See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning 07/01 , 2009, and ending 06/30 , 20 10

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization **DOCTORS HOSPITAL INC**

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address) **8118 Good Luck Road** Room/suite

City or town, state or country, and ZIP + 4 **Lanham, MD 20706-2418**

D Employer identification number **52 : 1638026**

E Telephone number **(301) 552-8028**

G Gross receipts $ **186,850,698**

F Name and address of principal officer: **Dennis Scanlon**
8118 Good Luck Road, Lanham, MD 20706

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ **dchweb.org**

K Form of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: **1990**

M State of legal domicile: **MD**

Part I Summary

1 Briefly describe the organization's mission or most significant activities: **Provide healthcare services to the community**

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	8
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	7
5	Total number of employees (Part V, line 2a)	5	1,669
6	Total number of volunteers (estimate if necessary)	6	175
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	0	0
9	Program service revenue (Part VIII, line 2g)	174,445,323	186,850,698
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,468,593	0
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,821,951	0
12	Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	179,735,867	186,850,698
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	83,097,054	89,811,010
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	108,751,519	93,825,468
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	191,848,573	183,636,478
19	Revenue less expenses. Subtract line 18 from line 12	-12,112,706	3,214,220

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	233,365,521	259,860,449
21	Total liabilities (Part X, line 26)	200,290,566	229,525,454
22	Net assets or fund balances. Subtract line 21 from line 20	33,074,955	30,334,995

Part II Signature Block

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

Sign Here

Signature of officer — Date: 3/15/11

Dennis Scanlon, Vice President, Finance

Type or print name and title

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed ▶ ☐ | Preparer's identifying number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 | EIN ▶ | Phone no. ▶ ( )

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

917,18 14

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission:
Provide healthcare services to the citizens of Prince Georges County and the surrounding community

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 exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts 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 $ 183,636,478 including grants of $ 0) (Revenue $ 186,850,698)
Provide inpatient and outpatient healthcare to the surrounding community totalling 49,764 patient days and 86,258 outpatient visits

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

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

4d Other program services. (Describe in Schedule O.)
(Expenses $ 0 including grants of $ 0) (Revenue $ 0)

4e Total program service expenses ▶ 183,636,478

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	✓	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2		✓
3	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*	3		✓
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		✓
5	**Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where 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*	6		✓
7	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*	7		✓
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		✓
9	Did the organization report an amount in Part X, line 21; 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*	9		✓
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		✓
11	Is the organization's answer to any of the following questions "Yes"? *If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable*	11	✓	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*			
	• 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.*			
	• 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.*			
	• 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.*			
	• Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*			
	• 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? *If "Yes," complete Schedule D, Part X.*			
12	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII.*	12	✓	
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional.* (Yes ✓ / No)	12A	✓	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		✓
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		✓
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I*	14b		✓
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Part II*	15		✓
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Part III*	16		✓
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		✓
18	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*	18		✓
19	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*	19		✓
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	✓	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable	1a 148		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . .	1b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	✓	
2a	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	2a 1669		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	✓	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* this return. (see instructions)			
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		✓
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		
4a	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)?	4a		✓
b	If "Yes," enter the name of the foreign country: ▶ ..... See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5a		✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c		
6a	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?	6a		✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	**Organizations that may receive deductible contributions under section 170(c).**			
a	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?	7a		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required? .	7g		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9	**Sponsoring organizations maintaining donor advised funds.**			
a	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	**Section 501(c)(7) organizations.** Enter:			
a	Initiation fees and capital contributions included on Part VIII, line 12	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11	**Section 501(c)(12) organizations.** Enter:			
a	Gross income from members or shareholders	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b		
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b		

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ▶ **Doctors Hospital Inc, (301)552-8087**
8118 Good Luck Road, Lanham, MD 20706-2418

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

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. Use Schedule J-2 if additional space is needed.

- 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. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

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

☐ Check this box if the organization did not compensate any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Robert Bonaventure Board Member	1	✓						0	0	0
Brian Bayly MD ExOffico Medical Staff	1	✓						0	0	0
J Richard Lilly MD Board Member	1	✓						0	0	0
Rene LaVigne Chairman of the Board	1	✓		✓				0	0	0
Robert Depew Board Member	1	✓						0	0	0
Joanne Goldsmith Board Member	1	✓						0	0	0
Charles Dukes Board Member	1	✓						0	0	0
Richard J Ham Board Member	1	✓						0	0	0
Charlene Dukes Phd Board Member	1	✓						0	0	0
Charlene B Lundgren Vice President Human Resources	40			✓				186,544	0	0
Scott Gregerson Vice President	40			✓				265,817	0	0
Thomas J Crowley Executive Vice President	40			✓				1,050,351	0	0
Philip B Down President	40			✓				584,112	0	0
Dennis P Scanlon Treasurer	40			✓				335,372	0	0
Eric Conley Vice President	40			✓				234,371	0	0
Paula L Bruening Vice President, Patient Care	40			✓				249,387	0	0

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

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Gabriel Jaffe MD Vice President Medical Affairs	30			✓				230,028	0	0
Regina E Robinson Secretary	40			✓				55,545	0	0
Alan H Johnson Dir Information Technology	40				✓			156,065	0	0
Seray Musa Registered Nurse	40				✓			150,657	0	0
Netty N Pandiangan Registered Nurse	40				✓			174,360	0	0
Mark Joseph Tuliao Registered Nurse	40				✓			169,373	0	0
Chester A DiLallo Physician	40				✓			162,508	0	0
1b Total ▶								4,004,490	0	0

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 113

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

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.

(A) Name and business address	(B) Description of services	(C) Compensation
Accounts Clearing House LLC, P O Box 2373, Glen Burnie, MD 21060	Collection Agency	1,099,185
Matrix House Physicians, 575 Main Street, Laurel, MD 20707	House Officers and Hospi	754,839
Diagnostic Imaging Associates, 2 Gate Post Court, Potomac, MD 20854	Radiology Services	1,260,051
Up To Date Laundry, 1221 Desoto Road, Baltimore, MD 21223	laundry	1,028,403
BBL Construction Services, 302 Washington Ave Ext, Albany, NY 12203	construction of medical of	2,586,569

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 133

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f $					
	h Total. Add lines 1a–1f ▶		0			
Program Service Revenue		Business Code				
	2a Net Patient Service Revenue	622000	176,393,377	176,393,377	0	0
	b Investment income from Subsidiary	621000	2,808,738	2,808,738	0	0
	c Assets released from restrictions use	900099	335,301	335,301	0	0
	d					
	e					
	f All other program service revenue		7,313,282	7,313,282	0	0
	g Total. Add lines 2a–2f ▶		186,850,698			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶					
	4 Income from investment of tax-exempt bond proceeds ▶					
	5 Royalties ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents					
	b Less: rental expenses					
	c Rental income or (loss)	0	0			
	d Net rental income or (loss) ▶					
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less: cost or other basis and sales expenses					
	c Gain or (loss)	0	0			
	d Net gain or (loss) ▶					
	8a Gross income from fundraising events (not including $ ..... of contributions reported on line 1c). See Part IV, line 18 a					
	b Less: direct expenses b					
	c Net income or (loss) from fundraising events ▶					
	9a Gross income from gaming activities. See Part IV, line 19 a					
	b Less: direct expenses b					
	c Net income or (loss) from gaming activities ▶					
	10a Gross sales of inventory, less returns and allowances a					
	b Less: cost of goods sold b					
	c Net income or (loss) from sales of inventory ▶					
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a–11d ▶		0			
	12 Total revenue. See instructions. ▶		186,850,698	186,850,698	0	0

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) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21	0	0		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	4,004,490	4,004,490		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0		
7 Other salaries and wages	70,959,893	70,959,893		
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,972,325	1,972,325		
9 Other employee benefits	7,564,578	7,564,578		
10 Payroll taxes	5,309,724	5,309,724		
11 Fees for services (non-employees):				
a Management	6,580,947	6,580,947		
b Legal	412,985	412,985		
c Accounting	272,263	272,263		
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	123,480	123,480		
g Other	7,952,431	7,952,431		
12 Advertising and promotion	821,576	821,576		
13 Office expenses	0	0		
14 Information technology	0	0		
15 Royalties	0	0		
16 Occupancy	519,005	519,005		
17 Travel	114,067	114,067		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0		
19 Conferences, conventions, and meetings	173,629	173,629		
20 Interest	6,074,596	6,074,596		
21 Payments to affiliates	0	0		
22 Depreciation, depletion, and amortization	8,153,233	8,153,233		
23 Insurance	2,009,700	2,009,700		
24 Other expenses Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a **Provision of Bad Debts**	15,951,504	15,951,504	0	0
b **Supplies**	32,403,330	32,403,330	0	0
c **Professional Medical Fees**	3,680,823	3,680,823	0	0
d **Rent Equipment**	1,306,712	1,306,712	0	0
e **Maintenance Contracts**	2,298,701	2,298,701	0	0
f All other expenses	4,976,486	4,976,486		
25 **Total functional expenses.** Add lines 1 through 24f	183,636,478	183,636,478	0	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		24,000	1	24,000
	2	Savings and temporary cash investments		20,670,435	2	13,232,192
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		13,475,247	4	19,676,887
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		1,285,890	7	6,581,717
	8	Inventories for sale or use		2,522,261	8	2,684,066
	9	Prepaid expenses and deferred charges		1,284,593	9	1,148,039
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 214,242,600			
	b	Less: accumulated depreciation	10b 83,448,166	109,308,025	10c	130,794,434
	11	Investments—publicly traded securities			11	
	12	Investments—other securities. See Part IV, line 11		70,598,641	12	34,150,376
	13	Investments—program-related. See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets. See Part IV, line 11		14,196,429	15	51,568,738
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		233,365,521	16	259,860,449
Liabilities	17	Accounts payable and accrued expenses		32,291,210	17	64,683,732
	18	Grants payable		0	18	
	19	Deferred revenue		0	19	
	20	Tax-exempt bond liabilities		135,003,277	20	154,072,491
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		0	21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		0	22	
	23	Secured mortgages and notes payable to unrelated third parties		2,922,352	23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities. Complete Part X of Schedule D		30,073,727	25	10,769,231
	26	**Total liabilities.** Add lines 17 through 25		200,290,566	26	229,525,454
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		33,074,955	27	30,242,065
	28	Temporarily restricted net assets		0	28	92,930
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		33,074,955	33	30,334,995
	34	Total liabilities and net assets/fund balances		233,365,521	34	259,860,449

Part XI Financial Statements and Reporting

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

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization	Employer identification number
DOCTORS HOSPITAL INC	52 : 1638026

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 11, 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.)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: .....

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 ☐ An organization that normally receives: (1) more than 33⅓ % 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 33⅓ % 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.)

10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 ☐ 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 that describes the type of supporting organization and complete lines 11e through 11h.

a ☐ Type I b ☐ Type II c ☐ Type III–Functionally integrated d ☐ Type III–Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box . . . . . ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i)	A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)	
(ii)	A family member of a person described in (i) above?	11g(ii)	
(iii)	A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)	

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f)) . . . . 14 %

15 Public support percentage from 2008 Schedule A, Part II, line 14 . . . . . 15 %

16a **33⅓% support test—2009.** If the organization did not check the box on line 13, and line 14 is 33⅓% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

b **33⅓% support test—2008.** If the organization did not check a box on line 13 or 16a, and line 15 is 33⅓% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

17a **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . ▶ ☐

b **10%-facts-and-circumstances test—2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization . . . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2009** (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from **2008** Schedule A, Part III, line 17	18	%

19a **33⅓ % support tests—2009.** If the organization did not check the box on line 14, and line 15 is more than 33⅓ %, and line 17 is not more than 33⅓ %, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33⅓ % support tests—2008.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33⅓ %, and line 18 is not more than 33⅓ %, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

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

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Provide any other additional information See instructions.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
DOCTORS HOSPITAL INC

Employer identification number
52 : 1638026

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate 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? ☐ Yes ☐ 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? ☐ Yes ☐ No

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

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

☐ Preservation of land for public use (e.g., recreation or pleasure)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of an historically important land area
☐ Preservation of a certified historic structure

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

		Held at the End of the Tax Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ .....

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ .....

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, 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" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, 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 XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116, 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) Revenues included in Form 990, Part VIII, line 1 ▶ $ .....

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

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ .....

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

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

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

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

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

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" to 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 XIV and complete the following table.

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

2a Did the organization include an amount on Form 990, Part X, line 21? . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

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

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

2 Provide the estimated percentage of the year end balance held as:

a Board designated or quasi-endowment ▶ ..... %
b Permanent endowment ▶ ..... %
c Term endowment ▶ ..... %

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

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

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

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	9,966,722	0		9,966,722
b Buildings	135,014,745	0	53,406,826	81,607,919
c Leasehold improvements	6,042,072	0	3,337,927	2,704,145
d Equipment	61,226,275	0	26,703,413	34,522,862
e Other	1,992,786	0	0	1,992,786
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				130,794,434

Part VII Investments—Other Securities. 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
Financial derivatives	26,575,967	End-of-Year Market Value
Closely-held equity interests	0	
Other Investment in Doctors Regional Cancer	2,132,900	End-of-Year Market Value
Investment in Sleep Services of America, Inc	899,765	End-of-Year Market Value
Due to DCH	4,541,744	Cost
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 12.)* ▶	34,150,376	

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13.)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Funds Held By Trustee	32,790,163
Deferred Financing Costs	3,542,287
Goodwill	1,062,531
Other Assets	14,173,757
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	51,568,738

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Amount
Federal income taxes	0
Other noncurrent liabliities	3,602,329
Pension Obligation net of current portion	7,166,902
Total *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	10,769,231

2. FIN 48 Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48.

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	186,850,698
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	183,636,478
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	3,214,220
4	Net unrealized gains (losses) on investments	4	542,496
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV.)	8	-5,638,447
9	Total adjustments (net). Add lines 4 through 8	9	-5,095,951
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	-1,881,731

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	186,850,698
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a	0		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIV.)	2d	0		
e	Add lines 2a through 2d			2e	0
3	Subtract line 2e from line 1			3	186,850,698
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV.)	4b	0		
c	Add lines 4a and 4b			4c	0
5	Total revenue. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 12.)*			5	186,850,698

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	183,636,478
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIV.)	2d	0		
e	Add lines 2a through 2d			2e	0
3	Subtract line 2e from line 1			3	183,636,478
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV.)	4b	0		
c	Add lines 4a and 4b			4c	0
5	Total expenses. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 18.)*			5	183,636,478

Part XIV Supplemental Information

Complete this part to 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, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Schedule D, Part X - not applicable

Schedule D, Part XI, Line 8 - This is the change in fair value of the interest rate swap.

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990.
▶ See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization
DOCTORS HOSPITAL INC

Employer identification number
52 : 1638026

Part I Charity Care and Certain Other Community Benefits at Cost

		Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a	✓	
b	If "Yes," is it a written policy?	1b	✓	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals. ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients.			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care: ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	✓	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care: ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	✓	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.			
4	Does the organization's policy provide free or discounted care to the "medically indigent"?	4	✓	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a	✓	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	✓	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		✓
6a	Does the organization prepare an annual community benefit report?	6a		✓
b	If "Yes," does the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(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
a Charity care at cost (from Worksheets 1 and 2)			905,092	0	905,092	0.3%
b Unreimbursed Medicaid (from Worksheet 3, column a)			0	0	0	0%
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			0	0	0	0%
d **Total** Charity Care and Means-Tested Government Programs	0	0	905,092	0	905,092	0.3%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		9,058	211,054	16,975	310,159	0.1%
f Health professions education (from Worksheet 5)		3,038	1,786,300	0	1,786,300	0.6%
g Subsidized health services (from Worksheet 6)		0	0	0	0	0%
h Research (from Worksheet 7)		0	0	0	0	0%
i Cash and in-kind contributions to community groups (from Worksheet 8)		0	0	0	0	0%
j **Total.** Other Benefits	0	12,096	1,997,354	16,975	2,096,459	0.7%
k **Total.** Add lines 7d and 7j	0	12,096	2,902,446	16,975	3,001,551	1%

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(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	0	0%
2	Economic development			0	0	0	0%
3	Community support		13,281	596,153	198,942	725,095	0.99%
4	Environmental improvements			0	0	0	0%
5	Leadership development and training for community members			0	0	0	0%
6	Coalition building			3,679	0	5,702	0.1%
7	Community health improvement advocacy			0	0	0	0%
8	Workforce development			0	0	0	0%
9	Other			0	0	0	0%
10	Total	0	13,281	599,832	198,942	730,797	1.09%

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1		✓	
2	Enter the amount of the organization's bad debt expense (at cost)	2	15,632,474		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3	905,092		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit.				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	74,001,766		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	69,561,660		
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	4,440,106		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	✓	
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	✓	

Part IV Management Companies and Joint Ventures

	(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					
14					

Part V Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Doctors Hospital Inc 8118 Good Luck Road Lanham, MD 20706	✓								

Part VI Supplemental Information

Complete this part to provide the following information.

1 Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (f), Part I, line 7, Part III, line 4; Part III, line 8; Part III, line 9b, and Part V. See Instructions.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.

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 charity care policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.

6 Provide any other information important to describing how the organization's hospitals 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.).

7 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.

8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Part I - Line 7 - With the all payor system in Maryland the markup is small and we determined that our excess of revenue over expense is 2 percent. All payors pay charges therefore our cost is 98 percent.

Part I - Line 7g - n/a

Part I - Line 7 - Column f - 923,563.00

Part III - Line 4 - A patient is classified as a charity patient by reference to certain established policies of the Hospital. These policies define charity services as those services for which no payment is anticipated. In assessing a patients ability to pay, the Hospital utilized the generally recognized poverty income levels in the community, but also includes certain cases where incurred charges are significant when compared to income. Charity care provided in 2010 and 2009, measured at established rates, was $923,563 and $799,475 respectively. These charges are excluded from net patient service revenue. cost of providing this care is included in operating expenses. Costing methodology is in Marylands all payor system charges are determined based on cost. Our excess of revenue over expense is 2% therefore our cost to provide the service is 98%.

Part III - Line 8 - In Maryland Medicare pays 94% of charges in the all payor system. Charges by law have a reasonable relationship to cost with no excess of revenue over expense built into the formula

Part III - Line 9b - The Maryland Health Services Cost Review Commission has established guidelines for all Hospitals to follow as it relates to qualifying for charity care or financial assistance.

Part V - none

Part VI - Line 2 - We complete market surveys to determine need. We review transfers to other healthcare organizations to see the changing needs of the citizens we serve. We discuss with our Medical Staff who are treating patients before they are admitted to our facility for thier assessment.

Part VI - Supplemental Information (Continued)

Part VI - Line 3 - We advertise our charity care policyin the local newspapers, have brochures at admission and discharge informing the patients of our policy and we also have signs posted in the Hospital.

Part VI - Line 4 - Located in Lanham Prince Georges County Maryland, Lanham is a suburb of Washington DC. the Hospital is located one and one half miles from the Baltimore Washington Parkay, a four lane highway connecting Baltimore and Washington DC. the Hospital is also wihtl one mile of the I 495 the areas beltway. The Hospital serves residents of Prince Georges County, the District of Columbia and the greater Washington DC metropolitan area.

Part VI - Line 5 - The Hospital holds several health fairs during the year with the largest fair being the Womens Health fair in October each year. The attendance has grown over the years with last year we had over 400 participants. The educational sessions held are outstanding and provide guidance for the women of the area in many avenues of helathcare.

Part VI - Line 6 - We have an open Medical staff with ove 500 members. the Board of Directors are citizens of the community who provide leadership to management to meet the needs of the community. Any surplus funds are used to improve the physicial plant and purchase new state of the art equipment to provide a better service to our community.

Part VI - Line 7 - N A

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization	Employer identification number
DOCTORS HOSPITAL INC	52 1638026

Part I Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax indemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e.g., maid, chauffeur, chef)		
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain 1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? . 2		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:		
a	Receive a severance payment or change-of-control payment? 4a		✓
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan? 4b		✓
c	Participate in, or receive payment from, an equity-based compensation arrangement? 4c		✓
	If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.		
	Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a	The organization? 5a		✓
b	Any related organization? 5b		✓
	If "Yes" to line 5a or 5b, describe in Part III.		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a	The organization? 6a		✓
b	Any related organization? 6b		✓
	If "Yes" to line 6a or 6b, describe in Part III.		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III 7		✓
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53 4958-4(a)(3)? If "Yes," describe in Part III 8		✓
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? 9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space is needed.

For each individual whose compensation must be reported in 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 are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)–(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Philip B Down	(i)	494,465	0	89,646	18,000	32,532	634,643	2,693,447
	(ii)	0	0	0	0	0	0	0
Paula L Bruening	(i)	191,899	0	57,489	42,612	5,688	297,688	354,321
	(ii)	0	0	0	0	0	0	0
Thomas J Crowley	(i)	317,558	0	732,792	192,841	9,055	1,252,246	1,267,424
	(ii)	0	0	0	0	0	0	0
Eric Conley	(i)	189,000	0	45,371	0	8,139	242,510	244,387
	(ii)	0	0	0	0	0	0	0
Scott Gregerson	(i)	210,000	0	55,817	11,239	2,571	279,627	280,142
	(ii)	0	0	0	0	0	0	0
Gabriel Jaffe MD	(i)	202,490	0	27,537	14,970	13,873	258,870	360,910
	(ii)	0	0	0	0	0	0	0
Charlene B Lundgren	(i)	158,485	0	28,059	23,820	4,830	215,194	243,483
	(ii)	0	0	0	0	0	0	0
Dennis P Scanlon	(i)	251,483	0	83,889	117,030	9,055	461,457	578,754
	(ii)	0	0	0	0	0	0	0
Regina E Robinson	(i)	54,080	0	1,465	1,617	120	57,282	0
	(ii)	0	0	0	0	0	0	0
Robert Bonaventure	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0
Brian Bayly MD	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0
J Richard Lilly MD	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0
Rene LaVigne	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0
Robert Depew	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0
Joanne Goldsmith	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0
Charles Dukes	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

SCHEDULE J-1
(Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Schedule J (Form 990)

► Attach to Form 990 to list additional information for Schedule J (Form 990), Part II.

► See instructions for Schedule J (Form 990).

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52 : 1638026

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (Schedule J, Part II)

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Charlene Dukes Phd	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0
Alan H Johnson	(i)	151,378	0	4,687	0	6,467	162,532	0
	(ii)	0	0	0	0	0	0	0
Seray Musa	(i)	77,126	0	73,530	0	4,896	155,552	0
	(ii)	0	0	0	0	0	0	0
Netty N Pandiangan	(i)	79,872	0	94,488	0	7,281	181,641	0
	(ii)	0	0	0	0	0	0	0
Mark Joseph Tuliao	(i)	75,712	0	93,661	0	5,275	174,648	0
	(ii)	0	0	0	0	0	0	0
Chester A DiLallo	(i)	154,502	0	8,006	0	4,948	167,456	0
	(ii)	0	0	0	0	0	0	0
Richard J Ham	(i)	0	0	0	0	0	0	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

SCHEDULE K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

▶ Attach to Form 990. See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52 : 1638026

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
							Yes	No	Yes	No
A	Maryland Health and Higher Educational Facilities Authority		5742158H5	12/15/2006	100	To finance and refinance a portion of the costs of construction for the		✓	✓	
B	Maryland Health and Higher Educational Facilities Authority		5742158J1	12/15/2006	105	To finance and refinance a portion of the costs of construction of the		✓	✓	
C	Maryland Health and Higher Educational Facilities Authority		5742158K8	12/15/2006	104	To finance and refinance a portion of the costs of construction of the		✓	✓	
D	Maryland Health and Higher Educational Facilities Authority		5742158L6	12/15/2006	104	To finance and refinance a portion of the costs of construction of the		✓	✓	
E	Maryland Health and Higher Educational Facilities Authority		5742176U4	05/05/2010	98	To finance and refinance a portion of the costs of the 2010 Additional		✓	✓	

Part II Proceeds

		A	B	C	D	E
1	Total proceeds of issue	88,405,881	88,405,881	88,405,881	88,405,881	85,570,000
2	Gross proceeds in reserve funds	5,875,750	5,875,750	5,875,750	5,875,750	5,008,000
3	Proceeds in refunding or defeasance escrows	68,125,727	68,125,727	68,125,727	68,125,727	59,160,000
4	Other unspent proceeds	13,200,000	13,200,000	13,200,000	13,200,000	18,164,000
5	Issuance costs from proceeds	1,204,404	1,204,404	1,204,404	1,204,404	1,366,000
6	Working capital expenditures from proceeds	0	0	0	0	0
7	Capital expenditures from proceeds	0	0	0	0	0
8	Year of substantial completion	2011	2011	2011	2011	2013

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9	Were the bonds issued as part of a current refunding issue?		✓		✓		✓		✓		✓
10	Were the bonds issued as part of an advance refunding issue?		✓		✓		✓		✓		✓
11	Has the final allocation of proceeds been made?	✓		✓		✓		✓		✓	
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?	✓		✓		✓		✓		✓	

Part III Private Business Use

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		✓		✓		✓		✓		✓
2	Are there any lease arrangements with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓

Part III Private Business Use *(Continued)*

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓
b Are there any research agreements with respect to the financed property which may result in private business use?		✓		✓		✓		✓		✓
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	✓		✓		✓		✓		✓	
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %		0 %		0 %		0 %		0 %
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %		0 %		0 %		0 %		0 %
6 Total of lines 4 and 5		0 %		0 %		0 %		0 %		0 %
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	✓		✓		✓		✓		✓	

Part IV Arbitrage

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		✓		✓		✓		✓		✓
2 Is the bond issue a variable rate issue?		✓		✓		✓		✓		✓
3a Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		✓		✓		✓		✓		✓
b Name of provider										
c Term of hedge										
4a Were gross proceeds invested in a GIC?		✓		✓		✓		✓		✓
b Name of provider										
c Term of GIC										
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5 Were any gross proceeds invested beyond an available temporary period?		✓		✓		✓		✓		✓
6 Did the bond issue qualify for an exception to rebate?		✓		✓		✓		✓		✓

SCHEDULE K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information on Schedule O (Form 990).

▶ Attach to Form 990. See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52 1638026

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
							Yes	No	Yes	No
A	Maryland Health and Higher Educational Facilities Authority		5742176W0	05/05/2010	98	To finance and refinance a portion of the costs of the 2010 Additional		✓	✓	
B	Maryland Health and Higher Educational Facilities Authority		5742176Y6	05/05/2010	98	To finance and refinance a portion of the costs of the 2010 Additional		✓	✓	
C										
D										
E										

Part II Proceeds

		A	B	C	D	E
1	Total proceeds of issue	85,570,000	85,570,000			
2	Gross proceeds in reserve funds	5,008,000	5,008,000			
3	Proceeds in refunding or defeasance escrows	59,160,000	59,160,000			
4	Other unspent proceeds	18,164,000	18,164,000			
5	Issuance costs from proceeds	1,366,000	1,366,000			
6	Working capital expenditures from proceeds	0	0			
7	Capital expenditures from proceeds	0	0			
8	Year of substantial completion	2013	2013			

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9	Were the bonds issued as part of a current refunding issue?		✓		✓						
10	Were the bonds issued as part of an advance refunding issue?		✓		✓						
11	Has the final allocation of proceeds been made?	✓		✓							
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?	✓		✓							

Part III Private Business Use

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		✓		✓						
2	Are there any lease arrangements with respect to the financed property which may result in private business use?		✓		✓						

Part III Private Business Use *(Continued)*

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts with respect to the financed property which may result in private business use?		✓		✓						
b Are there any research agreements with respect to the financed property which may result in private business use?		✓		✓						
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	✓			✓						
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %		0.1 %		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %		0 %		%		%		%
6 Total of lines 4 and 5		0 %		0.1 %		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	✓		✓							

Part IV Arbitrage

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		✓		✓						
2 Is the bond issue a variable rate issue?		✓		✓						
3a Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		✓		✓						
b Name of provider										
c Term of hedge										
4a Were gross proceeds invested in a GIC?		✓		✓						
b Name of provider										
c Term of GIC										
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5 Were any gross proceeds invested beyond an available temporary period?		✓		✓						
6 Did the bond issue qualify for an exception to rebate?		✓		✓						

SCHEDULE L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2009

Open To Public Inspection

Name of the organization
DOCTORS HOSPITAL INC

Employer identification number
52 : 1638026

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) Loan to or from the organization? From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) In default? No	(f) Approved by board or committee? Yes	(f) Approved by board or committee? No	(g) Written agreement? Yes	(g) Written agreement? No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) Sharing of organization's revenues? No
See Schedule O, Statement 2					

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

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

▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52 : 1638026

Form 990, Part VI, Section B, Line 11 - A copy of the completed Form 990 is presented to the Board members in advance of a regular meeting of the Board. The Board members are afforded the oportunity to ask questions and request changes (if there are perceived factual inaccuracies). The final Form 990 is approved as presented or, if applicable, as changed, by a majority vote of the members present at the meeting.

Form 990, Part VI, Section B, Line 12c - Each Board Member and Officer of the Organization is required to complete a written conflict of interest statement annually which are reviewed by the President.

Form 990, Part VI, Section B, Line 15 - The Organization's Board has adopted a Compensation Policy (the "Policy") for Covered Individuals. Pursuant to the Policy, a Compensation Committee of independent directors was estabisihed to review the compensation of all employees specified as having a substantial influence over the organization and who receive remuneration from the Organization, including, among others, the Organization's President and Chief Executive Officer and the Organization's Chief Financial Officer. The Compensation Committee is advised by an independent compensation consultant, which opines to the Compensation Committee that the level of compensation paid and the process by which compensation is established meet applicable IRS reasonableness and "safe harbor" standards. The outside compensation consultant provides data of compensation provided at similar organizations to ensure that the Organization does not compensate in excess of market norms.

Form 990, Part VI, Section C, Line 19 - These documents are available upon request. We also file these documents with the State of Maryland Health Services Cost Review Commission.

Reasonable Cause Explanations

Explanation
Extension received until May 15, 2011

Description of Business Transactions Involving Interested Persons

		Amount of transaction
Name	Robert Bonaventure	649,469
Relationship with organization	Board Member	
Description of transaction	Mr. Bonaventure, a Director of the Organization, owns a company that provides security services to the Organization. Total fees paid were determined based on a competitive bidding process. The fees are not based on Organizational revenue sharing Mr Bonaventure abstains from voting with regard to this services contract and is not a member of the Organization's Compensation Committee	
Sharing Of Revenues	No	
Name	Philip B Down Jr	68,100
Relationship with organization	adult son of Philip B Down, President	
Description of transaction	Philip B Down Jr adult son of the Organizations's President and Chief Executive Officer was employed as a facilities manager for th eOrganization. His total compensation was $68,100 and was determined based upon a market study for the position. His pay is not based on Organizational revenue sharing.	
Sharing Of Revenues	No	

Description of Identification of Related Tax-Exempt Organizations

Name and EIN	Doctors Community Hospital Foundation Inc (52-1712338)
Address	8118 Good Luck Road Lanham, MD 20706
Primary activities	To raise funds for Doctors Hospital Inc Capital needs
State or foreign country	MD
Exempt code section	501 (c) (3)
Public charity status	501 (c) (3)
Direct controlling entity	N/A

Description of Related Organizations Taxable as a Corporation or Trust

		Share of total income	Share of end-of-year assets	Percentage ownership
Name and EIN	Doctors Community Health Ventures Inc (52-1884380)			100%
Address	8118 Good Luck Road Lanham, MD 20706			
Primary activity	Wholly owned for profit entity of Doctors Hospital Inc			
State or foreign country	MD			
Direct controlling entity	N/A			
Type of entity	C			

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52 : 1638026

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

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

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to 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
See Schedule O, Statement 3					

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to 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
See Schedule O, Statement 4							

Part V **Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, or 36.)

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

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

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 other organization	(b) Transaction type (a–r)	(c) Amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproportionate allocations?		(g) Code V–UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

COHEN
RUTHERFORD
+ KNIGHT PC
Certified Public Accountants

Audited Consolidated Financial Statements and Other Financial Information

Doctors Community Hospital and Subsidiaries

June 30, 2010 and 2009

Audited Consolidated Financial Statements
Doctors Community Hospital and Subsidiaries
June 30, 2010 and 2009

– Contents –

COHEN
RUTHERFORD
+ KNIGHT PC
Certified Public Accountants

Report of Independent Auditors

Board of Directors
Doctors Community Hospital and Subsidiaries
Lanham, Maryland

We have audited the accompanying consolidated balance sheets of Doctors Community Hospital and Subsidiaries, (the Hospital) as of June 30, 2010 and 2009, and the related consolidated statements of operations and other changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Hospital's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Doctors Community Hospital and Subsidiaries as of June 30, 2010 and 2009, and the results of their operations, the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Cohen, Rutherford + Knight, P.C.

October 19, 2010

6903 Rockledge Drive, Suite 500, Bethesda, MD 20817 **Tel:** 301 828.1000 **Fax:** 301.530 3625

Consolidated Balance Sheets
Doctors Community Hospital and Subsidiaries

	June 30 2010	June 30 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 14,521,680	$ 18,306,343
Assets whose use is limited - current portion of trustee-held funds -- *Note B*	4,682,633	4,135,618
Patient accounts receivable, less uncollectible accounts of $7,329,639 and $8,628,391 for 2010 and 2009, respectively	20,757,705	16,764,777
Other amounts receivable	2,175,209	1,263,606
Inventories	2,772,283	2,596,904
Prepaid expenses	1,265,039	1,350,863
TOTAL CURRENT ASSETS	46,174,549	44,418,111
NOTES RECEIVABLE	1,662,786	155,667
INVESTMENTS		
Marketable securities -- *Note B*	26,739,456	25,766,121
Joint ventures and equity investments -- *Note C*	2,182,857	2,204,251
	28,922,313	27,970,372
ASSETS WHOSE USE IS LIMITED -- *Note B*		
Investments held by Trustee or Authority, less current portion	32,790,163	39,352,410
LAND, BUILDINGS, AND EQUIPMENT -- *Note E*	138,555,389	116,721,641
DEFERRED FINANCING COSTS	3,542,287	2,161,368
GOODWILL -- *Note L*	2,475,791	2,475,791
OTHER ASSETS	14,083,757	13,043,898
TOTAL ASSETS	$ 268,207,035	$ 246,299,258

See the accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets – Continued
Doctors Community Hospital and Subsidiaries

	June 30 2010	June 30 2009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 18,239,569	$ 21,032,952
Salaries, wages, and related items	10,211,101	9,051,043
Advances from third party payers	5,998,161	4,934,168
Interest rate swap -- *Note F*	24,135,956	0
Interest payable to bondholders	4,294,765	1,829,100
Current portion of long-term obligations -- *Note F*	3,300,844	3,187,731
TOTAL CURRENT LIABILITIES	66,180,396	40,034,994
NONCURRENT LIABILITIES		
Other noncurrent liabilities	3,602,329	2,922,352
Interest rate swap -- *Note F*	0	18,497,509
Pension obligation -- *Note I*	7,166,902	7,319,139
Long-term obligations, less current portion -- *Note F*	157,276,508	139,135,280
TOTAL LIABILITIES	234,226,135	207,909,274
NONCONTROLLING INTEREST	2,021,777	2,321,454
NET ASSETS		
Unrestricted	31,835,431	36,041,112
Temporarily restricted -- *Note M*	123,692	27,418
TOTAL NET ASSETS	31,959,123	36,068,530
COMMITMENTS AND CONTINGENCIES -- *Notes K*		
	$ 268,207,035	$ 246,299,258

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Operations and Other Changes in Unrestricted Net Assets
Doctors Community Hospital and Subsidiaries

	Year Ended June 30	
	2010	2009
REVENUE		
Net patient service revenue	$ 191,744,078	$ 180,294,557
Other operating revenue -- *Note B*	6,156,272	6,667,807
Pledges and contributions	207,351	85,512
Net assets released from restrictions used for operations	335,301	2,821,951
TOTAL REVENUE	198,443,002	189,869,827
EXPENSES		
Salaries and wages	75,956,168	70,697,700
Employee benefits	15,012,104	13,463,924
Purchased services	29,144,131	28,469,514
Supplies	32,926,696	30,889,362
Other expenses	9,792,131	10,753,161
Provision for bad debts	16,070,689	18,296,936
Depreciation -- *Note E*	9,260,387	5,877,761
Amortization	138,278	136,960
Fundraising	293,467	332,768
Interest -- *Note F*	6,390,913	4,088,292
TOTAL OPERATING EXPENSES	194,984,964	183,006,378
INCOME FROM OPERATIONS	3,458,038	6,863,449
NONOPERATING GAINS (LOSSES)		
Impairment loss -- *Note B*	0	(9,732,165)
Unrealized gain on trading securities -- *Note B*	542,496	3,007,233
Change in the fair value of the interest rate swap -- *Note F*	(5,638,447)	(10,854,931)
EXCESS OF EXPENSES OVER REVENUE BEFORE NONCONTROLLING INTEREST	(1,637,913)	(10,716,414)
Noncontrolling interest	(1,872,492)	(1,645,728)
EXCESS OF EXPENSES OVER REVENUE	(3,510,405)	(12,362,142)
Net assets released from restrictions for capital acquisitions	255,883	2,031,419
Pension - related changes other than net periodic pension cost -- *Note I*	(951,159)	(2,774,768)
DECREASE IN UNRESTRICTED NET ASSETS	$ (4,205,681)	$ (13,105,491)

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets
Doctors Community Hospital and Subsidiaries

	Year Ended June 30	
	2010	2009
UNRESTRICTED NET ASSETS		
Excess of expenses over revenue	$ (3,510,405)	$ (12,362,142)
Net assets released from restrictions for capital expenditures	255,883	2,031,419
Pension - related changes other than net periodic pension cost -- *Note I*	(951,159)	(2,774,768)
DECREASE IN UNRESTRICTED NET ASSETS	(4,205,681)	(13,105,491)
TEMPORARILY RESTRICTED NET ASSETS		
Restricted contributions	687,458	2,455,425
Net assets released from restrictions for operations	(335,301)	(2,821,951)
Net assets released from restrictions for capital expenditures	(255,883)	(2,031,419)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	96,274	(2,397,945)
DECREASE IN NET ASSETS	(4,109,407)	(15,503,436)
NET ASSETS, BEGINNING OF YEAR	36,068,530	51,571,966
NET ASSETS, END OF YEAR	$ 31,959,123	$ 36,068,530

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows – Continued
Doctors Community Hospital and Subsidiaries

	Year Ended June 30 2010	2009
OPERATING ACTIVITIES AND OTHER GAINS		
Decrease in net assets	$ (4,109,407)	$ (15,503,436)
Adjustment to reconcile decrease in net assets to net cash and cash equivalents provided by operating activities:		
Restricted contributions received	(687,458)	(2,455,425)
Depreciation and amortization	9,260,387	5,877,761
Provision for bad debts	16,070,689	18,296,936
Unrealized gain on investments	(542,496)	(3,007,233)
Loss on disposal of equipment	59,905	27,917
Decrease in joint ventures and equity investments	21,394	253,664
Realized loss (gain) on sale of investments	(8,188)	10,547,431
Amortization of bond discount	(138,278)	(136,763)
Noncontrolling interest	1,872,492	2,314,291
Change in fair value of interest rate swap	5,638,447	10,854,932
Increase (decrease) in:		
Accounts payable and accrued expenses, exclusive of accrual for equipment cost	(2,793,383)	6,833,523
Accrued salaries, wages and related items	1,160,058	785,846
Advances from third party payers	962,613	(496,751)
Pension obligation	(152,237)	3,241,629
Interest payable	2,465,665	(42,600)
Other liabilities	679,977	(2,413,316)
Decrease (increase) in:		
Net patient accounts receivable	(20,063,617)	(12,706,198)
Other receivables	(2,418,722)	(764,516)
Inventories	(175,379)	706,500
Prepaid expenses and other assets	(954,035)	1,871,911
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES AND OTHER GAINS	6,148,427	24,086,103
INVESTING ACTIVITIES		
Net sales of trading investments, including assets whose use is limited	5,592,581	32,530,288
Purchase of property, plant and equipment	(31,154,040)	(48,454,312)
NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES	(25,561,459)	(15,924,024)

(Continued)

Consolidated Statements of Cash Flows – Continued
Doctors Community Hospital and Subsidiaries

	Year Ended June 30 2010	2009
FINANCING ACTIVITIES		
Principal payments on debt	$ (3,245,495)	$ (3,052,763)
Proceeds from issue of debt	80,798,114	4,000,000
Bond retirement	(59,160,000)	0
Advances from third-party payers	101,380	104,427
Deferred financing costs	(1,380,919)	0
Distributions to the noncontrolling interest holders	(2,172,170)	(1,431,040)
Restricted contributions received	687,458	2,455,425
NET CASH AND CASH EQUIVALENTS PROVIDED BY FINANCING ACTIVITIES	15,628,368	2,076,049
NET INCREASE (DECREASE) IN CASH AND CASH AND CASH EQUIVALENTS	(3,784,663)	10,238,128
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,306,343	8,068,215
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 14,521,680	$ 18,306,343

See the accompanying notes to the consolidated financial statements.

Note A – Organization and Summary of Significant Accounting Principles

Organization

Doctors Community Hospital (the Hospital) is a not-for-profit, non-stock corporation that operates an acute care general hospital facility licensed for 190 beds The Hospital serves the health care needs of the residents of Prince George's County, the District of Columbia, and the greater Washington, D.C. metropolitan area. The Hospital has two wholly owned/controlled subsidiaries: Doctors Community Health Ventures, Inc (Health Ventures) and Doctors Community Hospital Foundation, Inc. (the Foundation).

Health Ventures is a for-profit corporation that invests in corporations and other businesses consistent with the Hospital's mission and strategic plan.

The Foundation is a not-for-profit, non-stock corporation established to raise and invest funds to support or benefit the operations of the Hospital. The Foundation's bylaws provide that all funds raised, except those required for the operation of the Foundation, be distributed to or be held for the benefit of the Hospital. The Foundation's bylaws also provide the Hospital with the authority to direct its activities, management, and policies.

The Hospital owns a 60% interest in Doctors Regional Cancer Center, LLC (DRCC) and Doctors Community Hospital Sleep Center, LLC (the Sleep Center), and a 100% interest in Spine Team Maryland (STM). DRCC is a limited liability company formed in Maryland for the purpose of providing outpatient cancer treatment services to the residents of central Maryland. The Sleep Center is a limited liability company formed in Maryland for the purpose of providing diagnostic sleep services for residents of Prince Georges County and surrounding areas. STM is a limited liability company formed in Maryland for the purpose of providing medical and surgical services for the residents of Prince Georges County and surrounding areas.

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital, Health Ventures, the Foundation, DRCC, the Sleep Center, and STM (collectively, the Company). All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Note A – Organization and Summary of Significant Accounting Principles – Continued

Cash and Cash Equivalents

Cash and cash equivalents include overnight repurchase agreements and other investments with a maturity date of three months or less when purchased. The Company has cash holdings in commercial banks routinely exceeding the Federal Deposit Insurance Corporation maximum insurance limit of $250,000. Cash and cash equivalents are reported at cost which approximates market value.

Investments

Marketable securities, including assets whose use is limited, are carried at fair value. All such investments are classified as trading. Assets whose use is limited that are required to meet current liabilities of the Hospital have been classified as current assets.

Unrestricted investment income, including realized gains and losses on the sale of trading securities is reported as other operating revenue. The cost of securities sold is based on the specific-identification method. Unrealized gains and losses on trading securities are included in nonoperating gains (losses) in the accompanying consolidated statements of operations and other changes in unrestricted net assets.

Patient Revenue and Accounts Receivable

Net patient service revenue and net patient accounts receivable are reported at estimated net realizable amounts from patients, third party payers, and others for services rendered. Discounts ranging from 2.25% to 6% of Hospital charges are given to Medicare, Medicaid, and certain approved commercial health insurance and health maintenance organizations. In addition, these payers routinely review patient billings and deny payments for certain charges that they deem medically unnecessary or performed without appropriate pre-authorization. Discounts and denials are recorded as reductions of net patient service revenue. Accounts receivable from these third-party payers have been adjusted to reflect the difference between charges and the estimated reimbursable amounts.

Note A – Organization and Summary of Significant Accounting Principles – Continued

Patient Revenue and Accounts Receivable - Continued

Gross patient revenue was comprised of the following for the years ended June 30:

	2010	2009
Medicare	40%	38%
Medicaid	12%	5%
Blue Cross Blue Shield	20%	20%
Other third-party payers	22%	32%
Self-pay patients	6%	5%
	100%	100%

The Company bills third party payers directly for services provided. Insurance coverage and credit information are obtained from patients upon admission when available. No collateral is obtained for patient accounts receivable. Patient accounts receivable deemed to be uncollectible, by management, have been written off. An allowance for doubtful accounts is recorded based on historical trends for patient accounts receivable that are anticipated to become uncollectible in future periods.

Gross patient accounts receivable were comprised of the following for the years ended June 30:

	2010	2009
Medicare	29%	14%
Medicaid	14%	3%
Blue Cross Blue Shield	18%	15%
Other third-party payers	20%	26%
Self-pay patients	19%	42%
	100%	100%

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

Note A – Organization and Summary of Significant Accounting Principles – Continued

Inventories

Inventories consist of supplies and drugs and are carried at the lower of cost or market using the average-cost method.

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost. Depreciation is recorded over the estimated useful lives of the assets using the straight-line method. Maintenance and repairs are charged to expense as incurred. The straight-line method is used to amortize the cost of equipment under capital leases over the estimated useful life of the equipment or the term of the lease, whichever is appropriate.

Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. As of June 30, 2010 and 2009, the Hospital had no permanently restricted net assets. Temporarily restricted net assets are available to fund various health care services and other community benefits provided by the Hospital.

Excess of Expenses over Revenue

The consolidated statements of operations include the excess of expenses over revenue (the "performance indicator"). Changes in unrestricted net assets, which are excluded from the excess of expenses over revenue, consistent with industry practice, include contributions received and used for additions of long-lived assets, and changes in the pension obligation other than net periodic pension cost.

Charity Care

A patient is classified as a charity patient by reference to certain established policies of the Hospital These policies define charity services as those services for which no payment is anticipated. In assessing a patient's ability to pay, the Hospital utilizes the generally recognized poverty income levels in the local community, but also includes certain cases where incurred charges are significant when compared to income. Charity care provided in 2010 and 2009, measured at established rates, was $923,563 and $799,475 respectively. These charges are excluded from net patient service revenue. Cost of providing this care is included in operating expenses.

Note A – Organization and Summary of Significant Accounting Principles – Continued

Contributions and Pledges

Unconditional promises to give cash and other assets to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the conditions for receiving the donation have been satisfied. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions restricted by donors for additions to the Hospital's operating property are transferred from temporarily restricted net assets to unrestricted net assets when the expenditure is made. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of changes in net assets as net assets released from restriction.

The Hospital and Foundation write off any grants and pledges receivable that are considered uncollectible; accordingly, there is no allowance for doubtful accounts recorded for these receivables. Grants and pledges receivable have not been discounted because management considers the effect to be immaterial. The balance of pledges receivable was $162,459 and $166,882 at June 30, 2010 and 2009, respectively, and is included in other amounts receivable in the accompanying consolidated balance sheets.

Advertising Costs

The Hospital expenses advertising costs as they are incurred. Advertising expense was approximately $954,569 and $614,824 for the fiscal years June 30, 2010 and 2009, respectively, and is reported as other expense in the accompanying consolidated statements of operations and other changes in unrestricted net assets.

Functional Expenses

The Company's operating expenses by functional classification are as follows:

	Year Ended June 30	
	2010	2009
Health care services	$ 139,933,762	$ 139,506,644
Management and general	54,587,118	42,998,715
Fundraising	464,084	501,019
	$ 194,984,964	$ 183,006,378

Note A – Organization and Summary of Significant Accounting Principles – Continued

Deferred Financing Costs

Financing costs incurred in issuing the Maryland Health and Higher Educational Facilities Authority (the Authority or MHHEFA) Revenue Bonds have been capitalized by the Hospital. These costs are being amortized over the life of the related bond issue using the bonds-outstanding method, which approximates the interest method. Deferred financing costs and accumulated amortization, which are included in other assets in the accompanying consolidated balance sheets, are as follows:

	June 30	
	2010	2009
Deferred financing costs	$ 3,984,004	$ 2,464,807
Accumulated amortization	(441,717)	(303,439)
	$ 3,542,287	$ 2,161,368

The estimated aggregate amortization expense anticipated for the next five years is as follows:

2011	$ 184,372
2012	181,193
2013	177,897
2014	174,462
2015	170,896
	$ 888,820

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company to estimate the fair value of financial instruments:

- **Cash and cash equivalents, patient accounts receivable, other receivables, notes receivable, accounts payable and accrued expenses, employee compensation and related payroll taxes, and advances from third-party payers**: The carrying amount reported in the balance sheets for each of these assets and liabilities approximates their fair value.

- **Marketable securities and assets limited as to use**: Fair values are based on quoted market prices of individual securities or investments if available, or are estimated using quoted market prices for similar securities.

Note A – Organization and Summary of Significant Accounting Principles – Continued

Fair Value of Financial Instruments – Continued

- **Long-term debt:** Fair values of the Hospital's fixed-rate debt are based on current traded values. The fair value of variable rate debt approximates carrying value. The fair values are disclosed in *Note F.*

- **Interest rate swap:** The fair value of the Hospital's interest rate swap is based on the proprietary model of a third party valuation specialist (see *Note F*).

Income Taxes

The Hospital and the Foundation are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code as public charities. Both entities are entitled to rely on this determination as long as there are no substantial changes in its character, purposes, or methods of operation. Management has concluded that there have been no such changes, and therefore the Hospital and Foundation's status as public charities exempt from federal income taxation remain in effect.

The state in which the Hospital and the Foundation operate also provided a general exemption from state income taxation for organizations that are exempt from federal income taxation. However, both entities are subject to federal and state income taxation at corporate tax rates on unrelated business income. Exemption from other state and local taxes, such as real and personal property taxes is separately determined.

The Hospital and the Foundation had no unrecognized tax benefits or such amounts were immaterial during the periods presented. For tax periods with respect to which no unrelated business income was recognized, no tax return was required. Tax periods for which no return is filed remain open for examination indefinitely. Although informational returns were filed, no tax returns were filed during 2010 and 2009.

Health Ventures is subject to corporate income tax and incurred an income tax liability of $350,000 and $115,923 for the years ended June 30, 2010 and 2009, respectively.

DRCC is a Maryland limited liability company that has not elected to be taxed as a corporation under current Treasury regulations. DRCC is owned by more than one member. As such, DRCC is

Note A – Organization and Summary of Significant Accounting Principles – Continued

Income Taxes – Continued

subject to the partnership tax rules under Subchapter K of the Internal Revenue Code of 1986, as amended. Under these rules DRCC itself is not subject to federal or state income tax, but must file annual information returns indicating its gross and taxable income to determine the tax results to its members.

The Sleep Center is a Maryland limited liability company that has not elected to be taxed as a corporation under Treasury Regulations. The Sleep Center is owned by more than one member. As such, the Sleep Center is subject to the partnership tax rules under Subchapter K of the Internal Revenue Code of 1986, as amended. Under these rules the Sleep Center is not a taxable entity, but must file annual information returns indicating its gross and taxable income to determine the tax results to its members.

The Spine Team Maryland is a Maryland limited liability company that has not elected to be taxed as a corporation under Treasury Regulation. The Spine Team Maryland is wholly owned by the Hospital. As such, the Spine Team Maryland is a "disregarded entity" under current IRS regulations.

Goodwill

Goodwill represents the excess of cost over the fair value of assets acquired. Management evaluates goodwill for impairment on an annual basis. Management reviewed the balance for impairment and believes there is none as of June 30, 2010.

Reclassifications

Certain amounts have been reclassified in the 2010 consolidated financial statements to be comparable with the 2009 consolidated financial statements.

Recent Changes in Accounting Standards

In August 2010, the Financial Accounting Standards Board (FASB) amended the Accounting Standards Codification (ASC) for Health Care Entities to require that cost be used as the measurement basis for charity care disclosures and that cost be identified as the direct and indirect costs of providing the charity care. This amendment is effective for fiscal years beginning after December 15, 2010. Also, in August 2010, the FASB amended the ASC for Health Care Entities to clarify that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without considerations of insurance recoveries. This amendment is effective for fiscal years and interim periods within those years, beginning after December 15, 2010. Management is currently evaluating the impact on the Company's future financial statements of adoption of these changes in accounting.

Note A – Organization and Summary of Significant Accounting Principles – Continued

Subsequent Events

Subsequent events have been evaluated by management through October 19, 2010, which is the date the financial statements were available to be issued.

Note B – Investments

The following is a summary of investment securities:

	June 30	
	2010	**2009**
Marketable securities:		
Corporate debt securities	$ 3,061,161	$ 2,779,449
Mutual funds	23,678,295	22,986,672
	$ 26,739,456	$ 25,766,121
Assets whose use is limited:		
Mutual funds	$ 1,200,476	$ 10,961,939
Government obligations	36,272,320	32,526,089
	$ 37,472,796	$ 43,488,028

Assets whose use is limited are held in the following funds:

	2010	**2009**
Funds held by Trustee or Authority:		
Debt service reserve fund	$ 37,472,796	$ 43,488,028
Less assets required for current obligations	(4,682,633)	(4,135,618)
	$ 32,790,163	$ 39,352,410

Note B – Investments – Continued

Investment return is summarized as follows:

	Other Operating Revenue	Non Operating Gains (Losses)	Total
2010			
Interest and dividend income	$ 775,525	$ 0	$ 775,525
Net realized loss	8,188	0	8,188
Net unrealized gains	0	542,496	542,496
Investment fees	(81,282)	0	(81,282)
	$ 702,431	$ 542,496	$ 1,244,927
2009			
Interest and dividend income	$ 1,738,534	$ 0	$ 1,738,534
Net realized gain	(815,266)	0	(815,266)
Impairment loss	0	(9,732,165)	(9,732,165)
Net unrealized losses	0	3,007,233	3,007,233
Investment fees	(131,475)	0	(131,475)
	$ 791,793	$ (6,724,932)	$ (5,933,139)

Current accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets of liabilities.

Level 2: Observable input other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets(s) or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Note B – Investments – Continued

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

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of the timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset or liability. Furthermore, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset or liability. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

Fair values of the Company's investments in mutual funds classified at Level 1 are based on quoted market prices. The fair values of mutual funds classified at Level 2 are based on the Company's pro-rata share of the each fund's net asset value.

Fair values for the Company's fixed income securities (corporate debt and federal government obligations) are based on prices provided by its investment managers and its custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Each designate specific pricing services or indexes for each sector of the market based upon the provider's experience. The Company's federal government obligations and government backed securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

The fair value of the Company's interest rate swap (level 3) is based on the proprietary model of a third party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the swap, and considers the credit risk of the Company and the counterparty. The method used to determine the fair value calculates the estimated future payments required by the swap and discounts these payments using an appropriate discount rate. The value represents the estimated exit price that the Company would pay to terminate the agreement.

Note B – Investments – Continued

The following table presents the Company's fair value hierarchy for assets measured at fair value on a recurring basis as of June 30, 2010.

		Level 1	Level 2	Level 3	Total Fair Value
Cash		$ 0	$ 0	$ 0	$ 0
Mutual funds		1,785,848	29,559,079	0	31,344,927
Fixed income		0	37,013,091	0	37,013,091
	Total	$ 1,785,848	$ 66,572,170	$ 0	$ 68,358,018
Interest rate swap		0	0	24,135,957	24,135,957
	Total	$ 0	$ 0	$ 24,135,957	$ 24,135,957

The following table presents the Company's fair value hierarchy for assets measured at fair value on a recurring basis as of June 30, 2009:

		Level 1	Level 2	Level 3	Total Fair Value
Cash		$ 637	$ 0	$ 0	$ 637
Mutual funds		2,577,112	34,132,756	0	36,709,868
Fixed income		0	36,190,452	0	36,190,452
	Total	$ 2,577,749	$ 70,323,208	$ 0	$ 72,900,957
Interest rate swap		0	0	18,497,509	18,497,509
	Total	$ 0	$ 0	$ 18,497,509	$ 18,497,509

The following table summarizes the activity for fair value measurements using significant unobservable inputs (Level 3):

	Level 3	
	2010	2009
Fair value, beginning	$ 18,497,509	$ 7,642,577
Net unrealized losses	5,638,448	10,854,932
Fair value, ending	$ 24,135,957	$ 18,497,509

Note C – Joint Ventures and Equity Investments

Health Ventures invests in corporations and other forms of business consistent with the mission and strategic plan of the Company. Health Ventures' unconsolidated investments are carried at cost or at equity depending on the percentage of ownership and control. Health Venture's investment in Magnolia Gardens L.L.C. is not consolidated with the financial statements of the Company because the Health Ventures does not control the investee. The investment income of these joint ventures and equity investments is reported in other operating revenue in the accompanying consolidated statement of operations and other changes in unrestricted net assets. These investments are summarized as follows:

Name	Percent Ownership	Accounting Method	June 30 2010	June 30 2009
Magnolia Gardens LLC	51.0%	Equity	$ 1,834,835	$ 1,853,061
Neighborcare Home Medical Equipment of Maryland LLC	5 0%	Cost	250,000	250,000
Metropolitan Ambulatory Urological Institute, LLC	31 7%	Equity	114,260	101,190
Diagnostic Imaging, LLC	50 0%	Equity	(16,238)	0
			$ 2,182,857	$ 2,204,251

Note D – Related Party Transactions

The Hospital has income guarantee agreements with certain physicians. These advances are held as promissory notes and are often forgiven based on the established terms of these notes, such as maintaining an active practice in the Hospital's community.

The Hospital advanced funds to Health Ventures in its establishment of Metropolitan Medical Group, LLC and Diagnostic Imaging, LLC. Health Ventures periodically repays the Hospital. The outstanding balance of the advance was $3,328,089 at June 30, 2010. The Medical Director of Radiology for the Hospital is a partner of Diagnostic Imaging, LLC.

A member of the board of directors maintains a business that has transactions with the Hospital that amounted to approximately $650,363 in fiscal year 2010 and $578,060 in fiscal year 2009.

During 2010, the Foundation transferred $4,537 of restricted net assets to the Hospital, which was then released from restriction by the Hospital for use in operations.

Note E – Land, Buildings, and Equipment

Land, buildings, and equipment are summarized as follows:

Name	Useful Life	June 30 2010	June 30 2009
Land improvements	10-40 Years	$ 3,685,435	$ 5,708,937
Buildings	4-40 Years	135,014,745	58,583,041
Furniture and equipment	2-20 Years	68,987,230	58,310,508
Equipment under capital lease obligations	2-20 Years	6,042,072	2,270,493
		213,729,482	124,872,979
Less accumulated depreciation		83,448,166	74,504,046
		130,281,316	50,368,933
Construction in progress		1,992,786	60,214,206
Land		6,281,287	6,138,502
		$ 138,555,389	$ 116,721,641

The Company capitalized interest of $3,991,443 in 2010 and $2,602,639 in 2009 related to construction activities, and total capitalized interest reported as a component of land, buildings and equipment, net of accumulated depreciation, was $6,506,594 as of June 30, 2010 and $2,629,794 as of June 30, 2009. Capitalized interest related to construction activities includes the relevant portions of applicable interest payments to creditors on bonds and other debt obligations, net payments/receipts to counterparties on interest rate swap arrangements, letter of credit fees, and income received on trustee-held funds.

Accumulated depreciation includes accumulated amortization of capital leased equipment in the amount of $1,118,566 and $884,922 as of June 30, 2010 and 2009, respectively. Depreciation expense of capital leased equipment was $268,405 and $240,018 for fiscal year 2010 and 2009, respectively.

Note F – Long-Term Debt

Long-term indebtedness consisted of the following:

	June 30	
	2010	2009
Maryland Health and Higher Education Facilities Authority Revenue Bonds, Series 2007A:		
4.00% term bonds due July 1, 2013	$ 9,750,000	$ 11,955,000
5.00% term bonds due July 1, 2020	21,890,000	21,890,000
5.00% term bonds due July 1, 2027	30,795,000	30,795,000
5.00% term bonds due July 1, 2029	10,915,000	10,915,000
Maryland Health and Higher Education Facilities Authority Revenue Bonds, Series 2008, variable rate	0	59,160,000
Maryland Health and Higher Education Facilities Authority Revenue Bonds, Series 2010:		
5.30% term bonds due July 1, 2025	5,330,000	0
5.625% term bonds due July 1, 2030	9,095,000	0
5.75% term bonds due July 1, 2038	68,245,000	0
Loan originally totaling $810,000, bearing interest of 6.82%, principal and interest is payable in monthly installments of $9,331 20 The loan matures on July 15, 2008	0	8,652
Capital leases	505,215	1,176,592
Notes payable	3,702,031	4,000,000
	160,227,246	139,900,244
Current portion of long-term debt	(3,300,844)	(3,187,731)
Original issue premium, net of accumulated amortization	2,221,992	2,422,767
Original issue discount, net of accumulated amortization	(1,871,886)	0
	$ 157,276,508	$139,135,280

The fair value of the Company's long-term debt, based on quoted market prices, was $144,210,999 and $124,790,343 at June 30, 2010 and 2009, respectively.

Note F – Long-Term Debt – Continued

The aggregate maturities of long-term debt, including sinking fund principal requirements during the next five fiscal years are as follows:

2011	$ 3,879,270
2012	3,679,346
2013	3,823,423
2014	4,288,327
2015	4,414,107
2016 and after	143,695,572
	$163,780,045

Total interest paid for the years ended June 30, 2010 and 2009 was $4,084,370 and $3,954,598, respectively.

Revenue Bonds

On May 15, 2010, the Hospital issued $82,670,000 principal amount of Revenue Bonds, Series 2010 (Series 2010 Bonds). The proceeds of this issue were used to retire the Revenue Bonds, Series 2008 and to finance the costs of renovation and equipment purchases.

On January 4, 2007, the Hospital issued $77,685,000 principal amount of Revenue Bonds, Series 2007A (Series 2007 Bonds). The proceeds of this issue were used to retire certain existing bonds, pooled loans, and to finance the costs of renovation and equipment purchases. The retirement of existing bonds resulted in a loss of approximately $2 million during 2007

On May 21, 2008, the Hospital issued $59,160,000 principal amount of Revenue Bonds, Series 2008 (Series 2008 Bonds). The proceeds of this issue were used to finance the costs of the construction of the tower addition to the Hospital and renovation of other Hospital facilities. Interest was determined by a remarking agent on a weekly basis not to exceed 12% based on prevailing market conditions. Weekly interest rates during 2009 ranged from 0.32% to 7.35%. The Series 2008 Bonds were fully repaid from the proceeds of the Series 2010 Bonds.

The Hospital is required to maintain certain debt ratios as defined by the Agreement. In the opinion of the management, the Hospital has complied with the required covenants for 2010 and 2009.

Other Debt

During 1999, the Hospital purchased land for $1,020,000 in exchange for a note payable due in monthly installments of $9,331, including interest at the rate of 6.8% through July 2008, with a balloon payment of $200,000 in August 2008. The land was used to build an employee parking lot that opened in the fall of 1999.

Note F – Long-Term Debt – Continued

Other Debt – continued

During 2008, DRCC obtained a $4,000,000 revolving line of credit from a commercial lender to finance the acquisition of certain medical equipment. The line of credit was converted to a term note during 2009. The outstanding principal balance was $4,446,419 and $4,000,000 on June 30, 2010 and 2009, respectively. Beginning in October 2009, monthly payments of principal and interest at 6.8% per annum become due. DRCC financed $873,759 and $3,413,542 of equipment acquisitions during 2010 and 2009, respectively. As of June 30, 2009, the remaining $349,788 of equipment financing under the terms of the note was in transit to DRCC. The outstanding principal balance is collateralized against the corresponding medical equipment purchased. Aggregate future principal payments as of June 30, 2009 are as follows:

2010	$	517,702
2011		553,879
2012		592,585
2013		633,995
2014		678,298
Thereafter		725,572
	$	3,702,031

Other debt includes the Hospital's obligations under capital lease (see *Note H*).

Derivative Instrument

Generally accepted accounting principles require that all derivative instruments be recognized in the financial statements at their fair value. The Hospital entered into an interest rate swap agreement that is considered a financial instrument. The interest rate swap contract is not designated as an effective cash flow hedge under current accounting principles. Consequently, changes in the fair value of the interest rate swap agreement are recognized in the consolidated statement of operations as a component of excess of revenue over expenses (expenses over revenue).

Note F – Long-Term Debt – Continued

Derivative Instruments – Continued

The Hospital's interest rate swap has a notional amount of $75,000,000 subject to scheduled amortization, an effective date of January 1, 2009, and a termination date of July 1, 2040. It provides for the Hospital to pay a fixed rate of approximately 4.6% and receive a variable rate based on 79% of one month London Interbank Offered Rate. Subject to the terms of the agreement, either party has the option to terminate the agreement prior to the termination date provided that no event of default or termination has occurred. Specifically, the interest rate swap provider has the optional right to terminate this transaction (provided that no event of default or termination event has occurred) on May 1, 2011 and annually thereafter until scheduled termination. Should the interest rate swap provider elect to optionally terminate this transaction, a termination amount in respect of such termination would be due from one counterparty to this transaction to the other counterparty. In the event that under these circumstances a termination payment becomes due from the Hospital to the interest rate swap provider, such amount could potentially have a material impact on future financial position, results of operations and liquidity of the Hospital.

The Hospital is exposed to credit loss in the event of nonperformance by the interest rate swap provider to the remaining interest rate swap agreement. However, the Hospital does not anticipate nonperformance by the counterparty. The fair value of the remaining interest rate swap agreement is a liability of $24,135,957 and $18,497,509 on June 30, 2010 and 2009, respectively. Settlements of the interest rate swap are semi-annual. The June 30, 2010 net settlement payment of $1,657,596 is accrued in accounts payable and accrued expenses in the accompanying consolidated balance sheets. Net settlement payments are reported as a component of interest cost with the exception of instruments used to support the plan of finance for the new clinical tower. These related settlements are capitalized as part of the project during the construction period

In August 2010, the Hospital entered into an amendment to the interest rate swap agreement whereby the Hospital paid the counterparty $2,522,000 to reduce the notional amount of the interest rate swap by ten percent (to $67,500,000). The $2,522,000 payment will be reported as a realized loss in the 2011 consolidated statements of operations and other changes in unrestricted net assets.

Letter of Credit

In conjunction with the issuance of the 2008 Series Bonds, management entered into a letter of credit reimbursement agreement with a commercial lender that expired in May 2010. Letter of credit fees were paid quarterly, and were reported as a component of interest cost with the exception of instruments used to support the plan of finance for the new clinical tower. These related fees were capitalized as part of the project during the construction period.

Note G – Medical Malpractice and Workers' Compensation Insurance

From October 18, 2001 to October 31, 2004, the Hospital maintained occurrence-based professional liability insurance with a per-claim limit of $8,000,000 and aggregate annual limit of $10,000,000 with a commercial carrier. The Hospital was liable for a deductible up to $250,000 for each occurrence up to a maximum of $750,000. Prior to October 18, 2001, the Hospital's policy had no deductible. Effective November 1, 2004, due to the commercial carrier discontinuing services in Maryland and rising insurance costs, the Hospital purchased coverage on a claims-made basis from Freestate Healthcare Insurance Company, Ltd., a group captive formed by several Maryland hospitals. The hospital owns a ⅛ interest in the captive that is accounted for using the cost method. The cost of $15,000 is recorded in other assets for 2010 and 2009. Premiums are expensed as incurred and are established based on the Hospital's historical experience supplemented as necessary with industry experience. The total premium is allocated to each of the shareholder's based on their experience. Retrospective premium assessments and credits are calculated based on the aggregate experience of all named insureds under the policy Each named insured's assessment of credit is based on the percentage of their actual exposure to the actual exposure of all named insureds. In management's opinion, the assets of Freestate are sufficient to meet its obligations as of June 30, 2010. If the financial condition of Freestate were to materially deteriorate in the future, and Freestate was unable to pay its claim obligations, the responsibility to pay those claims would return to the member hospitals.

The captive is responsible for claims up to $1,000,000 for each and every loss event. Excess coverage has been purchased for all claims in excess of $1,000,000 to a limit of $6,000,000 effective March 1, 2006. The liability for all known claims and an estimate for claims incurred but not reported was $1,145,208 and $1,361,490 at June 30, 2010 and 2009, respectively. These amounts are included in accounts payable and accrued expenses in the accompanying consolidated balance sheet.

The Hospital is self-insured against workers' compensation claims up to a per-accident limit of $400,000 and an annual limit of $1,121,720. A liability has been recorded for all known claims and an estimate for claims incurred but not reported in the amount of $679,114 and $477,147 at June 30, 2010 and 2009, respectively. These amounts are included in accounts payable and accrued expenses in the accompanying consolidated balance sheet.

Note H – Leases

The Hospital has operating leases covering various medical and other equipment and facilities. Generally, the leases carry renewal provisions and require the Hospital to pay maintenance costs.

The Hospital and DRCC have entered into capital leases for certain equipment. The cost of assets under the capital leases is included in land, buildings, and equipment (see *Note E*), and the related capital lease obligations are included in long-term debt (see *Note F*) in the accompanying consolidated balance sheets. Depreciation expense on these assets is included with depreciation and amortization in the consolidated statements of operations and other changes in unrestricted net assets.

Note H – Leases – Continued

Future minimum lease payments as of June 30, 2010 are as follows:

	Capital Leases	Operating Leases
2011	$ 483,142	$ 604,133
2012	22,073	502,937
2013	0	173,279
2014	0	58,137
2015	0	0
2016 and thereafter	0	0
Total minimum lease payments	505,215	1,338,486
Current portion of long-term debt	(483,142)	
Capital lease obligations, less current portion	$ 22,073	

Total rental expense for the years ended June 30, 2010 and 2009 was $2,120,190 and $2,054,388, respectively.

Note I – Retirement Plans

The Hospital has a defined benefit pension plan (the Plan) covering substantially all employees. The benefits are based on years of service and the employee's compensation during years of employment. The Hospital's funding policy is to make sufficient contributions to the Plan to comply with the minimum funding provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Hospital expects to contribute $1,000,000 to the Plan during 2010. The measurement date of the Plan is June 30.

Note I – Retirement Plans – Continued

The following table provides a reconciliation of the benefit obligation, Plan assets, and funded status of the Plan in the Company's consolidated financial statements based on actuarial valuations:

	2010	2009
Accumulated Benefit Obligation	$ 16,816,115	$ 14,164,302
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 14,761,171	$ 12,832,903
Service cost	1,197,246	1,365,540
Interest cost	876,049	916,861
Actuarial (gain) loss	592,967	193,287
Benefits paid	(305,282)	(547,420)
Benefit Obligation at End of Year	17,122,151	14,761,171
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 7,442,032	$ 8,755,393
Actual return on plan assets	(257,242)	(2,077,989)
Employer contributions	3,075,741	1,312,048
Benefits paid	(305,282)	(547,420)
Fair Value of Plan Assets at End of Year	9,955,249	7,442,032
Funded Status (Pension Obligation)	$ (7,166,902)	$ (7,319,139)
Components of Net Periodic Benefit Cost		
Service cost	$ 1,197,246	$ 1,365,540
Interest cost	876,049	916,861
Expected return on plan assets	(598,055)	(851,076)
Amortization of prior service cost	12,049	15,061
Recognigiton of loss from change in measurement date	485,036	332,106
Net Periodic Pension Cost	$ 1,972,325	$ 1,778,492

Note I – Retirement Plans – Continued

The total amount recognized in unrestricted net assets for 2010 and 2009 is as follows:

	2010	2009
Net loss	$ 7,658,328	$ 6,695,100
Prior service cost	100,366	112,415
	$ 7,758,694	$ 6,807,515

The total amount of prior service cost and net gain (loss) expected to be recognized in net periodic benefit cost during 2011 is $570,894.

The Plan's assets are invested primarily in cash and cash equivalents and mutual funds as follows as of June 30:

	2010	2009
Cash and cash equivalents	53%	0%
Mutual funds	47%	100%
	100%	100%

Plan assets are invested to ensure that the Plan has the ability to pay all benefit and expense obligations when due, to maximize return within prudent levels of risk for pension assets and to maintain a funding cushion for unexpected developments. The target weighted-average asset allocation of pension investments is 70% equities and 30% debt securities and cash as of June 30, 2010. The target weighted-average asset allocation of pension investments for future periods will be 50% equities and 50% debt securities.

The Plan's estimated future benefit payments are as follows:

2011	$ 317,328
2012	570,346
2013	1,208,955
2014	759,426
2015	859,621
2016-2020	8,720,266
Total	$ 13,222,685

Note I – Retirement Plans – Continued

The weighted-average assumptions used to determine net periodic benefit cost and the projected benefit obligation for the years ended June 30 were as follows:

	2010	2009
Discount rate	5.25%	6.00%
Expected return on Plan assets	7.50%	8.00%
Rate of compenstion increase	2.00%	5.00%

The Company's management considers the balance of plan assets of $9,955,249 as of June 30, 2010 to be based on level 1 fair value measures. Plan assets as of June 30, 2010 consists of cash and cash equivalents and mutual funds.

The Hospital has a deferred compensation plan that permits certain executives to defer receiving a portion of their compensation. The deferred amounts are included in other assets in the accompanying balance sheets. The associated liability of an equal amount is included in other liabilities. The liability recorded regarding the deferred compensation was $2,922,352 and $2,922,352 as of June 30, 2010 and 2009, respectively. During 2010 and 2009, distributions of $77,677 and $1,149,508 were made to participants in the plan, respectively.

The Hospital is the beneficiary of life insurance policies in place for certain executives. Approximately $9,200,000 is included in other assets at June 30, 2010 and 2009, which is the amount that could be realized by the Hospital under the insurance contracts.

Note J – Maryland Health Services Cost Review Commission

Certain of the Hospital's charges are subject to review and approval by the Maryland Health Services Cost Review Commission (the Commission). Hospital management has filed the required forms with the Commission and believes the Hospital is in compliance with Commission requirements.

The current rate of reimbursement for principally all inpatient services and certain other services to patients under the Medicare and Medicaid programs is based on an agreement between the Centers for Medicare and Medicaid Services and the Commission. This agreement is based upon a waiver from Medicare reimbursement principles under Section 1814(b) of the Social Security Act and will continue as long as all third-party payers elect to be reimbursed under this program and the rate of increase for costs per hospital inpatient admission is below the national average. Management believes that this program will remain in effect at least through June 2011.

Note J – Maryland Health Services Cost Review Commission – Continued

The Commission and the Hospital entered into an agreement that is based on a rate methodology for those Hospital service centers that provide only inpatient services. Under this methodology, a target average charge per case is established for the Hospital, based on past actual charges and case mix indices. The actual average charge per case is compared with the target average charge-per-case and to the extent that the actual average exceeds the target, the overcharge plus applicable penalties will reduce the approved target for future years. At June 30, 2010, the Hospital was in compliance with its average charge per case target.

The Commission's rate-setting methodology for Hospital service centers that provide both inpatient and outpatient services or only outpatient services consists of establishing an acceptable unit rate for defined inpatient and outpatient service centers within the Hospital. The actual average unit charge for each service center is compared to the approved rate monthly. Overcharges and undercharges due to either patient volume or price variances, plus penalties where applicable, are applied to decrease (in the case of overcharges) or increase (in the case of undercharges) future approved rates on an annual basis.

The Commission changed the charge-per-case reimbursement methodology for all Maryland hospitals effective July 1, 2005. The Commission chose a severity-adjusted method of grouping hospital discharges to measure differences in patient acuity and to align payments appropriately to that acuity. This policy decision reflects the Commission's desire to continuously improve the rate-setting system and to remain a leader in the development of policies that ensure cost containment, access to care, equity in payment, and financial stability of the hospital industry.

The timing of the Commission's rate adjustments for the Hospital could result in an increase or reduction in rates due to the variances and penalties described above in a year subsequent to the year in which such items occur. The Hospital's policy is to accrue revenue based on actual charges for services to patients in the year in which the services to patients are performed and billed.

Note K – Commitments and Contingencies

Litigation

There are several lawsuits pending in which the Hospital has been named as defendant. In the opinion of Hospital management, after consultation with legal counsel, the potential liability, in the event of adverse settlement, will not have a material impact on the Hospital's consolidated financial position

Note K – Commitments and Contingencies – Continued

Risk Factors

The Hospital's ability to maintain and/or increase future revenues could be adversely affected by:

- the growth of managed care organizations promoting alternative methods for health care delivery and payment of services such as discounted fee for service networks and capitated fee arrangements (the rate setting process in the State of Maryland prohibits hospitals from entering into discounted fee arrangements; however, managed care contracts may provide for exclusive service arrangements);

- proposed and/or future changes in the laws, rules, regulations, and policies relating to the definition, activities, and/or taxation of not-for-profit tax-exempt entities;

- the enactment into law of all or any part of the current budget resolutions under consideration by Congress related to Medicare and Medicaid reimbursement methodology and/or further reductions in payments to hospitals and other health care providers;

- the future of Maryland's Certificate of Need program, where future deregulation could result in the entrance of new competitors, or future additional regulation may eliminate the Corporation's ability to expand new services; and

- the ultimate impact of the federal Patient Protection and Affordable Care Act and the Health Care Education Affordability Reconciliation Act of 2010.

The Joint Commission, a non-governmental privately owned entity, provides accreditation status to hospitals and other health care organizations in the United States. Such accreditation is based upon a number of requirements such as undergoing periodic surveys conducted by Joint Commission personnel. Certain managed care payers require hospitals to have appropriate Joint Commission accreditation in order to participate in those programs. In addition, the Center for Medicare and Medicaid Services (CMS), the agency with oversight of the Medicare and Medicaid programs, provides "deemed status" for facilities having Joint Commission accreditation. By being Joint Commission accredited, facilities are "deemed" to be in compliance with the Medicare and Medicaid conditions of participation. Termination as a Medicare provider or exclusion from any or all of these programs/payers would have a materially negative impact on the future financial position, operating results and cash flows of the Hospital. In April 2010 the Hospital was surveyed by Joint Commission and received a full three-year Joint Commission accreditation through July 2013.

Note K – Commitments and Contingencies – Continued

During September 2008, certain large U.S. financial institutions failed, primarily as a result of holdings in troubled subprime loans or assets collateralized with such distressed loans. These institutional failures, and the negative economic conditions that contributed to these failures, generated substantial volatility in global financial markets and substantial uncertainty regarding access to capital and the continued viability of many other financial institutions. Despite the federal legislative initiatives to ameliorate these conditions, global credit markets remain volatile and the health of the global economy continues to be uncertain. These conditions create uncertainty regarding the future valuation of the Hospital's invested funds and the resulting impact on the future financial position, results of operations and cash flows of the Hospital could be material. In response to these circumstances, the Hospital completely disinvested its equity security holdings during October 2008, resulting in an impairment loss in excess of $10 million.

The Company invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term, and such changes could materially affect the amounts reported as investments on the consolidated balance sheets.

Note L – Goodwill

During June 2007, the Hospital purchased a 60% interest in DRCC. Goodwill in the amount of $1,062,531 resulted from the transaction and has been included in the accompanying consolidated balance sheets as of June 30, 2010 and 2009.

Upon inception of DRCC in 2007, and as part of its initial capital contribution, Maryland Regional Cancer Care, LLC, the founding member of DRCC, transferred a portion of its goodwill to DRCC. The amount of goodwill transferred to DRCC was $646,975 and has been included in the accompanying consolidated balance sheets at June 30, 2010 and 2009.

Health Ventures has a 51% ownership interest in Magnolia Gardens, LLC. Goodwill in the amount of $766,285 resulted from the purchase of ownership and has been included in the accompanying consolidated balance sheets as of June 30, 2010 and 2009.

Note M – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the years ended June 30 for the following programs and projects:

	2010	2009
Nancy Heilman Scholarship Fund	$ 1,479	$ 1,479
Brian Erfan Memorial Fund	5,850	5,850
Jane Schafer Scholarship Fund	10,785	9,956
Cardiac Rehab Scholarship	12,648	10,133
UASI 2008 grant	92,930	0
	$ 123,692	$ 27,418

COHEN
RUTHERFORD
+ KNIGHT PC
Certified Public Accountants

Report of Independent Auditors on Other Financial Information

Board of Directors
Doctors Community Hospital and Subsidiaries
Lanham, Maryland

The 2010 and 2009 audited consolidated financial statements of Doctors Community Hospital and Subsidiaries and our report thereon are presented in the preceding section of this report. Those audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information presented hereinafter as of and for the year ended June 30, 2010 is presented for purposes of additional analysis of the basic consolidated financial statements, and is not a required part of the basic consolidated financial statements Accordingly, we do not express an opinion on the supplementary consolidating information. However, such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Cohen, Rutherford + Knight, P.C.

October 19, 2010

6903 Rockledge Drive, Suite 500, Bethesda, MD 20817 **Tel:** 301 828.1000 **Fax:** 301 530 3625

Consolidating Balance Sheet Information

Doctors Community Hospital and Subsidiaries

June 30, 2010

ASSETS	Doctors Community Hospital	Doctors Community Hospital Foundation, Inc.	Doctors Community Health Ventures, Inc	Doctors Regional Cancer Center, LLC	Doctors Community Hospital Sleep Center, LLC	Spine Team Maryland, LLC	Eliminations	Consolidated
CURRENT ASSETS								
Cash and cash equivalents	$ 13,256,192	$ 166,633	$ 90,308	$ 577,007	$ 422,985	$ 8,555	$ 0	$ 14,521,680
Assets limited to use for debt service	4,682,633	0	0	0	0	0	0	4,682,633
Patient accounts receivable, net of allowance	19,676,887	0	374,416	630,318	76,447	42,322	(42,685)	20,757,705
Other amounts receivable	1,899,084	209,807	0	118,747	140,170	0	(192,599)	2,175,209
Inventories	2,684,066	0	6,173	0	82,044	0	0	2,772,283
Prepaid expenses	1,148,039	4,866	0	111,867	0	267	0	1,265,039
TOTAL CURRENT ASSETS	43,346,901	381,306	470,897	1,437,939	721,646	51,144	(235,284)	46,174,549
NOTES RECEIVABLE	0	0	1,662,786	0	0	0	0	1,662,786
INVESTMENTS								
Marketable securities	26,575,967	163,489	0	0	0	0	0	26,739,456
Investment in Doctors Regional Cancer Center	2,132,900	0	0	0	0	0	(2,132,900)	0
Investment in Sleep Services of America, Inc	899,765	0	0	0	0	0	(899,765)	0
Joint ventures and equity investments	0	0	2,182,857	0	0	0	0	2,182,857
Due to DCH	4,541,744	0	0	0	638,922	0	(5,180,666)	0
	34,150,376	163,489	2,182,857	0	638,922	0	(8,213,331)	28,922,313
ASSETS WHOSE USE IS LIMITED								
Funds held by Trustee or Authority, less current portion	32,790,163	0	0	0	0	0	0	32,790,163
LAND, BUILDINGS, AND EQUIPMENT	130,794,434	0	615,294	6,540,798	500,827	104,036	0	138,555,389
DEFERRED FINANCING COSTS	3,542,287	0	0	0	0	0	0	3,542,287
GOODWILL	1,062,531	0	766,285	646,975	0	0	0	2,475,791
OTHER ASSETS	14,173,757	0	10,000	0	0	0	(100,000)	14,083,757
TOTAL ASSETS	$ 259,860,449	$ 544,795	$ 5,708,119	$ 8,625,712	$ 1,861,395	$ 155,180	$ (8,548,615)	$ 268,207,035

See the accompanying report of independent auditors on other financial information.

Consolidating Balance Sheet Information

Doctors Community Hospital and Subsidiaries

June 30, 2010

	Doctors Community Hospital	Doctors Community Hospital Foundation, Inc.	Doctors Community Health Ventures, Inc	Doctors Regional Cancer Center, LLC	Doctors Community Hospital Sleep Center, LLC	Spine Team Maryland, LLC	Eliminations	Consolidated
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	$ 17,812,823	$ 610	$ 172,025	$ 502,723	$ 320,856	$ 69,274	$ (638,742)	$ 18,239,569
Due to DCH	0	513,423	192,599	109,070	40,931	265,886	(1,121,909)	0
Salaries, wages, and related items	10,069,042	0	142,059	0	0	0	0	10,211,101
Advances from third party payers	5,998,161	0	0	0	0	0	0	5,998,161
Interest rate swap	24,135,956	0	0	0	0		0	24,135,956
Interest payable to bondholders	4,294,765	0	0	0	0	0	0	4,294,765
Current portion of long-term obligation	2,372,985	0	0	927,859	0	0	0	3,300,844
TOTAL CURRENT LIABILITIES	64,683,732	514,033	506,683	1,539,652	361,787	335,160	(1,760,651)	66,180,396
NONCURRENT LIABILITIES								
Other noncurrent liabilities	3,602,329	0	0	327,209	0	0	(327,209)	3,602,329
Pension obligation, net of current portion	7,166,902	0	0	0	0	0	0	7,166,902
Long-term obligations, net of current portion	154,072,491	0	3,328,090	3,204,017	0	0	(3,328,090)	157,276,508
TOTAL LIABILITIES	229,525,454	514,033	3,834,773	5,070,878	361,787	335,160	(5,415,950)	234,226,135
NONCONTROLLING INTEREST	0	0	0	0	0	0	2,021,777	2,021,777
NET ASSETS AND MEMBERS' EQUITY								
Unrestricted	30,242,065	0	0	0	0	0	1,593,366	31,835,431
Members' equity	0	0	1,873,346	3,554,834	1,499,608	(179,980)	(6,747,808)	0
Temporarily restricted	92,930	30,762	0	0	0	0	0	123,692
TOTAL NET ASSETS	30,334,995	30,762	1,873,346	3,554,834	1,499,608	(179,980)	(5,154,442)	31,959,123
	$ 259,860,449	$ 544,795	$ 5,708,119	$ 8,625,712	$ 1,861,395	$ 155,180	$ (8,548,615)	$ 268,207,035

See the accompanying report of independent auditors on other financial information.

Consolidating Statement of Operations Information

Doctors Community Hospital and Subsidiaries

For the Year Ended June 30, 2010

	Doctors Community Hospital	Doctors Community Hospital Foundation, Inc	Doctors Community Health Ventures, Inc	Doctors Regional Cancer Center, LLC	Doctors Community Hospital Sleep Center, LLC	Spine Team Maryland, LLC	Eliminations	Consolidated
UNRESTRICTED NET ASSETS								
OPERATING REVENUE								
Net patient service revenue	$ 176,393,377	$ 0	$ 1,783,439	$ 5,862,331	$ 7,662,609	$ 42,322	$ 0	$ 191,744,078
Other operating revenue	7,313,282	915	357,865	0	0	0	(1,515,790)	6,156,272
Pledges and contributions	0	207,351	0	0	0	0	0	207,351
Investment income from subsidiary	2,808,738	0	0	0	0	0	(2,808,738)	0
Net assets released from restrictions used for operations	335,301	0	0	0	0	0	0	335,301
TOTAL OPERATING REVENUE	186,850,698	208,266	2,141,304	5,862,331	7,662,609	42,322	(4,324,528)	198,443,002
EXPENSES								
Salaries and wages	74,964,383	108,924	0	0	827,577	55,284	0	75,956,168
Employee benefits	14,846,627	0	0	0	165,477	0	0	15,012,104
Purchased services	24,162,943	34,067	212,742	4,192,623	484,610	57,146	0	29,144,131
Supplies	32,403,330	2,281	0	127,764	376,888	16,433	0	32,926,696
Other expenses	7,079,862	23,345	3,026,009	688,509	398,124	92,072	(1,515,790)	9,792,131
Provision for bad debts	15,951,504	2,000	0	117,185	0	0	0	16,070,689
Depreciation	8,014,955	0	95,429	997,104	151,532	1,367	0	9,260,387
Amortization	138,278	0	0	0	0	0	0	138,278
Fundraising	0	293,467	0	0	0	0	0	293,467
Interest	6,074,596	0	0	316,317	0	0	0	6,390,913
TOTAL EXPENSES	183,636,478	464,084	3,334,180	6,439,502	2,404,208	222,302	(1,515,790)	194,984,964
NONOPERATING INCOME								
Unrealized gain on trading securities	542,496	0	0	0	0	0	0	542,496
Change in fair value of interest rate swap	(5,638,447)	0	0	0	0	0	0	(5,638,447)
EXCESS OF REVENUE OVER EXPENSE BEFORE NONCONTROLLING INTEREST	(1,881,731)	(255,818)	(1,192,876)	(577,171)	5,258,401	(179,980)	(2,808,738)	(1,637,913)
Noncontrolling interest	0	0	0	0	0	0	(1,872,492)	(1,872,492)
EXCESS OF REVENUE OVER EXPENSE (EXPENSES OVER REVENUE)	(1,881,731)	(255,818)	(1,192,876)	(577,171)	5,258,401	(179,980)	(4,681,230)	(3,510,405)
Net asset transfer	99,285	(99,285)	0	0	0	0	0	0
Dividends paid	0	0	0	0	(5,430,424)	0	5,430,424	0
Contributions	328,946	358,512	0	0	0	0	0	687,458
Net assets released from restrictions for use in operations	(335,301)	0	0	0	0	0	0	(335,301)
Pension - related changes other than net periodic pension cost	(951,159)	0	0	0	0	0	0	(951,159)
Increase (decrease) in net assets	(2,739,960)	3,409	(1,192,876)	(577,171)	(172,023)	(179,980)	749,194	(4,109,407)
Net assets, beginning of year	33,074,955	27,353	3,066,222	4,132,005	1,671,631	0	(5,903,636)	36,068,530
Net assets, end of year	$ 30,334,995	$ 30,762	$ 1,873,346	$ 3,554,834	$ 1,499,608	$ (179,980)	$ (5,154,442)	$ 31,959,123

See the accompanying report of independent auditors on other financial information.