

## PUBLIC DISCLOSURE COPY

Form **990****Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

Department of the Treasury  
Internal Revenue Service

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

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

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**2023****Open to Public Inspection**

<b>A</b> For the 2023 calendar year, or tax year beginning , 2023, and ending , 20	
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</b> Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>4250 BETHEL RD.</b> City or town, state or province, country, and ZIP or foreign postal code <b>OLIVE BRANCH, MS 38654</b> <b>F</b> Name and address of principal officer: <b>DAVID BAYTOS</b> <b>SAME AS C ABOVE</b> <b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. See instructions. <b>H(c)</b> Group exemption number
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	<b>D</b> Employer identification number <b>64-0889822</b> <b>E</b> Telephone number <b>(901) 516-0563</b> <b>G</b> Gross receipts \$ <b>106,102,667</b>
<b>J</b> Website: <b>WWW.METHODISTHEALTH.ORG</b>	
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other	<b>L</b> Year of formation: <b>1998</b> <b>M</b> State of legal domicile: <b>MS</b>

<b>Part I Summary</b>	
<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>100 BED HOSPITAL PROVIDING HEALTHCARE SERVICES TO DESOTO COUNTY AND THE SURROUNDING AREAS</b>
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . . <b>3</b> <b>9</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . . <b>4</b> <b>8</b>
	<b>5</b> Total number of individuals employed in calendar year 2023 (Part V, line 2a) . . . . . <b>5</b> <b>636</b>
	<b>6</b> Total number of volunteers (estimate if necessary) . . . . . <b>6</b> <b>2</b>
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . . <b>7a</b> <b>0</b> <b>b</b> Net unrelated business taxable income from Form 990-T, Part I, line 11 . . . . . <b>7b</b> <b>0</b>
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . . <b>0</b> <b>0</b>
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . . <b>91,822,691</b> <b>105,676,780</b>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . . <b>0</b> <b>(2,367)</b>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . . <b>417,897</b> <b>425,887</b>
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . . <b>92,240,588</b> <b>106,100,300</b>
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . . . . <b>0</b> <b>0</b>
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . . <b>0</b>
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) . . . . . <b>43,604,208</b> <b>42,169,707</b>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . . <b>0</b> <b>0</b>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) . . . . . <b>0</b>
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . . <b>60,445,545</b> <b>68,594,174</b>
	<b>18</b> Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25) . . . . . <b>104,049,753</b> <b>110,763,881</b>
<b>19</b> Revenue less expenses. Subtract line 18 from line 12 . . . . . <b>(11,809,165)</b> <b>(4,663,581)</b>	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16) . . . . . <b>89,388,287</b> <b>86,025,512</b>
	<b>21</b> Total liabilities (Part X, line 26) . . . . . <b>0</b> <b>1,178,574</b>
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20 . . . . . <b>89,388,287</b> <b>84,846,938</b>

<b>Part II Signature Block</b>	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.	
<b>Sign Here</b>	Signature of officer <b>CHUCK LANE, CFO</b> Type or print name and title
	Date
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>AMY BIBBY</b>
	Preparer's signature <b>AMY BIBBY</b>
	Date <b>11/18/2024</b>
	Check <input type="checkbox"/> if self-employed PTIN <b>P00445891</b>
	Firm's name <b>FORVIS MAZARS, LLP</b> Firm's EIN <b>44-0160260</b>
	Firm's address <b>500 RIDGEFIELD COURT , ASHEVILLE, NC 28806</b> Phone no. <b>(828) 254-2254</b>
May the IRS discuss this return with the preparer shown above? See instructions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form **990** (2023)

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response or note to any line in this Part III ☐ Yes ☒ No**1** Briefly describe the organization's mission:

METHODIST LE BONHEUR HEALTHCARE, IN PARTNERSHIP WITH ITS MEDICAL STAFFS, WILL COLLABORATE WITH PATIENTS AND THEIR FAMILIES TO BE THE LEADER IN PROVIDING HIGH QUALITY, COST-EFFECTIVE PATIENT-AND FAMILY-CENTERED CARE. SERVICES WILL BE PROVIDED IN A MANNER WHICH SUPPORTS THE (CONTINUED ON SCHEDULE O)

**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 \$ 102,887,890 including grants of \$ ) (Revenue \$ 105,676,780 )

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL (OBH) IS THE NEWEST HOSPITAL IN THE METHODIST LE BONHEUR HEALTHCARE SYSTEM, DESIGNED TO CARE FOR THE COMMUNITY OF NORTH MISSISSIPPI. THE FIVE-STORY, 100-BED HOSPITAL OPENED IN 2013 AND FEATURES AN INNOVATIVE, ENVIRONMENTALLY FRIENDLY DESIGN.

(CONTINUED ON SCHEDULE O)

**4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services (Describe on Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses 102,887,890

**Part IV Checklist of Required Schedules**

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

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

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

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

	Yes	No
<b>1a</b> Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable . . . . .	<b>1a</b>	64
<b>b</b> Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable . . . . .	<b>1b</b>	0
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b>	✓

<b>Part V Statements Regarding Other IRS Filings and Tax Compliance</b> (continued)		Yes	No
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	<b>2a</b>	636
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	<b>2b</b>	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	✓
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	<b>3b</b>	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>	✓
<b>b</b>	If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	✓
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	✓
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	<b>6a</b>	✓
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>	✓
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>	✓
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>	
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	✓
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>	✓
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	<b>8</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the sponsoring organization make any taxable distributions under section 4966?	<b>9a</b>	
<b>b</b>	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>a</b>	Gross income from members or shareholders	<b>11a</b>	
<b>b</b>	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note:</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>	
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>	
<b>c</b>	Enter the amount of reserves on hand	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>	✓
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	<b>14b</b>	
<b>15</b>	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.	<b>15</b>	✓
<b>16</b>	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	<b>16</b>	✓
<b>17</b>	<b>Section 501(c)(21) organizations.</b> Did the trust, or any disqualified or other person, engage in any activities that would result in the imposition of an excise tax under section 4951, 4952, or 4953? If "Yes," complete Form 6069.	<b>17</b>	



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

**Section A. Governing Body and Management**

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

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

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

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed NONE

**18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☒ Own website ☐ Another's website ☒ Upon request ☐ Other (explain on Schedule O)

**19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

**20** State the name, address, and telephone number of the person who possesses the organization's books and records.  
RICK HETHERINGTON, 1211 UNION AVENUE, SUITE 600, MEMPHIS, TN 38104, (901) 478-1040

**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 the 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, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

See the instructions for the order in which to list the persons above.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/ 1099-MISC/ 1099-NEC)	(E) Reportable compensation from related organizations (W-2/ 1099-MISC/ 1099-NEC)	(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) DAVID BAYTOS PRESIDENT/CEO	46.0 4.0	✓		✓				0	455,979	26,703
(2) ANNELEISE JENSEN VP/CNO	40.0 0.0			✓				250,652	0	32,696
(3) KRIS SANDERS TREASURER	40.0 0.0			✓				201,436	0	34,931
(4) REGINA STEVENS PATIENT CARE COORD/FIXED	40.0 0.0					✓		185,716	0	24,612
(5) JENNIFER WEAVER PHARMACIST	40.0 0.0					✓		171,485	0	35,999
(6) ALLISON MEREDITH PHARMACIST	40.0 0.0					✓		155,594	0	35,217
(7) MUSA CEESAY CLINICAL PHARMACIST	40.0 0.0					✓		163,135	0	18,519
(8) MARGARET WALLACE PHARMACIST	40.0 0.0					✓		71,649	0	6,308
(9) MERLE FLOWERS CHAIR	1.0 0.0	✓		✓				0	0	0
(10) SAMUEL P RIKARD SECRETARY	1.0 0.0	✓		✓				0	0	0
(11) JAMIE STEEN BOARD MEMBER	1.0 0.0	✓						0	0	0
(12) LEE SMART BOARD MEMBER	1.0 0.0	✓						0	0	0
(13) MICHAEL BELLIPANNI BOARD MEMBER	1.0 0.0	✓						0	0	0
(14) PATT DORR BOARD MEMBER	1.0 0.0	✓						0	0	0

Form **990** (2023)

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) REV. KEITH MASON BOARD MEMBER	1.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(16) TIM DONOVAN BOARD MEMBER	1.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
<b>1b Subtotal</b>								1,199,666	455,979	214,985
<b>c Total from continuation sheets to Part VII, Section A</b>								0	0	0
<b>d Total (add lines 1b and 1c)</b>								1,199,666	455,979	214,985

**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 **67**

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

**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
MEDICAL ANESTHESIA GROUP PA, 1755 KIRBY PKWY STE 330, MEMPHIS, TN 38120-4398	PHYSICIAN SERVICES	803,432
MEMPHIS NEUROLOGY PLLC, 7645 WOLF RIVER CIR # 100, GERMANTOWN, TN 38138	PHYSICIAN SERVICES	558,500
PEDIATRIX MEDICAL GROUP INC, PO BOX 281034, ATLANTA, GA 30384-1034	MEDICAL CALL SERVICES	544,579
VITATLANT, PO BOX 29650, SCOTTSDALE, AZ 85038	CONTRACT SERVICES	403,132
MID-SOUTH PULMONARY SPECIALISTS P C, 5050 POPLAR, MEMPHIS, TN 38157-0800	PHYSICIAN SERVICES	372,400

**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 **7**



**Part VIII Statement of Revenue**Check if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
<b>Contributions, Gifts, Grants, and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . .	<b>1a</b>					
	<b>b</b>	Membership dues . . . . .	<b>1b</b>					
	<b>c</b>	Fundraising events . . . . .	<b>1c</b>					
	<b>d</b>	Related organizations . . . . .	<b>1d</b>					
	<b>e</b>	Government grants (contributions)	<b>1e</b>					
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>					
	<b>g</b>	Noncash contributions included in lines 1a-1f . . . . .	<b>1g</b>	\$				
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . .			0			
<b>Program Service Revenue</b>				Business Code				
	<b>2a</b>	NET PATIENT REVENUE	623000	105,287,747	105,287,747			
	<b>b</b>	340B REVENUE	900099	389,033	389,033			
	<b>c</b>							
	<b>d</b>							
	<b>e</b>							
	<b>f</b>	All other program service revenue . .		0	0	0	0	
	<b>g</b>	<b>Total.</b> Add lines 2a-2f . . . . .			105,676,780			
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . .						
	<b>4</b>	Income from investment of tax-exempt bond proceeds						
	<b>5</b>	Royalties . . . . .						
	<b>6a</b>	Gross rents . . . . .	(i) Real	(ii) Personal				
	<b>6b</b>	Less: rental expenses	4,890					
	<b>6c</b>	Rental income or (loss)	4,890	0				
	<b>d</b>	Net rental income or (loss) . . . . .			4,890		4,890	
	<b>7a</b>	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	<b>7b</b>	Less: cost or other basis and sales expenses . .		2,367				
	<b>7c</b>	Gain or (loss) . .	0	(2,367)				
	<b>d</b>	Net gain or (loss) . . . . .			(2,367)		(2,367)	
	<b>8a</b>	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 . . . .	8a					
	<b>8b</b>	Less: direct expenses . . . . .	8b					
	<b>c</b>	Net income or (loss) from fundraising events . . . .						
	<b>9a</b>	Gross income from gaming activities. See Part IV, line 19 . .	9a					
	<b>9b</b>	Less: direct expenses . . . . .	9b					
	<b>c</b>	Net income or (loss) from gaming activities . . . . .						
	<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .	10a					
	<b>10b</b>	Less: cost of goods sold . . . . .	10b					
	<b>c</b>	Net income or (loss) from sales of inventory . . . . .						
<b>Miscellaneous Revenue</b>				Business Code				
	<b>11a</b>	MISCELLANEOUS REVENUE	900099	283,747		283,747		
	<b>b</b>	CAFETERIA AND VENDING	900099	137,250		137,250		
	<b>c</b>							
	<b>d</b>	All other revenue . . . . .		0	0	0		
<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . .			420,997				
<b>12</b>	<b>Total revenue.</b> See instructions . . . . .			106,100,300	105,676,780	0	423,520	

**Part IX Statement of Functional Expenses**

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

Check if Schedule O contains a response or note to any line in this Part IX ☒**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .				
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .				
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .				
<b>4</b> Benefits paid to or for members . . . . .				
<b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .	452,088	452,088	0	0
<b>6</b> Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
<b>7</b> Other salaries and wages . . . . .	34,422,431	32,275,813	2,146,618	
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	1,135,323	1,065,441	69,882	
<b>9</b> Other employee benefits . . . . .	3,760,164	3,528,716	231,448	
<b>10</b> Payroll taxes . . . . .	2,399,701	2,251,993	147,708	
<b>11</b> Fees for services (nonemployees):				
<b>a</b> Management . . . . .	16,104		16,104	
<b>b</b> Legal . . . . .				
<b>c</b> Accounting . . . . .	51,771		51,771	
<b>d</b> Lobbying . . . . .				
<b>e</b> Professional fundraising services. See Part IV, line 17 . . . . .				
<b>f</b> Investment management fees . . . . .				
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Schedule O.) . . . . .	17,785,024	15,529,569	2,255,455	0
<b>12</b> Advertising and promotion . . . . .	39,848	24,500	15,348	
<b>13</b> Office expenses . . . . .	3,898,008	2,093,598	1,804,410	
<b>14</b> Information technology . . . . .	169,520	134,320	35,200	
<b>15</b> Royalties . . . . .				
<b>16</b> Occupancy . . . . .	1,069,120	846,843	222,277	
<b>17</b> Travel . . . . .	12,771	2,361	10,410	
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
<b>19</b> Conferences, conventions, and meetings . . . . .	42,174	1,335	40,839	
<b>20</b> Interest . . . . .	7,705	7,705		
<b>21</b> Payments to affiliates . . . . .				
<b>22</b> Depreciation, depletion, and amortization . . . . .	6,991,154	6,991,154		
<b>23</b> Insurance . . . . .	828,521		828,521	
<b>24</b> Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.) . . . . .				
<b>a</b> BAD DEBT EXPENSE . . . . .	21,357,645	21,357,645		
<b>b</b> MEDICAL SUPPLIES . . . . .	10,268,657	10,268,657		
<b>c</b> OVERHEAD & ADMINISTRATIVE . . . . .	5,641,212	5,641,212		
<b>d</b> FOOD . . . . .	414,912	414,912		
<b>e</b> All other expenses . . . . .	28	28	0	0
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e . . . . .	110,763,881	102,887,890	7,875,991	0
<b>26</b> <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .				

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	(332,241)	<b>1</b>	(377,736)
	<b>2</b> Savings and temporary cash investments . . . . .		<b>2</b>	
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>	
	<b>4</b> Accounts receivable, net . . . . .	8,487,696	<b>4</b>	8,544,899
	<b>5</b> Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons . . . . .	0	<b>5</b>	0
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B) . . . . .	0	<b>6</b>	0
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>	
	<b>8</b> Inventories for sale or use . . . . .	1,332,983	<b>8</b>	1,345,251
	<b>9</b> Prepaid expenses and deferred charges . . . . .	150,016	<b>9</b>	170,599
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	<b>10a</b> 133,924,295		
	<b>b</b> Less: accumulated depreciation . . . . .	<b>10b</b> 64,398,726	72,972,806	<b>10c</b> 69,525,569
	<b>11</b> Investments—publicly traded securities . . . . .		<b>11</b>	
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .	0	<b>12</b>	0
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .	0	<b>13</b>	0
	<b>14</b> Intangible assets . . . . .	4,791,048	<b>14</b>	4,791,048
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	1,985,979	<b>15</b>	2,025,882
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 33) . . . . .	89,388,287	<b>16</b>	86,025,512	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .		<b>17</b>	
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons . . . . .	0	<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D . . . . .	0	<b>25</b>	1,178,574
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	0	<b>26</b>	1,178,574
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.</b>			
	<b>27</b> Net assets without donor restrictions . . . . .	89,388,287	<b>27</b>	84,846,938
	<b>28</b> Net assets with donor restrictions . . . . .		<b>28</b>	
	<b>Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.</b>			
	<b>29</b> Capital stock or trust principal, or current funds . . . . .		<b>29</b>	
	<b>30</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .		<b>30</b>	
	<b>31</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>31</b>	
	<b>32</b> Total net assets or fund balances . . . . .	89,388,287	<b>32</b>	84,846,938
<b>33</b> Total liabilities and net assets/fund balances . . . . .	89,388,287	<b>33</b>	86,025,512	

Form **990** (2023)

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☒

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	106,100,300
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	110,763,881
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	(4,663,581)
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	<b>4</b>	89,388,287
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain on Schedule O)	<b>9</b>	122,232
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	<b>10</b>	84,846,938

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☒

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both. <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		<input checked="" type="checkbox"/>
<b>b</b> Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both. <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	<input checked="" type="checkbox"/>	
<b>c</b> If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	<input checked="" type="checkbox"/>	
<b>3a</b> As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F?	<input checked="" type="checkbox"/>	
<b>b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits.	<input checked="" type="checkbox"/>	

Form **990** (2023)

SCHEDULE A  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
Attach to Form 990 or Form 990-EZ.  
Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

2023

Open to Public  
Inspection

Name of the organization

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

Employer identification number

64-0889822

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total					0	0

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

Cat. No. 11285F

Schedule A (Form 990) 2023

**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) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . . . .						0
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						0
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						0
<b>4 Total.</b> Add lines 1 through 3 . . . . .	0	0	0	0	0	0
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) . . . . .						0
<b>6 Public support.</b> Subtract line 5 from line 4						0

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
<b>7</b> Amounts from line 4 . . . . .	0	0	0	0	0	0
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . . .						0
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						0
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .	0	0	0	0	0	0
<b>11 Total support.</b> Add lines 7 through 10						0
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					12	0
<b>13 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						<input type="checkbox"/>

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

<b>14</b> Public support percentage for 2023 (line 6, column (f), divided by line 11, column (f)) . . . . .	<b>14</b>	0.00 %
<b>15</b> Public support percentage from 2022 Schedule A, Part II, line 14 . . . . .	<b>15</b>	0.00 %
<b>16a 33<sup>1</sup>/<sub>3</sub>% support test—2023.</b> If the organization did not check the box on line 13, and line 14 is 33 <sup>1</sup> / <sub>3</sub> % or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 33<sup>1</sup>/<sub>3</sub>% support test—2022.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 <sup>1</sup> / <sub>3</sub> % or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>17a 10%-facts-and-circumstances test—2023.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here</b> . Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 10%-facts-and-circumstances test—2022.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here</b> . Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . .		<input type="checkbox"/>



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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						0
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . . .						0
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						0
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . .						0
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . .						0
<b>6 Total.</b> Add lines 1 through 5 . . . .	0	0	0	0	0	0
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . .	0	0	0	0	0	0
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year . . . .	0	0	0	0	0	0
<b>c</b> Add lines 7a and 7b . . . .	0	0	0	0	0	0
<b>8 Public support.</b> (Subtract line 7c from line 6.) . . . .						0

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
<b>9</b> Amounts from line 6 . . . .	0	0	0	0	0	0
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . .						0
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . .						0
<b>c</b> Add lines 10a and 10b . . . .	0	0	0	0	0	0
<b>11</b> Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on . . . .						0
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . .	0	0	0	0	0	0
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . . . .	0	0	0	0	0	0
<b>14 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . <input type="checkbox"/>						

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

<b>15</b> Public support percentage for 2023 (line 8, column (f), divided by line 13, column (f)) . . . .	<b>15</b>	0.00 %
<b>16</b> Public support percentage from 2022 Schedule A, Part III, line 15 . . . .	<b>16</b>	0.00 %

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

<b>17</b> Investment income percentage for <b>2023</b> (line 10c, column (f), divided by line 13, column (f)) . . . .	<b>17</b>	0.00 %
<b>18</b> Investment income percentage from <b>2022</b> Schedule A, Part III, line 17 . . . .	<b>18</b>	0.00 %
<b>19a 33 1/3% support tests—2023.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization . . . .		<input type="checkbox"/>
<b>b 33 1/3% support tests—2022.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization . . . .		<input type="checkbox"/>
<b>20 Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions . . . .		<input type="checkbox"/>

**Part IV Supporting Organizations**

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

**Section A. All Supporting Organizations**

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

**Part IV Supporting Organizations** (continued)

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

**Section B. Type I Supporting Organizations**

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

**Section C. Type II Supporting Organizations**

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

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

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

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

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

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

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

<b>Section A—Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b>	Net short-term capital gain	<b>1</b>	
<b>2</b>	Recoveries of prior-year distributions	<b>2</b>	
<b>3</b>	Other gross income (see instructions)	<b>3</b>	
<b>4</b>	Add lines 1 through 3.	<b>4</b>	
<b>5</b>	Depreciation and depletion	<b>5</b>	
<b>6</b>	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)	<b>6</b>	
<b>7</b>	Other expenses (see instructions)	<b>7</b>	
<b>8</b>	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	<b>8</b>	
<b>Section B—Minimum Asset Amount</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b>	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
<b>a</b>	Average monthly value of securities	<b>1a</b>	
<b>b</b>	Average monthly cash balances	<b>1b</b>	
<b>c</b>	Fair market value of other non-exempt-use assets	<b>1c</b>	
<b>d</b>	<b>Total</b> (add lines 1a, 1b, and 1c)	<b>1d</b>	
<b>e</b>	<b>Discount</b> claimed for blockage or other factors ( <i>explain in detail in Part VI</i> ):		
<b>2</b>	Acquisition indebtedness applicable to non-exempt-use assets	<b>2</b>	
<b>3</b>	Subtract line 2 from line 1d.	<b>3</b>	
<b>4</b>	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	<b>4</b>	
<b>5</b>	Net value of non-exempt-use assets (subtract line 4 from line 3)	<b>5</b>	
<b>6</b>	Multiply line 5 by 0.035.	<b>6</b>	
<b>7</b>	Recoveries of prior-year distributions	<b>7</b>	
<b>8</b>	<b>Minimum Asset Amount</b> (add line 7 to line 6)	<b>8</b>	
<b>Section C—Distributable Amount</b>			Current Year
<b>1</b>	Adjusted net income for prior year (from Section A, line 8, column A)	<b>1</b>	
<b>2</b>	Enter 0.85 of line 1.	<b>2</b>	
<b>3</b>	Minimum asset amount for prior year (from Section B, line 8, column A)	<b>3</b>	
<b>4</b>	Enter greater of line 2 or line 3.	<b>4</b>	
<b>5</b>	Income tax imposed in prior year	<b>5</b>	
<b>6</b>	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	<b>6</b>	
<b>7</b>	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Schedule A (Form 990) 2023

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

Section D—Distributions		Current Year
<b>1</b>	Amounts paid to supported organizations to accomplish exempt purposes	<b>1</b>
<b>2</b>	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	<b>2</b>
<b>3</b>	Administrative expenses paid to accomplish exempt purposes of supported organizations	<b>3</b>
<b>4</b>	Amounts paid to acquire exempt-use assets	<b>4</b>
<b>5</b>	Qualified set-aside amounts (prior IRS approval required—provide details in <b>Part VI</b> )	<b>5</b>
<b>6</b>	Other distributions (describe in <b>Part VI</b> ). See instructions.	<b>6</b>
<b>7</b>	<b>Total annual distributions.</b> Add lines 1 through 6.	<b>7</b> 0
<b>8</b>	Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions.	<b>8</b>
<b>9</b>	Distributable amount for 2023 from Section C, line 6	<b>9</b>
<b>10</b>	Line 8 amount divided by line 9 amount	<b>10</b> 0.00

Section E—Distribution Allocations (see instructions)		(i) Excess Distributions	(ii) Underdistributions Pre-2023	(iii) Distributable Amount for 2023
<b>1</b>	Distributable amount for 2023 from Section C, line 6			
<b>2</b>	Underdistributions, if any, for years prior to 2023 (reasonable cause required—explain in <b>Part VI</b> ). See instructions.			
<b>3</b>	Excess distributions carryover, if any, to 2023			
<b>a</b>	From 2018 . . . . .			
<b>b</b>	From 2019 . . . . .			
<b>c</b>	From 2020 . . . . .			
<b>d</b>	From 2021 . . . . .			
<b>e</b>	From 2022 . . . . .			
<b>f</b>	<b>Total</b> of lines 3a through 3e			
<b>g</b>	Applied to underdistributions of prior years			
<b>h</b>	Applied to 2023 distributable amount			
<b>i</b>	Carryover from 2018 not applied (see instructions)			
<b>j</b>	Remainder. Subtract lines 3g, 3h, and 3i from line 3f.	0		
<b>4</b>	Distributions for 2023 from Section D, line 7: \$ 0			
<b>a</b>	Applied to underdistributions of prior years			
<b>b</b>	Applied to 2023 distributable amount			
<b>c</b>	Remainder. Subtract lines 4a and 4b from line 4.	0		
<b>5</b>	Remaining underdistributions for years prior to 2023, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>6</b>	Remaining underdistributions for 2023. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>7</b>	<b>Excess distributions carryover to 2024.</b> Add lines 3j and 4c.			
<b>8</b>	Breakdown of line 7:			
<b>a</b>	Excess from 2019 . . .			
<b>b</b>	Excess from 2020 . . .			
<b>c</b>	Excess from 2021 . . .			
<b>d</b>	Excess from 2022 . . .			
<b>e</b>	Excess from 2023 . . .			

Schedule A (Form 990) 2023

## Part VI

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



SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No. 1545-0047

2023

Open to Public  
Inspection

Name of the organization

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

Employer identification number

64-0889822

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 (for example, 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.	
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 on line 2a . . . . .	2c
d	Number of conservation easements included on line 2c acquired after July 25, 2006, 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? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> 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 2d above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
9	In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

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

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

1a	If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.	
b	If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items. (i) Revenue included on Form 990, Part VIII, line 1 . . . . . \$ (ii) Assets included in Form 990, Part X . . . . . \$	
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items. a Revenue included on Form 990, Part VIII, line 1 . . . . . \$ b Assets included in Form 990, Part X . . . . . \$	

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

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

**a** ☐ Public exhibition

**d** ☐ Loan or exchange program

**b** ☐ Scholarly research

**e** ☐ Other .....

**c** ☐ Preservation for future generations

**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
<b>c</b> Beginning balance	<b>1c</b>
<b>d</b> Additions during the year	<b>1d</b>
<b>e</b> Distributions during the year	<b>1e</b>
<b>f</b> Ending balance	<b>1f</b>

**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 in 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
<b>1a</b> Beginning of year balance					
<b>b</b> Contributions					
<b>c</b> Net investment earnings, gains, and losses					
<b>d</b> Grants or scholarships					
<b>e</b> Other expenditures for facilities and programs					
<b>f</b> Administrative expenses					
<b>g</b> End of year balance					

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

**a** Board designated or quasi-endowment \_\_\_\_\_%

**b** Permanent endowment \_\_\_\_\_%

**c** Term endowment \_\_\_\_\_%

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

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

**(i)** Unrelated organizations? ☐ Yes ☐ No

**(ii)** Related organizations? ☐ Yes ☐ No

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

**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
<b>1a</b> Land		5,776,511		5,776,511
<b>b</b> Buildings		49,585,418	18,983,417	30,602,001
<b>c</b> Leasehold improvements				
<b>d</b> Equipment		69,709,523	41,287,528	28,421,995
<b>e</b> Other		8,852,843	4,127,781	4,725,062
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, line 10c, column (B))				69,525,569

**Part VII Investments—Other Securities**

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

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

**Part VIII Investments—Program Related**

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

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

**Part IX Other Assets**

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

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

**Part X Other Liabilities**

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) DUE TO AFFILIATES	1,178,574
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, line 25, col. (B)) . . . . .	1,178,574

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

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

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

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	84,864,888
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments . . . . .	<b>2a</b>	
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.) . . . . .	<b>2d</b>	122,233
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	122,233
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	84,742,655
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.) . . . . .	<b>4b</b>	21,357,645
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	21,357,645
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.) . . . . .	<b>5</b>	106,100,300

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

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

<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	89,406,236
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.) . . . . .	<b>2d</b>	0
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	0
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	89,406,236
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.) . . . . .	<b>4b</b>	21,357,645
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	21,357,645
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.) . . . . .	<b>5</b>	110,763,881

**Part XIII Supplemental Information**

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

[SEE STATEMENT](#)

## Part XIII

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

Return Reference - Identifier	Explanation	
SCHEDULE D, PART XI, LINE 2(D) - OTHER REVENUES IN AUDITED FINANCIAL STATEMENTS NOT IN FORM 990	(a) Description	(b) Amount
	TRANSFERS FROM AFFILIATES	122,233
SCHEDULE D, PART XI, LINE 4(B) - OTHER REVENUE	(a) Description	(b) Amount
	BAD DEBT EXPENSE	21,357,645
SCHEDULE D, PART XII, LINE 4(B) - OTHER EXPENSES	(a) Description	(b) Amount
	BAD DEBT EXPENSE	21,357,645

# Part XIII

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

Return Reference - Identifier	Explanation
SCHEDULE D, PART X, LINE 2 - FIN 48 (ASC 740) FOOTNOTE	<p>THE ORGANIZATION CONSOLIDATES ITS AUDIT WITH ITS CORPORATE PARENT AND OTHER SUBSIDIARIES OF THE PARENT. THE FOLLOWING STATEMENT REFLECTS THE FIN 48 FOOTNOTE OF THE CONSOLIDATED GROUP.</p> <p>THE INTERNAL REVENUE SERVICE HAS DETERMINED THAT THE SYSTEM AND ALL OF THE NONPROFIT AFFILIATES FOR WHICH THE SYSTEM OR ITS BOARD OF DIRECTORS IS CONTROLLING MEMBER ARE EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(A) AS ORGANIZATIONS DESCRIBED IN SECTION 501(C)(3). AS QUALIFIED TAX-EXEMPT ORGANIZATIONS, THE SYSTEM'S NONPROFIT AFFILIATES MUST OPERATE IN CONFORMITY WITH THE IRC TO MAINTAIN THEIR TAX-EXEMPT STATUS. INCOME TAX FROM THE OPERATIONS OF THE SYSTEM'S WHOLLY OWNED FOR-PROFIT SUBSIDIARY, AMBULATORY OPERATIONS, INC., AND ITS SUBSIDIARIES IS NOT SIGNIFICANT.</p> <p>THE SYSTEM APPLIES FASB ASC TOPIC 740 (TOPIC 740), ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES. TOPIC 740 CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAX POSITIONS AND PROVIDES GUIDANCE ON WHEN TAX POSITIONS ARE RECOGNIZED IN AN ENTITY'S FINANCIAL STATEMENTS AND HOW THE VALUES OF THESE POSITIONS ARE DETERMINED. THERE HAS BEEN NO IMPACT ON THE SYSTEM'S COMBINED FINANCIAL STATEMENTS AS A RESULT OF TOPIC 740.</p>
SCHEDULE D, PART XI, LINE 4(B) -	EQUITY TRANSFER TO/FROM AFFILIATE - \$122,233 BAD DEBT EXPENSE - \$21,357,645
SCHEDULE D, PART XI, LINE 4(B) -	BAD DEBT EXPENSE - \$21,357,645



**SCHEDULE H**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Hospitals**

Complete if the organization answered "Yes" on Form 990, Part IV, question 20a.

Attach to Form 990.

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

OMB No. 1545-0047

**2023**

**Open to Public Inspection**

Name of the organization

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

Employer identification number

64 0889822

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

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

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

**7 Financial Assistance and Certain Other Community Benefits at Cost**

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1)			6,999,875		6,999,875	7.83
<b>b</b> Medicaid (from Worksheet 3, column a)			9,679,004	20,564,166	0	0.00
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b)			1,713	2,369	0	0.00
<b>d Total.</b> Financial Assistance and Means-Tested Government Programs	0	0	16,680,592	20,566,535	6,999,875	7.83
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4)					0	0.00
<b>f</b> Health professions education (from Worksheet 5)					0	0.00
<b>g</b> Subsidized health services (from Worksheet 6)					0	0.00
<b>h</b> Research (from Worksheet 7)					0	0.00
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8)					0	0.00
<b>j Total.</b> Other Benefits	0	0	0	0	0	0.00
<b>k Total.</b> Add lines 7d and 7j	0	0	16,680,592	20,566,535	6,999,875	7.83

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

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing					0	0.00
2 Economic development					0	0.00
3 Community support			32,293		32,293	0.04
4 Environmental improvements					0	0.00
5 Leadership development and training for community members					0	0.00
6 Coalition building					0	0.00
7 Community health improvement advocacy					0	0.00
8 Workforce development			39,848		39,848	0.04
9 Other					0	0.00
10 <b>Total</b>	0	0	72,141	0	72,141	0.08

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

**Section A. Bad Debt Expense**

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount . . . . .	2	3,437,321	
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any,	3	1,718,660	
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME) . . . . .	5	15,911,779	
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	15,035,963	
7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	875,816	
8 Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

**Section C. Collection Practices**

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

**Part V Facility Information****Section A. Hospital Facilities**

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

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

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

1 METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL  
4250 BETHEL ROAD, OLIVE BRANCH, MS 38654

	Licensed hospital	General medical	Children's hospital	Teaching hospital	Critical access	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
<u>1</u> <u>METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</u> <u>4250 BETHEL ROAD, OLIVE BRANCH, MS 38654</u>	✓	✓					✓			
<u>2</u>										
<u>3</u>										
<u>4</u>										
<u>5</u>										
<u>6</u>										
<u>7</u>										
<u>8</u>										
<u>9</u>										
<u>10</u>										

**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: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITALLine number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
<b>Community Health Needs Assessment</b>		
<b>1</b> 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? . . . . .	<b>1</b>	✓
<b>2</b> 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 . . . . .	<b>2</b>	✓
<b>3</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply):	<b>3</b>	✓
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <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		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The significant health needs of the community		
<b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <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)		
<b>j</b> <input type="checkbox"/> Other (describe in Section C)		
<b>4</b> Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>19</u>		
<b>5</b> 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 . . . . .	<b>5</b>	✓
<b>6a</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C . . . . .	<b>6a</b>	✓
<b>b</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 . . . . .	<b>6b</b>	✓
<b>7</b> Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply):	<b>7</b>	✓
<b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>(SEE STATEMENT)</u>		
<b>b</b> <input type="checkbox"/> Other website (list url): _____		
<b>c</b> <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
<b>d</b> <input type="checkbox"/> Other (describe in Section C)		
<b>8</b> 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 . . . . .	<b>8</b>	✓
<b>9</b> Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>21</u>		
<b>10</b> Is the hospital facility's most recently adopted implementation strategy posted on a website? . . . . .	<b>10</b>	✓
<b>a</b> If "Yes," (list url): <u>https://www.methodisthealth.org/about-us/community-health/</u>		
<b>b</b> If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? . . . . .	<b>10b</b>	
<b>11</b> 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.		
<b>12a</b> 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)? . . . . .	<b>12a</b>	✓
<b>b</b> If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>12b</b>	
<b>c</b> 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: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

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

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**Part V Facility Information** (continued)**Billing and Collections**Name of hospital facility or letter of facility reporting group: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

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

**Policy Relating to Emergency Medical Care**

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



**Part V Facility Information** *(continued)***Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**Name of hospital facility or letter of facility reporting group: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

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

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

Return Reference - Identifier	Explanation
SCHEDULE H, PART V, SECTION B, LINE 5 - INPUT FROM PERSONS WHO REPRESENT BROAD INTERESTS OF COMMUNITY SERVED	<p>FACILITY NAME: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</p> <p>DESCRIPTION: MLH ENGAGED SERVICE-AREA COMMUNITY ORGANIZATIONS AND LEADERS VIA A COMBINATION OF FOCUS GROUPS AND STAKEHOLDER INTERVIEWS TO COMPLETE A THOROUGH CHNA. ORGANIZATIONS AND LEADERS IDENTIFIED ARE STAKEHOLDERS IN THE HEALTH OF THE COMMUNITY. THE MLH CHNA INCORPORATED DATA AND INPUT FROM THE FOLLOWING: CHRIST COMMUNITY HEALTH SERVICES, CHURCH HEALTH CENTER, MEMPHIS CHILD ADVOCACY CENTER, MEMPHIS HEALTH CENTER, PORTER LEATH, SHELBY COUNTY HEALTH DEPARTMENT, SHELBY COUNTY SCHOOLS, UNITED WAY OF THE MID-SOUTH, THE UNIVERSITY OF MEMPHIS, THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER, AS WELL AS LOCAL BUSINESS LEADERS, MLH AND WEST ASSOCIATES, LEADERSHIP, AND PHYSICIANS AND OUR PATIENT AND FAMILY PARTNERS.</p>
SCHEDULE H, PART V, SECTION B, LINE 6A - CHNA CONDUCTED WITH ONE OR MORE OTHER HOSPITAL FACILITIES	<p>FACILITY NAME: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</p> <p>DESCRIPTION: METHODIST UNIVERSITY HOSPITAL, METHODIST SOUTH HOSPITAL, METHODIST NORTH HOSPITAL, METHODIST LE BONHEUR GERMANTOWN HOSPITAL, LE BONHEUR CHILDREN'S HOSPITAL, AND METHODIST OLIVE BRANCH HOSPITAL</p>
SCHEDULE H, PART V, SECTION B, LINE 7 - HOSPITAL FACILITY'S WEBSITE (LIST URL)	<a href="https://www.methodisthealth.org/about-us/community-health/">HTTPS://WWW.METHODISTHEALTH.ORG/ABOUT-US/COMMUNITY-HEALTH/</a>
SCHEDULE H, PART V, SECTION B, LINE 11 - HOW HOSPITAL FACILITY IS ADDRESSING NEEDS IDENTIFIED IN CHNA	<p>FACILITY NAME: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</p> <p>DESCRIPTION: MLH DEVELOPED HOSPITAL-SPECIFIC IMPLEMENTATION PLANS. EACH FACILITY'S IMPLEMENTATION PLAN WAS DESIGNED TO BE SYSTEM-MINDED AND FOCUSED ON ADDRESSING THE IDENTIFIED COMMUNITY HEALTH NEEDS (I.E., MATERNAL INFANT &amp; CHILD HEALTH; ACCESS TO HEALTH SERVICES; CANCER; AND CARDIOVASCULAR DISEASE &amp; STROKE). PLANS ASSUME ALL HOSPITAL FACILITIES WILL WORK TOGETHER IN ADDRESSING NEEDS, AND DOES NOT INCLUDE AN EXHAUSTIVE LIST OF CURRENT COMMUNITY HEALTH INITIATIVES. THE "SIGNATURE INITIATIVES" ADDRESSED WITHIN THIS PLAN ARE SPECIFIC PROGRAMS OF FOCUS WHICH WILL BE USED TO MEASURE PROGRESS OF HOW THIS SYSTEM IS WORKING TO ADDRESS THE NEEDS OF THE COMMUNITY.</p>
SCHEDULE H, PART V, SECTION B, LINE 13B - ELIGIBILITY FOR FREE OR DISCOUNTED CARE	<p>FACILITY NAME: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</p> <p>DESCRIPTION: THE ORGANIZATION USES TWO DIFFERENT METHODS FOR DETERMINING ELIGIBILITY FOR FREE OR DISCOUNTED CARE BASED ON WHETHER THE PATIENT SUBMITS A FINANCIAL ASSISTANCE POLICY (FAP).</p> <p>IF THE PATIENT SUBMITS A FAP APPLICATION:</p> <p>-A TEAM OF FINANCIAL ASSISTANCE REPRESENTATIVES REVIEWS THE APPLICATION TO DETERMINE IF THEY QUALIFY FOR FEDERAL ASSISTANCE SUCH AS FOOD STAMPS OR WELFARE. IF SO, THE PATIENT RECEIVES A 100% WRITE OFF.</p> <p>- IF THE PATIENT DOES NOT QUALIFY FOR FEDERAL ASSISTANCE, THE TEAM DETERMINES THE AMOUNT OF DISCOUNT BASED ON INCOME WITHIN THE FEDERAL POVERTY GUIDELINES AND THE NUMBER OF DEPENDENTS. THE LEVEL OF DISCOUNT THEN RANGES FROM 80%, OR 90% UP TO 100% DISCOUNT.</p> <p>IF THE PATIENT DOES NOT SUBMIT A FAP APPLICATION:</p> <p>-THE ORGANIZATION SENDS THE ACCOUNT TO A VENDOR TO DETERMINE IF THE ACCOUNT QUALIFIES FOR FINANCIAL ASSISTANCE AT A 100% WRITE OFF. THE ACCOUNT MUST PASS ALL OF THE FOLLOWING TESTS IN ORDER TO RECEIVE A 100% WRITE OFF. ALL OTHER ACCOUNTS SIMPLY RECEIVE THE 75% DISCOUNT.</p> <p>THE VENDOR USES THE FOLLOWING CRITERIA TO DETERMINE IF THE ACCOUNT QUALIFIES FOR FREE CARE:</p> <p>-NO INSURANCE/THIRD PARTY PAYER ON FILE</p> <p>-FEDERAL POVERTY SCORE OF 200% OR LESS</p>

Return Reference - Identifier	Explanation
SCHEDULE H, PART V, SECTION B, LINE 13H - OTHER ELIGIBILITY CRITERIA FOR FINANCIAL ASSISTANCE	<p>FACILITY NAME: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</p> <p>DESCRIPTION: PATIENTS CAN BE ELIGIBLE FOR 100% CHARITY THROUGH 2 METHODS. ONE IS THROUGH THE AUTOMATED WRITE OFF PROCESS AND ANOTHER IS MANUAL.</p> <p>AUTOMATED WRITE OFF:</p> <p>ACCOUNTS WITH NO INSURANCE ARE SENT TO THE VENDOR PERIODICALLY TO SCORE THEM FOR CHARITY. IF THE ACCOUNT FITS IN FOLLOWING CRITERIA IT WILL BE WRITTEN OFF TO 100% CHARITY.</p> <p>CRITERIA:</p> <ul style="list-style-type: none"> <li>-IF ACCOUNT IS RETURNED WITH FPG LESS THAN OR EQUAL TO 200%</li> <li>-NO INSURANCE/THIRD PARTY PAYER ON FILE</li> <li>-NO INSURANCE PAYMENTS OR ADJUSTMENTS MADE ON HOSPITAL MAINFRAME SYSTEM (PRIOR TO LIST WITH RAP)</li> <li>-PATIENT RESIDES IN UNITED METHODIST HEALTHCARE CATCHMENT AREAS (ALL OTHERS RECEIVE AUTOMATIC 75% DISCOUNT)</li> <li>-NOT IN CERTAIN DISPOSITIONS OR PHASES WHERE AGENCY IS REVIEWING FOR ADDITIONAL INFORMATION (I.E., LEGAL, BANKRUPTCY, INSURANCE, TPL, DECEASED OR PAYMENT DISPOSITION, ETC.)</li> <li>-ACCOUNT STATUS IS NOT "MED ASSIST" (BEING REVIEWED FOR MEDICAID/MEDICARE)ACCOUNTS WITH NO INSURANCE ARE SENT TO THE VENDOR PERIODICALLY TO SCORE THEM FOR CHARITY.</li> </ul> <p>IF THE ACCOUNT FITS IN FOLLOWING CRITERIA IT WILL BE WRITTEN OFF TO 100% CHARITY.</p> <p>CRITERIA:</p> <p>MANUAL WRITE OFF:</p> <p>PFS RECEIVES FINANCIAL ASSISTANCE APPLICATIONS/REQUESTS IN SEVERAL WAYS:</p> <ul style="list-style-type: none"> <li>-COMPLETED FORMS FROM FACILITIES/HOSPITALS AFTER ADMISSION</li> <li>-PRE-SCREEN PROCESS VIA PHONE CONTACT BY PFS TEAM</li> <li>-PATIENTS RECEIVE A FINANCIAL ASSISTANCE APPLICATION ATTACHED TO FIRST NOTICE STATEMENT IF THEY'RE UNINSURED</li> <li>-ALL FIRST NOTICE STATEMENTS CONTAIN VERBIAGE REGARDING ELIGIBILITY FOR FINANCIAL ASSISTANCE IF UNDERINSURED (PATIENTS WILL CONTACT US IF THEY FALL INTO THIS CATEGORY)</li> <li>-FINANCIAL ASSISTANCE REPS REVIEW APPLICATIONS WHICH CONTAINS (INCOME STATUS, NUMBER OF DEPENDENTS, SSN, IF THEY QUALIFY FOR FEDERAL ASSISTANCE)</li> <li>-IF THEY QUALIFY FOR FEDERAL ASSISTANCE (FOOD STAMPS, WELFARE) THEY RECEIVE 100% WRITE OFF</li> <li>-IF NOT, FINANCIAL ASSISTANCE REPS REVIEW INCOME, TAX RETURNS AND NUMBER OF DEPENDENTS AND ANNUAL FPG SPREADSHEETS TO ASSESS WRITE OFF LEVELS ABOVE 75% (80, 90 UP TO 100%)</li> </ul> <p>*THESE ITEMS ARE SUBJECT TO CHANGE DUE TO ACQUIRING NEW AUTOMATED WRITE OFF SYSTEM</p>
SCHEDULE H, PART V, SECTION B, LINE 15E - METHOD FOR APPLYING FOR FINANCIAL ASSISTANCE - OTHER	<p>FACILITY NAME: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</p> <p>DESCRIPTION: IN ADDITION, THE ORGANIZATION EXPLAINS THE METHOD FOR APPLYING FOR FINANCIAL ASSISTANCE DURING ADMISSION AND DURING THE PRE-SCREENING PROCESS AFTER DISCHARGE.</p>
SCHEDULE H, PART V, SECTION B, LINE 16A - FAP AVAILABLE WEBSITE	<a href="http://WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/">WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/</a>
SCHEDULE H, PART V, SECTION B, LINE 16B - FAP APPLICATION FORM WEBSITE	<a href="http://WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/">WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/</a>
SCHEDULE H, PART V, SECTION B, LINE 16C - PLAIN LANGUAGE FAP SUMMARY WEBSITE	<a href="http://WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/">WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/</a>
SCHEDULE H, PART V, SECTION B, LINE 16J - OTHER WAYS HOSPITAL PUBLICIZED FINANCIAL ASSISTANCE POLICY	<p>FACILITY NAME: METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</p> <p>DESCRIPTION: IN ADDITION, THE ORGANIZATION ATTACHES THE FINANCIAL ASSISTANCE POLICY TO FIRST NOTICE LETTERS FOR ALL UNINSURED PATIENTS. A LINK IS INCLUDED ON THE NOTICE INSTRUCTING APPLICANTS ON HOW TO APPLY FOR FINANCIAL ASSISTANCE OR HOW TO RECEIVE THE APPLICATION.</p>

**Part V Facility Information** *(continued)***Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
(list in order of size, from largest to smallest)How many non-hospital health care facilities did the organization operate during the tax year? 12

Name and address	Type of facility (describe)
<b>1</b> UT METHODIST PHYSICIANS CARDIOLOGY 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
<b>2</b> METHODIST DIAGNOSTIC CENTER - SOUTHAV 7400 AIRWAYS BLVD. SOUTHAVEN, MS 38671	IMAGING & DIAGNOSTIC CENTER
<b>3</b> METHODIST MEDICAL GROUP 7235 HACKS CROSS RD. OLIVE BRANCH, MS 38654	PRIMARY CARE
<b>4</b> SOUTHCREST WOMEN'S HEALTHCARE 5480 GOODMAN RD, SUITE 2 OLIVE BRANCH, MS 38654	SPECIALISTS
<b>5</b> OLIVE BRANCH WOMEN'S CENTER 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
<b>6</b> METHODIST MEDICAL GROUP - GENERAL SUR 5480 GOODMAN RD. , SUITE 3 OLIVE BRANCH, MS 38654	SPECIALISTS
<b>7</b> METHODIST MEDICAL GROUP 7163 GOODMAN RD OLIVE BRANCH, MS 38654	PRIMARY CARE
<b>8</b> UT METHODIST PHYSICIANS GENERAL & MIN 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
<b>9</b> SUTHERLAND CARDIOLOGY CLINIC 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
<b>10</b> METHODIST MEDICAL GROUP - CARNAHAN 5908 GETWELL RD SOUTHAVEN, MS 38672	SPECIALISTS

Schedule H (Form 990) 2023

Part V Facility Information (continued)

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

How many non-hospital health care facilities did the organization operate during the tax year? 12

Name and address	Type of facility (describe)
1 SUTHERLAND CARDIOLOGY CLINIC 7900 AIRWAYS BLVD , BUILDING B STE SOUTHAVEN, MS 38671	SPECIALISTS
2 METHODIST MINOR MEDICAL CENTER-OLIVE 5480 GOODMAN RD, STE 1 OLIVE BRANCH, MS 38654	MINOR MEDICAL CENTER
3	
4	
5	
6	
7	
8	
9	
10	

Provide the following information.

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

Return Reference - Identifier	Explanation
SCHEDULE H, PART I, LINE 7, COL (F) - BAD DEBT EXPENSE EXCLUDED FROM FINANCIAL ASSISTANCE CALCULATION	21,357,645
SCHEDULE H, PART III, LINE 4 - FOOTNOTE IN ORGANIZATION'S FINANCIAL STATEMENTS DESCRIBING BAD DEBT	<p>THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT INCLUDE A FOOTNOTE ON BAD DEBTS, ACCOUNTS RECEIVABLE, OR ALLOWANCE FOR UNCOLLECTABLE ACCOUNTS.</p> <p>WORKSHEET 2 OF THE 2023 SCHEDULE H INSTRUCTIONS WAS USED TO COMPUTE A COST-TO-CHARGES RATIO THAT WAS USED TO CALCULATE BAD DEBT AT COST.</p> <p>WHEN A PORTION OF PATIENT CHARGES BECOME THE PATIENT'S RESPONSIBILITY, THE AMOUNT IS WRITTEN OFF TO BAD DEBTS AND THEN SENT TO OUR EARLY-OUT GROUP, ANY PAYMENTS RECOUPED BY OUR EARLY-OUT GROUP ARE THEN APPLIED AGAINST THE BAD DEBT EXPENSE. IT IS OUR ESTIMATION BASED ON HISTORICAL EXPERIENCE THAT ABOUT 50% OF THE REMAINING PORTION OF BAD DEBTS (AFTER RECOVERIES) COULD BE APPLICABLE TO PATIENTS WHO, ON ADDITIONAL REVIEW AND PROVIDING ALL RELEVANT INFORMATION, WOULD QUALIFY FOR FINANCIAL ASSISTANCE.</p>
SCHEDULE H, PART III, LINE 9B -	METHODIST LE BONHEUR HEALTHCARE'S COLLECTION PROCESS BEGINS WITH THE ORGANIZATION'S REVENUE CYCLE TEAM MAKING INITIAL COLLECTION EFFORTS TO RECOUP ALL MONIES DUE FROM THE PATIENT'S INSURANCE PROVIDERS. WHEN THE AMOUNT IS SOLELY THE PATIENT'S PORTION, THE ACCOUNT IS TRANSFERRED TO ANOTHER TEAM THAT SPECIALIZES IN PATIENT PORTION ACCOUNTS (EARLY-OUT PROGRAM). IT IS THIS PROGRAM THAT INITIALLY DETERMINES IF A PATIENT QUALIFIES FOR CHARITY CARE UNDER THE ORGANIZATION'S POLICY. IF QUALIFICATION IS UNCLEAR, THIS PROGRAM ATTENDS TO THE ACCOUNT FOR A PREDETERMINED TIME THROUGH LETTERS AND PHONE CALLS. THE DURATION IS DEPENDENT ON VARIOUS SCENARIOS THAT AFFECT ITS LENGTH, SUCH AS PAYMENT ARRANGEMENTS, DISPUTES, ETC. ONCE ALL COLLECTION EFFORTS HAVE BEEN EXHAUSTED AND IT IS DETERMINED THAT THE REMAINING BALANCE WILL NOT BE COLLECTED, THE ACCOUNT IS REEVALUATED ON THE CRITERIA USED TO DETERMINE FINANCIAL AID ELIGIBILITY.

Return Reference - Identifier	Explanation
SCHEDULE H, PART VI, LINE 2 - NEEDS ASSESSMENT	<p>MLH FORMED A MULTIDISCIPLINARY TEAM TO CONDUCT THE 2019 CHNA. THIS TEAM USED A VARIETY OF DATA TO ENSURE THE ASSESSMENT PROCESS WAS AS ACCURATE AND COMPREHENSIVE AS POSSIBLE. THIS INCLUDED PRIMARY DATA, LIKE FOCUS GROUPS AND INFORMAL INTERVIEWS WITH COMMUNITY MEMBERS AND KEY STAKEHOLDERS, AS WELL AS SECONDARY DATA, SUCH AS PUBLIC HEALTH INFORMATION AND OUR OWN INTERNAL FIGURES. THE PRIMARY DATA WAS ASSESSED FOR THEMES, WHILE THE SECONDARY DATA WAS ANALYZED TO DETERMINE HOW OUR COMMUNITY COMPARED TO PEER COUNTIES (I.E., SIMILAR OUTCOMES IN MORBIDITY AND MORTALITY, AND SIMILAR DRIVERS OF HEALTH, SUCH AS SOCIAL/ECONOMIC FACTORS, PHYSICAL ENVIRONMENT, HEALTH BEHAVIORS, AND CLINICAL ACCESS).</p> <p>USING HEALTHY PEOPLE 2020 AS A FRAMEWORK, WE SOUGHT TO ANSWER THE QUESTION: WHAT ARE THE HEALTH NEEDS OF OUR COMMUNITY?</p> <p>A HEALTH NEED WAS IDENTIFIED WHERE THESE TWO CRITERIA WERE MET:</p> <p>1) IT WAS A THEME AMONG THE PRIMARY DATA, AND 2) RELATED SECONDARY DATA COMPARED UNFAVORABLY TO OTHER COMMUNITIES. ADDITIONAL INFORMATION, LIKE HEALTH DISPARITY, SEVERITY, AND NUMBER AFFECTED, WAS ALSO INCORPORATED WHERE AVAILABLE.</p> <p>ADDITIONALLY, WE CONSIDERED WHETHER OUR SYSTEM HAD THE ABILITY TO IMPACT THE IDENTIFIED NEED, WHICH FURTHER ENABLED US TO PRIORITIZE OUR RESULTS. TO DO THIS, WE TOOK INTO ACCOUNT MANY FACTORS, SUCH AS WHETHER WE ALREADY OFFER SERVICES TO ADDRESS THE NEED, OUR ABILITY TO BUILD UPON EXISTING INITIATIVES, AND ANY PARTNERS WITH WHOM COLLABORATION WOULD BE POSSIBLE.</p> <p>USING THIS METHODOLOGY MEANT THE PRIORITIZED NEEDS HAVE THE FOLLOWING CHARACTERISTICS:</p> <p>1. IT'S CONSIDERED BY OUR COMMUNITY TO BE A SIGNIFICANT HEALTH NEED. 2. IT'S A HEALTH NEED IN WHICH, BASED ON A COLLECTION OF KEY INDICATORS IDENTIFIED BY PUBLIC HEALTH EXPERTS, OUR COMMUNITY COMPARES UNFAVORABLY TO SIMILAR COMMUNITIES AS WELL AS NATIONAL AND STATE BENCHMARKS. 3. HEALTH DISPARITIES, PARTICULARLY RACIAL DISPARITIES, EXIST WITHIN THIS HEALTH NEED. 4. COMPARED TO OTHER HEALTH NEEDS, MORE PEOPLE ARE AFFECTED BY THIS HEALTH NEED (E.G. PREVALENCE), AND/OR THEY ARE AFFECTED MORE SEVERELY (E.G., MORTALITY). 5. MLH HAS THE ABILITY TO IMPACT THE HEALTH NEED.</p>
SCHEDULE H, PART VI, LINE 3 - PATIENT EDUCATION	<p>METHODIST HEALTHCARE - MEMPHIS HOSPITALS UTILIZES THE FEDERAL POVERTY GUIDELINES (FPG) TO DETERMINE THE LEVEL OF DISCOUNT UNINSURED PATIENTS MAY RECEIVE. THE LEVEL BY WHICH ASSISTANCE IS DETERMINED IS THROUGH THE SCALE SET BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS), WHICH INCLUDES FACTORS SUCH AS RESIDENTS PER HOUSEHOLD AND INCOME.</p> <p>MHMH COMMUNICATES AND PROVIDES ASSISTANCE CONCERNING ELIGIBILITY FOR FINANCIAL ASSISTANCE IN SEVERAL WAYS. CHARITY CARE POLICIES ARE POSTED AND UPDATED AS PART OF THE ORGANIZATION'S SYSTEM POLICIES AND ARE AVAILABLE TO ALL STAFF THROUGH THE COMPANY INTRANET CONNECTIONS.</p> <p>IN ADDITION, PATIENT-FRIENDLY SUMMARIES OF THESE POLICIES ARE POSTED IN VISIBLE LOCATIONS THROUGHOUT ALL PUBLIC AREAS OF THE FACILITY. AT THE TIME OF PATIENT REGISTRATION, MHMH PROVIDES FINANCIAL COUNSELING BASED ON THE AVAILABLE INSURANCE AND "ABILITY TO PAY" INFORMATION PROVIDED. MHMH ALSO SUPPLIES CHARITY CARE APPLICATIONS AND OFFERS ASSISTANCE IN THE COMPLETION OF FORMS IN ALL INSTANCES WHERE THE "FINANCIAL PICTURE AS PRESENTED TO US" APPEARS TO WARRANT THAT SERVICE.</p> <p>FINALLY, THE HOSPITAL DISCUSSES WITH THE PATIENT THE AVAILABILITY OF VARIOUS GOVERNMENTAL BENEFITS, SUCH AS MEDICAID OR OTHER STATE PROGRAMS, AND ASSISTS THE PATIENT WITH QUALIFICATION FOR SUCH PROGRAMS, AS APPLICABLE. LANGUAGE BARRIERS ARE TAKEN INTO ACCOUNT WITH ALL PATIENT COMMUNICATION. ALL STAFF WITH PATIENT CONTACT, INCLUDING ADMISSION AND BILLING CLERKS, NURSES AND THE MEDICAL STAFF, SOCIAL WORKERS, CHAPLAINS, AND PATIENT ADVOCATES, ARE KNOWLEDGEABLE ABOUT THE CHARITY CARE POLICY AND ASSIST PATIENTS WHEN NECESSARY.</p>
SCHEDULE H, PART VI, LINE 4 - COMMUNITY INFORMATION	<p>METHODIST HEALTHCARE MEMPHIS HOSPITALS (MHMH) WAS FOUNDED BY THE MEMPHIS, ARKANSAS, AND MISSISSIPPI CONFERENCES OF THE UNITED METHODIST CHURCH TO SERVE A POPULATION OF ABOUT 1.25 MILLION PEOPLE. WE SERVE A BROAD CROSS SECTION OF OUR COMMUNITY, REACHING MANY DISADVANTAGED AREAS. PATIENTS FROM AROUND THE COUNTRY AND ALL OVER THE WORLD FIND THEIR WAY TO US FOR CARE, BUT FOR THE PURPOSES OF THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WHICH OUR ORGANIZATION CONDUCTS EVERY THREE YEARS, WE IDENTIFY SHELBY COUNTY, TENNESSEE AND DESOTO COUNTY, MISSISSIPPI AS OUR PRIMARY SERVICE AREA. THESE TWO COUNTIES COMPRISE MORE THAN 75 PERCENT OF INPATIENT DISCHARGES ACROSS OUR SYSTEM AND IS A REPRESENTATIVE SAMPLE OF OUR PATIENT POPULATION.</p> <p>THE SERVICE AREA IS COMPRISED OF:</p> <p>-FORTY-EIGHT PERCENT MALES AND TWENTY-ONE PERCENT FEMALES OF CHILD-BEARING AGE -FORTY-EIGHT PERCENT AFRICAN AMERICANS, FORTY-TWO PERCENT WHITES, SIX PERCENT HISPANICS, AND FOUR PERCENT OTHER RACES/ETHNICITIES -THE AVERAGE HOUSEHOLD INCOME IS \$66,530 -59.3 PERCENT OF THE POPULATION HAS AT LEAST SOME COLLEGE EDUCATION</p> <p>MHMH IS THE LARGEST TENNCARE/MEDICAID HEALTHCARE PROVIDER IN THE AREA, WITH APPROXIMATELY 13,000 INPATIENTS SERVED EACH YEAR. LE BONHEUR CHILDREN'S HOSPITAL IS THE ONLY PEDIATRIC HOSPITAL IN THE REGION, PROVIDING A FULL CONTINUUM OF SERVICES MEETING CHILDREN'S PRIMARY THROUGH AND QUATERNARY NEEDS. AS AN ACADEMIC MEDICAL CENTER, MHMH TRAINS HEALTH PROFESSIONALS AND FURNISHES SPECIALIZED HEALTHCARE SERVICES NOT OTHERWISE AVAILABLE IN THE REGION. MHMH IS THE PRIMARY TEACHING SITE FOR THE UNIVERSITY OF TENNESSEE SCHOOL OF MEDICINE. THIS DISTINCTION, ALONG WITH THE ACCOMPANYING RESEARCH, BENEFITS THE ENTIRE METROPOLITAN COMMUNITY.</p>



Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH</p>	<p>METHODIST LE BONHEUR HEALTHCARE WORKS DILIGENTLY THROUGHOUT OUR LOCAL COMMUNITIES TO INCREASE HEALTH AWARENESS AMONGST THE GENERAL PUBLIC. AS STATED IN OUR ORGANIZATION'S MISSION AND VALUES; IT IS OUR DEDICATION TO COMMUNITY SERVICE THAT DRIVES OUR CALL TO ACTION. OUR GOAL IS TO PROVIDE OUR NEIGHBORS WITH RESOURCES AND EDUCATION NECESSARY TO EFFECTIVELY COMBAT THE RISK FACTORS AND BEHAVIORS THAT POSE A CHALLENGE TO LIFE EXPECTANCY RATES WITHIN OUR REGION. OUR DEDICATION TO GIVING BACK INVOLVES A NUMBER OF MEASURABLE PROGRAMS AND EVENTS THAT ARE ALL ALIGNED WITH OUR PRIMARY GOAL OF ALLOWING PEOPLE OF THE MID SOUTH TO LIVE THEIR BEST LIVES. OUR HOSPITALS ARE PART OF A SYSTEM THAT IS THE LARGEST PROVIDER OF TENNCARE SERVICES IN THE STATE, AND OUR FACILITIES PROVIDE FULL ACCESS TO ALL INDIVIDUALS IN OUR SERVICE AREA. OUR LOCATIONS ARE PLACED IN ALL QUADRANTS OF OUR GEOGRAPHIC SERVICE AREAS ALLOWING US TO PROVIDE ACCESS TO HEALTHCARE FOR ALL OF THE COMMUNITY.</p> <p>OTHER ELEMENTS OF OUR COMMITMENT TO GIVING INCLUDE; OUR EDUCATIONAL SEMINARS THAT FOCUS ON TOPICS SUCH AS DIABETES PREVENTION AND MANAGEMENT, STROKE PREVENTION AND CARE, PEDIATRIC ASTHMA TRAINING, FIRST AID/ HANDS ONLY CPR TRAINING, AND MENTAL HEALTH AWARENESS; WHICH ARE OFFERED AT VARIOUS METHODIST HOSPITAL LOCATIONS. IN ADDITION TO THAT, OUR FACILITIES SERVE AS HOST TO A NUMBER OF SUPPORT GROUPS SUCH AS "MOMS", "DYNAMIC DADS", "GRIEF", AND SOCIAL SKILL DEVELOPMENT GROUPS. ALL OF WHICH SHARE A COMMON OBJECTIVE; TO SUPPLY THE PEOPLE OF OUR COMMUNITY WITH THE EMOTIONAL SUPPORT AND RESOURCES NEEDED TO OVERCOME LIFE STRESSORS.</p> <p>HEALTH FAIRS ARE HELD AT EACH OF OUR NORTH, SOUTH, GERMANTOWN, AND OLIVE BRANCH HOSPITALS ON AN ANNUAL BASIS PROVIDING HEALTH SCREENINGS TO THE PUBLIC AND FOLLOW UP REFERRALS ARE PROVIDED AS NEEDED. ALL OF THESE SERVICES ARE PROVIDED AT NO COST TO THE COMMUNITY. IN ADDITION TO THAT, OUR ORGANIZATION ABSORBS COST ASSOCIATED WITH PROVIDING EDUCATION, DURABLE MEDICAL EQUIPMENT AND HOME HEALTH VISITS FOR MANY OF OUR INDIGENT PATIENTS ALL IN EFFORTS OF ALLOWING THEM TO CONTINUE THEIR RECOVERY PROCESS POST DISCHARGE. OUR FACILITIES ABSORB THE COST OF TRANSPORTATION FOR MANY OF OUR PATIENTS BY CAB, BUS, OR AMBULANCE TO GET HOME AFTER DISCHARGE.</p> <p>MEDICAL EDUCATION AND RESEARCH-METHODIST SUPPORTS VIA DIRECT SALARY AND BENEFIT CONTRIBUTIONS TO THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER (UTHSC) FOR GRADUATE MEDICAL TRAINING POSITIONS (GME) AT METHODIST UNIVERSITY HOSPITAL, LE BONHEUR CHILDREN'S HOSPITAL, AND METHODIST LE BONHEUR GERMANTOWN HOSPITAL. THESE GME RESIDENTS AND FELLOWS ARE EMPLOYEES AND TRAINEES AT THE UNIVERSITY OF TENNESSEE, BUT THEIR FINANCIAL SUPPORT FOR SALARIES AND BENEFITS COMES VIA METHODIST. THESE TRAINEES SPEND TIME AT A METHODIST HOSPITAL DURING THE PERIODS OF METHODIST SUPPORT AND ARE INVOLVED IN PATIENT CARE IN ADDITION TO EDUCATIONAL ACTIVITIES.</p> <p>CHURCH HEALTH CENTER: AS AN EARLY SUPPORTER OF THE CHURCH HEALTH CENTER, METHODIST LE BONHEUR HEALTHCARE STRONGLY BELIEVES IN ITS MISSION TO SERVE THE WORKING POOR. FROM ITS BEGINNINGS AS A PROJECT OF ST. JOHN'S UNITED METHODIST CHURCH AND OF DR. SCOTT MORRIS TO THE COMPREHENSIVE COMMUNITY RESOURCE IT IS TODAY, THE CHURCH HEALTH CENTER PROVIDES AFFORDABLE HEALTH CARE, DENTISTRY, OPTOMETRY, PASTORAL COUNSELING, AND HEALTH EDUCATION TO THOSE WHO NEED THESE SERVICES IN MEMPHIS. METHODIST HEALTHCARE - MEMPHIS HOSPITALS IS PROUD TO SUPPORT THIS WORTHY ENDEAVOR. MHM HELPS SUPPORT THE CHURCH HEALTH CENTER BY PROVIDING PATIENT CARE FREE OF CHARGE. LE BONHEUR COMMUNITY HEALTH &amp; WELL-BEING LE BONHEUR CHILDREN'S HOSPITAL'S COMMUNITY OUTREACH DIVISION WORKS TO EXTEND THE WORK OF THE HOSPITAL BEYOND ITS WALLS. THROUGH A VARIETY OF PROGRAMS, WE MAKE A DIFFERENCE IN THE EVERYDAY LIVES OF CHILDREN IN COMMUNITIES THROUGHOUT THE REGION. A SPIRIT OF FAITH AND HEALING PERVADES METHODIST LE BONHEUR HEALTHCARE.</p> <p>AS A FAITH-BASED INSTITUTION, WE ARE WORKING TO DEFINE HOW WE CAN BETTER UTILIZE OUR FAITH RESOURCES AND OTHER ASSETS IN THE COMMUNITY TO IMPROVE HEALTH. THAT MISSION HAS RESULTED IN A STRATEGY AROUND CONGREGATIONS AND OUR CONNECTION WITH THEM. WE BELIEVE THAT CONGREGATIONS CAN PLAY A SIGNIFICANT ROLE IN HEALTHCARE WHEN THEY ARE STRATEGIC PARTNERS IN THEIR MEMBERS' HEALTH JOURNEYS. TO THAT END, WE HAVE ENTERED INTO COVENANT RELATIONSHIPS WITH 500+ CONGREGATIONS TO IMPROVE THE ACCESS TO COMPREHENSIVE HEALTH SERVICES FOR ALL CITIZENS AND TO IMPROVE THE HEALTH STATUS OF THESE PATIENTS.</p> <p>THE CENTER OF EXCELLENCE IN FAITH AND HEALTH (COE) IS HOUSED IN RENOVATED SPACE AT METHODIST UNIVERSITY HOSPITAL. THE COE ADVANCES HEALTH BY BRINGING FAITH AND HEALTH TOGETHER FOR THE IMPROVED WELLBEING OF THOUSANDS OF PATIENTS. THE CENTER'S GOAL IS TO DRAMATICALLY ENHANCE QUALITY OF CARE AND SUPPORT FOR OUR PATIENTS AND THEIR FAMILIES. WE BELIEVE THAT THE COUPLING OF FAITH AND HEALTH CAN NOT ONLY ELEVATE THE LEVEL OF CARE WE DELIVER TO OUR PATIENTS, BUT ALSO IMPROVE THE QUALITY OF LIFE FOR OUR COMMUNITY AND BEYOND.</p> <p>THE ACTUAL CENTER OF EXCELLENCE SPACE TRANSFORMED THE PREVIOUSLY EXISTING INTENSIVE CARE WAITING ROOM INTO A STATE-OF-THE-ART FAMILY-CENTERED HEALING ENVIRONMENT WITH A QUIET AREA, RESOURCE ROOM, EDUCATION SPACES, MOVEABLE FURNITURE, AS WELL AS SPACE FOR LOCAL CLERGY TO COUNSEL THEIR MEMBERS. IT ALSO HOUSES CREATIVE MEETING SPACE FOR ACADEMIC PARTNERS LOCALLY AND ACROSS THE GLOBE TO WORK WITH EACH OTHER, AS WELL AS PROVIDE TRAINING AND EDUCATION TO OUR ASSOCIATES, LOCAL CLERGY AND COMMUNITY HEALTH PARTNERS.</p> <p>METHODIST PLACES A STRONG VALUE ON EDUCATION. THROUGH THE SHELBY COUNTY SCHOOLS ADOPT-A-SCHOOL PROGRAM, MLH ASSOCIATES WORKED TO:</p> <ul style="list-style-type: none"> <li>- TUTOR AND MENTOR STUDENTS</li> <li>- PROVIDE SPEAKERS FOR A NUMBER OF EVENTS INCLUDING CAREER DAYS</li> <li>- JUDGE EVENTS SUCH AS SCIENCE PROJECTS</li> <li>- PROCTOR TESTS</li> <li>- PROVIDE FINANCIAL SUPPORT FOR SPECIAL NEEDS AND PROGRAMS</li> </ul> <p>IN-KIND GOODS AND SERVICES</p> <p>MHM ASSOCIATES DONATED THOUSANDS OF HOURS TO MANY COMMUNITY GROUPS BY SERVING ON NUMEROUS BOARDS AND COMMITTEES, INCLUDING:</p>

Return Reference - Identifier	Explanation
	<p>HEALTHY SHELBY COUNTY, COMMONTABLE HEALTH ALLIANCE, CHRIST COMMUNITY HEALTH SERVICES, CHURCH HEALTH CENTER, ITN MEMPHIS, METRO CARE, HEALTH CHOICE, TN CARE MEDICAL CARE ADVISORY, ISCT, CONCORD NURSING PROGRAM ADVISORY BOARD, SC COLLEGE OF NURSING ADVISORY COMMITTEE, ARTHRITIS FOUNDATION, GIFT OF LIFE MIDSOUTH, TENNESSEE NURSES ASSOCIATION, NWTN HEAD START HEALTH HEALTHY ADVISORY COMMITTEE, SHELBY COUNTY BREASTFEEDING COALITION, PROMISE OF NURSING FOR TN, TN PUBLIC HEALTH ASSOCIATION, AMERICAN LIVER FOUNDATION, CYNTHIA MILK FUND, YMCA, OVERTON PARK CONSERVANCY, TENNESSEE BUSINESS ROUNDTABLE, COMMUNITY ALLIANCE FOR THE HOMELESS, CENTER OF YOUTH MINISTRY TRAINING, UNITED METHODIST NEIGHBORHOOD CENTERS, BOYS&amp;GIRLS CLUB, GREATER MEMPHIS CHAMBER OF COMMERCE, SOULSVILLE FOUNDATION, AMERICAN HEART ASSOCIATION, MARCH OF DIMES, CARL PERKINS CENTER FOR THE PREVENTION OF CHILD ABUSE, SAFE KIDS, BLUFF CITY MEDICAL SOCIETY, MEMPHIS AND MIDSOUTH PEDIATRIC ASSOCIATION, CYSTIC FIBROSIS FOUNDATION, MAKE A WISH FOUNDATION MIDSOUTH, MELANOMA RESEARCH FOUNDATION, RED CROSS, NATIONAL CIVIL RIGHTS MUSEUM, JUVENILE DIABETES FOUNDATION, NEW MEMPHIS INSTITUTE, MID SOUTH MINORITY BUSINESS COUNCIL, APRIL 4 FOUNDATION, GIRLS INC. , WOMEN'S FOUNDATION FOR GREATER MEMPHIS, MEMPHIS MUSEUMS INC. MEMPHIS BRANCH NAACP, 100 BLACK MEN OF MEMPHIS INC., MEMPHIS COMMITTEE FOR ECONOMIC DEVELOPMENT, MEMPHIS THEOLOGICAL SEMINARY, MEMPHIS TOMORROW, MEMPHIS CHILD ADVOCACY CENTER, EXCHANGE CLUB CARL PERKINS CENTER, NATIONAL KIDNEY FOUNDATION, GIFT OF LIFE MID SOUTH, PEOPLE FIRST OF TN, CITY OF MEMPHIS IT STEERING, CHILDREN'S HOSPITAL ASSOCIATION, NEW LEADERS ADVISORY BOARD, IDLEWILD CHILDREN'S CENTER, FIRE MUSEUM OF MEMPHIS, REGIONAL INTERFAITH SOUP KITCHEN.</p> <p>A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA AND WHO ARE NEITHER EMPLOYEES OF NOR INDEPENDENT CONTRACTORS OF THE ORGANIZATION. THE HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY.</p>
SCHEDULE H, PART VI, LINE 6 - DESCRIPTION OF AFFILIATED GROUP	<p>METHODIST HEALTHCARE – OLIVE BRANCH HOSPITAL, THE FILING ORGANIZATION, IS PART OF AN AFFILIATED HEALTH CARE SYSTEM, METHODIST LE BONHEUR HEALTHCARE (MLH). ALTHOUGH THIS FORM 990 ONLY INCLUDES THE CHARITY CARE AND COMMUNITY BENEFIT OF THIS ORGANIZATION, MLH INCLUDES THE FOLLOWING ENTITIES THAT ALSO PROVIDE CHARITY CARE AND COMMUNITY BENEFIT: - ALLIANCE HEALTH SERVICES, INC. - METHODIST HEALTHCARE COMMUNITY CARE ASSOCIATES - METHODIST HEALTHCARE – MEMPHIS HOSPITALS IN ADDITION, METHODIST HEALTHCARE FOUNDATION AND LE BONHEUR CHILDREN'S HOSPITAL FOUNDATION PROVIDE VALUABLE FINANCIAL SUPPORT TO THE OPERATIONS OF THE GROUP, ALLOWING IT TO PURSUE RESEARCH AND CONSTRUCTION PROJECTS TO PROVIDE ADDITIONAL BENEFITS TO THE COMMUNITY. MLH OPERATES HOSPITALS, CLINICS, URGENT CARE CENTERS, AMBULATORY SURGERY CENTERS, AND OTHER NON-HOSPITAL FACILITIES THAT PROVIDED OVER \$293 MILLION IN CHARITY CARE AND COMMUNITY BENEFIT DURING THE YEAR.</p>
SCHEDULE H, PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT	MS, TN

**SCHEDULE J**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees  
Complete if the organization answered "Yes" on Form 990, Part IV, line 23.  
Attach to Form 990.  
Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2023**

**Open to Public  
Inspection**

Employer identification number

64-0889822

**Part I Questions Regarding Compensation**

	Yes	No								
<b>1a</b> 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. <table><tbody><tr><td><input type="checkbox"/> First-class or charter travel</td><td><input type="checkbox"/> Housing allowance or residence for personal use</td></tr><tr><td><input type="checkbox"/> Travel for companions</td><td><input type="checkbox"/> Payments for business use of personal residence</td></tr><tr><td><input type="checkbox"/> Tax indemnification and gross-up payments</td><td><input type="checkbox"/> Health or social club dues or initiation fees</td></tr><tr><td><input type="checkbox"/> Discretionary spending account</td><td><input type="checkbox"/> Personal services (such as maid, chauffeur, chef)</td></tr></tbody></table>	<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)		
<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>b</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 . . . . .	<b>1b</b>									
<b>2</b> 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? . . . . .	<b>2</b>									
<b>3</b> Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <table><tbody><tr><td><input type="checkbox"/> Compensation committee</td><td><input type="checkbox"/> Written employment contract</td></tr><tr><td><input type="checkbox"/> Independent compensation consultant</td><td><input type="checkbox"/> Compensation survey or study</td></tr><tr><td><input type="checkbox"/> Form 990 of other organizations</td><td><input type="checkbox"/> Approval by the board or compensation committee</td></tr></tbody></table>	<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract	<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study	<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee				
<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract									
<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study									
<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee									
<b>4</b> 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: <b>a</b> Receive a severance payment or change-of-control payment? . . . . .	<b>4a</b>	✓								
<b>b</b> Participate in or receive payment from a supplemental nonqualified retirement plan? . . . . .	<b>4b</b>	✓								
<b>c</b> Participate in or receive payment from an equity-based compensation arrangement? . . . . .	<b>4c</b>	✓								
If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.										
<b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.</b>										
<b>5</b> 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: <b>a</b> The organization? . . . . .	<b>5a</b>	✓								
<b>b</b> Any related organization? . . . . .	<b>5b</b>	✓								
If "Yes" on line 5a or 5b, describe in Part III.										
<b>6</b> 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: <b>a</b> The organization? . . . . .	<b>6a</b>	✓								
<b>b</b> Any related organization? . . . . .	<b>6b</b>	✓								
If "Yes" on line 6a or 6b, describe in Part III.										
<b>7</b> 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 . . . . .	<b>7</b>	✓								
<b>8</b> 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 . . . . .	<b>8</b>	✓								
<b>9</b> If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? . . . . .	<b>9</b>									

**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 and/or 1099-NEC 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	DAVID BAYTOS	(i) 0	(ii) 0	(iii) 0	0	0	0	0
	PRESIDENT/CEO	359,471	11,636	84,872	9,900	16,803	482,682	46,198
2	ANNELISE JENSEN	(i) 205,525	(ii) 0	(iii) 45,127	24,842	7,854	283,348	43,417
	VP/CNO	0	0	0	0	0	0	0
3	KRIS SANDERS	(i) 199,555	(ii) 0	(iii) 1,881	12,265	22,666	236,367	0
	TREASUER	0	0	0	0	0	0	0
4	REGINA STEVENS	(i) 185,716	(ii) 0	(iii) 0	11,322	13,290	210,328	0
	PATIENT CARE COORD/FIXED	0	0	0	0	0	0	0
5	JENNIFER WEAVER	(i) 173,303	(ii) 0	(iii) (1,818)	10,846	25,153	207,484	0
	PHARMACIST	0	0	0	0	0	0	0
6	ALLISON MEREDITH	(i) 155,394	(ii) 0	(iii) 200	9,826	25,391	190,811	0
	PHARMACIST	0	0	0	0	0	0	0
7	MUSA CEESAY	(i) 163,135	(ii) 0	(iii) 0	9,188	9,331	181,654	0
	CLINICAL PHARMACIST	0	0	0	0	0	0	0
8		(i)	(ii)	(iii)				
9		(i)	(ii)	(iii)				
10		(i)	(ii)	(iii)				
11		(i)	(ii)	(iii)				
12		(i)	(ii)	(iii)				
13		(i)	(ii)	(iii)				
14		(i)	(ii)	(iii)				
15		(i)	(ii)	(iii)				
16		(i)	(ii)	(iii)				

## 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.

Return Reference - Identifier	Explanation
SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	<p>THE PURPOSE OF THE METHODIST LE BONHEUR HEALTHCARE CONSOLIDATED EXECUTIVE DEFERRED COMPENSATION PLAN IS TO PROVIDE RETIREMENT BENEFITS FOR CERTAIN EXECUTIVE LEVEL EMPLOYEES IN ADDITION TO THE BENEFITS PROVIDED THROUGH THE OTHER RETIREMENT PLANS THAT ARE SPONSORED BY THE COMPANY. IT IS INTENDED THAT THIS PLAN COMPLY WITH INTERNAL REVENUE CODE SECTION 457(F) AND QUALIFY FOR THE SHORT-TERM DEFERRAL EXCEPTION TO CODE SECTION 409A. UNDER THE PLAN, CORPORATE EXECUTIVES AT OR ABOVE THE VICE PRESIDENT LEVEL ARE ELIGIBLE TO RECEIVE EXECUTIVE DEFERRED COMPENSATION CREDITS DEPENDING ON THEIR POSITION CLASSIFICATION [6%, 8%, 10%, 12%, 15%, 25% OF BASE SALARY]. EACH PLAN YEAR, THE EXECUTIVE MUST ELECT A DEFERRED VESTING DATE TO BE APPLIED TO THE DEFERRED COMPENSATION CREDIT THAT WILL BE EARNED IN THAT PLAN YEAR. THE DEFERRED VESTING DATE IS SUBJECT TO A VESTING SCHEDULE THAT REQUIRES A MINIMUM DEFERRAL OF 5 YEARS TO BECOME VESTED. UPON REACHING AGE 55, THE MINIMUM DEFERRAL IS REDUCED TO 3 YRS. UPON REACHING AGE 60, THE MINIMUM DEFERRAL IS REDUCED TO 2 YRS. AT AGE 64, A CASH EQUIVALENT IS PROVIDED TO THE EXECUTIVE AND NO ADDITIONAL DEFERRALS ARE MADE UNDER THIS PLAN.</p> <p>RESTORATION BENEFIT PARTICIPANTS THAT WERE NEGATIVELY IMPACTED BY FREEZING THE RESTORATION PLAN WERE PROVIDED WITH AN ADDITIONAL ANNUAL EDCP CONTRIBUTION UNTIL AGE 65 DESIGNED TO KEEP THEM WHOLE.</p> <p>THE PLAN IS UNFUNDED WITH ALL BENEFITS PAID FROM THE COMPANY'S GENERAL ASSETS. HOWEVER, THE EXECUTIVE IS ALLOWED TO DIRECT THE INVESTMENTS OF HIS DEFERRED COMPENSATION CREDIT IN A MENU OF INVESTMENT ALTERNATIVES MADE AVAILABLE BY THE COMPANY. UPON VESTING, A DISTRIBUTION IS PROVIDED LESS APPLICABLE TAX. IN THE CASE OF A VOLUNTARY TERMINATION OF EMPLOYMENT BY THE EXECUTIVE OR INVOLUNTARY TERMINATION OF EMPLOYMENT FOR CAUSE BY THE COMPANY, THE NON-VESTED FUNDS ARE FORFEITED. ACCELERATED VESTING (100%) IS ALLOWED UPON DEATH, DISABILITY OR AN INVOLUNTARY TERMINATION BY THE COMPANY WITHOUT CAUSE.</p> <p>ALLOCATIONS TO THE 457(F) PLAN FOR THE YEAR INCLUDE THE FOLLOWING:</p> <p>\$12,265 - KRIS SANDERS \$12,421 - ANNEILISE JENSEN</p> <p>IN ADDITION, THE FOLLOWING INDIVIDUALS RECEIVED 457(F) PAYOUTS. THIS AMOUNT REPRESENTS THE FULLY VESTED PORTION PURSUANT TO THE 457(F) PLAN. THIS AMOUNT WAS REFLECTED IN COLUMN (C) ON THE PRIOR YEARS FORM 990 AS REQUIRED.</p> <p>PAYOUTS FROM THE PLAN FOR THE YEAR INCLUDE THE FOLLOWING:</p> <p>\$43,417 - ANNEILISE JENSEN \$46,198 DAVID BAYTOS</p> <p>IN ADDITION, THE FOLLOWING INDIVIDUALS RECEIVED AN EXECUTIVE RETIREMENT LUMP SUM PAYOUT. ONCE AN EXECUTIVE REACHES THE AGE OF 64 THEN THEY ARE NO LONGER ELIGIBLE TO PARTICIPATE IN THE 457(F) PLAN. A LUMP SUM IS PAID ANNUALLY ON THE LAST PAY PERIOD OF THE YEAR, EQUIVALENT TO THE CONTRIBUTION THAT WOULD HAVE BEEN MADE TO THE 457(F) PLAN. THIS AMOUNT REPRESENTS THE FULLY VESTED PORTION PURSUANT TO THE 457(F) PLAN. THIS AMOUNT WAS REFLECTED IN COLUMN (C) ON THE PRIOR YEAR'S FORM 990 AS REQUIRED.</p> <p>PAYOUTS FROM THE EXECUTIVE RETIREMENT PLAN FOR THE YEAR:</p> <p>NO PAYMENT MADE DURING TAX YEAR.</p>
SCHEDULE J, PART I, LINE 3 - ARRANGEMENT USED TO ESTABLISH THE TOP MANAGMENTS OFFICIAL'S COMPENSATION	<p>THE BOARD OF METHODIST LE BONHEUR HEALTHCARE, A RELATED ORGANIZATION AND CORPORATE OVERSIGHT ENTITY, CONDUCTS THE FOLLOWING METHODS TO ESTABLISH COMPENSATION FOR ITS OFFICERS AND KEY EMPLOYEES:</p> <ul style="list-style-type: none"> <li>- COMPENSATION COMMITTEE</li> <li>- INDEPENDENT COMPENSATION CONSULTANT</li> <li>- FORM 990 OF OTHER ORGANIZATIONS</li> <li>- WRITTEN EMPLOYMENT CONTRACT</li> <li>- COMPENSATION STUDY / SURVEY</li> <li>- APPROVAL BY THE BOARD / COMPENSATION COMMITTEE</li> </ul>

<b>SCHEDULE O (Form 990)</b>  Department of Treasury Internal Revenue Service	<b>Supplemental Information to Form 990 or 990-EZ</b> Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.	OMB No. 1545-0047  <div style="font-size: 2em; font-weight: bold;">2023</div>
	▶ Attach to Form 990 or 990-EZ. ▶ Go to <a href="http://www.irs.gov/Form990">www.irs.gov/Form990</a> for the latest information.	<b>Open to Public Inspection</b>
Name of the Organization <b>METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL</b>		Employer Identification Number <b>64-0889822</b>

Return Reference - Identifier	Explanation
FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION	HEALTH MINISTRIES AND SOCIAL PRINCIPLES OF THE UNITED METHODIST CHURCH TO BENEFIT THE COMMUNITIES WE SERVE.
FORM 990, PART III, LINE 4A - PROGRAM SERVICE DESCRIPTION	<p>IN 2023 MLH CONTRIBUTED MORE THAN \$293 MILLION IN COMMUNITY BENEFIT TO MEMPHIS AND THE MID-SOUTH THROUGH VARIOUS EFFORTS INCLUDING, CHARITY CARE, MEDICARE/TNCARE SHORTFALL, MEDICAL EDUCATION, AND COMMUNITY HEALTH IMPROVEMENT SERVICES. NET COMMUNITY BENEFIT EXPENSE IS CALCULATED USING A STANDARD APPROACH AS REQUIRED FOR GOVERNMENT BENEFIT REPORTING.</p> <p>METHODIST LE BONHEUR HEALTHCARE (MLH) HAS SERVED THE MEMPHIS AND MID-SOUTH REGION FOR MORE THAN 100 YEARS. OUR FIVE ADULT HOSPITALS ARE LOCATED ACROSS THE CITY AND ARE PART OF THE COMMUNITIES THEY SERVE. OUR CHILDREN'S HOSPITAL IS THE REGION'S ONLY COMPREHENSIVE PEDIATRIC HOSPITAL. OUR PHYSICIANS, NURSES AND OTHER CLINICIANS LIVE IN THE COMMUNITIES THAT THEY SERVE AND PROVIDE EXPERT CARE INSIDE THE HOSPITALS AND PREVENTATIVE SERVICES IN THEIR NEIGHBORHOODS.</p> <p>OUR ORGANIZATION IS COMMITTED TO IMPROVING THE HEALTH AND WELL-BEING OF THE COMMUNITIES WE SERVE, PROVIDING UNCOMPENSATED CARE, CHARITABLE CONTRIBUTIONS TO OTHER COMMUNITY ORGANIZATIONS AND COMMUNITY OUTREACH. WE EMPLOY 250 HEALTH CARE PROFESSIONALS TO ADDRESS COMMUNITY NEEDS AS THEY RELATE TO FOUR MAJOR AREAS: ACCESS TO SERVICES, RISK REDUCTION, CHILD DEVELOPMENT AND EFFECTIVE PARENTING AND CHRONIC ILLNESS MANAGEMENT AND PREVENTION.</p> <p>EXAMPLES INCLUDE PROGRAMS THAT OFFER FREE OR DISCOUNTED PRESCRIPTION DRUGS, NONBILLED, IN-HOME SERVICES, IN-HOME EQUIPMENT, TRANSPORTATION VOUCHERS, CHILDBIRTH CLASSES AND A VARIETY OF HEALTH FAIRS ALL AIMED AT KEEPING OUR COMMUNITIES HEALTHY.</p> <p>MLH HAS RECEIVED REGIONAL AND NATIONAL RECOGNITION FOR THE CARE IT PROVIDES. METHODIST ADULT HOSPITALS IN THE MEMPHIS AREA, WHICH INCLUDE METHODIST UNIVERSITY, METHODIST LE BONHEUR GERMANTOWN, METHODIST NORTH AND METHODIST SOUTH, ARE RANKED AS A TOP HOSPITAL IN THE REGION BY U.S. NEWS &amp; WORLD REPORT. IN 2024, METHODIST OLIVE BRANCH HOSPITAL IN NORTH MISSISSIPPI BECAME A CMS 5-STAR HOSPITAL, THE ONLY HOSPITAL IN THE REGION TO BE SO RECOGNIZED FOR BOTH QUALITY AND PATIENT EXPERIENCE. LE BONHEUR CHILDREN'S HOSPITAL HAS BEEN NAMED A "BEST CHILDREN'S HOSPITAL" BY U.S. NEWS &amp; WORLD REPORT FOR ELEVEN/11 CONSECUTIVE YEARS. LE BONHEUR PROVIDES OUTPATIENT SERVICES IN WEST TENNESSEE, NORTHERN MISSISSIPPI AND EASTERN ARKANSAS TO ENSURE CHILDRE THERE HAVE ACCESS TO EXPERT PEDIATRIC CARE. LE BONHEUR IS ALSO A LEVEL 1 PEDIATRIC TRAUMA CENTER, AND SERVES AS THE REGION'S PRIMARY SOURCE FOR PEDIATRIC TRAUMA CARE AND TRAUMA EDUCATION FOR REGIONAL PROVIDERS. METHODIST ALSO SERVES THE COMMUNITY WITH DIAGNOSTIC CARE FACILITIES IN THE COMMUNITIES WE SERVE AND ONE HOSPICE FACILITY COMMITTED TO CARING FOR OUR PATIENTS AT END-OF-LIFE.</p> <p>WE ARE ALSO AN ECONOMIC DRIVER FOR THE COMMUNITY, CONTRIBUTING \$5 BILLION TO THE MEMPHIS-AREA ECONOMY. MLH EMPLOYS MORE THAN 10,600 ASSOCIATES AND HAS A MEDICAL STAFF OF MORE THAN 2,400 PROVIDERS, MAKING IT THE SECOND-LARGEST PRIVATE EMPLOYER IN SHELBY COUNTY.</p>
FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS	METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL IS A SUBSIDIARY OF METHODIST LE BONHEUR HEALTHCARE (MLH, 58-1454711), WITH THE PERSONS SITTING ON THE MLH BOARD OF DIRECTORS SERVING AS THE MEMBERS OF THE ORGANIZATION.
FORM 990, PART VI, LINE 7A - MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	AS THE MEMBERS OF THE ORGANIZATION, THE MLH BOARD OF DIRECTORS ELECTS ALL MEMBERS OF THE GOVERNING BODY FOR THE ORGANIZATION.



Return Reference - Identifier	Explanation																				
FORM 990, PART VI, LINE 7B - DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	<p>THE MEMBERS SHALL FROM TIME TO TIME ADOPT AND PROMULGATE SUCH AMENDMENTS AS THEY SHALL DEEM APPROPRIATE TO THE GENERAL POLICIES AND GUIDELINES OF THE CORPORATION, ALL OF WHICH SHALL NOT BE INCONSISTENT WITH THE PURPOSES OF METHODIST LE BONHEUR HEALTHCARE. UPON REQUEST BY THE BOARD OF DIRECTORS OF THE CORPORATION AND AT SUCH OTHER TIMES AS THE MEMBERS MAY SELECT, THE MEMBERS SHALL REVIEW THE AFFAIRS OF THE CORPORATION AND TAKE SUCH ACTION AS IT MAY DEEM APPROPRIATE IN ACCORDANCE WITH THESE BYLAWS. THE "CORPORATE LIMIT" REFERRED TO IN THE FOLLOWING ITEMS SHALL BE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) OR SUCH OTHER SUMS AS MAY FROM TIME TO TIME BE DESIGNATED BY ACTION OF THE MEMBERS; AND FOR PURPOSES OF THESE BYLAWS THE WORDS "THE CORPORATION" SHALL MEAN METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL. THE FOLLOWING ITEMS, AFTER BEING REVIEWED AND ADOPTED BY THE BOARD OF DIRECTORS, SHALL BE SUBMITTED TO THE MEMBERS FOR APPROVAL.</p> <p>- IN DECEMBER OF EACH YEAR, A STRATEGIC PLAN AND A ONE (1) YEAR OPERATING BUDGET OF THE CORPORATION'S ENSUING FISCAL YEAR, AND, THEREAFTER, ANY ACTION WHICH WILL RESULT IN A SUBSTANTIAL CHANGE IN THE EXPENDITURES OR REVENUE FORECAST IN ANY SUCH PLAN OR BUDGET;</p> <p>- ANY CREATION OR SUBSTANTIVE AMENDMENT OF A CONTRACT, LEASE OR OTHER AGREEMENT OF WHICH THE CORPORATION IS A PARTY WHICH INVOLVES AN OBLIGATION, OR A POTENTIAL OBLIGATION, ON THE PART OF THE CORPORATION IN EXCESS OF THE CORPORATE LIMIT, UNLESS SUCH TRANSACTION HAS BEEN PREVIOUSLY APPROVED WITHIN THE CAPITAL OR OPERATING BUDGETS;</p> <p>- ANY SALE, EXCHANGE, GIFT, MORTGAGE, OPTION, LEASE WITH A TERM IN EXCESS OF ONE YEAR (EXCEPT TO DOCTORS FOR OFFICE SPACE), OR OTHER DISPOSITION OF:</p> <p>(1) ANY REAL PROPERTY OR INTEREST THEREIN OWNED BY THE CORPORATION, OR</p> <p>(2) ANY OTHER ASSET OWNED BY THE CORPORATION WITH A VALUE IN EXCESS OF THE CORPORATE LIMIT, EXCEPT WITH RESPECT TO TRANSACTIONS SPECIFIED AND PREVIOUSLY APPROVED WITHIN THE CAPITAL OR OPERATING BUDGETS.</p> <p>- ANY RELEASE OR CANCELLATION BY THE CORPORATION OF A CLAIM OR RIGHT OF ACTION AGAINST ANOTHER PARTY IN AN AMOUNT IN EXCESS OF THE CORPORATE LIMIT;</p> <p>- ANY APPLICATION FOR A GOVERNMENT GRANT;</p> <p>- ANY AMENDMENT OR RESTATEMENT OF THE CORPORATE CHARTER OR ANY PLAN OF MERGER, CONSOLIDATION OR DISSOLUTION OF THE CORPORATION;</p> <p>- ANY ACTION OR INACTION AT VARIANCE WITH THE STATED POLICIES OF THE CORPORATION WHICH POLICIES HAVE BEEN APPROVED BY THE MEMBERS;</p> <p>- THE SELECTION OF ANY BANKING INSTITUTION AS A DEPOSITORY OF CORPORATE FUNDS; AND</p> <p>- ANY OTHER MATTERS AS MAY BE REQUIRED BY LAW TO BE SUBMITTED TO THE MEMBERS OF A NOT-FOR-PROFIT CORPORATION.</p>																				
FORM 990, PART VI, LINE 11B - REVIEW OF FORM 990 BY GOVERNING BODY	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM WITH INPUT FROM HUMAN RESOURCES, LEGAL, COMPLIANCE, AND FINANCE DEPARTMENTS AND EXTERNAL FINANCIAL CONSULTANTS. FINANCIAL INFORMATION IS RECONCILED TO AUDITED FINANCIAL STATEMENTS AS APPROPRIATE. THE INFORMATION TO BE DISCLOSED REGARDING COMPENSATION IS REVIEWED WITH THE COMPENSATION COMMITTEE OF THE BOARD. THE RETURN IS REVIEWED BY THE CHIEF FINANCIAL OFFICER OF MLH AND MANAGEMENT OF THE ORGANIZATION AS APPROPRIATE. A COPY OF THE RETURN IS PROVIDED TO EACH BOARD MEMBER VIA E-MAIL PRIOR TO FILING THE RETURN.																				
FORM 990, PART VI, LINE 12C - CONFLICT OF INTEREST POLICY	METHODIST LE BONHEUR HEALTHCARE, THE PARENT ORGANIZATION, EMPLOYS A COMPLIANCE OFFICER WHO MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY FOR ALL VOTING BOARD MEMBERS AND APPLICABLE OFFICERS.																				
FORM 990, PART VI, LINE 19 - REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC	METHODIST LE BONHEUR HEALTHCARE, AND RELATED SUBSIDIARIES. INFORMATION ON FINANCIAL STATEMENTS IS AVAILABLE BY CONTACTING THE ORGANIZATION'S CORPORATE OFFICE. PLEASE SEE FORM 990, PART VI, LINE 20 FOR DETAILS. CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS FOR ALL AFFILIATES OF METHODIST LE BONHEUR HEALTHCARE ARE ALSO AVAILABLE BY REQUEST.																				
FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES	<table><tr><th>(a) Description</th><th>(b) Total Expenses</th><th>(c) Program Service Expenses</th><th>(d) Management and General Expenses</th><th>(e) Fundraising Expenses</th></tr><tr><td>CONTRACT LABOR</td><td>17,686,674</td><td>15,484,598</td><td>2,202,076</td><td></td></tr><tr><td>CONSULTING SERVICES</td><td>98,350</td><td>44,971</td><td>53,379</td><td></td></tr><tr><td>Total</td><td>17,785,024</td><td>15,529,569</td><td>2,255,455</td><td>0</td></tr></table>	(a) Description	(b) Total Expenses	(c) Program Service Expenses	(d) Management and General Expenses	(e) Fundraising Expenses	CONTRACT LABOR	17,686,674	15,484,598	2,202,076		CONSULTING SERVICES	98,350	44,971	53,379		Total	17,785,024	15,529,569	2,255,455	0
(a) Description	(b) Total Expenses	(c) Program Service Expenses	(d) Management and General Expenses	(e) Fundraising Expenses																	
CONTRACT LABOR	17,686,674	15,484,598	2,202,076																		
CONSULTING SERVICES	98,350	44,971	53,379																		
Total	17,785,024	15,529,569	2,255,455	0																	
FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table><tr><th>(a) Description</th><th>(b) Amount</th></tr><tr><td>TRANSFERS FROM AFFILIATES</td><td>122,232</td></tr></table>	(a) Description	(b) Amount	TRANSFERS FROM AFFILIATES	122,232																
(a) Description	(b) Amount																				
TRANSFERS FROM AFFILIATES	122,232																				
FORM 990, PART XII, LINE 2C - CHANGE OF OVERSIGHT PROCESS OR SELECTION PROCESS	THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.																				



**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

**Related Organizations and Unrelated Partnerships**

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

Attach to Form 990.

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

OMB No. 1545-0047

**2023**

**Open to Public  
Inspection**

Employer identification number

64-0889822

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) ALLIANCE HEALTH SERVICES INC (62-0841121) 6400 SHELBY VIEW, SUITE 101, MEMPHIS, TN 38134	HEALTHCARE	TN	501(C)(3)	10	METHODIST LE BONHEUR HEALTHCARE		✓
(2) LE BONHEUR CHILDREN'S HOSPITAL FOUNDATION (62-1872938) 850 POPLAR AVENUE , BLDG 2, MEMPHIS, TN 38105	FOUNDATION	TN	501(C)(3)	12	METHODIST LE BONHEUR HEALTHCARE		✓
(3) METHODIST HEALTHCARE - MEMPHIS HOSPITALS (62-0479367) 1265 UNION AVENUE, MEMPHIS, TN 38104	HOSPITALS	TN	501(C)(3)	3	METHODIST LE BONHEUR HEALTHCARE		✓
(4) METHODIST HEALTHCARE CENTRAL MS MEDICAL ASSOCIATES (64-0884720) 1211 UNION AVENUE, SUITE 657, MEMPHIS, TN 38104	PHYSICIAN PRACTICES	MS	501(C)(3)	3	METHODIST LE BONHEUR HEALTHCARE		✓
(5) METHODIST HEALTHCARE COMMUNITY CARE (62-1403517) 6400 SHELBY VIEW, SUITE 101, MEMPHIS, TN 38134	OUTPATIENT HEALTHCARE	MS	501(C)(3)	10	METHODIST LE BONHEUR HEALTHCARE		✓
(6) METHODIST HEALTHCARE FOUNDATION (23-7320638) 1211 UNION AVENUE , SUITE 450, MEMPHIS, TN 38104	FOUNDATION	TN	501(C)(3)	12	METHODIST LE BONHEUR HEALTHCARE		✓
(7) (SEE STATEMENT)							

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

Cat. No. 50135Y

Schedule R (Form 990) 2023

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

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

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

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

**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

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

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512—514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) .....													
(2) .....													
(3) .....													
(4) .....													
(5) .....													
(6) .....													
(7) .....													
(8) .....													
(9) .....													
(10) .....													
(11) .....													
(12) .....													
(13) .....													
(14) .....													
(15) .....													
(16) .....													

**Part II****Identification of Related Tax-Exempt Organizations** (continued)

(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
(7) METHODIST HEALTHCARE PRIMARY CARE ASSOCIATES (58-2078931) 1211 UNION AVENUE , SUITE 657, MEMPHIS, TN 38104	INACTIVE PHYSICIAN GROUP	TN	501(C)(3)	10	METHODIST LE BONHEUR HEALTHCARE		✓
(8) METHODIST HEALTHCARE-JACKSON HOSPITAL (64-0794199) 1211 UNION AVENUE, SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITALS	MS	501(C)(3)	3	METHODIST LE BONHEUR HEALTHCARE		✓
(9) METHODIST HEALTHCARE-JONESBORO HOSPITAL (71-0499625) 1211 UNION AVENUE, SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITAL	AR	501(C)(3)	3	METHODIST LE BONHEUR HEALTHCARE		✓
(10) METHODIST HEALTHCARE-MIDDLE MISSISSIPPI HOSPITAL (64-0698911) 211 UNION AVENUE, SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITAL	MS	501(C)(3)	3	METHODIST LE BONHEUR HEALTHCARE		✓
(11) METHODIST LE BONHEUR COMMUNITY OUTREACH (62-1251288) 1211 UNION AVENUE , SUITE 700, MEMPHIS, TN 38104	FOUNDATION	TN	501(C)(3)	3	LE BONHEUR CHILDREN'S HOSPITAL		✓
(12) METHODIST LE BONHEUR HEALTHCARE (58-1454711) 1211 UNION AVENUE , SUITE 700, MEMPHIS, TN 38104	SUPPORTING ORGANIZATION	TN	501(C)(3)	12	N/A		✓

**Part III**
**Identification of Related Organizations Taxable as a Partnership** (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) METHODIST SURGERY CENTER-GERMANTOWN, LP (62-1659904) 1363 S GERMANTOWN ROAD, GERMANTOWN, TN 38138	SURGERY CENTER	TN	N/A	N/A	N/A	N/A		✓	N/A		✓	N/A
(2) HAMILTON EYE INSTITUTE SURGERY CENTER, LP (20-2873438) 930 MADISON AVE 3RD FLOOR, MEMPHIS, TN 38103	SURGERY CENTER	TX	N/A	N/A	N/A	N/A		✓	N/A		✓	N/A
(3) LE BONHEUR EAST SURGERY CENTER II, LP (80-0247391) 786 ESTATE PLACE, MEMPHIS, TN 38120	SURGERY CENTER	TN	N/A	N/A	N/A	N/A		✓	N/A		✓	N/A
(4) MEDICAL CENTER ASSOCIATES, LTD (76-0128157) 1211 UNION AVENUE, SUITE 700, MEMPHIS, TN 38104	ASSET MANAGEMENT	TN	N/A	N/A	N/A	N/A		✓	N/A		✓	N/A
(5) ENCOMPASS HEALTH METHODIST REHABILITATION HOSPITAL, LP (63-1107459) 9001 LIBERTY PARKWAY, BIRMINGHAM, AL 35242	INPATIENT REHABILITATION HOSPITAL	AL	N/A	N/A	N/A	N/A		✓	N/A		✓	N/A

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

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C-corp, S-corp or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) AMBULATORY OPERATIONS INC (62-1157166) 1211 UNION AVENUE SUITE 600, MEMPHIS, TN 38104	MEDICAL AND MANAGEMENT SERVICES	TN	N/A	C CORPORATION	N/A	N/A	N/A		✓
(2) SOLUS MANAGEMENT SERVICES INC (62-1361349) 6400 SHELBY VIEW SUITE 101, MEMPHIS, TN 38134	HEALTH SERVICES MANAGEMENT	TN	N/A	C CORPORATION	N/A	N/A	N/A		✓
(3) MEMPHIS PROFESSIONAL BUILDING INC. (62-1847544) 1211 UNION AVENUE SUITE 600, MEMPHIS, TN 38104	INVESTMENTS	TN	N/A	C CORPORATION	N/A	N/A	N/A		✓





## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Financial Statements and Schedules

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

**METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES**

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KPMG LLP  
Triad Centre III  
Suite 450  
6070 Poplar Avenue  
Memphis, TN 38119-3901

## Independent Auditors' Report

The Board of Directors  
Methodist Le Bonheur Healthcare and Affiliates:

### *Opinion*

We have audited the combined financial statements of Methodist Le Bonheur Healthcare and Affiliates (the System), which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the System as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Combined Financial Statements*

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date that the combined financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Combined Financial Statements*

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information contained in Schedule 1 and Schedule 2, on pages 46–47 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

**KPMG LLP**

Memphis, Tennessee  
May 17, 2024

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Balance Sheets

December 31, 2023 and 2022

(In thousands)

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Current assets:		
Cash and cash equivalents	\$ 61,935	129,877
Investments	1,282,588	1,339,466
Assets limited as to use – current portion	872	895
Net patient accounts receivable	267,243	240,435
Other current assets	92,669	90,022
Due from third-party payors	93,528	28,534
Total current assets	1,798,835	1,829,229
Assets limited as to use, less current portion	10,208	10,160
Property and equipment, net	932,219	889,469
Right-of-use assets	28,877	36,535
Prepaid pension cost	80,670	46,412
Other assets	42,300	40,066
Total assets	\$ 2,893,109	2,851,871
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 121,837	93,798
Accrued expenses	120,788	113,899
Long-term debt – current portion	19,637	18,480
Lease liabilities – current portion	8,166	9,195
Total current liabilities	270,428	235,372
Long-term debt, less current portion	541,692	561,462
Lease liabilities, less current portion	20,711	27,340
Estimated professional and general liability costs, less current portion	19,758	19,854
Other long-term liabilities	31,258	22,804
Total liabilities	883,847	866,832
Net assets:		
Without donor restrictions	1,900,405	1,890,883
With donor restrictions	107,304	92,745
Total net assets attributable to Methodist Le Bonheur Healthcare	2,007,709	1,983,628
Noncontrolling interests	1,553	1,411
Total net assets	2,009,262	1,985,039
Commitments and contingencies		
Total liabilities and net assets	\$ 2,893,109	2,851,871

See accompanying notes to combined financial statements.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Statements of Operations

Years ended December 31, 2023 and 2022

(In thousands)

	2023	2022
Revenues and other support:		
Net patient service revenue	\$ 1,797,610	1,771,022
Other revenue	110,104	95,545
Net assets released from restrictions used for operations	18,980	18,895
Total revenues and other support	1,926,694	1,885,462
Expenses:		
Salaries and benefits	1,120,603	1,136,535
Supplies and other	851,795	763,681
Depreciation and amortization	105,458	109,087
Interest	17,001	19,208
Total expenses	2,094,857	2,028,511
Operating loss	(168,163)	(143,049)
Nonoperating gains (losses):		
Investment income, net	27,666	156,992
Change in fair value of interest rate swaps	2,702	31,488
Unrealized gain (loss) on trading securities, net	107,372	(311,898)
Nonservice component of net periodic pension benefit	15,476	11,994
Total nonoperating gains (losses), net	153,216	(111,424)
Revenues, gains and other support less than expenses and losses, before noncontrolling interests	(14,947)	(254,473)
Noncontrolling interests	(586)	(578)
Revenues, gains and other support less than expenses and losses	(15,533)	(255,051)
Other changes in net assets without donor restrictions:		
Accrued pension cost adjustments	24,433	12,236
Other	(1,703)	(3,879)
Net assets released from donor restrictions used for capital purposes	2,325	1,047
Change in net assets without donor restrictions	\$ 9,522	(245,647)

See accompanying notes to combined financial statements.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Statements of Changes in Net Assets

Years ended December 31, 2023 and 2022

(In thousands)

	Without donor restrictions	With donor restrictions	Noncontrolling interests	Total
Balances at December 31, 2021	\$ 2,136,530	89,153	1,594	2,227,277
Revenues, gains and other support less than of expenses and losses	(255,051)	—	(578)	(255,629)
Distributions to minority shareholders	—	—	395	395
Accrued pension cost adjustments	12,236	—	—	12,236
Donor-restricted gifts, grants, and bequests	—	26,291	—	26,291
Donor-restricted investment loss, net	—	(6,744)	—	(6,744)
Other	(3,879)	3,987	—	108
Net assets released from restrictions used for operations	—	(18,895)	—	(18,895)
Net assets released from restrictions used for capital purposes	1,047	(1,047)	—	—
Change in net assets	(245,647)	3,592	(183)	(242,238)
Balances at December 31, 2022	1,890,883	92,745	1,411	1,985,039
Revenues, gains and other support less than of expenses and losses	(15,533)	—	(586)	(16,119)
Distributions to minority shareholders	—	—	728	728
Accrued pension cost adjustments	24,433	—	—	24,433
Donor-restricted gifts, grants, and bequests	—	27,644	—	27,644
Donor-restricted investment gains, net	—	6,517	—	6,517
Other	(1,703)	1,703	—	—
Net assets released from restrictions used for operations	—	(18,980)	—	(18,980)
Net assets released from restrictions used for capital purposes	2,325	(2,325)	—	—
Change in net assets	9,522	14,559	142	24,223
Balances at December 31, 2023	\$ 1,900,405	107,304	1,553	2,009,262

See accompanying notes to combined financial statements.



# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Statements of Cash Flows

Years ended December 31, 2023 and 2022

(In thousands)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 24,223	(242,238)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	105,458	109,087
Unrealized and realized (gain) loss on trading securities, net	(105,689)	192,675
Change in fair value of interest rate swaps	(2,702)	(31,488)
Restricted investment (gain) loss	(6,517)	6,744
Net loss in equity investees	20,344	20,498
Loss (gain) on disposal of property and equipment	340	(10)
Accrued pension cost adjustments	(24,433)	(12,236)
Net periodic pension (benefit) cost in excess of contributions	(9,825)	(4,347)
Changes in operating assets and liabilities:		
Net patient accounts receivable	(26,808)	(10,044)
Other current assets and due from third-party payors	(67,641)	2,258
Other assets	(22,578)	(3,409)
Accounts payable and accrued expenses	34,928	(116,770)
Other long-term liabilities and estimated professional general liability costs, less current portion	11,060	(1,701)
Net cash used in operating activities	(69,840)	(90,981)
Cash flows from investing activities:		
Capital expenditures	(148,754)	(76,228)
Proceeds from sales of property and equipment	74	17
Sales of investments and assets limited as to use	2,049,108	2,260,451
Purchases of investments and assets limited as to use	(1,888,355)	(2,381,881)
Net cash provided by (used in) investing activities	12,073	(197,641)
Cash flows from financing activities:		
Repayment of long-term debt	(18,481)	(17,575)
Restricted investment gain (loss)	6,517	(6,744)
Net cash used in financing activities	(11,964)	(24,319)
Net decrease in cash and cash equivalents	(69,731)	(312,941)
Cash and cash equivalents at beginning of year	139,375	452,316
Cash and cash equivalents at end of year	\$ 69,644	139,375
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 61,935	129,877
Cash funds in assets limited as to use	7,709	9,498
	\$ 69,644	139,375

See accompanying notes to combined financial statements.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

#### (1) Organization and Summary of Significant Accounting Policies

Methodist Le Bonheur Healthcare and Affiliates (the System) is a not-for-profit healthcare system providing a continuum of healthcare services primarily to residents of Memphis, West Tennessee, North Mississippi, and East Arkansas through its acute care and specialty care facilities. The System operates six hospitals, physician practices, a hospice residence and a home health agency, with over 12,000 employees and 1,692 licensed beds. The significant accounting policies used by the System in preparing and presenting its combined financial statements follow:

##### (a) Principles of Combination

The accompanying combined financial statements include Methodist Le Bonheur Healthcare (Methodist Le Bonheur), all affiliates for which Methodist Le Bonheur or its board of directors is the controlling member, and its wholly owned subsidiaries. Such affiliates and subsidiaries of the System include:

- Methodist Healthcare – Memphis Hospitals (Methodist Healthcare – University Hospital, North Hospital, South Hospital, Germantown Hospital, and Le Bonheur Children’s Hospital);
- Methodist Healthcare – Olive Branch Hospital;
- Alliance Health Services, Inc.;
- Methodist Le Bonheur Healthcare Foundation (comprised of Methodist Healthcare Foundation, Le Bonheur Children’s Hospital Foundation, and Methodist Le Bonheur Community Outreach).
- Methodist Healthcare Community Care Associates;
- Methodist Healthcare Primary Care Associates; and
- Ambulatory Operations, Inc.

All significant intercompany balances and transactions have been eliminated in combination.

##### (b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include the determination of the allowances for implicit price concessions and contractual adjustments, reserves for general and professional liability claims, reserves for workers’ compensation claims, reserves for employee healthcare claims, estimated third-party payor settlements, fair value of investments and assets limited as to use, fair value of interest rate swaps, and the actuarially determined projected benefit obligation related to the System’s pension plan. In addition, laws and regulations governing the Medicare and Medicaid reimbursement programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

#### **(c) Cash Equivalents**

The System considers highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash includes funds restricted as to withdrawal or use. Restricted cash consists of cash held within assets limited as to use in the accompanying combined financial statements. The System applies FASB ASC Topic (Topic 230), *Statement of Cash Flows*, which requires that the System's combined statements of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

#### **(d) 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 combined balance sheets. Investment income items (including realized and unrealized gains and losses on investments, interest, and dividends) are included in revenues, gains, and other support less than expenses and losses unless the income or loss is restricted by donor or law. The System considers all of its investments to be trading securities.

The System also has investments in alternative funds, which represent investments in real estate through a private Real Estate Investment Trust (REIT) and hedge funds through direct structures generally organized as corporations or limited partnerships.

The System's investments in certain alternative funds are accounted for using the equity method, which generally approximates fair value. The change in carrying amount is reported as investment income in the accompanying combined statements of operations.

Certain underlying holdings of alternative funds are typically valued by the general partner and/or trustee using quoted market prices for publicly traded securities and valuation estimates for derivative instruments. Other underlying holdings are typically valued at cost or adjusted value based on recent arms-length transactions, appraisals by third parties of properties held, or other correspondence with the fund manager. The valuations provided by the general partners and trustees are reviewed by management, and management believes such values are reasonable.

#### **(e) Inventories**

Inventories, consisting principally of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or net realizable value.

#### **(f) Assets Limited as to Use**

Assets limited as to use include assets held by trustees under indenture and other funding agreements. Amounts required to meet current liabilities of the System are classified as current assets in the accompanying combined balance sheets.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

December 31, 2023 and 2022

**(g) Property and Equipment**

Property and equipment are stated at cost. Provisions for depreciation are computed using the straight-line method based on the estimated useful lives of the assets.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used, and are excluded from revenues, gains, and other support less than expenses and losses unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service. Contributions restricted for the purchase of property and equipment for which restrictions are met within the same year as the contributions are received are reported as increases in net assets without donor restrictions in the combined financial statements.

The System applies FASB ASC Topic 350 (Topic 350), *Intangibles-Goodwill and Other*. Topic 350 requires the System to capitalize implementation costs incurred in a hosting arrangement that is a service contract.

#### ***(h) Impairment of Long-lived Assets***

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value. Assets to be disposed of are separately presented in the accompanying combined balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are presented separately in the asset and liability Sections of the accompanying combined balance sheets.

**(i) Leases**

The System applies FASB ASC Topic 842 (Topic 842), *Leases*, which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. Under the guidance of Topic 842, a lessee should recognize on the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term.

**(j) Goodwill**

Goodwill is the amount by which the purchase price exceeds the fair value of assets acquired and is included in other assets within the accompanying combined balance sheets. Goodwill totaled \$4,791,000 at December 31, 2023 and 2022.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

The System applies FASB ASC Topic 958, *Not-for-Profit Entities*, which requires that all future acquired goodwill is generally nonamortizable and subject to routine impairment testing. Additionally, existing goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed for impairment annually, or more frequently if circumstances indicate potential impairment. Separable intangible assets that are not deemed to have an indefinite life continue to be amortized over their useful lives.

Additionally, FASB ASC Topic 350, *Goodwill and Other*, permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step test for impairment of goodwill. If an entity concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, it would not be required to perform the two-step impairment test for that reporting unit.

The System performs an impairment review of goodwill at least annually and when a triggering event occurs between annual impairment tests. The System performed an impairment review as of December 31, 2023 and 2022, and no impairment was recognized in 2023 or 2022.

#### **(k) Costs of Borrowing**

Bond discounts, premiums, and issuance costs are amortized over the terms of the related bond issues using the effective interest method. The System presents debt issuance cost net of the associated long-term debt.

The System capitalizes interest costs on qualified construction projects as a component of the cost of related projects.

#### **(l) Equity Investees**

Investments in the following affiliated companies, where the System's ownership interests range from 20% – 50%, are accounted for using the equity method (note 18):

- Encompass Health Methodist Rehabilitation Hospital, L.P. (50% owned),
- Le Bonheur East Surgery Center II, L.P. (35% owned),
- Hamilton Eye Institute Surgery Center, L.P. (39% owned),
- Health Choice, LLC (50% owned),
- Wolf River Surgery Center, LLC (30% owned),
- UT Le Bonheur Pediatric Specialists, Inc. (50% owned),
- Memphis Medical Center Air Ambulance Service, Inc. (33% owned), and
- Medical Center Associates, LTD (50% owned).

#### **(m) Derivative Instruments and Hedging Activities**

On the date a derivative contract becomes effective, the System designates the derivative as either (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or (2) a hedge of a forecasted transaction related to the

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). The System formally assesses, both at inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the System discontinues hedge accounting prospectively.

The System does not currently apply hedge accounting with respect to any of its interest rate swaps. All of those swaps (including those originally dedesignated as hedges as a part of previous bond refinancing/conversion transactions) continue to be carried in the System's combined balance sheets at fair value, with related changes in fair value included as nonoperating gains or losses in the combined statements of operations.

#### **(n) Pension Accounting Standard**

The System applies the recognition and disclosure provisions of ASC Subtopic 715-20 (Subtopic 715-20), *Defined Benefit Plans* and FASB ASC Subtopic 715-30 (Subtopic 715-30), *Defined Benefit Plans-Pension*. Subtopic 715-30 requires that the System recognize the unfunded/funded status of its defined benefit plan on its combined balance sheets. The System measures the plan at December 31 each year.

Subtopic 715-20 requires certain disclosures related to pension plan assets, including disclosures related to the fair value of the plan assets (note 12(b)).

#### **(o) Guarantees**

The System applies the provisions of FASB ASC Topic 460 (Topic 460), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. Topic 460 requires entities to disclose additional information about certain guarantees, or groups of similar guarantees, even if the likelihood of the guarantor having to make any payments under the guarantee is remote. For certain guarantees, the interpretation also requires that a guarantor recognize a liability equal to the fair value of the guarantee upon its issuance. The provisions of Topic 460 have no impact on the System's combined financial statements and all additional disclosure requirements of Topic 460 have been included within the footnotes of the accompanying combined financial statements.

#### **(p) Net Patient Service Revenue and Patient Receivables**

Net patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled for providing patient care. These amounts are due from patients, third-party payors, and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The System believes that this



## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

December 31, 2023 and 2022

method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided to patients and customers in a retail setting (e.g., pharmaceuticals) and the System does not believe it is required to provide additional goods or services to the patient or customer.

The System's performance obligations relate to contracts with a duration of less than one year; therefore, the System has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The System is utilizing the portfolio approach practical expedient in FASB ASC Topic 606 for contracts related to net patient service revenue. The System accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for inpatient revenue and outpatient revenue. Based on historical collection trends and other analyses, the System has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

The System has agreements with third-party payors that generally provide for payments to the System at amounts different from its established rates. For uninsured patients who do not qualify for charity care, the System recognizes revenue based on established rates, subject to certain discounts and implicit price concessions as determined by the System. The System determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. The System estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price



## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2023 or 2022.

#### **(q) Charity Care**

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The System applies the provisions of FASB ASC Topic 954, *Health Care Entities*, whereby cost is used as the measurement basis for charity care disclosure purposes.

#### **(r) Revenues, Gains, and Other Support Less Than Expenses and Losses**

Activities deemed by the System to be a provision of healthcare services are reported as components of operating gain or loss. Other activities that are peripheral to providing healthcare services are reported as nonoperating gains and losses.

The combined statements of operations include revenues, gains and other support less than expenses and losses. Changes in net assets without donor restrictions which are excluded from revenues, gains, and other support less than expenses and losses include certain impacts of pension accounting adjustments and net assets released from donor restrictions used for capital purposes.

#### **(s) Contributions**

The System applies FASB ASC 958- *Not-for-Profit Entities* (Topic 958), which requires an entity to evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance. Additionally, an entity must determine whether a contribution is conditional and the related impact on revenue recognition.

Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received. Unconditional promises to give cash and other assets are reported at fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the pledges are received, and are amortized as the cash payments are received. Contributions received with donor restrictions that limit the use of the donated assets are reported as donor restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the combined statements of operations as revenues and other support if the purpose relates to operations or reported as a change in net assets without donor restrictions if the purpose relates to capital. Donor-restricted contributions for which restrictions are met within the same year as the contributions are received are reported as contributions without

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

December 31, 2023 and 2022

donor restrictions in the combined statements of operations. To the extent that resources with donor restrictions are from multiple donors and are available for the same purpose, the System expends such gifts on a “first-in, first-out” basis.

**(t) Income Taxes**

The System and all of the nonprofit affiliates for which the System or its board of directors is the controlling member are exempt from federal and state income tax on related income under Internal Revenue Code (IRC) Section 501(a) as organizations described in Section 501(c)(3). As qualified tax-exempt organizations, the System's nonprofit affiliates must operate in conformity with the IRC to maintain their tax-exempt status. Income tax from the operations of the System's wholly owned for-profit subsidiary, Ambulatory Operations, Inc., is not significant.

The System applies FASB ASC Topic 740 (Topic 740), *Accounting for Uncertainty in Income Taxes*. Topic 740 clarifies the accounting for uncertainty in income tax positions and provides guidance on when tax positions are recognized in an entity's financial statements and how the values of these positions are determined. Management has analyzed the tax positions taken by the System and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying combined financial statements.

**(u) Net Assets with Donor Restrictions**

Net assets with donor restrictions are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time period or purpose, from resources on which no restrictions have been placed or that arise from the general operations of the System. Donor-restricted gifts and bequests are recorded as an addition to net assets with donor restrictions in the period received. Earnings on donor-restricted gifts are recorded as investment income in net assets with donor restrictions and subsequently used in accordance with the donor's designation. Net assets with donor restrictions are primarily restricted for research, education, and strategic capital projects.

**(v) Fair Value Measurements**

The System applies FASB ASC Topic 820 (Topic 820), *Fair Value Measurement*, which establishes an enhanced framework for measuring fair value and expands disclosures about fair value measurements, including a requirement to categorize financial instruments, based on the priority of inputs used in the related valuation techniques, into a three-level hierarchy. These disclosures are included in these combined financial statements at notes 2, 11 and 12.

**(w) Recent Accounting Pronouncements**

On January 1, 2023, the System adopted Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) Topic 326, *Financial Instruments - Credit Losses* (ASC 326), which requires the measurement of expected credit losses. The standard did not materially impact the System's financial position, net earnings or cash flows, and as a result, a cumulative effect on net assets was not recorded upon adoption. ASC 326 requires estimated credit losses to be determined for the expected life of the asset, as compared to an incurred loss model which was in effect for periods prior to 2023.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

In January 2020, the FASB issued accounting standards update (ASU) 2020-01, *Investments – Equity Securities* (Topic 321), *Investments – Equity Method and Joint Ventures* (Topic 323), and *Derivatives and Hedging* (Topic 815): *Clarifying Interactions between Topic 321, Topic 323, and Topic 815*. ASU 2020-01 addresses accounting for the transition into and out of the equity method and provides guidance on whether equity method accounting would be applied to certain purchased options and forward contracts upon settlement. The System adopted ASU 2020-01 effective January 1, 2022. The adoption of ASU 2020-01 did not have a material impact on the combined financial statements of the System.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform* (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform* (Topic 848). The ASU clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The amendments in these ASUs are optional. The ASUs are effective for all entities immediately through December 31, 2023. The System has not elected to apply the provisions of ASU 2020-04 or ASU 2021-01 at this time.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU changes the presentation and disclosure requirements for not-for-profit entities to increase transparency about contributed nonfinancial assets. The System adopted ASU 2020-07 effective January 1, 2022. The adoption of ASU 2020-07 did not have a material impact on the combined financial statements of the System.

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other* (Topic 350): *Simplifying the Test for Goodwill Impairment*. ASU 2017-04 modifies the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds fair value, thus eliminating Step 2 from the goodwill impairment test. The ASU also eliminates the requirement for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment. The System adopted ASU 2017-04 effective January 1, 2022. The adoption of ASU 2017-04 did not have a material impact on the combined financial statements of the System.

## (2) Investments and Assets Limited as to Use

In accordance with Topic 820, the System has categorized its financial instruments, based on the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the financial instrument.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

When available, the System uses quoted market prices to determine fair value, and classifies such items as Level 1. The System's Level 2 securities are commingled funds that invest in equity securities and bonds whose fair values are determined by independent vendors. The vendors compile prices from various sources and often apply matrix pricing for similar bonds or loans where no price is observable in an actively traded market. If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued.

The System's Level 3 securities are comprised of bonds that have less liquidity, a stale quoted price, or varying prices from independent sources. The Level 3 bonds are priced using cash flow models, remittance data, and the investment manager's best estimate based on the likelihood of any future cash flows.

The System's hedge funds and private REIT investments are recorded at NAV, as a practical expedient to fair value, based on prices obtained from the related fund manager. The System receives account statements for each hedge fund directly from independent administrators, who are responsible for the pricing of these funds. Before reliance on these valuations, the System's independent investment consultant, with oversight of the System, evaluates the hedge fund's policies and procedures for estimating fair value of underlying investments, the hedge fund's use of independent third party valuation experts, the portion (approximately 99% for the System) of the underlying securities traded on active markets, and the professional reputation and standing of the hedge fund's auditor. The System's private REIT investments are valued by the fund managers based upon third-party appraisals of the fund's properties.

The composition of investments follows:

	<b>2023</b>	<b>2022</b>
	(In thousands)	
U.S. Treasury obligations	\$ 51,394	40,057
Equity securities	119,915	125,270
Federal mortgage-backed securities	7,891	7,016
Corporate bonds	516,779	594,890
Mutual funds	103,014	111,318
Commingled funds	363,264	323,390
Real estate – private REIT	69,860	82,642
Alternative investments – limited partnerships	50,471	54,883
Total	<u>\$ 1,282,588</u>	<u>1,339,466</u>

At December 31, 2023, the System had \$13,489,000 in outstanding capital commitments to limited partnerships. At December 31, 2022, the System had \$18,817,000 in outstanding capital commitments to limited partnerships.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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The composition and fair value hierarchy of investments follows:

2023				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
U.S. Treasury obligations	\$ 51,394	—	—	51,394
Equity securities:				
Consumer discretionary	11,272	—	—	11,272
Consumer staples	7,559	—	—	7,559
Energy	3,706	—	—	3,706
Financials	18,711	—	—	18,711
Healthcare	17,772	—	—	17,772
Industrials	19,638	—	—	19,638
Information technology	23,486	—	—	23,486
Materials	4,122	—	—	4,122
Telecommunication	6,988	—	—	6,988
Utilities	2,276	—	—	2,276
Real estate	4,385	—	—	4,385
Federal mortgage-backed securities:				
Residential	—	7,891	—	7,891
Corporate bonds:				
Financials	—	210,355	—	210,355
Industrials	—	260,434	—	260,434
Utilities	—	35,544	—	35,544
Other	—	10,445	1	10,446
Mutual funds:				
Equities	103,014	—	—	103,014
Commingled funds	—	363,264	—	363,264
Total	\$ 274,323	887,933	1	1,162,257
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				69,860
Alternative investments – limited partnerships				50,471
Total				\$ 1,282,588

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	2022			Total
	Level 1	Level 2	Level 3	
	(In thousands)			
U.S. Treasury obligations	\$ 40,057	—	—	40,057
Equity securities:				
Consumer discretionary	12,262	—	—	12,262
Consumer staples	9,319	—	—	9,319
Energy	5,563	—	—	5,563
Financials	20,214	—	—	20,214
Healthcare	20,358	—	—	20,358
Industrials	17,986	—	—	17,986
Information technology	21,714	—	—	21,714
Materials	4,078	—	—	4,078
Telecommunication	6,799	—	—	6,799
Utilities	2,853	—	—	2,853
Real estate	4,124	—	—	4,124
Federal mortgage-backed securities:				
Residential	—	7,016	—	7,016
Corporate bonds:				
Financials	—	236,314	—	236,314
Industrials	—	313,168	—	313,168
Utilities	—	40,227	—	40,227
Other	—	5,180	1	5,181
Mutual funds:				
Equities	111,318	—	—	111,318
Commingled funds	—	323,390	—	323,390
Total	\$ 276,645	925,295	1	1,201,941
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				82,642
Alternative investments – limited partnerships				54,883
Total				\$ 1,339,466

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The System is subject to limitations on redemption of certain alternative investments as follows:

	2023			
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	(Dollars in thousands)			
Equity long/short hedge funds <sup>(1)</sup>	\$ 29,079	—	Quarterly and semiannually	45–60 days
Multi-strategy fund <sup>(2)</sup>	9,236	—	Quarterly	60 days
Real estate funds <sup>(3)</sup>	69,860	—	Quarterly	45 days
Private equity funds <sup>(4)</sup>	<u>12,156</u>	<u>13,489</u>	N/A	N/A
Total	\$ <u>120,331</u>	<u>13,489</u>		

		2022		
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
		(Dollars in thousands)		
Equity long/short hedge funds <sup>(1)</sup>	\$ 40,153	—	Quarterly and semiannually	45–60 days
Multi-strategy fund <sup>(2)</sup>	8,603	—	Quarterly	60 days
Real estate funds <sup>(3)</sup>	82,642	—	Quarterly	45 days
Private equity funds <sup>(4)</sup>	<u>6,127</u>	<u>18,817</u>	N/A	N/A
Total	\$ <u>137,525</u>	<u>18,817</u>		

Notes:

- (1) This class is comprised of investments in hedge funds that invest both long and short primarily in U.S. and international common stocks. Management of the hedge funds has the ability to shift investments from value to growth, from small to large capitalization, and from a net long position to a net short position. All investments are eligible for redemption as they are all beyond any lockup restrictions. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.
- (2) This class is comprised of an investment in a hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The hedge fund's composite portfolio for this class includes investments in approximately 2% equities, 20% fixed income and cash, 15% real estate, and 63% alternative credit as of December 31, 2023 and approximately 7% equities, 30% fixed income and cash, 9% real estate, and 54% alternative credit as of December 31, 2022. This investment is eligible for redemption, as it has no lockup restrictions. The fair value of the



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investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.

- (3) This class is comprised of two investments in real estate funds that invest primarily in U.S. core commercial real estate. Both investments are eligible for redemption, as neither fund has lockup restrictions. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.
- (4) This class is comprised of four investments in private equity funds that invest primarily in healthcare-related innovation. None of these investments are eligible for redemption, as commitments are generally called during the first 5 years and then returned in years 5-10 as the underlying holdings are sold. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.

The composition and fair value hierarchy of assets limited as to use follows:

2023				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Under bond indenture				
agreements-held by trustee:				
Cash and short-term investments	\$ 7,705	—	—	7,705
Municipal obligations and corporate bonds	—	2,000	—	2,000
Mortgage-backed securities	—	799	—	799
Interest receivable	23	—	—	23
	<u>7,728</u>	<u>2,799</u>	<u>—</u>	<u>10,527</u>
Under other funding				
arrangements-held by trustees:				
Cash and short-term investments	4	—	—	4
U.S. Treasury obligations	139	—	—	139
Corporate bonds	—	212	—	212
Mortgage-backed securities	—	198	—	198
	<u>143</u>	<u>410</u>	<u>—</u>	<u>553</u>
Total assets limited as to use	\$ <u>7,871</u>	<u>3,209</u>	<u>—</u>	<u>11,080</u>

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2022				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Under bond indenture agreements-held by trustee:				
Cash and short-term investments	\$ 9,483	—	—	9,483
Municipal obligations and corporate bonds	—	988	—	988
Interest receivable	37	—	—	37
	9,520	988	—	10,508
Under other funding arrangements-held by trustees:				
Cash and short-term investments	15	—	—	15
U.S. Treasury obligations	103	—	—	103
Corporate bonds	—	235	—	235
Mortgage-backed securities	—	194	—	194
	118	429	—	547
Total assets limited as to use	\$ 9,638	1,417	—	11,055

All amounts under bond indenture agreements held by trustee are maintained in accordance with revenue bond trust indentures as further described in note 10.

### (3) Liquidity and Availability

Financial assets available for general expenditure within one year of December 31, 2023 and 2022 include the following (in thousands):

	2023	2022
Cash and cash equivalents	\$ 61,935	129,877
Investments	1,270,432	1,333,339
Net patient accounts receivable	267,243	240,435
	\$ 1,599,610	1,703,651

As part of the System's liquidity management plan, cash in excess of daily requirements for general expenditures is invested in long-term investments. The System's long-term investment portfolio contains money market funds and other liquid investments that can be drawn upon, if necessary, to meet the liquidity needs of the System.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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### (4) Trusteed Bond Funds

The trustee bond funds, included in assets limited as to use in the accompanying combined balance sheets (note 2), were established in accordance with the requirements of revenue bond indentures as further discussed in note 10.

	2023	2022
	(In thousands)	
Debt service reserve funds	\$ 9,678	9,650
Interest funds	849	858
	<u>\$ 10,527</u>	<u>10,508</u>

The interest funds are used to pay principal and interest on the various bond issues. The debt service reserve funds secure any potential deficiencies in the interest funds.

### (5) Other Current Assets

The composition of other current assets follows:

	2023	2022
	(In thousands)	
Other receivables	\$ 24,166	20,421
Inventories	33,778	36,082
Prepaid expenses and other current assets	31,465	30,520
Pledges receivable, net	3,260	2,999
	<u>\$ 92,669</u>	<u>90,022</u>

### (6) Property and Equipment

A summary of property and equipment follows:

	Useful lives (years)	2023	2022
		(In thousands)	
Land	—	\$ 80,220	80,220
Land improvements	5–20	54,428	53,805
Buildings and improvements	10–40	1,130,133	1,122,579
Fixed equipment	5–30	443,153	443,973
Movable equipment	3–20	792,174	805,730
Construction in progress	—	147,011	44,276
		<u>2,647,119</u>	<u>2,550,583</u>
Less accumulated depreciation		<u>1,714,900</u>	<u>1,661,114</u>
		<u>\$ 932,219</u>	<u>889,469</u>

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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Construction in progress as of December 31, 2023 primarily consists of the expansion of its pediatric cardiovascular and intensive care units at Le Bonheur Children's Hospital, the implementation of information technology systems and routine replacement and expansion projects at various System facilities. The estimated total remaining cost to complete these projects as of December 31, 2023 is approximately \$196,734,000. Depreciation expense was approximately \$105,590,000 and \$109,166,000 in 2023 and 2022, respectively.

The System capitalized approximately \$2,656,000 and \$656,000 of interest expense in 2023 and 2022, respectively.

## (7) Other Assets

The composition of other assets follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Pledges receivable net, noncurrent	\$ 3,353	3,728
Investments in equity investees (note 18)	23,491	29,380
Cash surrender value and prepaid life insurance premiums	1,916	1,750
Goodwill	4,791	4,791
Cloud computing costs	8,749	—
Other	<u>—</u>	<u>417</u>
	\$ 42,300	40,066

Noncurrent pledges receivable at December 31, 2023 are due primarily in one to five years.

## (8) Leases

The System has entered into noncancelable operating leases for certain office space. The System determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of 12 months or less are not recorded on the combined balance sheets.

The System has lease agreements which require payments for lease and nonlease components and has elected to account for these as a single lease component. For leases that commenced before the effective date of Topic 842, the System elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases.

Right-of-use assets represent the System's right to use an underlying asset during the lease term and lease liabilities represent the System's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The System's lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised. As most of the System's leases do not provide an implicit rate, the System uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The System considers recent debt issuances as

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well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Fixed lease expense is recognized on a straight-line basis over the lease term, while variable payments are recognized in the period incurred.

Rental expense for all operating leases for the years ended December 31, 2023 and 2022 was approximately \$18,040,000 and \$17,352,000, respectively. Future minimum payments under noncancelable operating leases as of December 31, 2023 follow (in thousands):

Year ending December 31:	
2024	\$ 9,611
2025	9,059
2026	6,938
2027	2,366
2028	1,425
Thereafter	<u>3,910</u>
Total lease payments	33,309
Less interest	<u>(4,432)</u>
Present value of lease liabilities	\$ <u><u>28,877</u></u>

At December 31, 2023, the weighted-average remaining lease term is 5.2 years and the weighted average discount rate is 3.9%.

### (9) Accrued Expenses

The composition of accrued expenses follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Accrued payroll and payroll taxes	\$ 50,256	45,585
Accrued compensated absences	39,061	38,932
Accrued self-insurance costs	20,498	19,154
Accrued interest	2,127	2,328
Other accrued expenses	<u>8,846</u>	<u>7,900</u>
	\$ <u><u>120,788</u></u>	<u><u>113,899</u></u>

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### (10) Long-term Debt

A summary of long-term debt follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
The Health, Educational and Housing Facility Board (HEHFB) of the County of Shelby, Tennessee:		
Series 2008A/B, annum variable rate, through 2042	\$ 205,980	217,875
Series 2016A, interest 2.03% per annum, payable through 2046	61,760	61,930
Series 2016B, interest 2.34% per annum, payable through 2031	29,385	29,470
Series 2016C, interest 2.27% per annum, payable through 2046	26,385	26,470
Series 2017A, interest ranging from 3.375% to 5.00% per annum, payable through 2037	123,830	130,040
Series 2022, interest 2.23% per annum, payable through 2042	105,390	105,390
	<u>552,730</u>	<u>571,175</u>
Other promissory notes, interest ranging from 3.00% to 9.50% per annum, payable through 2041	704	739
Total contractual long-term debt	553,434	571,914
Unamortized debt issuance costs, net	(4,671)	(5,216)
Unamortized premiums and discounts, net	12,566	13,244
Total long-term debt	561,329	579,942
Less current portion of long-term debt	19,637	18,480
	<u>\$ 541,692</u>	<u>561,462</u>

The System utilizes interest rate swap agreements to synthetically convert certain of its variable rate long-term debt to fixed rate obligations (note 11). The maturity structure of such swaps generally corresponds with the maturity structure of the related debt.

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Future maturities of long-term debt consist of the following at December 31, 2023 (in thousands):

Year ending December 31:		
2024	\$	19,637
2025		21,074
2026		22,501
2027		25,163
2028		26,175
Thereafter		438,884
Total contractual long-term debt		\$ <u>553,334</u>

In June 2008, the System issued \$270,000,000 in HEHFB Series 2008A and 2008B variable rate revenue bonds (the Series 2008A/B Bonds). The proceeds from the issuance were used to finance the cost of acquiring, constructing, and equipping certain renovations and improvements to healthcare facilities, refund \$65,615,000 in aggregate principal amount of Series 2004C variable rate bonds, fund a debt service reserve, and pay certain expenses incurred in connection with the issuance.

The Series 2008A/B Bonds originally bore interest at a variable rate for weekly rate periods, but either series could be converted at the option of the System, subject to certain restrictions, to a different rate period. In April 2013, the Series 2008A/B Bonds were converted to a daily rate period. Holders of the Series 2008A/B Bonds have the option to tender the bonds for purchase on any business day. The bonds are also subject to a mandatory tender for purchase upon the occurrence of certain events. Each remarketing agent has agreed to use its best efforts to solicit offers to purchase the tendered bonds, but in the event that there are insufficient funds available, no purchase of bonds of such series so tendered will be made. In such event (or any default, as defined), the System has in place a liquidity facility through June 28, 2024 to provide funds for the purchase of the tendered bonds that are not remarketed, which will bear interest from such date at a rate equal to the lesser of index rate of LIBOR plus 150 basis points for the first 90 days, and Prime Rate plus 100 basis points for any days thereafter, or the maximum lawful rate as defined in the indenture agreement until such default is cured or the bond is paid in full. Upon activation of the liquidity facility, the bonds will mature within five years, with payments due ratably in each of the five years of the maturity term. The System has received a commitment for liquidity facilities to be in place through June 26, 2025. The bonds may be redeemed by the System, in whole or in part at any time during a daily rate period, at the principal amount of the bonds to be redeemed, plus accrued interest, and without premium. The average contractual interest rate on the 2008A/B revenue bonds approximated 3.19% and 1.00%, for the years ended December 31, 2023 and 2022, respectively.

In May 2016, the System issued \$120,000,000 in HEHFB Series 2016A, 2016B, and 2016C fixed rate revenue bonds (collectively, the Direct Placement Bonds and each individually, a Direct Placement Bond). Each of the Direct Placement Bonds was purchased by a different commercial bank. The proceeds from the Direct Placement Bonds were used to finance the cost of acquiring, constructing, and equipping certain renovations and improvements to the System's healthcare facilities and pay all related financing expenses. The Series 2016A Direct Placement Bonds mature on June 1, 2046 and are subject to mandatory tender on June 1, 2028. The Series 2016B Direct



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Placement Bonds mature on June 1, 2031. The Series 2016C Direct Placement Bonds mature on June 1, 2046 and are subject to mandatory tender on June 1, 2025. The Direct Placement Bonds are subject to redemption by the System at any time with a make-whole provision.

In April 2017, the System issued \$146,275,000 in HEHFB Series 2017A fixed rate revenue bonds (the Series 2017 Bonds). The proceeds from the issuance were used to finance the cost of acquiring, constructing, remodeling, renovating, and equipping of certain healthcare facilities and to pay certain expenses incurred in connection with the issuance. The principal payments for the Series 2017 Bonds began in 2020. The Series 2017 Bonds mature on May 1, 2037 and are subject to redemption prior to maturity on or after May 1, 2027, at a redemption price equal to 100% of the principal amount, plus accrued interest.

In January 2020, the System issued \$105,390,000 in HEHFB Series 2020 taxable revenue fixed rate bonds purchased by a commercial bank as a Direct Placement Bond (the Series 2020 Bonds). The proceeds from the issuance were used to refund the Series 2012 Bonds of \$98,260,000, recognizing a loss on refunding of long-term debt of \$4,398,000, and pay certain expenses incurred in connection with the issuance. The principal payments for the Series 2020 taxable fixed rate revenue bonds begin in 2027. The Series 2020 bonds mature on May 1, 2042 and are subject to mandatory tender on January 16, 2035. The Series 2020 bonds are subject to redemption by the System at any time with a make-whole provision. Simultaneously, an option was granted to the System to issue tax-exempt bonds (the "Series 2022 Bonds") at a fixed rate of 2.23% on or after January 31, 2022, subject to certain conditions. If the conditions required for issuance of the 2022 Bonds cannot be met, the Series 2020 bonds will continue until the conditions for issuance of the 2022 Bonds can be met, or the mandatory tender date, early redemption, or maturity date (if extended). The conditions required for issuance of the 2022 Bonds were met and on February 1, 2022, the System issued \$105,390,000 HEHFB Series 2022 tax-exempt bonds to refund the \$105,390,000 Series 2020 taxable bonds.

All of the HEHFB revenue bonds are collateralized by related trustee bond funds, certain municipal bond insurance policies (as applicable) and a pledge of gross revenues by members of the Obligated Group of the System and certain affiliates (the "Obligated Group", as defined). The System has also agreed under the Master Trust Indenture to subject the members of the Obligated Group and additional affiliates, designated as System Affiliates (collectively, the "Combined Group") to various operational and financial covenants typical of such agreements. In addition, the System has granted to the Master Trustee a deed of trust lien on three hospitals.

Interest paid totaled \$19,857,000 and \$19,827,000 in 2023 and 2022, respectively.

#### (11) Interest Rate Swaps

In June 2004, the System entered into two forward-starting interest rate swaps with JP Morgan Chase Bank, N.A. (JP Morgan). Under these swap agreements, the System receives variable rate payments and makes fixed rate payments (which is known as a fixed payor swap). The original combined notional amount was \$161,400,000, with an effective date of September 15, 2004. The notional amount at December 31, 2023 is \$85,475,000. The System's payments on these swaps are fully insured by Assured Guaranty Municipal Corp.

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In August 2004, the System entered into a forward-starting fixed payor swap with JP Morgan. The original notional amount was \$23,450,000, with an effective date of September 15, 2004. The notional amount at December 31, 2023 is \$2,060,000.

In July 2007, the System entered into a forward-starting fixed payor swap with JP Morgan. The total notional amount is \$75,000,000, with an effective date of June 1, 2008. In August 2007, the System entered into an additional forward-starting fixed payor swap with JP Morgan. The total notional amount is \$25,000,000, with an effective date of June 1, 2008. Both swaps contain a “knockout” provision whereby on each monthly payment date, if the daily weighted average of the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index for the prior 180 days is equal to or greater than 6.00%, no payments shall be due to either party on the swap payment date. The System’s payments on these swaps are fully insured by Assured Guaranty Corp.

The System has the right to terminate its fixed payor swaps at any time without notice. Termination of the agreements would result in market value settlement.

The System's credit risk involves the possible default of the counterparty. Collateral may be required in the future based on the System's credit rating, the insurer's credit rating, or market valuations of the swaps. At December 31, 2023 and through the issuance date of these combined financial statements, no such collateral was required.

The swap fair values are included in other long-term liabilities in the accompanying combined balance sheets. The following is a summary of the contracts outstanding at December 31, 2023 and 2022 (dollars in thousands):

	2023					
Related bond issuance	Notional amount	Maturity date	Average variable rate received	Fixed rate	Increase (decrease) in interest expense	Swap fair value
2004	\$ 42,725	August 2027	3.34 %	3.80 %	\$ 196	(810)
2004	42,750	August 2027	3.33	3.80	199	(824)
2004	2,060	July 2024	5.08	5.40	23	—
2008	75,000	June 2042	3.46	3.70	142	(13,497)
2008	25,000	June 2038	3.46	3.47	(9)	(3,187)
						<u>\$ (18,318)</u>

Related bond issuance	2022					
	Notional amount	Maturity date	Average variable rate received	Fixed rate	Increase in interest expense	Swap fair value
2004	\$ 49,250	August 2027	1.40 %	3.80 %	\$ 1,293	(1,200)
2004	49,275	August 2027	1.40	3.80	1,303	(1,213)
2004	7,990	July 2024	1.69	5.40	328	(31)
2008	75,000	June 2042	1.16	3.70	1,888	(14,976)
2008	25,000	June 2038	1.16	3.47	573	(3,600)
						\$ (21,020)

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In accordance with Topic 820, the System has also categorized its interest rate swaps into a three-level fair value hierarchy (as described in note 2). The interest rate swaps held by the System are executed over the counter and are valued using the net present value of the cash flow streams as no quoted market prices exist for such instruments. For swaps that have an option component, the value will reflect the time value and intrinsic value of the option as well as whether the option was bought or sold. The value of the option is driven by its term to maturity, volatility, forward rates, and strike. The System also employs an independent third party to perform a fair value assessment on the swaps to assess the reasonableness of the valuations otherwise received by the System.

The System's interest rate swaps are considered Level 2 financial instruments at December 31, 2023 and 2022.

#### (12) Employee Benefit Plans

##### (a) Pension Plan

The System sponsors a noncontributory defined benefit pension plan (the Plan) covering substantially all nonsupplemental employees hired prior to July 1, 2009. Benefits of the Plan are based on average monthly compensation and service with the System. The Plan assets primarily consist of United States Government securities, investment grade corporate bonds, real estate-private REIT, equity securities, and hedge funds. The Plan has been determined to be a church plan under Section 414(e) of the IRC, and is therefore exempt from minimum funding and certain other requirements of the Employee Retirement Income Security Act of 1974.

The System's funding policy is to annually contribute an amount equal to the greater of accounting expense or an actuarially determined amount that amortizes unfunded past and future benefits as a level percent of payroll. In addition, this policy requires the System to contribute any additional amount necessary to ensure that accumulated benefits will be at least 100% funded within 5 years, using a long-term discount rate of 6.00%.

In February 2009, the System amended the Plan whereby employees hired subsequent to July 1, 2009 are not eligible for benefits under the Plan.

The following table sets forth the Plan's funded status and amounts recognized in the accompanying combined balance sheets at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 624,930	804,152
Service cost	5,651	7,647
Interest cost	31,009	22,454
Actuarial gain	17,535	(168,875)
Benefits paid	<u>(38,548)</u>	<u>(40,448)</u>
Projected benefit obligation at end of year	<u>640,577</u>	<u>624,930</u>

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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	<u>2023</u>	<u>2022</u>
	(In thousands)	
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 671,342	833,981
Actual return on plan assets	88,453	(122,191)
Employer contributions	—	—
Benefits paid	<u>(38,548)</u>	<u>(40,448)</u>
Fair value of plan assets at end of year	<u>721,247</u>	<u>671,342</u>
Funded status	<u>\$ 80,670</u>	<u>46,412</u>
Amounts recognized in net assets without donor restrictions:		
Net actuarial loss	\$ 16,427	40,860

The accumulated benefit obligation at December 31, 2023 and 2022 totaled \$617,795,000 and \$602,440,000, respectively.

Components of net periodic pension cost follow:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Service cost	\$ 5,651	7,647
Nonservice costs:		
Interest cost	31,009	22,454
Expected return on plan assets	(46,485)	(46,519)
Amortization of prior service cost	—	—
Amortization of net loss	<u>—</u>	<u>12,071</u>
Total nonservice credit	<u>(15,476)</u>	<u>(11,994)</u>
Net periodic pension cost	<u>\$ (9,825)</u>	<u>(4,347)</u>

The service cost component of net periodic pension benefit is included in salaries and benefits in the combined statements of operations.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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Additional information follows:

	2023	2022
Weighted average assumptions used to determine benefit obligations in the accompanying combined balance sheets at December 31:		
Discount rate	4.90 %	5.09 %
Rate of compensation increase	3.00	3.00
Weighted average assumptions used to determine net periodic pension benefit for years ended December 31:		
Discount rate	5.09 %	2.81 %
Expected long-term rate of return on plan assets	6.50	6.50
Rate of compensation increase	3.00	3.00
Interest crediting rates	4.00	4.00

The Plan's expected long-term rate of return on assets is determined by reviewing expected long-term returns by asset category. This review produces an annual return assumption for each asset category. The product of the annual return assumption and the Plan's target asset allocation percentage for each asset category equals the annual return attribution by asset category.

### (b) Plan Assets

The Plan's target minimum and maximum and weighted average asset allocations follow:

	Target allocation		Plan assets at December 31	
	Minimum	Maximum	2023	2022
Asset category:				
Equity securities	20 %	56 %	37 %	36 %
Real estate – private REIT	—	13	5	7
International equity securities	10	32	20	19
Global equity securities	—	16	10	9
Hedge funds – direct	3	20	5	6
Debt securities	15	50	23	23
Total			100 %	100 %

In accordance with Topic 715-20, the System has categorized its plan assets, based on Topic 820 and the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy as described in note 2.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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The fair value hierarchy of investments follows:

2023				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Cash and cash equivalents	\$ 17,674	—	—	17,674
U.S. Treasury obligations	40,310	—	—	40,310
Equity securities:				
Consumer discretionary	13,025	—	—	13,025
Consumer staples	2,022	—	—	2,022
Energy	6,356	—	—	6,356
Financials	12,351	—	—	12,351
Healthcare	21,815	—	—	21,815
Industrials	19,565	—	—	19,565
Information technology	29,425	—	—	29,425
Materials	3,290	—	—	3,290
Telecommunication	6,398	—	—	6,398
Real estate	1,414	—	—	1,414
Commercial mortgage backed securities	—	311	—	311
Agency securities	—	11,322	—	11,322
Asset-backed securities	—	754	62	816
Residential nonagency mortgage backed securities	—	1,628	8	1,636
Corporate bonds:				
Financials	—	32,370	—	32,370
Industrials	—	42,427	—	42,427
Utilities	—	14,488	—	14,488
Municipal obligations	—	3,110	—	3,110
Mutual funds:				
Equities	89,313	—	—	89,313
Bonds	1,811	—	—	1,811
Commingled funds	—	275,127	—	275,127
Total	\$ 264,769	381,537	70	646,376
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				37,533
Hedge funds – limited partnerships				37,338
Total				\$ 721,247

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## Notes to Combined Financial Statements

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2022				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Cash and cash equivalents	\$ 14,469	—	—	14,469
U.S. Treasury obligations	37,285	—	—	37,285
Equity securities:				
Consumer discretionary	10,838	—	—	10,838
Consumer staples	3,050	—	—	3,050
Energy	6,678	—	—	6,678
Financials	12,683	—	—	12,683
Healthcare	21,406	—	—	21,406
Industrials	15,685	—	—	15,685
Information technology	21,751	—	—	21,751
Materials	2,809	—	—	2,809
Telecommunication	5,268	—	—	5,268
Real estate	1,112	—	—	1,112
Commercial mortgage backed securities	—	543	—	543
Agency securities	—	4,407	—	4,407
Asset-backed securities	—	1,223	218	1,441
Residential nonagency mortgage backed securities	—	1,868	10	1,878
Corporate bonds:				
Financials	—	40,543	—	40,543
Industrials	—	47,176	—	47,176
Utilities	—	8,701	—	8,701
Municipal obligations	—	1,033	—	1,033
Mutual funds:				
Equities	93,067	—	—	93,067
Bonds	1,908	—	—	1,908
Commingled funds	—	227,139	—	227,139
Total	\$ 248,009	332,633	228	580,870
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				45,735
Hedge funds – limited partnerships				44,737
Total				\$ 671,342

There was an outstanding commitment at December 31, 2023 and 2022 totaling \$1,025,000 for a hedge fund.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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The Plan's investment objectives are to protect long-term asset values by applying prudent, low risk, high quality investment disciplines and to enhance the values by maximizing investment returns through active security management within the framework of the investment policy. Asset allocation strategies and investment management structure are designed to meet the Plan's investment objectives.

The System is subject to limitations on redemption of certain plan asset alternative investments as follows:

2023				
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	(Dollars in thousands)			
Equity long/short hedge funds <sup>(1)</sup>	\$ 31,435	—	Quarterly and annually	45–90 days
Global opportunities hedge funds <sup>(2)</sup>	5,903	1,025	At fund dissolution	N/A
Real estate funds <sup>(3)</sup>	37,533	—	Quarterly	45 days
Total	<u>\$ 74,871</u>	<u>1,025</u>		

  

2022				
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	(Dollars in thousands)			
Equity long/short hedge funds <sup>(1)</sup>	\$ 37,744	—	Quarterly and annually	45–90 days
Global opportunities hedge funds <sup>(2)</sup>	6,993	1,025	At fund dissolution	N/A
Real estate funds <sup>(3)</sup>	45,735	—	Quarterly	45 days
Total	<u>\$ 90,472</u>	<u>1,025</u>		

### Notes:

- (1) This class is comprised of investments in hedge funds that invest both long and short primarily in U.S. and international common stocks. Management of the hedge funds has the ability to shift investments from value to growth, from small to large capitalization, and from a net long position to a net short position. As of December 31, 2023, there are no lockup restrictions and all investments are eligible for redemption. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.
- (2) This class is comprised of investments in hedge funds that invest primarily in distressed debt and equity of U.S. and European companies. The investments generally cannot be redeemed prior to the funds' dissolution dates. The expected dissolution dates for the funds



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range from 2024 to 2028, all of which are subject to annual extensions. Prior to dissolution, distributions from the funds will be received as underlying investments are liquidated. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.

- (3) This class is comprised of one investment in a real estate fund that invests primarily in U.S. core commercial real estate. The fund is eligible for redemption, as it has no lockup restrictions. The fair value of the investment has been estimated using the net asset value per share of the investment.

### **(c) Cash Flows**

The System does not expect to contribute to the Plan in 2024.

**(d) Expected Future Benefit Payments**

The following benefit payments, which reflect future services as appropriate, are expected to be paid as follows (in thousands):

Year ending December 31:		
2024	\$	41,842
2025		42,776
2026		44,273
2027		45,920
2028		43,929
2029–2033		225,194

The System applies FASB ASU No. 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General, Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*. This ASU intends to improve the effectiveness of disclosures in the notes to financial statements by modifying disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.

**(e) Defined Contribution Savings Plans**

The System also sponsors 403(b), 401(k), and 457(b) defined contribution savings plans (the defined contribution plans) for the System's employees, in which all employees meeting certain age and service requirements are eligible to participate. The defined contribution plans allow employees to contribute a portion of their compensation on a pre-tax basis in accordance with specific guidelines. For certain of the plans in 2008 and prior, additional matching contributions were made into the defined benefit pension plan. As required by regulations, these matching amounts were made into the defined contribution plan starting in 2009. The System contributed approximately \$30,476,000 and \$30,822,000 to the defined contribution plans during the years ended December 31, 2023 and 2022, respectively.

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#### **(f) Supplemental Employee Retirement Plan**

The System also has an unfunded supplemental employee retirement plan (SERP) for certain senior executives that provides for defined benefit payments upon continued employment with the System to age 65. There is no obligation for the System to make payments to these individuals under the SERP in the event that employment voluntarily ceases prior to age 65. The related obligation, included in accrued expenses and other long-term liabilities in the accompanying combined financial statements, was approximately \$757,000 and \$760,000 at December 31, 2023 and 2022, respectively.

#### **(13) Insurance Programs**

The System is self-insured for certain coverages related to employee health insurance. The employee health insurance liability (unfunded at both December 31, 2023 and 2022) was approximately \$9,577,000 and \$8,021,000 at December 31, 2023 and 2022, respectively, and is included in accrued expenses in the accompanying combined balance sheets. The total expense for the years ended December 31, 2023 and 2022 was approximately \$84,432,000 and \$77,641,000, respectively, and is included in salaries and benefits expense in the accompanying combined statements of operations.

The System is routinely involved in litigation as part of its health system operations and is self-insured for a substantial portion of its workers' compensation and professional and general liability risks. The System's reserves for professional and general liability risks are based upon historical claims data, demographic considerations, severity factors and other actuarial assumptions, and advice from an independent consulting actuary.

The reserve for workers' compensation risk was approximately \$2,421,000 and \$2,633,000 at December 31, 2023 and 2022, respectively, and is included in accrued expenses in the accompanying combined balance sheets. The total expense for the years ended December 31, 2023 and 2022 was approximately \$1,533,000 and \$1,187,000, respectively, and is included in salaries and benefits expense in the accompanying combined statements of operations.

The System also has substantial excess liability coverage available under the provisions of certain claims-made policies. The excess policies currently expire on June 1, 2024. Management anticipates that the claims-made coverage currently in place will be renewed or replaced with equivalent insurance as the term of such coverage expires.

The reserve for professional and general liability claims was approximately \$28,258,000 and \$28,354,000 at December 31, 2023 and 2022, respectively, of which \$8,500,000 is considered current and included in accrued expenses in the accompanying combined balance sheets at December 31, 2023 and 2022. The total expense of this coverage for the years ended December 31, 2023 and 2022 was approximately \$11,673,000 and \$9,690,000, respectively, and is included in supplies and other expense in the accompanying combined statements of operations.

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#### (14) Other Long-term Liabilities

The composition of other long-term liabilities follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Fair value of derivative instruments	\$ 18,318	21,020
Software license	11,159	—
Other	<u>1,781</u>	<u>1,784</u>
	<u>\$ 31,258</u>	<u>22,804</u>

**(15) Net Patient Service Revenue**

The composition of net patient service revenue by major payor source for the years ended December 31, 2023 and 2022 is as follows (in thousands):

	2023		2022	
Medicare	\$ 617,867	34 %	\$ 578,265	33 %
Medicaid and TennCare	434,701	24	348,560	20
Managed care	739,960	42	838,764	47
Self-pay	5,082	—	5,433	—
	<u>\$ 1,797,610</u>	<u>100 %</u>	<u>\$ 1,771,022</u>	<u>100 %</u>

The composition of net patient service revenue based on the System's lines of business for the years ended December 31, 2023 and 2022 is as follows (in thousands):

	2023	2022
Service lines:		
Hospitals	\$ 1,639,869	1,611,678
Physicians	131,150	129,586
Other healthcare	26,591	29,758
	<u>\$ 1,797,610</u>	<u>1,771,022</u>

The System has agreements with governmental and other third-party payors that provide for reimbursement to the System at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between billings at

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

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established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- *Medicare* – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based on cost reimbursement or other retroactive-determination methodologies. The System is paid for retroactively determined items at tentative rates, with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare fiscal intermediary.

The System's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the System. The System's Medicare cost reports for most of its hospitals have been audited and settled by the Medicare fiscal intermediary through December 31, 2014.

- *Medicaid and TennCare* – Under the TennCare program, patients traditionally covered by the State of Tennessee Medicaid program and certain members of the uninsured population enroll in managed care organizations that have contracted with the State of Tennessee to ensure healthcare coverage to their enrollees. The System contracts with the managed care organizations to receive reimbursement for providing services to these patients. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges or prospectively determined per diem rates.

The System has historically received Essential Access payments associated with its participation in the TennCare Program. Amounts received by the System under this program were approximately \$27,660,000 and \$29,408,000 in 2023 and 2022, respectively. These amounts have been recognized as reductions in related contractual adjustments in the accompanying combined statements of operations. There can be no assurance that the System will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

In July 2010, the State of Tennessee instituted a hospital tax based on a hospital's net patient revenue. Because the hospital tax is, in effect, a vehicle for the State to appropriately access available federal matching funds, the System's policy is to recognize the net effect of the hospital tax as a component of contractual adjustments in the accompanying combined statements of operations. The System paid taxes totaling approximately \$78,813,000 and received a distribution of approximately \$78,813,000 in 2023. The System paid taxes totaling approximately \$38,988,000 and received a distribution of approximately \$38,988,000 in 2022.

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## Notes to Combined Financial Statements

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The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The reimbursement methodologies under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates.

Laws and regulations governing the Medicare, TennCare, and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare, TennCare, and Medicaid programs. Changes in the Medicare, TennCare, and Medicaid programs and the reduction of related funding could have an adverse impact on the System. Charges exceeding amounts reimbursed from these governmental programs and other third-party payor reimbursement arrangements and not included in net patient service revenue follow:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Medicare	\$ 2,354,054	2,073,573
Medicaid and TennCare	1,408,652	1,423,564
Other deductions	<u>1,670,496</u>	<u>1,517,809</u>
	<u>\$ 5,433,202</u>	<u>5,014,946</u>

**(16) Charity Care**

The System is an active, caring member of the community it serves. In carrying out its teaching and healing ministry, the System has established a policy under which it provides care to the needy members of its community. Following that policy, the System maintains records to identify and monitor the level of charity care it provides.

When defining charity care, the System employs the Federal Poverty Guideline (FPG) to determine the level of discount uninsured patients receive. The level by which assistance is determined is through the scale set by U.S. Department of Health and Human Services (DHHS), which includes factors such as residents per household and income. The System's methodology includes a sliding scale for patients that fall at or below the 200% FPG baseline. The System does not have a cap at which patients will not qualify for a discount. Additionally, the System's charity care guidelines provide for an expansive definition of charity care patients, including a discount from standard charges for uninsured patients.

In order to uphold its mission and dedication to its community, the System turns no patient away regardless of whether they possess insurance. It is this commitment that enables the System to utilize its charity care policy. Once deemed charity, payments are no longer sought after and the amount is covered by the System at no cost to the patient or community.

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Reported below as community commitment are charity care, Medicaid and TennCare and other means tested programs, and unbilled community services at cost. Revenue received for each of these categories is substantially lower than the costs to operate. The revenue is offset against the community commitment to calculate net community commitment. A provider tax of 4.9% of net patient revenue from the fiscal year 2016 cost report was assessed in both 2023 and 2022. The provider tax assessment has been included in the Medicaid and other means tested programs section, while the reimbursement for the programs has been included in offsetting revenue. The unbilled community services section includes other services provided to the community at a net loss to the program; it includes programs such as educational programs, health fairs, and sponsorships among others.

	Charity care	Medicaid, TennCare, and other programs	Unbilled community service	Total
				(In thousands)
Year ended December 31, 2023:				
Community commitment	\$ 108,777	535,855	47,884	692,516
Offsetting revenue	<u>(103)</u>	<u>(396,712)</u>	<u>(13,876)</u>	<u>(410,691)</u>
Net community commitment	\$ <u>108,674</u>	<u>139,143</u>	<u>34,008</u>	<u>281,825</u>

	Charity care	Medicaid, TennCare, and other programs	Unbilled community service	Total
				(In thousands)
Year ended December 31, 2022:				
Community commitment	\$ 113,809	483,651	45,413	642,873
Offsetting revenue	<u>(30)</u>	<u>(350,448)</u>	<u>(11,451)</u>	<u>(361,929)</u>
Net community commitment	\$ <u>113,779</u>	<u>133,203</u>	<u>33,962</u>	<u>280,944</u>

### (17) COVID-19 Pandemic

COVID-19, a respiratory disease caused by a novel strain of the coronavirus has spread around the world, including the service areas where the System provides acute care. The Centers for Disease Control and Prevention confirmed the spread of the disease to the United States in February 2020 and the World Health Organization declared the COVID-19 outbreak a pandemic in March 2020. Government orders suspending elective surgical procedures have had an adverse effect on the operation of healthcare providers, including the System, primarily due to reduction in overall patient volumes. While patient volumes and revenue have experienced gradual improvement beginning in June 2020, the System continues to experience fluctuations in patient volume and management is unable to predict the future impact of the pandemic on the System's operations.

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The Federal Coronavirus Aid, Relief and Economic Security (CARES) Act as signed into law on March 27, 2020 is designed, among other things, to provide provider relief funds (PRF) to healthcare providers for the purposes of covering costs incurred and lost revenues due to the pandemic. Subsequent to the passage of this legislation, the Department of Health and Human Services (HHS) has issued a litany of additional pronouncements, which provides guidance on how providers can apply, receive, and recognize this funding, certain provisions of which has been reversed or significantly modified in succeeding guidance.

The System has received and recognized revenue of approximately \$148,000 in CARES Act funding for the year ended December 31, 2022 in both general and targeted distributions. Such funding is accounted for as a conditional grant in accordance with FASB ASC Topic 958, *Not-for-Profit Entities*, and is recognized in income once the applicable terms and conditions have been met. The recognition of amounts received in income is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020. Certification is required that the payment will be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the recipient only for healthcare-related expenses or lost revenue that are attributable to coronavirus. Following the guidance as summarized above and other guidance from HHS published to date the System has met the requirements to recognize these amounts in CARES Act revenue within the combined statements of operations.

Additionally, as part of the CARES Act, the Centers for Medicare and Medicaid Services (CMS) expanded the existing Accelerated and Advance Payments Program (MAAPS) to a broader group of healthcare providers. Accelerated or advance payments under the MAAPS programs is intended to provide necessary funds when there is disruption in claims submissions and processing for a healthcare provider. CMS can also offer these payments in circumstances, such as a national emergency or national disasters in order to accelerate cash flow to impacted healthcare providers. During the year ended December 31, 2020, the System received accelerated payments under this program of approximately \$173,152,000. In 2022, the System repaid \$120,835,000, and no amount remains outstanding as of December 31, 2023 or 2022.

The CARES Act allows employers to defer the deposit and payment of the employer share of Social Security tax that would otherwise be due on or after March 27, 2020, and before January 1, 2021. During the year ended December 31, 2020, the System deferred payment of approximately \$30,815,000. In 2022, the System repaid \$16,362,000, and no amount remains outstanding as of December 31, 2023 or 2022.



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#### (18) Equity Investees

Equity investees consist mainly of affiliated surgery centers, rehabilitation facilities and other support service components. Summary aggregated unaudited financial information for the investee companies as of and for the years ended December 31, 2023 and 2022 follows:

	2023	2022
	(In thousands)	
Total assets	\$ 93,641	92,635
Total liabilities	39,598	35,569
Total net operating revenues	135,154	125,927
Total net loss	(51,395)	(40,605)

#### (19) Concentrations of Credit Risk

The System grants credit to patients, substantially all of whom reside in the System's service area as described in note 1. The System generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, TennCare, preferred provider arrangements, and commercial insurance policies).

The following table represents the composition of the System's net patient accounts receivable balance by payor type:

	2023	2022
Medicare	34 %	34 %
Medicaid and TennCare	25	26
Blue Cross	8	10
Patient	3	3
Other third-party payors	30	27
	100 %	100 %

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000, per depositor. Included in cash and cash equivalents at December 31, 2023 are cash balances at multiple banking institutions in excess of FDIC coverage of approximately \$1,572,000.



# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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### (20) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Le Bonheur campaign	\$ 60,641	54,183
Annuities	2,778	3,391
Specific patient care units	26,967	19,001
Education/community outreach	9,882	9,981
Professorships, research and scholarships	<u>7,036</u>	<u>6,189</u>
	<u>\$ 107,304</u>	<u>92,745</u>

### (a) Endowment Net Assets

The following table summarizes the changes in endowment net assets for the fiscal years ended December 31, 2023 and 2022:

	<u>With donor restrictions</u>
Endowment net assets, December 31, 2021	\$ 58,849
Investment return, net	(6,035)
Contributions	2,947
Endowment match	3,987
Transfers	(222)
Appropriation of endowment asset for expenditures	<u>(401)</u>
Endowment net assets, December 31, 2022	59,125
Investment return, net	5,946
Contributions	2,776
Endowment match	1,703
Transfers	(467)
Appropriation of endowment asset for expenditures	<u>(1,374)</u>
Endowment net assets, December 31, 2023	<u>\$</u>

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

The System's Board has interpreted Tennessee's State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. In all material respects, income from the System's donor-restricted endowment funds is itself restricted to specific donor-directed purposes, and is, therefore, accounted for within net assets with donor restrictions until expended in accordance with the donor's wishes. The System oversees individual donor-restricted endowment funds to ensure that the fair value of the original gift is preserved.

The System invests donor-restricted endowment funds within the framework of the System's overall investment management program, as described elsewhere in the notes to the combined financial statements.

#### (21) Litigation

From time to time the System is subject to lawsuits, demands, claims, governmental investigations, and audits, and legal proceedings that arise due to the nature of its business, including, without limitation, allegations of wrong doing from outside parties, contractual disputes, employee related matters and professional and general liability claims.

Liabilities for loss contingencies arising in the ordinary course of business are recorded when it is probable that the liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. After consultation with legal counsel, the System estimates that such matters will be concluded without a material adverse effect on the System's future financial position or results of operations.

## December 31, 2023 and 2022

Operating expenses classified by their natural classification on the combined statements of operations are presented in their functional classifications as follows for the years ended December 31, 2023 and 2022 as follows (in thousands):

[illegible]

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

The combined financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The allocations are primarily based on total revenues and full-time equivalent employees of the related program activities, supporting activities and fund raising.

#### **(23) Subsequent Events**

The System has evaluated subsequent events through May 17, 2024, the date on which the combined financial statements were issued, and determined that there are no additional subsequent events to be recognized in the accompanying combined financial statements or disclosed in the related notes, except as previously disclosed in the notes to the combined financial statements.

See accompanying independent auditors' report.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combining Statement of Operations Information

Year ended December 31, 2023

(in thousands)

	Methodist Le Bonheur Healthcare	Methodist Healthcare – Memphis Hospitals	Methodist Healthcare – Olive Branch Hospital	Alliance Health Services, Inc.	Methodist Le Bonheur Healthcare Foundation	Methodist Healthcare Community Care Associates	Ambulatory Operations, Inc.	Eliminations and Reclassifications	Combined
Revenues and other support:									
Net patient service revenue	\$ 6,280	1,674,363	83,920	26,499	—	6,548	—	—	1,797,610
Other revenue	5,026	96,110	547	253	(3,674)	3,151	8,691	—	110,104
Net assets released from restrictions used for operations	—	—	—	—	18,980	—	—	—	18,980
Total revenues and other support	11,306	1,770,473	84,467	26,752	15,306	9,699	8,691	—	1,926,694
Expenses:									
Salaries and benefits	132,143	900,520	42,745	19,279	15,198	6,777	3,941	—	1,120,603
Supplies and other	(95,105)	884,133	39,508	13,176	4,280	2,847	2,956	—	851,795
Depreciation and amortization	6,775	91,195	6,876	475	3	132	2	—	105,458
Interest	(2,721)	19,714	8	—	—	—	—	—	17,001
Total expenses	41,092	1,895,562	89,137	32,930	19,481	9,756	6,899	—	2,094,857
Operating loss	(29,786)	(125,089)	(4,670)	(6,178)	(4,175)	(57)	1,792	—	(168,163)
Nonoperating gains (losses):									
Investment income, net	2,094	28,206	—	—	(2,634)	19,500	5,600	(25,100)	27,666
Change in fair value of interest rate swaps	2,702	—	—	—	—	—	—	—	2,702
Unrealized gain (loss) on trading securities, net	69,644	32,480	—	—	5,248	—	—	—	107,372
Nonservice component of net periodic pension benefit	4,846	9,624	6	567	98	154	181	—	15,476
Total nonoperating gains (losses), net	79,286	70,310	6	567	2,712	19,654	5,781	(25,100)	153,216
Revenues, gains and other support less than expenses and losses, before noncontrolling interests	49,500	(54,779)	(4,664)	(5,611)	(1,463)	19,597	7,573	(25,100)	(14,947)
Noncontrolling interests	—	(586)	—	—	—	—	—	—	(586)
Revenues, gains and other support less than expenses and losses	49,500	(55,365)	(4,664)	(5,611)	(1,463)	19,597	7,573	(25,100)	(15,533)
Other changes in net assets without donor restrictions:									
Accrued pension cost adjustments	24,433	—	—	—	—	—	—	—	24,433
Other	(102,675)	116,629	123	4,106	93	(19,979)	(25,100)	25,100	(1,703)
Net assets released from donor restrictions used for capital purposes	—	—	—	—	2,325	—	—	—	2,325
Change in net assets without donor restrictions	\$ (28,742)	61,264	(4,541)	(1,505)	955	(382)	(17,527)	—	9,522

See accompanying independent auditors' report.



## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Financial Statements and Schedules

December 31, 2023 and 2022

(With Independent Auditors Report Thereon)

**METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES**

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KPMG LLP  
Triad Centre III  
Suite 450  
6070 Poplar Avenue  
Memphis, TN 38119-3901

## Independent Auditors' Report

The Board of Directors  
Methodist Le Bonheur Healthcare and Affiliates:

### *Opinion*

We have audited the combined financial statements of Methodist Le Bonheur Healthcare and Affiliates (the System), which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the System as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Combined Financial Statements*

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date that the combined financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Combined Financial Statements*

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information contained in Schedule 1 and Schedule 2, on pages 46–47 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

**KPMG LLP**

Memphis, Tennessee  
May 17, 2024

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Balance Sheets

December 31, 2023 and 2022

(In thousands)

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Current assets:		
Cash and cash equivalents	\$ 61,935	129,877
Investments	1,282,588	1,339,466
Assets limited as to use – current portion	872	895
Net patient accounts receivable	267,243	240,435
Other current assets	92,669	90,022
Due from third-party payors	93,528	28,534
Total current assets	1,798,835	1,829,229
Assets limited as to use, less current portion	10,208	10,160
Property and equipment, net	932,219	889,469
Right-of-use assets	28,877	36,535
Prepaid pension cost	80,670	46,412
Other assets	42,300	40,066
Total assets	\$ 2,893,109	2,851,871
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 121,837	93,798
Accrued expenses	120,788	113,899
Long-term debt – current portion	19,637	18,480
Lease liabilities – current portion	8,166	9,195
Total current liabilities	270,428	235,372
Long-term debt, less current portion	541,692	561,462
Lease liabilities, less current portion	20,711	27,340
Estimated professional and general liability costs, less current portion	19,758	19,854
Other long-term liabilities	31,258	22,804
Total liabilities	883,847	866,832
Net assets:		
Without donor restrictions	1,900,405	1,890,883
With donor restrictions	107,304	92,745
Total net assets attributable to Methodist Le Bonheur Healthcare	2,007,709	1,983,628
Noncontrolling interests	1,553	1,411
Total net assets	2,009,262	1,985,039
Commitments and contingencies		
Total liabilities and net assets	\$ 2,893,109	2,851,871

See accompanying notes to combined financial statements.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Statements of Operations

Years ended December 31, 2023 and 2022

(In thousands)

	2023	2022
Revenues and other support:		
Net patient service revenue	\$ 1,797,610	1,771,022
Other revenue	110,104	95,545
Net assets released from restrictions used for operations	18,980	18,895
Total revenues and other support	1,926,694	1,885,462
Expenses:		
Salaries and benefits	1,120,603	1,136,535
Supplies and other	851,795	763,681
Depreciation and amortization	105,458	109,087
Interest	17,001	19,208
Total expenses	2,094,857	2,028,511
Operating loss	(168,163)	(143,049)
Nonoperating gains (losses):		
Investment income, net	27,666	156,992
Change in fair value of interest rate swaps	2,702	31,488
Unrealized gain (loss) on trading securities, net	107,372	(311,898)
Nonservice component of net periodic pension benefit	15,476	11,994
Total nonoperating gains (losses), net	153,216	(111,424)
Revenues, gains and other support less than expenses and losses, before noncontrolling interests	(14,947)	(254,473)
Noncontrolling interests	(586)	(578)
Revenues, gains and other support less than expenses and losses	(15,533)	(255,051)
Other changes in net assets without donor restrictions:		
Accrued pension cost adjustments	24,433	12,236
Other	(1,703)	(3,879)
Net assets released from donor restrictions used for capital purposes	2,325	1,047
Change in net assets without donor restrictions	\$ 9,522	(245,647)

See accompanying notes to combined financial statements.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Statements of Changes in Net Assets

Years ended December 31, 2023 and 2022

(In thousands)

	Without donor restrictions	With donor restrictions	Noncontrolling interests	Total
Balances at December 31, 2021	\$ 2,136,530	89,153	1,594	2,227,277
Revenues, gains and other support less than of expenses and losses	(255,051)	—	(578)	(255,629)
Distributions to minority shareholders	—	—	395	395
Accrued pension cost adjustments	12,236	—	—	12,236
Donor-restricted gifts, grants, and bequests	—	26,291	—	26,291
Donor-restricted investment loss, net	—	(6,744)	—	(6,744)
Other	(3,879)	3,987	—	108
Net assets released from restrictions used for operations	—	(18,895)	—	(18,895)
Net assets released from restrictions used for capital purposes	1,047	(1,047)	—	—
Change in net assets	(245,647)	3,592	(183)	(242,238)
Balances at December 31, 2022	1,890,883	92,745	1,411	1,985,039
Revenues, gains and other support less than of expenses and losses	(15,533)	—	(586)	(16,119)
Distributions to minority shareholders	—	—	728	728
Accrued pension cost adjustments	24,433	—	—	24,433
Donor-restricted gifts, grants, and bequests	—	27,644	—	27,644
Donor-restricted investment gains, net	—	6,517	—	6,517
Other	(1,703)	1,703	—	—
Net assets released from restrictions used for operations	—	(18,980)	—	(18,980)
Net assets released from restrictions used for capital purposes	2,325	(2,325)	—	—
Change in net assets	9,522	14,559	142	24,223
Balances at December 31, 2023	\$ 1,900,405	107,304	1,553	2,009,262

See accompanying notes to combined financial statements.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Combined Statements of Cash Flows

Years ended December 31, 2023 and 2022

(In thousands)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 24,223	(242,238)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	105,458	109,087
Unrealized and realized (gain) loss on trading securities, net	(105,689)	192,675
Change in fair value of interest rate swaps	(2,702)	(31,488)
Restricted investment (gain) loss	(6,517)	6,744
Net loss in equity investees	20,344	20,498
Loss (gain) on disposal of property and equipment	340	(10)
Accrued pension cost adjustments	(24,433)	(12,236)
Net periodic pension (benefit) cost in excess of contributions	(9,825)	(4,347)
Changes in operating assets and liabilities:		
Net patient accounts receivable	(26,808)	(10,044)
Other current assets and due from third-party payors	(67,641)	2,258
Other assets	(22,578)	(3,409)
Accounts payable and accrued expenses	34,928	(116,770)
Other long-term liabilities and estimated professional general liability costs, less current portion	11,060	(1,701)
Net cash used in operating activities	(69,840)	(90,981)
Cash flows from investing activities:		
Capital expenditures	(148,754)	(76,228)
Proceeds from sales of property and equipment	74	17
Sales of investments and assets limited as to use	2,049,108	2,260,451
Purchases of investments and assets limited as to use	(1,888,355)	(2,381,881)
Net cash provided by (used in) investing activities	12,073	(197,641)
Cash flows from financing activities:		
Repayment of long-term debt	(18,481)	(17,575)
Restricted investment gain (loss)	6,517	(6,744)
Net cash used in financing activities	(11,964)	(24,319)
Net decrease in cash and cash equivalents	(69,731)	(312,941)
Cash and cash equivalents at beginning of year	139,375	452,316
Cash and cash equivalents at end of year	\$ 69,644	139,375
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 61,935	129,877
Cash funds in assets limited as to use	7,709	9,498
	\$ 69,644	139,375

See accompanying notes to combined financial statements.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2023 and 2022

### (1) Organization and Summary of Significant Accounting Policies

Methodist Le Bonheur Healthcare and Affiliates (the System) is a not-for-profit healthcare system providing a continuum of healthcare services primarily to residents of Memphis, West Tennessee, North Mississippi, and East Arkansas through its acute care and specialty care facilities. The System operates six hospitals, physician practices, a hospice residence and a home health agency, with over 12,000 employees and 1,692 licensed beds. The significant accounting policies used by the System in preparing and presenting its combined financial statements follow:

#### (a) Principles of Combination

The accompanying combined financial statements include Methodist Le Bonheur Healthcare (Methodist Le Bonheur), all affiliates for which Methodist Le Bonheur or its board of directors is the controlling member, and its wholly owned subsidiaries. Such affiliates and subsidiaries of the System include:

- Methodist Healthcare – Memphis Hospitals (Methodist Healthcare – University Hospital, North Hospital, South Hospital, Germantown Hospital, and Le Bonheur Children’s Hospital);
- Methodist Healthcare – Olive Branch Hospital;
- Alliance Health Services, Inc.;
- Methodist Le Bonheur Healthcare Foundation (comprised of Methodist Healthcare Foundation, Le Bonheur Children’s Hospital Foundation, and Methodist Le Bonheur Community Outreach).
- Methodist Healthcare Community Care Associates;
- Methodist Healthcare Primary Care Associates; and
- Ambulatory Operations, Inc.

All significant intercompany balances and transactions have been eliminated in combination.

#### (b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include the determination of the allowances for implicit price concessions and contractual adjustments, reserves for general and professional liability claims, reserves for workers’ compensation claims, reserves for employee healthcare claims, estimated third-party payor settlements, fair value of investments and assets limited as to use, fair value of interest rate swaps, and the actuarially determined projected benefit obligation related to the System’s pension plan. In addition, laws and regulations governing the Medicare and Medicaid reimbursement programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

#### **(c) Cash Equivalents**

The System considers highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash includes funds restricted as to withdrawal or use. Restricted cash consists of cash held within assets limited as to use in the accompanying combined financial statements. The System applies FASB ASC Topic (Topic 230), *Statement of Cash Flows*, which requires that the System's combined statements of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

#### **(d) 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 combined balance sheets. Investment income items (including realized and unrealized gains and losses on investments, interest, and dividends) are included in revenues, gains, and other support less than expenses and losses unless the income or loss is restricted by donor or law. The System considers all of its investments to be trading securities.

The System also has investments in alternative funds, which represent investments in real estate through a private Real Estate Investment Trust (REIT) and hedge funds through direct structures generally organized as corporations or limited partnerships.

The System's investments in certain alternative funds are accounted for using the equity method, which generally approximates fair value. The change in carrying amount is reported as investment income in the accompanying combined statements of operations.

Certain underlying holdings of alternative funds are typically valued by the general partner and/or trustee using quoted market prices for publicly traded securities and valuation estimates for derivative instruments. Other underlying holdings are typically valued at cost or adjusted value based on recent arms-length transactions, appraisals by third parties of properties held, or other correspondence with the fund manager. The valuations provided by the general partners and trustees are reviewed by management, and management believes such values are reasonable.

#### **(e) Inventories**

Inventories, consisting principally of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or net realizable value.

#### **(f) Assets Limited as to Use**

Assets limited as to use include assets held by trustees under indenture and other funding agreements. Amounts required to meet current liabilities of the System are classified as current assets in the accompanying combined balance sheets.



## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

#### **(g) Property and Equipment**

Property and equipment are stated at cost. Provisions for depreciation are computed using the straight-line method based on the estimated useful lives of the assets.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used, and are excluded from revenues, gains, and other support less than expenses and losses unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service. Contributions restricted for the purchase of property and equipment for which restrictions are met within the same year as the contributions are received are reported as increases in net assets without donor restrictions in the combined financial statements.

The System applies FASB ASC Topic 350 (Topic 350), *Intangibles-Goodwill and Other*. Topic 350 requires the System to capitalize implementation costs incurred in a hosting arrangement that is a service contract.

#### **(h) Impairment of Long-lived Assets**

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value. Assets to be disposed of are separately presented in the accompanying combined balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are presented separately in the asset and liability Sections of the accompanying combined balance sheets.

#### **(i) Leases**

The System applies FASB ASC Topic 842 (Topic 842), *Leases*, which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. Under the guidance of Topic 842, a lessee should recognize on the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term.

#### **(j) Goodwill**

Goodwill is the amount by which the purchase price exceeds the fair value of assets acquired and is included in other assets within the accompanying combined balance sheets. Goodwill totaled \$4,791,000 at December 31, 2023 and 2022.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

The System applies FASB ASC Topic 958, *Not-for-Profit Entities*, which requires that all future acquired goodwill is generally nonamortizable and subject to routine impairment testing. Additionally, existing goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed for impairment annually, or more frequently if circumstances indicate potential impairment. Separable intangible assets that are not deemed to have an indefinite life continue to be amortized over their useful lives.

Additionally, FASB ASC Topic 350, *Goodwill and Other*, permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step test for impairment of goodwill. If an entity concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, it would not be required to perform the two-step impairment test for that reporting unit.

The System performs an impairment review of goodwill at least annually and when a triggering event occurs between annual impairment tests. The System performed an impairment review as of December 31, 2023 and 2022, and no impairment was recognized in 2023 or 2022.

#### **(k) Costs of Borrowing**

Bond discounts, premiums, and issuance costs are amortized over the terms of the related bond issues using the effective interest method. The System presents debt issuance cost net of the associated long-term debt.

The System capitalizes interest costs on qualified construction projects as a component of the cost of related projects.

#### **(l) Equity Investees**

Investments in the following affiliated companies, where the System's ownership interests range from 20% – 50%, are accounted for using the equity method (note 18):

- Encompass Health Methodist Rehabilitation Hospital, L.P. (50% owned),
- Le Bonheur East Surgery Center II, L.P. (35% owned),
- Hamilton Eye Institute Surgery Center, L.P. (39% owned),
- Health Choice, LLC (50% owned),
- Wolf River Surgery Center, LLC (30% owned),
- UT Le Bonheur Pediatric Specialists, Inc. (50% owned),
- Memphis Medical Center Air Ambulance Service, Inc. (33% owned), and
- Medical Center Associates, LTD (50% owned).

#### **(m) Derivative Instruments and Hedging Activities**

On the date a derivative contract becomes effective, the System designates the derivative as either (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or (2) a hedge of a forecasted transaction related to the

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). The System formally assesses, both at inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the System discontinues hedge accounting prospectively.

The System does not currently apply hedge accounting with respect to any of its interest rate swaps. All of those swaps (including those originally dedesignated as hedges as a part of previous bond refinancing/conversion transactions) continue to be carried in the System's combined balance sheets at fair value, with related changes in fair value included as nonoperating gains or losses in the combined statements of operations.

#### **(n) Pension Accounting Standard**

The System applies the recognition and disclosure provisions of ASC Subtopic 715-20 (Subtopic 715-20), *Defined Benefit Plans* and FASB ASC Subtopic 715-30 (Subtopic 715-30), *Defined Benefit Plans-Pension*. Subtopic 715-30 requires that the System recognize the unfunded/funded status of its defined benefit plan on its combined balance sheets. The System measures the plan at December 31 each year.

Subtopic 715-20 requires certain disclosures related to pension plan assets, including disclosures related to the fair value of the plan assets (note 12(b)).

#### **(o) Guarantees**

The System applies the provisions of FASB ASC Topic 460 (Topic 460), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. Topic 460 requires entities to disclose additional information about certain guarantees, or groups of similar guarantees, even if the likelihood of the guarantor having to make any payments under the guarantee is remote. For certain guarantees, the interpretation also requires that a guarantor recognize a liability equal to the fair value of the guarantee upon its issuance. The provisions of Topic 460 have no impact on the System's combined financial statements and all additional disclosure requirements of Topic 460 have been included within the footnotes of the accompanying combined financial statements.

#### **(p) Net Patient Service Revenue and Patient Receivables**

Net patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled for providing patient care. These amounts are due from patients, third-party payors, and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The System believes that this

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method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided to patients and customers in a retail setting (e.g., pharmaceuticals) and the System does not believe it is required to provide additional goods or services to the patient or customer.

The System's performance obligations relate to contracts with a duration of less than one year; therefore, the System has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The System is utilizing the portfolio approach practical expedient in FASB ASC Topic 606 for contracts related to net patient service revenue. The System accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for inpatient revenue and outpatient revenue. Based on historical collection trends and other analyses, the System has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

The System has agreements with third-party payors that generally provide for payments to the System at amounts different from its established rates. For uninsured patients who do not qualify for charity care, the System recognizes revenue based on established rates, subject to certain discounts and implicit price concessions as determined by the System. The System determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. The System estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price

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is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2023 or 2022.

**(q) Charity Care**

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The System applies the provisions of FASB ASC Topic 954, *Health Care Entities*, whereby cost is used as the measurement basis for charity care disclosure purposes.

**(r) Revenues, Gains, and Other Support Less Than Expenses and Losses**

Activities deemed by the System to be a provision of healthcare services are reported as components of operating gain or loss. Other activities that are peripheral to providing healthcare services are reported as nonoperating gains and losses.

The combined statements of operations include revenues, gains and other support less than expenses and losses. Changes in net assets without donor restrictions which are excluded from revenues, gains, and other support less than expenses and losses include certain impacts of pension accounting adjustments and net assets released from donor restrictions used for capital purposes.

**(s) Contributions**

The System applies FASB ASC 958- *Not-for-Profit Entities* (Topic 958), which requires an entity to evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance. Additionally, an entity must determine whether a contribution is conditional and the related impact on revenue recognition.

Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received. Unconditional promises to give cash and other assets are reported at fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the pledges are received, and are amortized as the cash payments are received. Contributions received with donor restrictions that limit the use of the donated assets are reported as donor restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the combined statements of operations as revenues and other support if the purpose relates to operations or reported as a change in net assets without donor restrictions if the purpose relates to capital. Donor-restricted contributions for which restrictions are met within the same year as the contributions are received are reported as contributions without

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donor restrictions in the combined statements of operations. To the extent that resources with donor restrictions are from multiple donors and are available for the same purpose, the System expends such gifts on a “first-in, first-out” basis.

#### **(t) Income Taxes**

The System and all of the nonprofit affiliates for which the System or its board of directors is the controlling member are exempt from federal and state income tax on related income under Internal Revenue Code (IRC) Section 501(a) as organizations described in Section 501(c)(3). As qualified tax-exempt organizations, the System’s nonprofit affiliates must operate in conformity with the IRC to maintain their tax-exempt status. Income tax from the operations of the System’s wholly owned for-profit subsidiary, Ambulatory Operations, Inc., is not significant.

The System applies FASB ASC Topic 740 (Topic 740), *Accounting for Uncertainty in Income Taxes*. Topic 740 clarifies the accounting for uncertainty in income tax positions and provides guidance on when tax positions are recognized in an entity’s financial statements and how the values of these positions are determined. Management has analyzed the tax positions taken by the System and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying combined financial statements.

#### **(u) Net Assets with Donor Restrictions**

Net assets with donor restrictions are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time period or purpose, from resources on which no restrictions have been placed or that arise from the general operations of the System. Donor-restricted gifts and bequests are recorded as an addition to net assets with donor restrictions in the period received. Earnings on donor-restricted gifts are recorded as investment income in net assets with donor restrictions and subsequently used in accordance with the donor’s designation. Net assets with donor restrictions are primarily restricted for research, education, and strategic capital projects.

#### **(v) Fair Value Measurements**

The System applies FASB ASC Topic 820 (Topic 820), *Fair Value Measurement*, which establishes an enhanced framework for measuring fair value and expands disclosures about fair value measurements, including a requirement to categorize financial instruments, based on the priority of inputs used in the related valuation techniques, into a three-level hierarchy. These disclosures are included in these combined financial statements at notes 2, 11 and 12.

#### **(w) Recent Accounting Pronouncements**

On January 1, 2023, the System adopted Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) Topic 326, *Financial Instruments - Credit Losses* (ASC 326), which requires the measurement of expected credit losses. The standard did not materially impact the System’s financial position, net earnings or cash flows, and as a result, a cumulative effect on net assets was not recorded upon adoption. ASC 326 requires estimated credit losses to be determined for the expected life of the asset, as compared to an incurred loss model which was in effect for periods prior to 2023.



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In January 2020, the FASB issued accounting standards update (ASU) 2020-01, *Investments – Equity Securities* (Topic 321), *Investments – Equity Method and Joint Ventures* (Topic 323), and *Derivatives and Hedging* (Topic 815): *Clarifying Interactions between Topic 321, Topic 323, and Topic 815*. ASU 2020-01 addresses accounting for the transition into and out of the equity method and provides guidance on whether equity method accounting would be applied to certain purchased options and forward contracts upon settlement. The System adopted ASU 2020-01 effective January 1, 2022. The adoption of ASU 2020-01 did not have a material impact on the combined financial statements of the System.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848)*. The ASU clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The amendments in these ASUs are optional. The ASUs are effective for all entities immediately through December 31, 2023. The System has not elected to apply the provisions of ASU 2020-04 or ASU 2021-01 at this time.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU changes the presentation and disclosure requirements for not-for-profit entities to increase transparency about contributed nonfinancial assets. The System adopted ASU 2020-07 effective January 1, 2022. The adoption of ASU 2020-07 did not have a material impact on the combined financial statements of the System.

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. ASU 2017-04 modifies the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds fair value, thus eliminating Step 2 from the goodwill impairment test. The ASU also eliminates the requirement for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment. The System adopted ASU 2017-04 effective January 1, 2022. The adoption of ASU 2017-04 did not have a material impact on the combined financial statements of the System.

## (2) Investments and Assets Limited as to Use

In accordance with Topic 820, the System has categorized its financial instruments, based on the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the financial instrument.

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When available, the System uses quoted market prices to determine fair value, and classifies such items as Level 1. The System's Level 2 securities are commingled funds that invest in equity securities and bonds whose fair values are determined by independent vendors. The vendors compile prices from various sources and often apply matrix pricing for similar bonds or loans where no price is observable in an actively traded market. If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued.

The System's Level 3 securities are comprised of bonds that have less liquidity, a stale quoted price, or varying prices from independent sources. The Level 3 bonds are priced using cash flow models, remittance data, and the investment manager's best estimate based on the likelihood of any future cash flows.

The System's hedge funds and private REIT investments are recorded at NAV, as a practical expedient to fair value, based on prices obtained from the related fund manager. The System receives account statements for each hedge fund directly from independent administrators, who are responsible for the pricing of these funds. Before reliance on these valuations, the System's independent investment consultant, with oversight of the System, evaluates the hedge fund's policies and procedures for estimating fair value of underlying investments, the hedge fund's use of independent third party valuation experts, the portion (approximately 99% for the System) of the underlying securities traded on active markets, and the professional reputation and standing of the hedge fund's auditor. The System's private REIT investments are valued by the fund managers based upon third-party appraisals of the fund's properties.

The composition of investments follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
U.S. Treasury obligations	\$ 51,394	40,057
Equity securities	119,915	125,270
Federal mortgage-backed securities	7,891	7,016
Corporate bonds	516,779	594,890
Mutual funds	103,014	111,318
Commingled funds	363,264	323,390
Real estate – private REIT	69,860	82,642
Alternative investments – limited partnerships	50,471	54,883
Total	<u>\$ 1,282,588</u>	<u>1,339,466</u>

At December 31, 2023, the System had \$13,489,000 in outstanding capital commitments to limited partnerships. At December 31, 2022, the System had \$18,817,000 in outstanding capital commitments to limited partnerships.



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The composition and fair value hierarchy of investments follows:

2023				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
U.S. Treasury obligations	\$ 51,394	—	—	51,394
Equity securities:				
Consumer discretionary	11,272	—	—	11,272
Consumer staples	7,559	—	—	7,559
Energy	3,706	—	—	3,706
Financials	18,711	—	—	18,711
Healthcare	17,772	—	—	17,772
Industrials	19,638	—	—	19,638
Information technology	23,486	—	—	23,486
Materials	4,122	—	—	4,122
Telecommunication	6,988	—	—	6,988
Utilities	2,276	—	—	2,276
Real estate	4,385	—	—	4,385
Federal mortgage-backed securities:				
Residential	—	7,891	—	7,891
Corporate bonds:				
Financials	—	210,355	—	210,355
Industrials	—	260,434	—	260,434
Utilities	—	35,544	—	35,544
Other	—	10,445	1	10,446
Mutual funds:				
Equities	103,014	—	—	103,014
Commingled funds	—	363,264	—	363,264
Total	\$ 274,323	887,933	1	1,162,257
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				69,860
Alternative investments – limited partnerships				50,471
Total				\$ 1,282,588

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	2022			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
U.S. Treasury obligations	\$ 40,057	—	—	40,057
Equity securities:				
Consumer discretionary	12,262	—	—	12,262
Consumer staples	9,319	—	—	9,319
Energy	5,563	—	—	5,563
Financials	20,214	—	—	20,214
Healthcare	20,358	—	—	20,358
Industrials	17,986	—	—	17,986
Information technology	21,714	—	—	21,714
Materials	4,078	—	—	4,078
Telecommunication	6,799	—	—	6,799
Utilities	2,853	—	—	2,853
Real estate	4,124	—	—	4,124
Federal mortgage-backed securities:				
Residential	—	7,016	—	7,016
Corporate bonds:				
Financials	—	236,314	—	236,314
Industrials	—	313,168	—	313,168
Utilities	—	40,227	—	40,227
Other	—	5,180	1	5,181
Mutual funds:				
Equities	111,318	—	—	111,318
Commingled funds	—	323,390	—	323,390
Total	\$ 276,645	925,295	1	1,201,941
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				82,642
Alternative investments – limited partnerships				54,883
Total				\$ 1,339,466

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The System is subject to limitations on redemption of certain alternative investments as follows:

	2023			
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	(Dollars in thousands)			
Equity long/short hedge funds <sup>(1)</sup>	\$ 29,079	—	Quarterly and semiannually	45–60 days
Multi-strategy fund <sup>(2)</sup>	9,236	—	Quarterly	60 days
Real estate funds <sup>(3)</sup>	69,860	—	Quarterly	45 days
Private equity funds <sup>(4)</sup>	<u>12,156</u>	<u>13,489</u>	N/A	N/A
Total	\$ <u>120,331</u>	<u>13,489</u>		

		2022		
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
		(Dollars in thousands)		
Equity long/short hedge funds <sup>(1)</sup>	\$ 40,153	—	Quarterly and semiannually	45–60 days
Multi-strategy fund <sup>(2)</sup>	8,603	—	Quarterly	60 days
Real estate funds <sup>(3)</sup>	82,642	—	Quarterly	45 days
Private equity funds <sup>(4)</sup>	<u>6,127</u>	<u>18,817</u>	N/A	N/A
Total	\$ <u>137,525</u>	<u>18,817</u>		

Notes:

- (1) This class is comprised of investments in hedge funds that invest both long and short primarily in U.S. and international common stocks. Management of the hedge funds has the ability to shift investments from value to growth, from small to large capitalization, and from a net long position to a net short position. All investments are eligible for redemption as they are all beyond any lockup restrictions. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.
- (2) This class is comprised of an investment in a hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The hedge fund's composite portfolio for this class includes investments in approximately 2% equities, 20% fixed income and cash, 15% real estate, and 63% alternative credit as of December 31, 2023 and approximately 7% equities, 30% fixed income and cash, 9% real estate, and 54% alternative credit as of December 31, 2022. This investment is eligible for redemption, as it has no lockup restrictions. The fair value of the

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investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.

- (3) This class is comprised of two investments in real estate funds that invest primarily in U.S. core commercial real estate. Both investments are eligible for redemption, as neither fund has lockup restrictions. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.
- (4) This class is comprised of four investments in private equity funds that invest primarily in healthcare-related innovation. None of these investments are eligible for redemption, as commitments are generally called during the first 5 years and then returned in years 5-10 as the underlying holdings are sold. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.

The composition and fair value hierarchy of assets limited as to use follows:

2023				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Under bond indenture				
agreements-held by trustee:				
Cash and short-term investments	\$ 7,705	—	—	7,705
Municipal obligations and corporate bonds	—	2,000	—	2,000
Mortgage-backed securities	—	799	—	799
Interest receivable	23	—	—	23
	<u>7,728</u>	<u>2,799</u>	<u>—</u>	<u>10,527</u>
Under other funding				
arrangements-held by trustees:				
Cash and short-term investments	4	—	—	4
U.S. Treasury obligations	139	—	—	139
Corporate bonds	—	212	—	212
Mortgage-backed securities	—	198	—	198
	<u>143</u>	<u>410</u>	<u>—</u>	<u>553</u>
Total assets limited as to use	\$ <u>7,871</u>	<u>3,209</u>	<u>—</u>	<u>11,080</u>

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2022				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Under bond indenture agreements-held by trustee:				
Cash and short-term investments	\$ 9,483	—	—	9,483
Municipal obligations and corporate bonds	—	988	—	988
Interest receivable	37	—	—	37
	<u>9,520</u>	<u>988</u>	<u>—</u>	<u>10,508</u>
Under other funding arrangements-held by trustees:				
Cash and short-term investments	15	—	—	15
U.S. Treasury obligations	103	—	—	103
Corporate bonds	—	235	—	235
Mortgage-backed securities	—	194	—	194
	<u>118</u>	<u>429</u>	<u>—</u>	<u>547</u>
Total assets limited as to use	\$ <u>9,638</u>	<u>1,417</u>	<u>—</u>	<u>11,055</u>

All amounts under bond indenture agreements held by trustee are maintained in accordance with revenue bond trust indentures as further described in note 10.

### (3) Liquidity and Availability

Financial assets available for general expenditure within one year of December 31, 2023 and 2022 include the following (in thousands):

	2023	2022
Cash and cash equivalents	\$ 61,935	129,877
Investments	1,270,432	1,333,339
Net patient accounts receivable	267,243	240,435
	<u>\$ 1,599,610</u>	<u>1,703,651</u>

As part of the System's liquidity management plan, cash in excess of daily requirements for general expenditures is invested in long-term investments. The System's long-term investment portfolio contains money market funds and other liquid investments that can be drawn upon, if necessary, to meet the liquidity needs of the System.

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### (4) Trusteed Bond Funds

The trustee bond funds, included in assets limited as to use in the accompanying combined balance sheets (note 2), were established in accordance with the requirements of revenue bond indentures as further discussed in note 10.

	2023	2022
	(In thousands)	
Debt service reserve funds	\$ 9,678	9,650
Interest funds	849	858
	<u>\$ 10,527</u>	<u>10,508</u>

The interest funds are used to pay principal and interest on the various bond issues. The debt service reserve funds secure any potential deficiencies in the interest funds.

### (5) Other Current Assets

The composition of other current assets follows:

	2023	2022
	(In thousands)	
Other receivables	\$ 24,166	20,421
Inventories	33,778	36,082
Prepaid expenses and other current assets	31,465	30,520
Pledges receivable, net	3,260	2,999
	<u>\$ 92,669</u>	<u>90,022</u>

### (6) Property and Equipment

A summary of property and equipment follows:

	Useful lives (years)	2023	2022
		(In thousands)	
Land	—	\$ 80,220	80,220
Land improvements	5–20	54,428	53,805
Buildings and improvements	10–40	1,130,133	1,122,579
Fixed equipment	5–30	443,153	443,973
Movable equipment	3–20	792,174	805,730
Construction in progress	—	147,011	44,276
		<u>2,647,119</u>	<u>2,550,583</u>
Less accumulated depreciation		<u>1,714,900</u>	<u>1,661,114</u>
		<u>\$ 932,219</u>	<u>889,469</u>

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Construction in progress as of December 31, 2023 primarily consists of the expansion of its pediatric cardiovascular and intensive care units at Le Bonheur Children's Hospital, the implementation of information technology systems and routine replacement and expansion projects at various System facilities. The estimated total remaining cost to complete these projects as of December 31, 2023 is approximately \$196,734,000. Depreciation expense was approximately \$105,590,000 and \$109,166,000 in 2023 and 2022, respectively.

The System capitalized approximately \$2,656,000 and \$656,000 of interest expense in 2023 and 2022, respectively.

## (7) Other Assets

The composition of other assets follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Pledges receivable net, noncurrent	\$ 3,353	3,728
Investments in equity investees (note 18)	23,491	29,380
Cash surrender value and prepaid life insurance premiums	1,916	1,750
Goodwill	4,791	4,791
Cloud computing costs	8,749	—
Other	<u>—</u>	<u>417</u>
	\$ 42,300	40,066

Noncurrent pledges receivable at December 31, 2023 are due primarily in one to five years.

## (8) Leases

The System has entered into noncancelable operating leases for certain office space. The System determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of 12 months or less are not recorded on the combined balance sheets.

The System has lease agreements which require payments for lease and nonlease components and has elected to account for these as a single lease component. For leases that commenced before the effective date of Topic 842, the System elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases.

Right-of-use assets represent the System's right to use an underlying asset during the lease term and lease liabilities represent the System's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The System's lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised. As most of the System's leases do not provide an implicit rate, the System uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The System considers recent debt issuances as

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well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Fixed lease expense is recognized on a straight-line basis over the lease term, while variable payments are recognized in the period incurred.

Rental expense for all operating leases for the years ended December 31, 2023 and 2022 was approximately \$18,040,000 and \$17,352,000, respectively. Future minimum payments under noncancelable operating leases as of December 31, 2023 follow (in thousands):

Year ending December 31:	
2024	\$ 9,611
2025	9,059
2026	6,938
2027	2,366
2028	1,425
Thereafter	<u>3,910</u>
Total lease payments	33,309
Less interest	<u>(4,432)</u>
Present value of lease liabilities	\$ <u><u>28,877</u></u>

At December 31, 2023, the weighted-average remaining lease term is 5.2 years and the weighted average discount rate is 3.9%.

### (9) Accrued Expenses

The composition of accrued expenses follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Accrued payroll and payroll taxes	\$ 50,256	45,585
Accrued compensated absences	39,061	38,932
Accrued self-insurance costs	20,498	19,154
Accrued interest	2,127	2,328
Other accrued expenses	<u>8,846</u>	<u>7,900</u>
	\$ <u><u>120,788</u></u>	<u><u>113,899</u></u>



# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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### (10) Long-term Debt

A summary of long-term debt follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
The Health, Educational and Housing Facility Board (HEHFB) of the County of Shelby, Tennessee:		
Series 2008A/B, annum variable rate, through 2042	\$ 205,980	217,875
Series 2016A, interest 2.03% per annum, payable through 2046	61,760	61,930
Series 2016B, interest 2.34% per annum, payable through 2031	29,385	29,470
Series 2016C, interest 2.27% per annum, payable through 2046	26,385	26,470
Series 2017A, interest ranging from 3.375% to 5.00% per annum, payable through 2037	123,830	130,040
Series 2022, interest 2.23% per annum, payable through 2042	105,390	105,390
	<u>552,730</u>	<u>571,175</u>
Other promissory notes, interest ranging from 3.00% to 9.50% per annum, payable through 2041	704	739
Total contractual long-term debt	553,434	571,914
Unamortized debt issuance costs, net	(4,671)	(5,216)
Unamortized premiums and discounts, net	12,566	13,244
Total long-term debt	561,329	579,942
Less current portion of long-term debt	19,637	18,480
	<u>\$ 541,692</u>	<u>561,462</u>

The System utilizes interest rate swap agreements to synthetically convert certain of its variable rate long-term debt to fixed rate obligations (note 11). The maturity structure of such swaps generally corresponds with the maturity structure of the related debt.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

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Future maturities of long-term debt consist of the following at December 31, 2023 (in thousands):

Year ending December 31:		
2024	\$	19,637
2025		21,074
2026		22,501
2027		25,163
2028		26,175
Thereafter		438,884
Total contractual long-term debt		\$ <u>553,334</u>

In June 2008, the System issued \$270,000,000 in HEHFB Series 2008A and 2008B variable rate revenue bonds (the Series 2008A/B Bonds). The proceeds from the issuance were used to finance the cost of acquiring, constructing, and equipping certain renovations and improvements to healthcare facilities, refund \$65,615,000 in aggregate principal amount of Series 2004C variable rate bonds, fund a debt service reserve, and pay certain expenses incurred in connection with the issuance.

The Series 2008A/B Bonds originally bore interest at a variable rate for weekly rate periods, but either series could be converted at the option of the System, subject to certain restrictions, to a different rate period. In April 2013, the Series 2008A/B Bonds were converted to a daily rate period. Holders of the Series 2008A/B Bonds have the option to tender the bonds for purchase on any business day. The bonds are also subject to a mandatory tender for purchase upon the occurrence of certain events. Each remarketing agent has agreed to use its best efforts to solicit offers to purchase the tendered bonds, but in the event that there are insufficient funds available, no purchase of bonds of such series so tendered will be made. In such event (or any default, as defined), the System has in place a liquidity facility through June 28, 2024 to provide funds for the purchase of the tendered bonds that are not remarketed, which will bear interest from such date at a rate equal to the lesser of index rate of LIBOR plus 150 basis points for the first 90 days, and Prime Rate plus 100 basis points for any days thereafter, or the maximum lawful rate as defined in the indenture agreement until such default is cured or the bond is paid in full. Upon activation of the liquidity facility, the bonds will mature within five years, with payments due ratably in each of the five years of the maturity term. The System has received a commitment for liquidity facilities to be in place through June 26, 2025. The bonds may be redeemed by the System, in whole or in part at any time during a daily rate period, at the principal amount of the bonds to be redeemed, plus accrued interest, and without premium. The average contractual interest rate on the 2008A/B revenue bonds approximated 3.19% and 1.00%, for the years ended December 31, 2023 and 2022, respectively.

In May 2016, the System issued \$120,000,000 in HEHFB Series 2016A, 2016B, and 2016C fixed rate revenue bonds (collectively, the Direct Placement Bonds and each individually, a Direct Placement Bond). Each of the Direct Placement Bonds was purchased by a different commercial bank. The proceeds from the Direct Placement Bonds were used to finance the cost of acquiring, constructing, and equipping certain renovations and improvements to the System's healthcare facilities and pay all related financing expenses. The Series 2016A Direct Placement Bonds mature on June 1, 2046 and are subject to mandatory tender on June 1, 2028. The Series 2016B Direct

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### Notes to Combined Financial Statements

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Placement Bonds mature on June 1, 2031. The Series 2016C Direct Placement Bonds mature on June 1, 2046 and are subject to mandatory tender on June 1, 2025. The Direct Placement Bonds are subject to redemption by the System at any time with a make-whole provision.

In April 2017, the System issued \$146,275,000 in HEHFB Series 2017A fixed rate revenue bonds (the Series 2017 Bonds). The proceeds from the issuance were used to finance the cost of acquiring, constructing, remodeling, renovating, and equipping of certain healthcare facilities and to pay certain expenses incurred in connection with the issuance. The principal payments for the Series 2017 Bonds began in 2020. The Series 2017 Bonds mature on May 1, 2037 and are subject to redemption prior to maturity on or after May 1, 2027, at a redemption price equal to 100% of the principal amount, plus accrued interest.

In January 2020, the System issued \$105,390,000 in HEHFB Series 2020 taxable revenue fixed rate bonds purchased by a commercial bank as a Direct Placement Bond (the Series 2020 Bonds). The proceeds from the issuance were used to refund the Series 2012 Bonds of \$98,260,000, recognizing a loss on refunding of long-term debt of \$4,398,000, and pay certain expenses incurred in connection with the issuance. The principal payments for the Series 2020 taxable fixed rate revenue bonds begin in 2027. The Series 2020 bonds mature on May 1, 2042 and are subject to mandatory tender on January 16, 2035. The Series 2020 bonds are subject to redemption by the System at any time with a make-whole provision. Simultaneously, an option was granted to the System to issue tax-exempt bonds (the "Series 2022 Bonds") at a fixed rate of 2.23% on or after January 31, 2022, subject to certain conditions. If the conditions required for issuance of the 2022 Bonds cannot be met, the Series 2020 bonds will continue until the conditions for issuance of the 2022 Bonds can be met, or the mandatory tender date, early redemption, or maturity date (if extended). The conditions required for issuance of the 2022 Bonds were met and on February 1, 2022, the System issued \$105,390,000 HEHFB Series 2022 tax-exempt bonds to refund the \$105,390,000 Series 2020 taxable bonds.

All of the HEHFB revenue bonds are collateralized by related trustee bond funds, certain municipal bond insurance policies (as applicable) and a pledge of gross revenues by members of the Obligated Group of the System and certain affiliates (the "Obligated Group", as defined). The System has also agreed under the Master Trust Indenture to subject the members of the Obligated Group and additional affiliates, designated as System Affiliates (collectively, the "Combined Group") to various operational and financial covenants typical of such agreements. In addition, the System has granted to the Master Trustee a deed of trust lien on three hospitals.

Interest paid totaled \$19,857,000 and \$19,827,000 in 2023 and 2022, respectively.

#### (11) Interest Rate Swaps

In June 2004, the System entered into two forward-starting interest rate swaps with JP Morgan Chase Bank, N.A. (JP Morgan). Under these swap agreements, the System receives variable rate payments and makes fixed rate payments (which is known as a fixed payor swap). The original combined notional amount was \$161,400,000, with an effective date of September 15, 2004. The notional amount at December 31, 2023 is \$85,475,000. The System's payments on these swaps are fully insured by Assured Guaranty Municipal Corp.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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In August 2004, the System entered into a forward-starting fixed payor swap with JP Morgan. The original notional amount was \$23,450,000, with an effective date of September 15, 2004. The notional amount at December 31, 2023 is \$2,060,000.

In July 2007, the System entered into a forward-starting fixed payor swap with JP Morgan. The total notional amount is \$75,000,000, with an effective date of June 1, 2008. In August 2007, the System entered into an additional forward-starting fixed payor swap with JP Morgan. The total notional amount is \$25,000,000, with an effective date of June 1, 2008. Both swaps contain a “knockout” provision whereby on each monthly payment date, if the daily weighted average of the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index for the prior 180 days is equal to or greater than 6.00%, no payments shall be due to either party on the swap payment date. The System’s payments on these swaps are fully insured by Assured Guaranty Corp.

The System has the right to terminate its fixed payor swaps at any time without notice. Termination of the agreements would result in market value settlement.

The System's credit risk involves the possible default of the counterparty. Collateral may be required in the future based on the System's credit rating, the insurer's credit rating, or market valuations of the swaps. At December 31, 2023 and through the issuance date of these combined financial statements, no such collateral was required.

The swap fair values are included in other long-term liabilities in the accompanying combined balance sheets. The following is a summary of the contracts outstanding at December 31, 2023 and 2022 (dollars in thousands):

	2023					
Related bond issuance	Notional amount	Maturity date	Average variable rate received	Fixed rate	Increase (decrease) in interest expense	Swap fair value
2004	\$ 42,725	August 2027	3.34 %	3.80 %	\$ 196	(810)
2004	42,750	August 2027	3.33	3.80	199	(824)
2004	2,060	July 2024	5.08	5.40	23	—
2008	75,000	June 2042	3.46	3.70	142	(13,497)
2008	25,000	June 2038	3.46	3.47	(9)	(3,187)
						<u>\$ (18,318)</u>

Related bond issuance	2022					
	Notional amount	Maturity date	Average variable rate received	Fixed rate	Increase in interest expense	Swap fair value
2004	\$ 49,250	August 2027	1.40 %	3.80 %	\$ 1,293	(1,200)
2004	49,275	August 2027	1.40	3.80	1,303	(1,213)
2004	7,990	July 2024	1.69	5.40	328	(31)
2008	75,000	June 2042	1.16	3.70	1,888	(14,976)
2008	25,000	June 2038	1.16	3.47	573	(3,600)
						\$ (21,020)

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In accordance with Topic 820, the System has also categorized its interest rate swaps into a three-level fair value hierarchy (as described in note 2). The interest rate swaps held by the System are executed over the counter and are valued using the net present value of the cash flow streams as no quoted market prices exist for such instruments. For swaps that have an option component, the value will reflect the time value and intrinsic value of the option as well as whether the option was bought or sold. The value of the option is driven by its term to maturity, volatility, forward rates, and strike. The System also employs an independent third party to perform a fair value assessment on the swaps to assess the reasonableness of the valuations otherwise received by the System.

The System's interest rate swaps are considered Level 2 financial instruments at December 31, 2023 and 2022.

#### (12) Employee Benefit Plans

##### (a) Pension Plan

The System sponsors a noncontributory defined benefit pension plan (the Plan) covering substantially all nonsupplemental employees hired prior to July 1, 2009. Benefits of the Plan are based on average monthly compensation and service with the System. The Plan assets primarily consist of United States Government securities, investment grade corporate bonds, real estate-private REIT, equity securities, and hedge funds. The Plan has been determined to be a church plan under Section 414(e) of the IRC, and is therefore exempt from minimum funding and certain other requirements of the Employee Retirement Income Security Act of 1974.

The System's funding policy is to annually contribute an amount equal to the greater of accounting expense or an actuarially determined amount that amortizes unfunded past and future benefits as a level percent of payroll. In addition, this policy requires the System to contribute any additional amount necessary to ensure that accumulated benefits will be at least 100% funded within 5 years, using a long-term discount rate of 6.00%.

In February 2009, the System amended the Plan whereby employees hired subsequent to July 1, 2009 are not eligible for benefits under the Plan.

The following table sets forth the Plan's funded status and amounts recognized in the accompanying combined balance sheets at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 624,930	804,152
Service cost	5,651	7,647
Interest cost	31,009	22,454
Actuarial gain	17,535	(168,875)
Benefits paid	<u>(38,548)</u>	<u>(40,448)</u>
Projected benefit obligation at end of year	<u>640,577</u>	<u>624,930</u>

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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	<u>2023</u>	<u>2022</u>
	(In thousands)	
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 671,342	833,981
Actual return on plan assets	88,453	(122,191)
Employer contributions	—	—
Benefits paid	<u>(38,548)</u>	<u>(40,448)</u>
Fair value of plan assets at end of year	<u>721,247</u>	<u>671,342</u>
Funded status	<u>\$ 80,670</u>	<u>46,412</u>
Amounts recognized in net assets without donor restrictions:		
Net actuarial loss	\$ 16,427	40,860

The accumulated benefit obligation at December 31, 2023 and 2022 totaled \$617,795,000 and \$602,440,000, respectively.

Components of net periodic pension cost follow:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Service cost	\$ 5,651	7,647
Nonservice costs:		
Interest cost	31,009	22,454
Expected return on plan assets	(46,485)	(46,519)
Amortization of prior service cost	—	—
Amortization of net loss	<u>—</u>	<u>12,071</u>
Total nonservice credit	<u>(15,476)</u>	<u>(11,994)</u>
Net periodic pension cost	<u>\$ (9,825)</u>	<u>(4,347)</u>

The service cost component of net periodic pension benefit is included in salaries and benefits in the combined statements of operations.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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Additional information follows:

	2023	2022
Weighted average assumptions used to determine benefit obligations in the accompanying combined balance sheets at December 31:		
Discount rate	4.90 %	5.09 %
Rate of compensation increase	3.00	3.00
Weighted average assumptions used to determine net periodic pension benefit for years ended December 31:		
Discount rate	5.09 %	2.81 %
Expected long-term rate of return on plan assets	6.50	6.50
Rate of compensation increase	3.00	3.00
Interest crediting rates	4.00	4.00

The Plan's expected long-term rate of return on assets is determined by reviewing expected long-term returns by asset category. This review produces an annual return assumption for each asset category. The product of the annual return assumption and the Plan's target asset allocation percentage for each asset category equals the annual return attribution by asset category.

### (b) Plan Assets

The Plan's target minimum and maximum and weighted average asset allocations follow:

	Target allocation		Plan assets at December 31	
	Minimum	Maximum	2023	2022
Asset category:				
Equity securities	20 %	56 %	37 %	36 %
Real estate – private REIT	—	13	5	7
International equity securities	10	32	20	19
Global equity securities	—	16	10	9
Hedge funds – direct	3	20	5	6
Debt securities	15	50	23	23
Total			100 %	100 %

In accordance with Topic 715-20, the System has categorized its plan assets, based on Topic 820 and the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy as described in note 2.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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The fair value hierarchy of investments follows:

2023				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Cash and cash equivalents	\$ 17,674	—	—	17,674
U.S. Treasury obligations	40,310	—	—	40,310
Equity securities:				
Consumer discretionary	13,025	—	—	13,025
Consumer staples	2,022	—	—	2,022
Energy	6,356	—	—	6,356
Financials	12,351	—	—	12,351
Healthcare	21,815	—	—	21,815
Industrials	19,565	—	—	19,565
Information technology	29,425	—	—	29,425
Materials	3,290	—	—	3,290
Telecommunication	6,398	—	—	6,398
Real estate	1,414	—	—	1,414
Commercial mortgage backed securities	—	311	—	311
Agency securities	—	11,322	—	11,322
Asset-backed securities	—	754	62	816
Residential nonagency mortgage backed securities	—	1,628	8	1,636
Corporate bonds:				
Financials	—	32,370	—	32,370
Industrials	—	42,427	—	42,427
Utilities	—	14,488	—	14,488
Municipal obligations	—	3,110	—	3,110
Mutual funds:				
Equities	89,313	—	—	89,313
Bonds	1,811	—	—	1,811
Commingled funds	—	275,127	—	275,127
Total	\$ 264,769	381,537	70	646,376
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				37,533
Hedge funds – limited partnerships				37,338
Total				\$ 721,247



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## Notes to Combined Financial Statements

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2022				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Cash and cash equivalents	\$ 14,469	—	—	14,469
U.S. Treasury obligations	37,285	—	—	37,285
Equity securities:				
Consumer discretionary	10,838	—	—	10,838
Consumer staples	3,050	—	—	3,050
Energy	6,678	—	—	6,678
Financials	12,683	—	—	12,683
Healthcare	21,406	—	—	21,406
Industrials	15,685	—	—	15,685
Information technology	21,751	—	—	21,751
Materials	2,809	—	—	2,809
Telecommunication	5,268	—	—	5,268
Real estate	1,112	—	—	1,112
Commercial mortgage backed securities	—	543	—	543
Agency securities	—	4,407	—	4,407
Asset-backed securities	—	1,223	218	1,441
Residential nonagency mortgage backed securities	—	1,868	10	1,878
Corporate bonds:				
Financials	—	40,543	—	40,543
Industrials	—	47,176	—	47,176
Utilities	—	8,701	—	8,701
Municipal obligations	—	1,033	—	1,033
Mutual funds:				
Equities	93,067	—	—	93,067
Bonds	1,908	—	—	1,908
Commingled funds	—	227,139	—	227,139
Total	\$ 248,009	332,633	228	580,870
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				45,735
Hedge funds – limited partnerships				44,737
Total				\$ 671,342

There was an outstanding commitment at December 31, 2023 and 2022 totaling \$1,025,000 for a hedge fund.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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The Plan's investment objectives are to protect long-term asset values by applying prudent, low risk, high quality investment disciplines and to enhance the values by maximizing investment returns through active security management within the framework of the investment policy. Asset allocation strategies and investment management structure are designed to meet the Plan's investment objectives.

The System is subject to limitations on redemption of certain plan asset alternative investments as follows:

2023				
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	(Dollars in thousands)			
Equity long/short hedge funds <sup>(1)</sup>	\$ 31,435	—	Quarterly and annually	45–90 days
Global opportunities hedge funds <sup>(2)</sup>	5,903	1,025	At fund dissolution	N/A
Real estate funds <sup>(3)</sup>	37,533	—	Quarterly	45 days
Total	<u>\$ 74,871</u>	<u>1,025</u>		

  

2022				
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	(Dollars in thousands)			
Equity long/short hedge funds <sup>(1)</sup>	\$ 37,744	—	Quarterly and annually	45–90 days
Global opportunities hedge funds <sup>(2)</sup>	6,993	1,025	At fund dissolution	N/A
Real estate funds <sup>(3)</sup>	45,735	—	Quarterly	45 days
Total	<u>\$ 90,472</u>	<u>1,025</u>		

### Notes:

- (1) This class is comprised of investments in hedge funds that invest both long and short primarily in U.S. and international common stocks. Management of the hedge funds has the ability to shift investments from value to growth, from small to large capitalization, and from a net long position to a net short position. As of December 31, 2023, there are no lockup restrictions and all investments are eligible for redemption. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.
- (2) This class is comprised of investments in hedge funds that invest primarily in distressed debt and equity of U.S. and European companies. The investments generally cannot be redeemed prior to the funds' dissolution dates. The expected dissolution dates for the funds

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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range from 2024 to 2028, all of which are subject to annual extensions. Prior to dissolution, distributions from the funds will be received as underlying investments are liquidated. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.

- (3) This class is comprised of one investment in a real estate fund that invests primarily in U.S. core commercial real estate. The fund is eligible for redemption, as it has no lockup restrictions. The fair value of the investment has been estimated using the net asset value per share of the investment.

### **(c) Cash Flows**

The System does not expect to contribute to the Plan in 2024.

**(d) Expected Future Benefit Payments**

The following benefit payments, which reflect future services as appropriate, are expected to be paid as follows (in thousands):

Year ending December 31:		
2024	\$	41,842
2025		42,776
2026		44,273
2027		45,920
2028		43,929
2029–2033		225,194

The System applies FASB ASU No. 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General, Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*. This ASU intends to improve the effectiveness of disclosures in the notes to financial statements by modifying disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.

**(e) Defined Contribution Savings Plans**

The System also sponsors 403(b), 401(k), and 457(b) defined contribution savings plans (the defined contribution plans) for the System's employees, in which all employees meeting certain age and service requirements are eligible to participate. The defined contribution plans allow employees to contribute a portion of their compensation on a pre-tax basis in accordance with specific guidelines. For certain of the plans in 2008 and prior, additional matching contributions were made into the defined benefit pension plan. As required by regulations, these matching amounts were made into the defined contribution plan starting in 2009. The System contributed approximately \$30,476,000 and \$30,822,000 to the defined contribution plans during the years ended December 31, 2023 and 2022, respectively.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

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#### **(f) Supplemental Employee Retirement Plan**

The System also has an unfunded supplemental employee retirement plan (SERP) for certain senior executives that provides for defined benefit payments upon continued employment with the System to age 65. There is no obligation for the System to make payments to these individuals under the SERP in the event that employment voluntarily ceases prior to age 65. The related obligation, included in accrued expenses and other long-term liabilities in the accompanying combined financial statements, was approximately \$757,000 and \$760,000 at December 31, 2023 and 2022, respectively.

#### **(13) Insurance Programs**

The System is self-insured for certain coverages related to employee health insurance. The employee health insurance liability (unfunded at both December 31, 2023 and 2022) was approximately \$9,577,000 and \$8,021,000 at December 31, 2023 and 2022, respectively, and is included in accrued expenses in the accompanying combined balance sheets. The total expense for the years ended December 31, 2023 and 2022 was approximately \$84,432,000 and \$77,641,000, respectively, and is included in salaries and benefits expense in the accompanying combined statements of operations.

The System is routinely involved in litigation as part of its health system operations and is self-insured for a substantial portion of its workers' compensation and professional and general liability risks. The System's reserves for professional and general liability risks are based upon historical claims data, demographic considerations, severity factors and other actuarial assumptions, and advice from an independent consulting actuary.

The reserve for workers' compensation risk was approximately \$2,421,000 and \$2,633,000 at December 31, 2023 and 2022, respectively, and is included in accrued expenses in the accompanying combined balance sheets. The total expense for the years ended December 31, 2023 and 2022 was approximately \$1,533,000 and \$1,187,000, respectively, and is included in salaries and benefits expense in the accompanying combined statements of operations.

The System also has substantial excess liability coverage available under the provisions of certain claims-made policies. The excess policies currently expire on June 1, 2024. Management anticipates that the claims-made coverage currently in place will be renewed or replaced with equivalent insurance as the term of such coverage expires.

The reserve for professional and general liability claims was approximately \$28,258,000 and \$28,354,000 at December 31, 2023 and 2022, respectively, of which \$8,500,000 is considered current and included in accrued expenses in the accompanying combined balance sheets at December 31, 2023 and 2022. The total expense of this coverage for the years ended December 31, 2023 and 2022 was approximately \$11,673,000 and \$9,690,000, respectively, and is included in supplies and other expense in the accompanying combined statements of operations.

# METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

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### (14) Other Long-term Liabilities

The composition of other long-term liabilities follows:

	2023	2022
	(In thousands)	
Fair value of derivative instruments	\$ 18,318	21,020
Software license	11,159	—
Other	1,781	1,784
	<u>\$ 31,258</u>	<u>22,804</u>

### (15) Net Patient Service Revenue

The composition of net patient service revenue by major payor source for the years ended December 31, 2023 and 2022 is as follows (in thousands):

	2023		2022	
Medicare	\$ 617,867	34 %	\$ 578,265	33 %
Medicaid and TennCare	434,701	24	348,560	20
Managed care	739,960	42	838,764	47
Self-pay	5,082	—	5,433	—
	<u>\$ 1,797,610</u>	<u>100 %</u>	<u>\$ 1,771,022</u>	<u>100 %</u>

The composition of net patient service revenue based on the System's lines of business for the years ended December 31, 2023 and 2022 is as follows (in thousands):

	2023	2022
Service lines:		
Hospitals	\$ 1,639,869	1,611,678
Physicians	131,150	129,586
Other healthcare	26,591	29,758
	<u>\$ 1,797,610</u>	<u>1,771,022</u>

The System has agreements with governmental and other third-party payors that provide for reimbursement to the System at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between billings at

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- *Medicare* – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based on cost reimbursement or other retroactive-determination methodologies. The System is paid for retroactively determined items at tentative rates, with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare fiscal intermediary.

The System's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the System. The System's Medicare cost reports for most of its hospitals have been audited and settled by the Medicare fiscal intermediary through December 31, 2014.

- *Medicaid and TennCare* – Under the TennCare program, patients traditionally covered by the State of Tennessee Medicaid program and certain members of the uninsured population enroll in managed care organizations that have contracted with the State of Tennessee to ensure healthcare coverage to their enrollees. The System contracts with the managed care organizations to receive reimbursement for providing services to these patients. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges or prospectively determined per diem rates.

The System has historically received Essential Access payments associated with its participation in the TennCare Program. Amounts received by the System under this program were approximately \$27,660,000 and \$29,408,000 in 2023 and 2022, respectively. These amounts have been recognized as reductions in related contractual adjustments in the accompanying combined statements of operations. There can be no assurance that the System will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

In July 2010, the State of Tennessee instituted a hospital tax based on a hospital's net patient revenue. Because the hospital tax is, in effect, a vehicle for the State to appropriately access available federal matching funds, the System's policy is to recognize the net effect of the hospital tax as a component of contractual adjustments in the accompanying combined statements of operations. The System paid taxes totaling approximately \$78,813,000 and received a distribution of approximately \$78,813,000 in 2023. The System paid taxes totaling approximately \$38,988,000 and received a distribution of approximately \$38,988,000 in 2022.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

December 31, 2023 and 2022

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The reimbursement methodologies under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates.

Laws and regulations governing the Medicare, TennCare, and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare, TennCare, and Medicaid programs. Changes in the Medicare, TennCare, and Medicaid programs and the reduction of related funding could have an adverse impact on the System. Charges exceeding amounts reimbursed from these governmental programs and other third-party payor reimbursement arrangements and not included in net patient service revenue follow:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Medicare	\$ 2,354,054	2,073,573
Medicaid and TennCare	1,408,652	1,423,564
Other deductions	<u>1,670,496</u>	<u>1,517,809</u>
	<u>\$ 5,433,202</u>	<u>5,014,946</u>

**(16) Charity Care**

The System is an active, caring member of the community it serves. In carrying out its teaching and healing ministry, the System has established a policy under which it provides care to the needy members of its community. Following that policy, the System maintains records to identify and monitor the level of charity care it provides.

When defining charity care, the System employs the Federal Poverty Guideline (FPG) to determine the level of discount uninsured patients receive. The level by which assistance is determined is through the scale set by U.S. Department of Health and Human Services (DHHS), which includes factors such as residents per household and income. The System's methodology includes a sliding scale for patients that fall at or below the 200% FPG baseline. The System does not have a cap at which patients will not qualify for a discount. Additionally, the System's charity care guidelines provide for an expansive definition of charity care patients, including a discount from standard charges for uninsured patients.

In order to uphold its mission and dedication to its community, the System turns no patient away regardless of whether they possess insurance. It is this commitment that enables the System to utilize its charity care policy. Once deemed charity, payments are no longer sought after and the amount is covered by the System at no cost to the patient or community.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

December 31, 2023 and 2022

Reported below as community commitment are charity care, Medicaid and TennCare and other means tested programs, and unbilled community services at cost. Revenue received for each of these categories is substantially lower than the costs to operate. The revenue is offset against the community commitment to calculate net community commitment. A provider tax of 4.9% of net patient revenue from the fiscal year 2016 cost report was assessed in both 2023 and 2022. The provider tax assessment has been included in the Medicaid and other means tested programs section, while the reimbursement for the programs has been included in offsetting revenue. The unbilled community services section includes other services provided to the community at a net loss to the program; it includes programs such as educational programs, health fairs, and sponsorships among others.

	Charity care	Medicaid, TennCare, and other programs	Unbilled community service	Total
				(In thousands)
Year ended December 31, 2023:				
Community commitment	\$ 108,777	535,855	47,884	692,516
Offsetting revenue	<u>(103)</u>	<u>(396,712)</u>	<u>(13,876)</u>	<u>(410,691)</u>
Net community commitment	\$ <u>108,674</u>	<u>139,143</u>	<u>34,008</u>	<u>281,825</u>

	Charity care	Medicaid, TennCare, and other programs	Unbilled community service	Total
				(In thousands)
Year ended December 31, 2022:				
Community commitment	\$ 113,809	483,651	45,413	642,873
Offsetting revenue	<u>(30)</u>	<u>(350,448)</u>	<u>(11,451)</u>	<u>(361,929)</u>
Net community commitment	\$ <u>113,779</u>	<u>133,203</u>	<u>33,962</u>	<u>280,944</u>

### (17) COVID-19 Pandemic

COVID-19, a respiratory disease caused by a novel strain of the coronavirus has spread around the world, including the service areas where the System provides acute care. The Centers for Disease Control and Prevention confirmed the spread of the disease to the United States in February 2020 and the World Health Organization declared the COVID-19 outbreak a pandemic in March 2020. Government orders suspending elective surgical procedures have had an adverse effect on the operation of healthcare providers, including the System, primarily due to reduction in overall patient volumes. While patient volumes and revenue have experienced gradual improvement beginning in June 2020, the System continues to experience fluctuations in patient volume and management is unable to predict the future impact of the pandemic on the System's operations.



## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

December 31, 2023 and 2022

The Federal Coronavirus Aid, Relief and Economic Security (CARES) Act as signed into law on March 27, 2020 is designed, among other things, to provide provider relief funds (PRF) to healthcare providers for the purposes of covering costs incurred and lost revenues due to the pandemic. Subsequent to the passage of this legislation, the Department of Health and Human Services (HHS) has issued a litany of additional pronouncements, which provides guidance on how providers can apply, receive, and recognize this funding, certain provisions of which has been reversed or significantly modified in succeeding guidance.

The System has received and recognized revenue of approximately \$148,000 in CARES Act funding for the year ended December 31, 2022 in both general and targeted distributions. Such funding is accounted for as a conditional grant in accordance with FASB ASC Topic 958, *Not-for-Profit Entities*, and is recognized in income once the applicable terms and conditions have been met. The recognition of amounts received in income is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020. Certification is required that the payment will be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the recipient only for healthcare-related expenses or lost revenue that are attributable to coronavirus. Following the guidance as summarized above and other guidance from HHS published to date the System has met the requirements to recognize these amounts in CARES Act revenue within the combined statements of operations.

Additionally, as part of the CARES Act, the Centers for Medicare and Medicaid Services (CMS) expanded the existing Accelerated and Advance Payments Program (MAAPS) to a broader group of healthcare providers. Accelerated or advance payments under the MAAPS programs is intended to provide necessary funds when there is disruption in claims submissions and processing for a healthcare provider. CMS can also offer these payments in circumstances, such as a national emergency or national disasters in order to accelerate cash flow to impacted healthcare providers. During the year ended December 31, 2020, the System received accelerated payments under this program of approximately \$173,152,000. In 2022, the System repaid \$120,835,000, and no amount remains outstanding as of December 31, 2023 or 2022.

The CARES Act allows employers to defer the deposit and payment of the employer share of Social Security tax that would otherwise be due on or after March 27, 2020, and before January 1, 2021. During the year ended December 31, 2020, the System deferred payment of approximately \$30,815,000. In 2022, the System repaid \$16,362,000, and no amount remains outstanding as of December 31, 2023 or 2022.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

#### (18) Equity Investees

Equity investees consist mainly of affiliated surgery centers, rehabilitation facilities and other support service components. Summary aggregated unaudited financial information for the investee companies as of and for the years ended December 31, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Total assets	\$ 93,641	92,635
Total liabilities	39,598	35,569
Total net operating revenues	135,154	125,927
Total net loss	(51,395)	(40,605)

#### (19) Concentrations of Credit Risk

The System grants credit to patients, substantially all of whom reside in the System's service area as described in note 1. The System generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, TennCare, preferred provider arrangements, and commercial insurance policies).

The following table represents the composition of the System's net patient accounts receivable balance by payor type:

	<u>2023</u>	<u>2022</u>
Medicare	34 %	34 %
Medicaid and TennCare	25	26
Blue Cross	8	10
Patient	3	3
Other third-party payors	30	27
	<u>100 %</u>	<u>100 %</u>

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000, per depositor. Included in cash and cash equivalents at December 31, 2023 are cash balances at multiple banking institutions in excess of FDIC coverage of approximately \$1,572,000.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

## Notes to Combined Financial Statements

December 31, 2023 and 2022

**(20) Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
	(In thousands)	
Le Bonheur campaign	\$ 60,641	54,183
Annuities	2,778	3,391
Specific patient care units	26,967	19,001
Education/community outreach	9,882	9,981
Professorships, research and scholarships	7,036	6,189
	<u>\$ 107,304</u>	<u>92,745</u>

**(a) Endowment Net Assets**

The following table summarizes the changes in endowment net assets for the fiscal years ended December 31, 2023 and 2022:

	<b>With donor restrictions</b>
Endowment net assets, December 31, 2021	\$ 58,849
Investment return, net	(6,035)
Contributions	2,947
Endowment match	3,987
Transfers	(222)
Appropriation of endowment asset for expenditures	(401)
Endowment net assets, December 31, 2022	59,125
Investment return, net	5,946
Contributions	2,776
Endowment match	1,703
Transfers	(467)
Appropriation of endowment asset for expenditures	(1,374)
Endowment net assets, December 31, 2023	\$

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

The System's Board has interpreted Tennessee's State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. In all material respects, income from the System's donor-restricted endowment funds is itself restricted to specific donor-directed purposes, and is, therefore, accounted for within net assets with donor restrictions until expended in accordance with the donor's wishes. The System oversees individual donor-restricted endowment funds to ensure that the fair value of the original gift is preserved.

The System invests donor-restricted endowment funds within the framework of the System's overall investment management program, as described elsewhere in the notes to the combined financial statements.

#### (21) Litigation

From time to time the System is subject to lawsuits, demands, claims, governmental investigations, and audits, and legal proceedings that arise due to the nature of its business, including, without limitation, allegations of wrong doing from outside parties, contractual disputes, employee related matters and professional and general liability claims.

Liabilities for loss contingencies arising in the ordinary course of business are recorded when it is probable that the liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. After consultation with legal counsel, the System estimates that such matters will be concluded without a material adverse effect on the System's future financial position or results of operations.



## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

### Notes to Combined Financial Statements

December 31, 2023 and 2022

The combined financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The allocations are primarily based on total revenues and full-time equivalent employees of the related program activities, supporting activities and fund raising.

#### **(23) Subsequent Events**

The System has evaluated subsequent events through May 17, 2024, the date on which the combined financial statements were issued, and determined that there are no additional subsequent events to be recognized in the accompanying combined financial statements or disclosed in the related notes, except as previously disclosed in the notes to the combined financial statements.

See accompanying independent auditors' report.

## METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combining Statement of Operations Information

Year ended December 31, 2023

(in thousands)

	Methodist Le Bonheur Healthcare	Methodist Healthcare – Memphis Hospitals	Methodist Healthcare – Olive Branch Hospital	Alliance Health Services, Inc.	Methodist Le Bonheur Healthcare Foundation	Methodist Healthcare Community Care Associates	Ambulatory Operations, Inc.	Eliminations and Reclassifications	Combined
Revenues and other support:									
Net patient service revenue	\$ 6,280	1,674,363	83,920	26,499	—	6,548	—	—	1,797,610
Other revenue	5,026	96,110	547	253	(3,674)	3,151	8,691	—	110,104
Net assets released from restrictions used for operations	—	—	—	—	18,980	—	—	—	18,980
Total revenues and other support	11,306	1,770,473	84,467	26,752	15,306	9,699	8,691	—	1,926,694
Expenses:									
Salaries and benefits	132,143	900,520	42,745	19,279	15,198	6,777	3,941	—	1,120,603
Supplies and other	(95,105)	884,133	39,508	13,176	4,280	2,847	2,956	—	851,795
Depreciation and amortization	6,775	91,195	6,876	475	3	132	2	—	105,458
Interest	(2,721)	19,714	8	—	—	—	—	—	17,001
Total expenses	41,092	1,895,562	89,137	32,930	19,481	9,756	6,899	—	2,094,857
Operating loss	(29,786)	(125,089)	(4,670)	(6,178)	(4,175)	(57)	1,792	—	(168,163)
Nonoperating gains (losses):									
Investment income, net	2,094	28,206	—	—	(2,634)	19,500	5,600	(25,100)	27,666
Change in fair value of interest rate swaps	2,702	—	—	—	—	—	—	—	2,702
Unrealized gain (loss) on trading securities, net	69,644	32,480	—	—	5,248	—	—	—	107,372
Nonservice component of net periodic pension benefit	4,846	9,624	6	567	98	154	181	—	15,476
Total nonoperating gains (losses), net	79,286	70,310	6	567	2,712	19,654	5,781	(25,100)	153,216
Revenues, gains and other support less than expenses and losses, before noncontrolling interests	49,500	(54,779)	(4,664)	(5,611)	(1,463)	19,597	7,573	(25,100)	(14,947)
Noncontrolling interests	—	(586)	—	—	—	—	—	—	(586)
Revenues, gains and other support less than expenses and losses	49,500	(55,365)	(4,664)	(5,611)	(1,463)	19,597	7,573	(25,100)	(15,533)
Other changes in net assets without donor restrictions:									
Accrued pension cost adjustments	24,433	—	—	—	—	—	—	—	24,433
Other	(102,675)	116,629	123	4,106	93	(19,979)	(25,100)	25,100	(1,703)
Net assets released from donor restrictions used for capital purposes	—	—	—	—	2,325	—	—	—	2,325
Change in net assets without donor restrictions	\$ (28,742)	61,264	(4,541)	(1,505)	955	(382)	(17,527)	—	9,522

See accompanying independent auditors' report.



**IRS E-file Signature Authorization  
for a Tax Exempt Entity**

OMB No. 1545-0047

For calendar year 2023, or fiscal year beginning \_\_\_\_\_, 2023, and ending \_\_\_\_\_, 20\_\_\_\_\_

**2023**Department of the Treasury  
Internal Revenue Service**Do not send to the IRS. Keep for your records.**  
Go to [www.irs.gov/Form8879TE](http://www.irs.gov/Form8879TE) for the latest information.

Name of filer

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

EIN or SSN

64-0889822

Name and title of officer or person subject to tax

CHUCK LANE, CFO

**Part I Type of Return and Return Information**

Check the box for the return for which you are using this Form 8879-TE and enter the applicable amount, if any, from the return. Form 8038-CP and Form 5330 filers may enter dollars and cents. For all other forms, enter whole dollars only. If you check the box on line 1a, 2a, 3a, 4a, 5a, 6a, 7a, 8a, 9a, or 10a below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, 5b, 6b, 7b, 8b, 9b, or 10b, 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 one 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	106,100,300
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 V, line 5) . . .	4b	
5a Form 8868 check here . . . <input type="checkbox"/>	b Balance due (Form 8868, line 3c) . . . . .	5b	
6a Form 990-T check here . . . <input type="checkbox"/>	b Total tax (Form 990-T, Part III, line 4) . . . . .	6b	
7a Form 4720 check here . . . <input type="checkbox"/>	b Total tax (Form 4720, Part III, line 1) . . . . .	7b	
8a Form 5227 check here . . . <input type="checkbox"/>	b FMV of assets at end of tax year (Form 5227, Item D) . . . . .	8b	
9a Form 5330 check here . . . <input type="checkbox"/>	b Tax due (Form 5330, Part II, line 19) . . . . .	9b	
10a Form 8038-CP check here . . . <input type="checkbox"/>	b Amount of credit payment requested (Form 8038-CP, Part III, line 22)	10b	

**Part II Declaration and Signature Authorization of Officer or Person Subject to Tax**

Under penalties of perjury, I declare that ☒ I am an officer of the above entity or ☐ I am a person subject to tax with respect to (name of entity) \_\_\_\_\_, (EIN) \_\_\_\_\_ and that I have examined a copy of the 2023 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 electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the 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 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 electronic return and, if applicable, the consent to electronic funds withdrawal.

**PIN: check one box only**

☒ I authorize FORVIS MAZARS, LLP to enter my PIN 

8	9	8	2	2
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 as my signature  
ERO firm name Enter five numbers, but do not enter all zeros

on the tax year 2023 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 or person subject to tax with respect to the entity, I will enter my PIN as my signature on the tax year 2023 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.

Signature of officer or person subject to tax

Date

**Part III Certification and Authentication**

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

5	6	9	2	6	0	6	0	2	6	0
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Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2023 electronically filed return 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 AMY BIEBYDate 11/11/2024

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

For Privacy Act and Paperwork Reduction Act Notice, see back of form.

Cat. No. 31722T

Form **8879-TE** (2023)