3,992,530
Property and equipment, net of accumulated depreciation	284,160,539	24,555,523	308,716,062	8,286,689	-	317,002,751
Other assets	2,839,877	2,085,094	4,924,971	2,280,000	-	7,204,971
Total assets	\$ 760,472,580	\$ 41,499,321	\$ 801,971,901	\$ 15,579,475	\$ (5,781,573)	\$ 811,769,803
Liabilities and net assets						
Current liabilities:						
Current portion of long-term debt	\$ 5,597,773	\$ -	\$ 5,597,773	\$ -	\$ -	\$ 5,597,773
Current portion of estimated self-insurance liabilities	3,209,163	1,478,233	4,687,396	9,966	-	4,697,362
Accounts payable	16,566,700	2,301,363	18,868,063	49,167	-	18,917,230
Accrued expenses	20,573,622	7,567,104	28,140,726	775,041	-	28,915,767
Accrued interest	2,962,587	-	2,962,587	-	-	2,962,587
Estimated third-party payor payable	2,004,081	-	2,004,081	-	-	2,004,081
Total current liabilities	50,913,926	11,346,700	62,260,626	834,174	-	63,094,800
Long-term debt, excluding current portion	150,558,065	-	150,558,065	-	-	150,558,065
Estimated self-insurance liabilities, excluding current portion	8,663,433	3,990,627	12,654,060	26,904	-	12,680,964
Due to related organizations	16,993,370	(392,508)	16,600,862	(16,600,862)	-	-
Other liabilities	5,185,989	3,702,928	8,888,917	486,431	-	9,375,348
Total liabilities	232,314,783	18,647,747	250,962,530	(15,253,353)	-	235,709,177
Net assets:						
Unrestricted	480,607,060	22,851,574	503,458,634	30,832,828	(5,781,573)	528,509,889
Temporarily restricted	32,989,659	-	32,989,659	-	-	32,989,659
Permanently restricted	14,561,078	-	14,561,078	-	-	14,561,078
Total net assets	528,157,797	22,851,574	551,009,371	30,832,828	(5,781,573)	576,060,626
Total liabilities and net assets	\$ 760,472,580	\$ 41,499,321	\$ 801,971,901	\$ 15,579,475	\$ (5,781,573)	\$ 811,769,803

NCH Healthcare System, Inc. and Subsidiaries

Consolidating Statements of Operations Year Ended September 30, 2017

	Naples Community Hospital, Inc.	Other Obligated Group Entities	Eliminations	Total Obligated Group	All Other Entities	Eliminations	System Consolidated Total
Unrestricted revenues:							
Net patient service revenue	\$ 515,331,873	\$ 87,372,768	\$ (1,084,355)	\$ 601,620,286	\$ 4,669,998	\$ -	\$ 606,290,284
Provision for bad debts	(60,717,679)	(1,777,899)	-	(62,495,578)	(620,051)	-	(63,115,629)
Net patient service revenue less provision for bad debt	454,614,194	85,594,869	(1,084,355)	539,124,708	4,049,947	-	543,174,655
Other revenue	12,413,361	2,729,538	(1,781,364)	13,361,535	1,097,150	(64,500)	14,394,185
Unrestricted charitable contributions	2,842,278	-	-	2,842,278	-	-	2,842,278
Net assets released from restrictions for operations	2,445,497	-	-	2,445,497	-	-	2,445,497
Total revenues	472,315,330	88,324,407	(2,865,719)	557,774,018	5,147,097	(64,500)	562,856,615
Expenses:							
Salaries and wages	172,650,441	80,345,506	(884,354)	252,111,593	2,307,968	-	254,419,561
Employee benefits	26,901,283	5,027,993	-	31,929,276	390,987	-	32,320,263
Supplies and other expenses	129,678,826	18,531,673	(1,981,365)	146,229,134	398,418	(64,500)	146,563,052
Purchased services	63,851,800	5,362,889	-	69,214,689	531,197	-	69,745,886
Depreciation and amortization	31,720,815	3,621,875	-	35,342,690	409,826	-	35,752,516
Interest expense	7,080,346	-	-	7,080,346	-	-	7,080,346
Total expenses	431,883,511	112,889,936	(2,865,719)	541,907,728	4,038,396	(64,500)	545,881,624
Operating income (loss)	40,431,819	(24,565,529)	-	15,866,290	1,108,701	-	16,974,991
Other income:							
Investment income (loss)	6,039,076	(968,150)	-	5,070,926	2,009,625	-	7,080,551
Disposition of assets, net	(533,762)	-	-	(533,762)	-	-	(533,762)
Excess of revenues over (under) expenses	45,937,133	(25,533,679)	-	20,403,454	3,118,326	-	23,521,780
Change in net unrealized gains							
on other than trading securities	24,489,927	-	-	24,489,927	-	-	24,489,927
Net assets released from restrictions for capital	7,186,147	-	-	7,186,147	-	-	7,186,147
Transfers to related organizations	(38,893,302)	41,181,783	-	2,288,481	(2,288,481)	-	-
Increase in unrestricted net assets	\$ 38,719,905	\$ 15,648,104	\$ -	\$ 54,368,009	\$ 829,845	\$ -	\$ 55,197,854

NCH Healthcare System, Inc. and Subsidiaries

Consolidating Statements of Operations Year Ended September 30, 2016

	Naples Community Hospital, Inc.	Other Obligated Group Entities	Eliminations	Total Obligated Group	All Other Entities	Eliminations	System Consolidated Total
Unrestricted revenues:							
Net patient service revenue	\$ 508,512,294	\$ 71,055,517	\$ (1,039,801)	\$ 578,528,010	\$ 4,439,274	\$ -	\$ 582,967,284
Provision for bad debts	(52,322,095)	(2,389,013)	-	(54,711,108)	(477,821)	-	(55,188,929)
Net patient service revenue less provision for bad debt	456,190,199	68,666,504	(1,039,801)	523,816,902	3,961,453	-	527,778,355
Other revenue	12,765,415	1,670,176	(1,839,876)	12,595,715	1,916,318	(64,500)	14,447,533
Unrestricted charitable contributions	2,683,907	-	-	2,683,907	-	-	2,683,907
Net assets released from restrictions for operations	2,495,433	-	-	2,495,433	-	-	2,495,433
Total revenues	474,134,954	70,336,680	(2,879,677)	541,591,957	5,877,771	(64,500)	547,405,228
Expenses:							
Salaries and wages	175,838,014	66,924,677	(846,536)	241,916,155	2,427,597	-	244,343,752
Employee benefits	26,005,539	3,833,356	-	29,838,895	400,823	-	30,239,718
Supplies and other expenses	130,426,718	16,634,151	(2,033,141)	145,027,728	828,077	(64,500)	145,791,305
Purchased services	61,970,063	4,064,063	-	66,034,126	218,716	-	66,252,842
Depreciation and amortization	28,972,275	2,500,753	-	31,473,028	428,548	-	31,901,576
Interest expense	7,094,367	-	-	7,094,367	-	-	7,094,367
Total expenses	430,306,976	93,957,000	(2,879,677)	521,384,299	4,303,761	(64,500)	525,623,560
Operating income (loss)	43,827,978	(23,620,320)	-	20,207,658	1,574,010	-	21,781,668
Other income:							
Investment income (loss)	7,553,641	(898,590)	-	6,655,051	713,707	-	7,368,758
Disposition of assets, net	6,829	(47,707)	-	(40,878)	-	-	(40,878)
Excess of revenues over (under) expenses	51,388,448	(24,566,617)	-	26,821,831	2,287,717	-	29,109,548
Change in net unrealized gains							
on other than trading securities	15,576,335	-	-	15,576,335	-	-	15,576,335
Net assets released from restrictions for capital	12,703,815	-	-	12,703,815	-	-	12,703,815
Transfers to related organizations	(25,788,335)	27,340,248	-	1,551,913	(1,551,913)	-	-
Increase in unrestricted net assets	\$ 53,880,263	\$ 2,773,631	\$ -	\$ 56,653,894	\$ 735,804	\$ -	\$ 57,389,698