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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

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 01-01-2010 and ending 12-31-2010

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

C Name of organization
UNIVERSITY HEALTH SERVICES INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1350 WALTON WAY

City or town, state or country, and ZIP + 4
AUGUSTA, GA 30901

D Employer identification number
58-1581103

E Telephone number
(706) 828-2406

G Gross receipts $ 619,399,044

F Name and address of principal officer

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) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www universityhealth org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1984 | **M** State of legal domicile GA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
The mission of University Health Care Services is to operate an acute and subacute care hospital providing health care services which help the citizens of our communities achieve and maintain optimal health

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	3,495
6	Total number of volunteers (estimate if necessary)	**6**	337
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	4,260,068
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	5,315,137	2,340,067
9	Program service revenue (Part VIII, line 2g)	365,219,730	362,721,760
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	8,020,160	-3,844,762
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,130,930	5,183,238
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	384,685,957	366,400,303
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,407,857	1,308,770
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	180,436,342	174,256,345
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	176,766,475	183,792,894
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	358,610,674	359,358,009
19	Revenue less expenses Subtract line 18 from line 12	26,075,283	7,042,294

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	641,025,849	690,079,783
21	Total liabilities (Part X, line 26)	282,996,891	292,827,610
22	Net assets or fund balances Subtract line 21 from line 20	358,028,958	397,252,173

Net Assets or Fund Balances

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

****** | 2011-11-01
Signature of officer | Date

David Belkoski CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Firm's name ▶ UNIVERSITY HEALTH SERVICES INC				Firm's EIN ▶
Firm's address ▶ 1350 WALTON WAY AUGUSTA, GA 309012612				Phone no ▶

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☐

1 Briefly describe the organization's mission

The mission of University Health Care Services is to operate an acute and subacute care hospital providing health care services which help the citizens of our communities achieve and maintain optimal health

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 $ 323,086,507 including grants of $) (Revenue $ 362,721,760)

Operation of a general acute care and subacute care hospital with 551 licensed beds total (551 acute and 0 subacute) Patient days for adults and pediatrics for 2010 were 113,996, newborn days were 13,044 (for both term & ICU nursery), and outpatient visits were 278,439 Emergency room registrations were 73,019, observation stays were 4,523, Cath Lab procedures were 36,484, and Radiology procedures were 153,373, Prompt care/Occupational Medicine visits were 37,592 and Home Health visits for 2010 were 49,750 Within all these indicators are the efforts of University Health Services to service the needs of the community, which include the indigent In 2010 the cost of indigent and charity care provided, with no local funding, was $20,012,973, however the Hospital did receive Disproportionate Share (DSH) payments to help with this service of $3,200,326 and Upper Payment Limit (UPL) funds of $269,292 This figure includes the cost for providing inpatient and outpatient services for indigent and charity patients of $11,585,931 Also $1,668,510 to help support community based clinics, $6,537,903 for uncompensated physician services for indigent and charity patients, and $220,630 for disease management Also provided are programs for congestive heart failure and asthma/COPD, which helped indigent patients manage their condition and improve the quality of their lives Other community outreach services for 2010 included diabetes testing and education, Prostate Specific Antigen (PSA) testing, Skin Cancer Screenings, free counseling and education for women and their family members through all stages of breast cancer, free mammograms, heart health education, and support groups for cancer, heart attack, and stroke In 2010, free community education reached more than 5,200 in our communities and free health screening were given to over 3,000 people Additionally, in 2010, over $1 million was provided for health professional education for residents and interns, cardiovascular and radiology schools, and dietetic internships, in support of tomorrow's care givers

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 323,086,507

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	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
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		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
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		No
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		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
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		No
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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	Yes	
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, Parts I and IV*	14b	Yes	
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 U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
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 U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
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 (see instructions)*	17		No
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		No
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		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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**	Yes	
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**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 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**	Yes	
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–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
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**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
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**		No
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**		No
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**		No
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**		No
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**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
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**		No
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**	Yes	
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**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
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**		No
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**		No
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**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	**1a**	226		
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** Yes	
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**	3,495		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b** Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a** Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b** Yes	
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** Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for 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**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	No
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**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	No
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**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**	0		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	No
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**	No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	No
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**	No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			**13a**	No
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	No

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 11		
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		No
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		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
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	9		No

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	Yes	
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	Yes	
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	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	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
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	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
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	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	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	Yes	
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	Yes	

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 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 See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

David Belkoski
1350 Walton Way
Augusta, GA 30901
(706) 828-2406

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

Check if Schedule O contains a response to any question in this Part VII . . . . . .☐

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								6,295,472		896,087

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 ▶ 18

			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**	Yes	
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**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

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
Morrisons Management Specialists PO Box 102289 Atlanta, GA 30368	Food Services	5,228,175
IN COMPASS HEALTH 318 Maxwell Road Suite 500 Alpharetta, GA 30004	Physician Services	1,670,552
Crothall Laundry Services 901 RA Dent Blvd Augusta, GA 30901	Linen Services	1,601,117
Crothall Healthcare 955 Chesterbrooks Blvd Wayne, PA 19087	Plant & Housekeeping	9,140,163
Cogdell Group LP 820 St Sebastian Way Suite 3A Augusta, GA 30901	Property Management	1,349,184

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 ▶ 45

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	23,466				
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations 1d					
	e Government grants (contributions) 1e	314,528				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	2,002,073				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f		2,340,067			
Program Service Revenue		Business Code				
	2a Patient Service Revenue	900099	348,449,753	348,449,753		
	b Lab Outreach Services	621500	3,470,770		3,470,770	
	c Home Health Services	621610	7,750,839	7,750,839		
	d Fitness Center	713940	763,006		763,006	
	e Admin Support Services	900099	1,123,580	1,123,580		
	f All other program service revenue		1,163,812	1,163,812		
	g **Total.** Add lines 2a–2f		362,721,760			
	3 Investment income (including dividends, interest and other similar amounts)		9,881,247			9,881,247
	4 Income from investment of tax-exempt bond proceeds		0			
	5 Royalties		0			

		(i) Real	(ii) Personal				
	6a Gross Rents	3,095,636					
	b Less rental expenses	2,326,668					
	c Rental income or (loss)	768,968					
	d Net rental income or (loss)			768,968		26,292	742,676

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	236,927,052	19,012				
	b Less cost or other basis and sales expenses	250,640,766	31,307				
	c Gain or (loss)	-13,713,714	-12,295				
	d Net gain or (loss)			-13,726,009			-13,726,009
Other Revenue	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			0			
	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			0			
	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			0			
	Miscellaneous Revenue		Business Code				
	11a Miscellaneous		900099	439,198	439,198		
	b Employee Pharmacy		446110	2,726,727			2,726,727
	c Child Care Center		624410	775,521			775,521
	d All other revenue			472,824	363,684		109,140
	e **Total.** Add lines 11a–11d			4,414,270			
	12 **Total revenue.** See Instructions			366,400,303	359,290,866	4,260,068	509,302

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	1,308,770	1,308,770		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	4,937,603	725,291	4,212,312	
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			
7	Other salaries and wages	119,335,956	110,707,966	8,627,990	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	9,751,350	9,046,327	705,023	
9	Other employee benefits	30,429,605	28,229,545	2,200,060	
10	Payroll taxes	9,801,831	9,093,159	708,672	
a	Fees for services (non-employees) Management	13,595,155	12,612,225	982,930	
b	Legal	562,934		562,934	
c	Accounting	226,100		226,100	
d	Lobbying	114,291		114,291	
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	951,075		951,075	
g	Other	19,998,785	18,552,873	1,445,912	
12	Advertising and promotion	1,433,504	1,329,862	103,642	
13	Office expenses	1,398,520	1,297,407	101,113	
14	Information technology	6,346,675	5,887,810	458,865	
15	Royalties	0			
16	Occupancy	15,111,487	14,018,926	1,092,561	
17	Travel	916,545	847,631	68,914	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	8,385,957		8,385,957	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	25,994,375	24,114,982	1,879,393	
23	Insurance	5,301,519	4,918,219	383,300	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Misc Bond Expense	135,813		135,813	
b	Med Surg supplies	75,439,691	75,439,691		
c	General Supplies	3,795,086	3,520,701	274,385	
d	GA DCH Hospital Tax	2,538,414		2,538,414	
e	Dues,Memberships, Misc Fees	1,546,968	1,435,122	111,846	
f	All other expenses	0			
25	**Total functional expenses.** Add lines 1 through 24f	359,358,009	323,086,507	36,271,502	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) 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		21,022,538	1	39,893,732
	2	Savings and temporary cash investments		19,402,578	2	21,337,929
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		67,882,612	4	63,422,064
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	0
	7	Notes and loans receivable, net		12,259,965	7	11,853,506
	8	Inventories for sale or use		6,459,947	8	6,734,447
	9	Prepaid expenses and deferred charges		8,459,993	9	8,780,030
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 453,096,751			
	b	Less accumulated depreciation	10b 235,697,896	231,167,273	10c	217,398,855
	11	Investments—publicly traded securities		263,025,343	11	305,534,935
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11		11,345,600	15	15,124,285
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		641,025,849	16	690,079,783
Liabilities	17	Accounts payable and accrued expenses		11,707,705	17	15,667,534
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		150,904,983	20	150,965,982
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		5,179,078	23	4,540,194
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		115,205,125	25	121,653,900
	26	**Total liabilities.** Add lines 17 through 25		282,996,891	26	292,827,610
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		357,993,958	27	397,217,173
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets		35,000	29	35,000
		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		358,028,958	33	397,252,173
	34	Total liabilities and net assets/fund balances		641,025,849	34	690,079,783

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	366,400,303
2	Total expenses (must equal Part IX, column (A), line 25)	2	359,358,009
3	Revenue less expenses Subtract line 2 from line 1	3	7,042,294
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	358,028,958
5	Other changes in net assets or fund balances (explain in Schedule O)	5	32,180,921
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	397,252,173

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			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		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 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	Yes	
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 separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☑ Both consolidated and separated 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		No
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		No

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SCHEDULE A (Form 990 or 990EZ)

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

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

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 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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 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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** 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—2009.** 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 or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2009 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

Part IV **Supplemental Information.** 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. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
UNIVERSITY HEALTH SERVICES INC	58-1581103

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $

3 Volunteer hours

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☑ No

4a Was a correction made? ☐ Yes ☑ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		114,291
j	Total lines 1c through 1i			114,291
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Part II-B, Line 1i - Other Activities Description	A part of the various association dues include a percentage allocation for expenditures on Lobbying activities Dues paid to the Georgia Hospital Association, The American Hospital Association, the Georgia Alliance of Community Hospitals and The Georgia Initiative, all have a lobby component Additionally, Oglethorpe Consulting Group was contracted during 2010 to review and advice the Hospital on legislative issues During 2010 $14,000 was paid to Oglethorpe Consulting Group

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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

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

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 may 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)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–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 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 taxable 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 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 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 Investment earnings or 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		14,616,315		14,616,315
b Buildings		247,708,808	100,824,368	146,884,440
c Leasehold improvements				
d Equipment		188,940,360	134,873,528	54,066,832
e Other		1,831,268		1,831,268
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				217,398,855

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
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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) should 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
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Reserve for Self Insured Losses	24,188,240
Other Current Liabilities	1,780,177
Est Third Party Payor Settlements	13,343,289
Asset Retirement Obligation	2,856,233
Accrued postretirement benefit cost	38,833,332
Accrued Pension Cost	21,826,611
Accrued Compensation, Benefits, & PR Tax	18,826,018
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	121,653,900

2. Fin 48 (ASC 740) 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 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	366,400,303
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	359,358,009
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	7,042,294
4	Net unrealized gains (losses) on investments	4	45,665,685
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-13,484,764
9	Total adjustments (net) Add lines 4 - 8	9	32,180,921
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	39,223,215

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	450,080,317
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	45,665,685		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	2,765,730		
e	Add lines **2a** through **2d**			2e	48,431,415
3	Subtract line **2e** from line **1**			3	401,648,902
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	-35,248,599		
c	Add lines **4a** and **4b**			4c	-35,248,599
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	366,400,303

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

1	Total expenses and losses per audited financial statements			1	397,372,338
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d	2,326,668		
e	Add lines **2a** through **2d**			2e	2,326,668
3	Subtract line **2e** from line **1**			3	395,045,670
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	-35,687,661		
c	Add lines **4a** and **4b**			4c	-35,687,661
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	359,358,009

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, 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

Identifier	Return Reference	Explanation
Part XIII, Line 2d	Part XIII, Line 2d Other expenses and losses per audited F/S	Expenses netted to rental income $2326668
Part XII, Line 2d	Part XII, Line 2d Other revenue amounts included in F/S but not included on form 990	Steam/Electric Reimb-netted against exp $439062 Rental Expenses shown net on 990 $2326668
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Tranfer to affiliate $ -643374 Cumulative effects on assets retirement obligations $ -131902 Changes in Unfunded Pension/Postretirement Loses $ -12709488

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☐ **Yes** ☐ **No**

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activites per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
Caribbean	1	2	Insurance Captive		3,821,235
3a Sub-total	1	2			3,821,235
b Total from continuation sheets to Part I					
c **Totals** (add lines 3a and 3b)	1	2			3,821,235

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Check this box if no one recipient received more than $5,000 . . . . . ▶ ☑
Use Part V if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*	☑ Yes	☐ No
2	Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*	☑ Yes	☐ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*	☐ Yes	☑ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*	☐ Yes	☑ No

Part V Supplemental Information

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

Identifier	ReturnReference	Explanation
Additional Supplemental Information		Please see form 5471 filing for details related to Offshore Captive Insurance

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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

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
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 FPG family income limit for eligibility for free care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
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	Yes	
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	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
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 eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheets 1 and 2)			12,009,000	1,632,166	10,376,834	2 890 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			43,234,541	34,092,036	9,142,505	2 540 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			55,243,541	35,724,202	19,519,339	5 430 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			9,635,660	394,224	9,241,436	2 570 %
f Health professions education (from Worksheet 5)			1,011,402	307,662	703,740	0 200 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,320,942		1,320,942	0 370 %
j **Total** Other Benefits			11,968,004	701,886	11,266,118	3 140 %
k **Total.** Add lines 7d and 7j			67,211,545	36,426,088	30,785,457	8 570 %

Part II Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			114,355		114,355	0 030 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			114,355		114,355	0 030 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	11,221,889		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	1,571,066		
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 a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	122,979,375
6	Enter Medicare allowable costs of care relating to payments on line 5	6	126,987,550
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-4,008,175
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	Yes		
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	Yes		

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					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

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

	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)
0	UHS University Hospital 1350 Walton Way Augusta, GA 30901	X	X		X			X		3 Hospital Based Home Health Agencies

Part V **Facility Information** *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

	Name and address	Type of Facility (Describe)
1		
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
	Part VI - Additional Information	Part III, Section C-Collection Practices-Question 9aThe Catastrophic Policy allows for the Collection Department to apply the Indigent criteria and write-off the account And at any point during the collection process if patient is believed that he/she can not afford to pay then an indigent/Charity Care application is begun by the Collection Department
	Part V - Explanation of Number of Facility Type	UH owns and operates three (3) Home Health Agencies as hospital-based agencies
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	UH governing Board members are comprised of citizens who reside in the UH's primary service area and are not employees of UH UH Board members are active in the community and are eager to improve the health and welfare of the community Several of UH Board Members worked with the local State Medical School to get interns & residents at the hospital since UH is among several counties that have been deemed as a Health Professional Shortage Area (HPSA) UH extends medical staff privileges to all qualified physicians in our community for all of the UH Departments UH works with the Greater Augusta Healthcare Network (GAHN) which is made up of area hospitals and the local Medical Colleges School of Nursing and area primary care clinics This group addresses the primary and specialty care needs in the community Also UH supports the Project Access Program in Richmond and Columbia County UH provides all of the Inpatient hospitalization for the Indigent population that is approved for Project Access UH is the only hospital in the area that is responsive to the needs of these organizations who also support the needs of the Indigent UH provides many screenings in the community One such screening is the PSA screening that is performed at Lowes Home Building stores Many received the screening, some with positive results, indicating cancer However these were caught at an early stage, thanks to these free screenings UH's Mobile Mammography unit travels to area plants and is available for screenings at the job site during lunch These are only a few examples of the Screenings UH provides in the community but they have tremendous impact when just one screening identifies problems that can be treated at an early stage 1 cancer verses at the later stages of cancer
	Part VI - Community Building Activities	The Community Building Activities reported are support for the various Chamber of Commerces for the communities that we serve In supporting these organizations we can support the development of our community by bringing in new industries and jobs, increasing the average household income, improving living conditions, and impacting overall general health
	Part VI - Community Information	UH resides in Richmond County, Georgia In 2008 The Department of Community Health (state Medicaid division) issued a Georgia Health Disparities Report which listed Richmond County as having 53% Black, 44% White & the remaining 3% mostly Hispanic with some Asian, American Indian and other 19 6% of the population is below the Federal Poverty Guidelines (FPG) 7 5% of the Adult population completing less than the 9th Grade 9 2% of the Adult population is unemployed and 18 1 are uninsured Surrounding Counties include Burke County with 51% African American and 2% Latino, 28% below FPG, 21 3% with no insurance coverage and 9% unemployed Jefferson County with 56% African American and 2% Latino, 32% below FPG, 21% with no insurance coverage and 12% unemployed Lincoln County with 33% African American and 1% Latino, 15% below FPG, 16% with no insurance coverage and 6 % unemployed McDuffy County with 60% African American and 4% Latino, 18% below FPG, 21% with no insurance coverage and 8% unemployed
	Part VI - Patient Education of Eligibility for Assistance	UH has the following information available to patients and visitors on the eligibility for assistance Information is available on the University Hospital web site, patient/visitor information booklet, and UH has signage at registration and billing areas that ask " help with your Hospital bill?" In addition, when a registering patient indicates that he/she can not afford to pay, UH will offer the Indigent and Charity Care Application (ICCP) and set up patient to speak with the Financial Assistance Office (FAO) FAO will direct patients to a Department of Family and Children (DFCS) case manager located at the hospital to see if patient qualifies for state Medicaid or the UH ICCP program The patient may be deemed to qualify for other State/Federal assistance in which the FAO staff will help direct the patient to another group operated out of of the hospital, Resource Corporation of America (RCA), to assist with getting the patient qualified for SSI, etc
	Part VI - Needs Assessment	UH continues to use the Health needs Assessment that was completed historically which showed a need for primary health care homes for patients in the the 30901, 30906 and 30904 zip code areas (Richmond County) University established three clinics in these areas after the assessment and continues to fund and expand the support of the Primary Care Health clinics in this area UH works with the Greater Augusta Health Care Network (GAHN) which is made up of area hospitals and primary care clinics along with the Medical College of Georgia's School of Nursing GAHN has been collecting data showing the continued need for Primary Health Care homes for the uninsured and under insured even with the support that UH has provided In addition to this data UH continues to rely on the national data for other opportunities to support the community, such as, Cancer screening, Mammograms, diabetes, cardiovascular clinics, obesity, etc In addition UH works with ER personnel to identify needs based on patients seeking help through the Emergency Room This process still shows that patients need a medical home, asthma, diabetes assistance The programs that UH has initiated and continue to support The Health Resources and Services Administration has designated Richmond County as a Health Professional Shortage Area (HPSA) In 2008, the State of Georgia issued a Georgia Health Disparities Report In this report Richmond County showed above -average outcomes but some racial inequality for Access to primary care providers, even though, UH has sponsored 4 to 5 area clinics with one being designated as a Federally-Qualified Community Health Center (FQHC) Counties surrounding UH show Lincoln County, McDuffy County, Burke County, and Jefferson county as a HPSA with no FQHC having poor outcomes made worse by extremely severe racial inequalities
Number of Hospital Facilty - 0	Part V, Line 21 - Charge Patients Amount Equal Gross Charge for Services	The Hospital charges every one gross charges including managed care companies, medicaid and medicare, as required by the Medicare regulations The Hospital offers all non-insured patients a 50% discount Insured patients receive the discount negotiated by their Insurance company or established by Medicare and Medicaid
Number of Hospital Facilty - 0	Part V, Line 19d - Other Billing Determination of Individuals Without Insurance	The Hospital requests payment after Emergency Service has been performed Patients are requested to pay 50% of Hospital Charges (which is the average negotiated managed care rate for 2010) If patients indicate that they can not afford to pay the 50% rate then the Hospital initiates the Hospital's Indigent and Charity Care application, in addition the patient is assigned to meet with the Hospital's Financial Assistance Office (FAO) staff FAO will work with the patient and/or their family to seek any assistance that may be available to that patient If FAO believes patient may qualify for their Medicaid assistance or the Hospital's Indigent and Charity Care Program, FAO escorts patients to the Richmond County Department of Family and Children's Services (DFCS) which is located in the lobby of the Hospital along with FAO DFCS processes either Medicaid or ICCP application on site and submits letters to patient upon approval or denial with in 60 days of service date
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	As outstanding balances age, statement messages, collection letters and/or telephone calls may be used at appropriate intervals determined by the Patient Accounting/Collection Department The Patient Accounting /Collection Department recognizes that there are occasions when a patient is not financially able to pay their medical bill in full and/or the patient is experiencing financial hardship The Hospital has established a Catastrophic Policy which allows for the Collection Department to apply the Indigent criteria and write-off as Medically Indigent And at any point during the collection process if patient states or Patient Accounting/Collections believes that the patient can not afford to pay then an indigent/Charity Care application is begun by the Collection Department where discounts may be given
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	The services provided to the Medicare Beneficiaries are to promote the well-being of the community which is part of the Hospital charitable tax-exempt purpose The Medicare difference between cost and Medicare reimbursement should be allowed as CB since providers can not negotiate rates with Centers for Medicare/Medicaid Services (CMS) CMS regulates that the reimbursement be federal budget neutral thus placing the cost of the caring for medicare beneficiaries as a cost to the Hospitals
	Part III, Line 4 - Bad Debt Expense	Page 8 of Audited Financial Statement Accounts Receivable--Current Operations are charged with provisions for uncollectible accounts based upon experience and any unusual circumstances which affect the collectability of receivables Amounts deemed uncollectible are charged against this allowance In the opinion of management, adequate provision has been made for uncollectible accounts Costing methodology used on lines 2 and 3 -- is the RCC calculated on Worksheet 2 Used the Bad Debt (BD) Expense reported on the Audited Financial Statement (AFS) and then multiplied by the Cost to Charge ratio calculated on Worksheet 2 of the Schedule H (Form 990) per 2010 instructions Worksheet 2 uses total expenses from the AFS less the BD expenses from the AFS The Non-patient Care activities or other operating revenue from the AFS reduced the expenses as well as the Community Benefit (CB) expenses reported on lines 7e-Community Health, 7 f-Eduction, 7h-Research, 7i-Cash & In-Kind on Sch H Gross charges were obtained from the hospital records that built the Net Patient Revenue on the AFS The gross charges were reduced by gross charges for the CB programs listed on 7e, 7f, 7h, or 7i Bad Debt should be included as a Community Benefit since the services that incur bad debt are provided by the hospital to promote the well-being of the community These services are rendered in conjunction with the Hospital's charitable tax-exempt purposes There is no local support for uninsured patients, therefore, the services provided by the hospital relieves the health care burdens of the local governments
	Part I, Line 7 - Explanation of Costing Methodology	Used Cost to Charge Ratio calculated using Worksheet 2 --the optional worksheets provided to assist in preparation of Schedule H
	Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used)	Also uses Asset Test, regardless of income, to determine eligibility for free and discounted care In addition the hospital takes into consideration Bankruptcy and financial standing when offering discounts on patient liability

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) United Way of Greater AugustaPO Box 1166 Fishersville,VA 22939	54-0955100		10,390	0			Support Programs
(2) Rape Crisis806 13th Street Augusta,GA 30901	58-1581102		0	78,368	Medicare Cost Report	Donated Facilities	Support Programs
(3) Neighborhood Improvement Project2467 Golden Camp Road Augusta,GA 30906	31-1491242		300,000	0			Clinic Financial Support
(4) Miracle Making Ministries1127 Druid Park Ave Augusta,GA 30904	58-2358627		80,000	0			Clinic Financial Support
(5) Harrisburg Family Heal 423 Crawford Ave Augusta,GA 30904	26-4366421		144,000	0			Clinic Financial Support
(6) Coordinated Health Services Inc2110 Broad Street Augusta,GA 30904	58-2060572		120,000	21,602	Cost of Tests	Lab Testing	Clinic Financial Support
(7) Christ Community Health Services519 Scotts Way Augusta,GA 30909	20-5404353		360,000	112,847	Medicare Cost Report	Donated Facilities	Clinic Financial Support
(8) Beulah Grove Community Resource1446 Lee Beard Way Augusta,GA 30901	58-2159621		40,000	6,062	Cost of Tests	Lab Testing	Clinic Finanical Support
(9) American Cancer Society 250 Williams Street NW Atlanta,GA 30303	13-1788491		10,000	0			Support Research

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 9

3 Enter total number of other organizations . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Grantmaker's Description of How Grants are Used		University Health Care System does not provide "grants" to assist other organizations, but does donate funds based on the following policy and procedures POLICY University Health Care System is committed to the overall health and well-being of the communities it serves and recognizes the need to support other non-profit organizations who share this commitment Corporate contributions and sponsorships are sometimes an appropriate vehicle for building partnerships with these non-profit organizations and maximizing our overall positive impact on the community PROCEDURE1 All contribution/sponsorship requests should be submitted in writing to the Corporate Communications Department for consideration Every effort should be made to process these requests and notify the requester within two weeks of receiving the written information required to evaluate the opportunity 2 In consultation with the CEO, the Director of Corporate Communications will prepare the annual budget for Corporate Contributions/Sponsorships and process/manage actual disbursements throughout the year 3 Requests will be evaluated based on the following criteria a Does the organization, event or publication promote the overall health and well-being of the communities we serve? Special consideration will be given to requests that directly impact health and wellness even though support may be available for organizations, events and/or publications that have a positive impact on the CSRA by "assisting in attracting and retaining a viable work-force"assisting in attracting and retaining viable businesses and employers in the CSRA"promoting the continued growth and economic well-being of the community"enhancing the quality of life in the CSRAb Does the proposed contribution/sponsorship primarily assist people locally rather than a national effort/initiative?c Does the requesting organization have an approved tax-exempt status?d Will the proposed contribution/sponsorship enhance the overall image/reputation of University Health Care System?e Will the proposed contribution/sponsorship heighten awareness of a significant health issue or disease that has a negative impact on the citizens in the communities we serve?4 Under no circumstances will contributions be made to political campaigns 5 Because of the large number of public and private schools in the CSRA, University will limit financial support/contributions to the various Boards of Education rather than individual schools (elementary, middle and high schools) 6 Because of the large number of churches in the CSRA, University will limit financial support/contributions to programs that include health-related services for underserved residents such as community clinics 7 Exception Financial support and partnerships with area colleges and technical schools do not fall under this policy

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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, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate 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 idemnification 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 in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
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**	Yes	
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 from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only 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**		No
b	Any related organization?	**5b**		No
	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**	Yes	
b	Any related organization?	**6b**		No
	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**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured 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**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		No

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

For each individual whose compensation must be reported 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				
See Additional Data Table							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							

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

Identifier	Return Reference	Explanation
Sch J, Part I, Line 1a	Part I, Line 1a Relevant information in regards to selections on 1a	

Additional Data

Return to Form

Software ID: 10000105
Software Version: 2010v3.2
EIN: 58-1581103
Name: UNIVERSITY HEALTH SERVICES INC

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
WILLIAM FARR	(I) (II)	300,464	78,546	304,098	47,464	17,143	747,715	
VENESSA S DIXON MD	(I) (II)	244,994		9,356	6,237	16,116	276,703	
ROBERT R MENDES MD	(I) (II)	680,964		9,369	6,825	16,405	713,563	
RICK ROCHE	(I) (II)			118,755			118,755	
RICHARD SEVERSON	(I) (II)	139,432	2,900	9,116	6,355	17,605	175,408	
MELODY THOMPSON	(I) (II)	103,020		88,114	6,845	19,318	217,297	
MARILYN BOWCUTT	(I) (II)	220,196	51,487	18,549	81,109	11,612	382,953	
LARRY READ	(I) (II)	220,053	197,616	227,987	19,931	8,256	673,843	
KYLE HOWELL	(I) (II)	171,998	43,699	23,287	63,858	11,291	314,133	
JIM DAVIS	(I) (II)	453,945	125,320	7,195	164,117	10,679	761,256	
JASON MOORE	(I) (II)			167,744			167,744	
HOUMAN S TAMADDON MD	(I) (II)	471,705		19,356	11,025	16,405	518,491	
HAVON KNIGHT MD	(I) (II)	220,725		2,213	1,978	16,206	241,122	
EDWARD BURR	(I) (II)	233,112	74,245	934	91,366	18,207	417,864	
DAVE BELKOSKI	(I) (II)	358,813	142,596	26,899	102,352	19,097	649,757	
CHARLES F SHAEFER JR MD	(I) (II)	181,725		17,750	7,972	10,130	217,577	
BRENT MALLEK	(I) (II)	137,500		67,227	13,861	16,932	235,520	
BILL COLBERT	(I) (II)	201,840	49,310	25,520	24,099	14,940	315,709	

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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 in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	The Richmond County Hospital Authority	58-6001901	764603AV8	12-03-2009	150,901,243	Refund Bond Certificates (Bond Series 99,03,08)		X		X		

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	150,901,243			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	1,243			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	Are there any research agreements that may result in private business use of bond-financed property?		X						
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?	X							
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 ▶		2 900 %						
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 ▶		0 200 %						
6	Total of lines 4 and 5		3 100 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?		X						

Part IV Arbitrage

		A		B		C		D	
		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?	X							
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
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?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493305000291

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, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

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 Benefitting 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 of grant or 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	No
(1) Rhonda U Belkoski	Spouse of CFO	22,118	Employee Compensation RN		No

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493305000291

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	All governing documents, policies, financial statements, and informational returns are available upon request at the Administrative offices

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	The Organization follows the process described in Treasury Regulation 4958(6)(c) for establishing the rebuttable presumption of reasonableness in the review, approval, and documentation of officer, key management, and director compensation Annually a compensation committee of the University Health Services Board, comprised of three independent board members, reviews the compensation of the CEO and other senior management members The review is conducted in the context of a Board approved executive compensation philosophy Both the development of the compensation philosophy and the review involve the advice and assistance of an independent compensation consulting firm Minutes of the compensation committee are recorded The compensation committee reports to the University Health Services Board Executive Committee

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	The steps in the conflict of interest policy are outlined below 1 Senior management (vice presidents and above) shall complete a Potential Conflict of Interest Questionnaire periodically Each System organization's CEO, COO, CFO and within their divisions' vice presidents may require any employee to complete a Potential Conflict of Interest Questionnaire 2 Each employee is expected to report a potential conflict of interest when it arises 3 A An employee will report a potential conflict by initiating a Potential Conflict of Interest Disclosure Form and delivering it to his/her vice president All employee potential conflicts will be screened by two levels of senior management to identify conflict or duality of interest situations (A duality of interest exists when an individual has personal or outside interests that can be affected by decisions of the System Such a duality or even multiplicity of interest can be beneficial to and consistent with the primary goals of the institutions Duality of interest can raise the potential for conflict of interest when the personal interests of individuals come into conflict with the interests of the System) B When a division vice president is notified of a potential conflict/duality of interest, the vice president shall investigate the situation and make a report of his or her findings along with a recommendation to the Executive Vice President (COO) or CEO of the involved System organization C The Executive Vice President or CEO who received the 3 B report shall make a decision concerning a potential conflict of interest and any resolution measures to be taken In the event the potential conflict involves a vice president, the President of University Health shall investigate the situation and make a decision concerning a potential conflict of interest and any resolution measures to be taken This information shall be communicated directly to the concerned employee D The employee may appeal the conflict of interest determination to the President of University Health The President's decision about a potential conflict of interest and any resolution measures is final and not cognizable under the Employee Grievance Policy A-30 E In the event the potential conflict involves the CEO of any System organization, the matter shall be reported to the Chairman of the involved System organization board, who shall determine if a conflict exists and what, if any, resolution measures are necessary in accordance with that corporation's conflict of interest policy 4 Filing of FormsA Conflict of Interest Questionnaires of those who are required by this policy to complete one periodically shall be filed in the applicable corporation's CEO's office and retained for no less than seven years Optional Conflict of Interest Questionnaires shall be filed in the office of the vice president who requested completion of the form B Completed Potential Conflict of Interest Disclosure Forms shall be filed in the applicable corporation's CEO's office for the CEO, COO, and vice presidents and for all others in the appropriate vice president's office The forms should be retained for no less than seven years 5 The Vice President for Legal Affairs will be available to advise on potential conflict of interest matters BOARD MEMBERS Board Members are also required to complete a Potential Conflict of Interest Questionnaire annually This questionnaire asks for disclosures related to any family relationships or business relationships with other board members, or business relationships with the Organization

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	A copy of the 990 form and all related schedules was provided to the governing board before filing

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

2010

Open to Public Inspection

Name of the organization
UNIVERSITY HEALTH SERVICES INC

Employer identification number
58-1581103

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on 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
(1) Walton Way Indemnity SPC 2nd Fl Governors Sq 23 Lime Tree Grand Cayman CJ	Insurance Captive	CJ	1,330,857	35,027,850	University Health Services Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) University Health Inc 1350 Walton Way Augusta, GA 30901 58-1581102	Consolidating Parent	GA	501(c)(3)	9	N/A		No
(2) University Health Care Foundation Inc 2100 Central Avenue Suite D-1 Augusta, GA 30904 58-1343550	Philantrophy	GA	501(c)(3)	7	University Health Inc		No
(3) Augusta Resource Center on Aging Inc 4275 Owens Road Evans, GA 30809 58-1728812	Non Profit Life Care Community	GA	501(c)(3)	9	University Health Inc		No
(4) University Extended Care Inc 1350 Walton Way Augusta, GA 30901 58-1581105	Skilled Nursing Homes	GA	501(c)(3)	3	University Health Services Inc		No
(5) Richmond County Hospital Authority 1350 Walton Way Augusta, GA 30901 58-6001901	Leased facilities	GA	501(c)(3)	3	N/A		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate 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	(k) Percentage ownership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) University Health Resources Inc 1350 Walton Way Augusta, GA30901 58-1601372	Physician Practices	GA	N/A				

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

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

			Yes	No
1	During the tax year, did the orgranization 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 **(iv)** rent from a controlled entity	1a		No
b	Gift, grant, or capital contribution to other organization(s)	1b		No
c	Gift, grant, or capital contribution from other organization(s)	1c		No
d	Loans or loan guarantees to or for other organization(s)	1d		No
e	Loans or loan guarantees by other organization(s)	1e	Yes	
f	Sale of assets to other organization(s)	1f		No
g	Purchase of assets from other organization(s)	1g		No
h	Exchange of assets	1h		No
i	Lease of facilities, equipment, or other assets to other organization(s)	1i	Yes	
j	Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k	Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l	Performance of services or membership or fundraising solicitations by other organization(s)	1l		No
m	Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n	Sharing of paid employees	1n		No
o	Reimbursement paid to other organization for expenses	1o	Yes	
p	Reimbursement paid by other organization for expenses	1p	Yes	
q	Other transfer of cash or property to other organization(s)	1q		No
r	Other transfer of cash or property from other organization(s)	1r	Yes	

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	(d) Method of determining amount involved
(1) University Extended Care Inc	k	85,916	Cost
(2) University Extended Care Inc	r	761,460	FMV
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate 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

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

Additional Data

Software ID: 10000105
Software Version: 2010v3.2
EIN: 58-1581103
Name: UNIVERSITY HEALTH SERVICES INC

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
WYCK A KNOX JR BOARD MEMBER	2 00	X						0	0	0
WILLIAM FARR CMO	55 00			X				683,108	0	64,607
VENESSA S DIXON MD PHYSICIAN	50 00					X		254,350	0	22,353
THOMAS E SIZEMORE BOARD MEMBER	2 00	X						0	0	0
TERRY D ELAM BOARD MEMBER	2 00	X						0	0	0
SHANNON STINSON VP-CHIEF MEDICAL INFORMATICS OFFICE	0 00				X			35,145	0	351
ROBERT R MENDES MD PHYSICIAN	50 00					X		690,333	0	23,230
RICK ROCHE FORMER VP-HUMAN RESOURCES	0 00						X	118,755	0	0
RICHARD SEVERSON DIRECTOR PHARMACY	0 00				X			151,448	0	23,960
REV CLYDE HILL SR BOARD MEMBER	2 00	X						0	0	0
R LEE SMITH JR BOARD MEMBER	2 00	X						0	0	0
MICHAEL S HOLMAN MD BOARD MEMBER	2 00	X						10,653	0	0
MELODY THOMPSON VP-PHYSICIAN SERVICES	0 00				X			191,134	0	26,163
MARILYN BOWCUTT VICE PRESIDENT PATIENT CARE SERVICE	0 00				X			290,232	0	92,721
LARRY READ President & CEO	55 00			X				645,656	0	28,187
KYLE HOWELL VICE PRESIDENT SUPPORT & FACILITIES	0 00				X			238,984	0	75,149
JIM DAVIS President & CEO	55 00			X				586,460	0	174,796
JERRY W HOWINGTON MD BOARD MEMBER	2 00	X						0	0	0
JASON MOORE FORMER COO	0 00						X	167,744	0	0
HUGH HAMILTON BOARD MEMBER	2 00	X						0	0	0
HOUMAN S TAMADDON MD PHYSICIAN	50 00					X		491,061	0	27,430
HAVON KNIGHT MD PHYSICIAN	50 00					X		222,938	0	18,184
GERALD E MATHEIS BOARD MEMBER	2 00	X						0	0	0
EUGENE L MCMANUS BOARD MEMBER	2 00	X						0	0	0
EDWARD BURR VICE PRESIDENT LEGAL AFFAIRS	0 00				X			308,291	0	109,573

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
DAVE BELKOSKI CFO	55 00			X				528,308	0	121,449
CHARLES L SPURR JR MD BOARD MEMBER	2 00	X						0	0	0
CHARLES F SHAEFER JR MD PHYSICIAN	0 00					X		199,475	0	18,102
BRIAN J MARKS BOARD MEMBER	2 00	X						0	0	0
BRENT MALLEK VP-HUMAN RESOURCES	0 00				X			204,727	0	30,793
BILL COLBERT VICE PRESIDENT INFORMATION SYSTEMS	0 00				X			276,670	0	39,039

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TY 2010 Itemized Other Current Liabilities Schedule

Name: UNIVERSITY HEALTH SERVICES INC
EIN: 58-1581103
Software ID: 10000105
Software Version: 2010v3.2

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
		Claims Payable	51,538	45,647

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TY 2010 Itemized Other Current Assets Schedule

Name: UNIVERSITY HEALTH SERVICES INC

EIN: 58-1581103

Software ID: 10000105

Software Version: 2010v3.2

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		Reserve for Outstanding Losses Recov	5,660,165	6,592,549
		Prepaid	48,740	89,428
		Deferred Reinsurance Premiums Ceded	323,333	313,333

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TY 2010 Other Deductions Schedule

Name: UNIVERSITY HEALTH SERVICES INC
EIN: 58-1581103
Software ID: 10000105
Software Version: 2010v3.2

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
Underwriting expense	3,298,555	
Total in Dollars		3,821,235
General & Administrative	522,680	
Foreign Currency Total	3,821,235	

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TY 2010 Itemized Other Liabilities Schedule

Name: UNIVERSITY HEALTH SERVICES INC
EIN: 58-1581103
Software ID: 10000105
Software Version: 2010v3.2

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
		Unearned Premiums		94,763
		Provision for Oustanding Claims	19,919,873	22,563,321

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TY 2010 Paid-In or Capital Surplus Reconciliation Statement

Name: UNIVERSITY HEALTH SERVICES INC
EIN: 58-1581103
Software ID: 10000105
Software Version: 2010v3.2

Description	Beginning Amount	Ending Amount
Paid in Capital	9,999,000	9,999,000

University Health Services, Inc.

Consolidating Statement of Operations Information

Year Ended December 31, 2010

	University Health Services, Inc.	University Health Care Foundation Inc.	Walton Way Indemnity, SPC	Elimination	Consolidated	Remove UHCF	Remove UHCF Eliminations	Balance Without UHCF
Unrestricted revenues and other support:								
Net patient service revenues	$ 395,894,502	$ –	$ –	$ –	$ 395,894,502			$395,894,502
Other operating revenues	13,205,233	40,394	1,330,857	(3 074 976)	11,501,508	(40,394)	1 843,719	$ 13,304,833
Net assets released from restriction	–	2,437,578	–	–	2,437,578	(2,437,578)		$ –
Total unrestricted revenues and other support	409,099,735	2,477,972	1,330,857	(3,074 976)	409,833,588			$409,199,335
Operating expenses								
Salaries and benefits	173,662,163	547,463	–	–	174,209,626			
Other operating expenses	149,452,431	3,006,502	3,821,235	(3,074,976)	153,205,192			
Depreciation	27,082,135	27,249	–	–	27,109 384			
Provision for bad debts	36,199,674	–	–	–	36,199,674			
Interest	8,385,957	–	–	–	8,385,957			
Total operating expenses	394,782,360	3,581,214	3,821,235	(3,074,976)	399,109,833	(3,581,214)	1,843,719	
Income (losses) from operations	14,317,375	(1,103,242)	(2,490 378)	–	10,723,755			
Nonoperating gains (losses):								
Investment income	39,202 683	–	1,584,545	–	40,787,228			
Loss on early extinguishment of debt	–	–	–	–	–			
Change in fair value of swaps	93 754	–	–	–	93,754			
Total nonoperating gains	39,296,437	–	1,584,545	–	40,880,982			$450,080,317
Excess (deficiency) of revenues, other support, and gains over expenses and losses	53,613,812	(1,103,242)	(905,833)	–	51,604,737			
Change in unfunded pension and postretirement losses	(12,709,488)	–	–	–	(12 709,488)			
Other – cumulative effects on assets retirement obligations	(131,902)	–	–	–	(131,902)			
Transfer (to) from affiliate	(643,374)	643,374	–	–	–			
Transfer from temporarily restricted net assets	–	441,876	–	–	441,876			
Increase (decrease) in unrestricted net assets	$ 40,129,048	$ (17,992)	$ (905,833)	$ –	$ 39,205,223	17992		$ 39,223,215

See accompanying Independent Auditor's Report on Supplemental Information.

UNIVERSITY HEALTH SERVICES, INC.

Consolidated Financial Statements

and Other Financial Information

For the Years Ended
December 31, 2010 and 2009

(with Independent Auditors' Report thereon)

UNIVERSITY HEALTH SERVICES, INC.

Table of Contents

Years Ended December 31, 2010 and 2009

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report

The Board of Trustees
University Health Services, Inc.

We have audited the accompanying consolidated balance sheets of University Health Services, Inc. (UHS) as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of UHS' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Walton Way Indemnity, SPC (WWI), a wholly owned subsidiary, with total assets of approximately $35,028,000 and $33,231,000 constituting approximately 5% of consolidated total assets as of December 31, 2010 and 2009, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to data included for WWI, is based solely on the report of the other auditor.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit 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 UHS' 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 financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement 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 University Health Services, Inc. at December 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Atlanta, Georgia
April 28, 2011

225 Peachtree Street NE, Suite 400, Atlanta, GA 30303 | T (404) 898-8000 | F (404) 871-8179 | dhgllp.com

University Health Services, Inc.

Consolidated Balance Sheets

	December 31	
	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	**$ 40,237,012**	$ 21,155,268
Short-term investments	**21,337,929**	19,402,578
Patient accounts receivable, less allowances for uncollectible accounts of $28,252,454 in 2010 and $19,489,957 in 2009	**63,422,064**	67,882,612
Other receivables	**12,621,427**	13,520,809
Inventories	**6,734,447**	6,459,947
Prepaid expenses	**8,785,006**	8,461,045
Total current assets	**153,137,885**	136,882,259
Property and equipment, net	**217,813,211**	231,575,617
Other assets:		
Amounts due from affiliates	**9,434,404**	5,955,332
Assets limited as to use	**28,139,870**	24,965,127
Investments	**307,442,086**	264,749,066
Other	**3,898,181**	3,768,135
Total assets	**$ 719,865,637**	$ 667,895,536

The accompanying notes are an integral part of these consolidated financial statements.

	December 31	
	2010	2009
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 16,020,066**	$ 11,745,059
Accrued compensation, benefits, and withholdings	**18,826,018**	16,367,002
Other current liabilities	**1,805,782**	1,897,609
Estimated third-party payor settlements	**13,343,289**	9,721,638
Current maturities of long-term debt	**2,375,000**	–
Current portion of capital lease obligations	**1,835,618**	1,602,771
Short-term accrued postretirement cost	**3,490,465**	2,908,475
Total current liabilities	**57,696,238**	44,242,554
Long-term debt, less current maturities	**148,590,982**	150,904,983
Long-term capital lease obligations, less current portion	**2,704,576**	3,576,307
Other long-term obligations	**2,856,233**	2,747,815
Reserve for contingent losses	**24,730,638**	22,150,023
Accrued pension cost	**21,826,611**	31,935,752
Accrued postretirement benefit cost, less short-term obligation	**35,342,867**	28,110,756
Total liabilities	**293,748,145**	283,668,190
Net assets:		
Unrestricted	**397,263,646**	358,058,423
Temporarily restricted	**10,422,210**	8,339,132
Permanently restricted	**18,431,636**	17,829,791
Total net assets	**426,117,492**	384,227,346
Total liabilities and net assets	**$ 719,865,637**	$ 667,895,536

University Health Services, Inc.

Consolidated Statements of Operations

	Year Ended December 31	
	2010	2009
Unrestricted revenues and other support:		
Net patient service revenues	**$ 395,894,502**	$ 389,736,077
Other operating revenues	**11,501,508**	11,873,536
Net assets released from restriction	**2,437,578**	5,814,658
Total unrestricted revenues and other support	**409,833,588**	407,424,271
Operating expenses:		
Salaries and benefits	**174,209,626**	180,576,547
Other operating expenses	**153,205,192**	148,100,015
Depreciation	**27,109,384**	28,247,166
Provision for bad debts	**36,199,674**	27,330,820
Interest	**8,385,957**	4,207,683
Total operating expenses	**399,109,833**	388,462,231
Income from operations	**10,723,755**	18,962,040
Nonoperating gains (losses):		
Investment income	**40,787,228**	56,650,225
Loss on early extinguishment of debt	**–**	(1,061,244)
Change in fair value of interest rate swaps	**93,754**	1,184,464
Total nonoperating gains	**40,880,982**	56,773,445
Excess of revenues, other support, and gains over expenses and losses	**51,604,737**	75,735,485
Change in unfunded pension and postretirement gains	**(12,709,488)**	22,194,091
Other	**(131,902)**	(17,959)
Transfer from temporarily restricted net assets	**441,876**	256,542
Increase in unrestricted net assets	**$ 39,205,223**	$ 98,168,159

The accompanying notes are an integral part of these consolidated financial statements.

University Health Services, Inc.

Consolidated Statements of Changes in Net Assets

	Year Ended December 31	
	2010	2009
Unrestricted net assets:		
Excess of revenues, other support, and gains over expenses and losses	**$ 51,604,737**	$ 75,735,485
Change in unfunded pension and postretirement gains	**(12,709,488)**	22,194,091
Other	**(131,902)**	(17,959)
Transfer from temporarily restricted net assets	**441,876**	256,542
Increase in unrestricted net assets	**39,205,223**	98,168,159
Temporarily restricted net assets:		
Contributions and other	**1,854,696**	812,329
Investment income	**3,470,516**	4,739,920
Net assets released from restriction	**(2,437,578)**	(5,814,658)
Transfer to unrestricted/permanently restricted net assets	**(804,556)**	(334,844)
Increase (decrease) in temporarily restricted net assets	**2,083,078**	(597,253)
Permanently restricted net assets:		
Contributions and other	**239,165**	182,507
Transfer from unrestricted/temporarily restricted net assets	**362,680**	78,302
Increase in permanently restricted net assets	**601,845**	260,809
Increase in net assets	**41,890,146**	97,831,715
Net assets at beginning of year	**384,227,346**	286,395,631
Net assets at end of year	**$ 426,117,492**	$ 384,227,346

The accompanying notes are an integral part of these consolidated financial statements.

University Health Services, Inc.

Consolidated Statements of Cash Flows

	Year Ended December 31 2010	2009
Operating activities		
Change in net assets	**$ 41,890,146**	$ 97,831,715
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in unfunded pension and postretirement losses (gains)	**12,709,488**	(22,194,091)
Depreciation	**27,109,384**	28,247,166
Provision for bad debts	**36,199,674**	27,330,820
Loss on early extinguishment of debt	**–**	1,061,244
Change in fair value of interest rate swaps	**(93,754)**	(1,184,464)
Other	**268,994**	28,755
Changes in operating assets and liabilities:		
Patient accounts receivable	**(31,739,126)**	(21,855,300)
Other receivables	**899,382**	(611,988)
Inventories	**(274,500)**	630,952
Prepaid expenses	**(323,961)**	(1,779,427)
Investments and assets limited as to use classified as trading	**(47,803,114)**	(57,968,024)
Other assets	**(53,645)**	470,322
Accounts payable and accrued expenses	**4,275,007**	(5,124,832)
Accrued compensation, benefits, and withholdings	**2,459,016**	(6,021,747)
Other current liabilities	**1,927**	(5,335,202)
Other long-term obligations	**(23,484)**	(23,804)
Estimated third-party payor settlements	**3,621,651**	(1,098,873)
Reserve for contingent losses	**2,580,615**	1,270,214
Accrued pension and postretirement benefit cost	**(15,004,528)**	(8,772,703)
Net cash provided by operating activities	**36,699,172**	24,900,733
Investing activities		
Purchases of property and equipment	**(12,135,640)**	(18,483,345)
Financing activities		
Proceeds from bond financing, net of discount	**–**	150,900,000
Payments on long-term debt refinancing	**–**	(150,900,000)
Refinancing costs	**(152,494)**	(1,819,563)
Principal payments on long-term debt	**–**	(4,500,000)
Principal payments on capital lease obligations	**(1,850,222)**	(1,794,367)
Change in amounts due from affiliates	**(3,479,072)**	(2,636,766)
Net cash used in financing activities	**(5,481,788)**	(10,750,696)
Net increase (decrease) in cash and cash equivalents	**19,081,744**	(4,333,308)
Cash and cash equivalents at beginning of year	**21,155,268**	25,488,576
Cash and cash equivalents at end of year	**$ 40,237,012**	$ 21,155,268
Supplemental schedule of cash flow information		
Supplemental schedule of noncash investing and financing activities:		
Cash paid for interest, net of amount capitalized	**$ 4,743,046**	$ 3,436,775
Property leased under capital lease obligations	**$ 1,211,338**	$ 919,155

The accompanying notes are an integral part of these consolidated financial statements.

1 Significant Accounting Policies

The significant accounting policies adopted by University Health Services, Inc. are set forth below.

Organization and Reporting Entity - The accompanying consolidated financial statements include the accounts of University Health Services, Inc. (UHS), University Health Care Foundation, Inc. (the Foundation), and Walton Way Indemnity, SPC (WWI), collectively known as University Hospital or UHS. All significant intercompany accounts and transactions have been eliminated.

UHS, which is located in Augusta, Georgia, is a not-for-profit acute care hospital. UHS provides inpatient, outpatient, and emergency care services primarily for residents of the Augusta metropolitan area. Admitting physicians are primarily practitioners in the local area The Foundation was established for the specific purpose of obtaining donations for UHS. It is a separate legal entity whose accounts are consolidated with UHS for purposes of these consolidated financial statements. WWI was established to provide professional liability insurance for UHS. It is a separate legal entity whose accounts are consolidated with UHS for purposes of these consolidated financial statements.

University Health, Inc. (the Corporation), a not-for-profit corporation, was formed to conduct long-range health planning, public health education, and resource allocation for University Health Services, Inc. and other affiliated corporations including University Extended Care, Inc. (UEC), University Health Resources, Inc. (UHR), University Healthcare Physicians (UHCP) and Augusta Resource Center on Aging, Inc. (ARCOA). Effective December 31,1984, Richmond County Hospital Authority (the Authority) approved the restructuring of the Hospital, whereby it was leased to University Health Services, Inc., an affiliate of University Health, Inc., for two lease terms of 30 years each expiring on February 1, 2045.

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

Cash Equivalents - UHS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Deposits with banks are generally federally insured in limited amounts.

Accounts Receivable - Current operations are charged with provisions for uncollectible accounts based upon experience and any unusual circumstances which affect the collectability of receivables. Amounts deemed uncollectible are charged against this allowance. In the opinion of management, adequate provision has been made for uncollectible accounts.

Investments - Investments in other enterprises whereby UHS does not have control but does exert significant influence are accounted for under the equity method of accounting. UHS has equity investments in the following enterprises:

- Medical Resource Network, L.L.C.
- Phoenix Health Care Management Services, Inc.

Investments in marketable securities are measured at fair market value. UHS's investment portfolio is classified as trading As such, all investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the excess of revenues, other support, and gains over expenses and losses.

Inventories - Inventories (primarily pharmaceuticals and medical supplies) are stated at the lower of cost (first-in, first-out and average cost methods) or market.

Assets Limited as to Use - Assets limited as to use consist of Foundation investments limited as to use by donors and are measured at fair value.

Property and Equipment - Property and equipment are stated at cost Major renewals and betterments are charged to the property accounts while maintenance and repairs which do not improve or extend the life of the respective assets are charged to operations. Upon disposal of properties, the related costs and accumulated depreciation are removed from the respective accounts. Any resulting gains or losses are reflected as other operating revenue or expenses.

UHS follows the policy of providing for depreciation by charging against operations amounts sufficient to amortize the cost of properties over their estimated useful lives principally using the straight-line method. Principal lives used are: 20 to 50 years for buildings and improvements; 5 to 20 years for fixed equipment; and 3 to 10 years for major moveable equipment. Amortization of assets recorded under capital lease obligations is included in depreciation expense.

Asset Retirement Obligation - A conditional asset retirement obligation is an unconditional legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. UHS recognizes a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. UHS has determined that conditional legal obligations exist for its facilities related primarily to asbestos materials. UHS has recorded a liability of approximately $ 2,856,000 and $2,748,000 for the estimated present value for the conditional asset retirement obligation at December 31, 2010 and 2009, respectively. A related amount is recorded in property and equipment of approximately $1,400 and $25,000, representing the remaining un-depreciated cost of the asset retirement obligation at December 31, 2010 and 2009, respectively

Vacation and Sick Pay - UHS accrues vacation and sick pay as earned by employees.

Net Patient Service Revenue - Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as cost report years are no longer subject to such audits, reviews, and investigations. The Medicare program pays prospectively determined rates for inpatient and outpatient operating and capital related services. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Revenue for services rendered under Medicare and Medicaid third-party payor programs has been recorded at estimated settlement amounts. Final determination of the settlement amounts is subject to review by appropriate authorities or their agents and to the extent that ultimate settlement amounts differ from amounts previously estimated, related adjustments are reflected in the financial statements in the period of final settlement Final settlement has been reached through the fiscal year ended December 31, 2006, for Medicare services.

The Medicaid program pays prospectively determined rates for inpatient operations and capital related services. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid on a cost reimbursement basis. Final settlement has been reached through the fiscal year ended December 31, 2006, for Medicaid services.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 created the Recovery Audit Contractors ("RAC") program to detect and correct improper payments in the Medicare program. The RAC reviews began in late 2009 and continued in 2010. Although management believes its billing policies do not result in overpayments, the RAC reviews could materially affect the operations of UHS.

Gross patient service charges under the Medicare and Medicaid programs amounted to approximately $659,000,000 and $640,576,000 for the fiscal years ended December 31, 2010 and 2009, respectively, representing approximately 60% of total gross patient service charges in both years.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. UHS believes that it is in compliance with all applicable laws and regulations. UHS 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. Non-compliance can result in significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

UHS also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to UHS under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Revenue is recognized as services are provided for these payors

Excess of Revenues, Other Support, and Gains Over Expenses and Losses - The consolidated statements of operations include excess of revenues, other support, and gains over expenses and losses. Changes in unrestricted net assets which are excluded from excess of revenues, other support, and gains over expenses and losses, consistent with industry practice, include changes in unfunded pension and postretirement liability, permanent transfers of assets for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Charity Care - UHS provides care to patients who meet certain criteria under its charity care policy without charge or for payments less than its established rates. Payments from public assistance programs on behalf of patients who meet UHS' charity care criteria are reported as net patient service revenue. Because UHS does not expect collection of amounts determined as charity care, they are not reported as revenue. Gross charges forgone based on established rates for charity care services rendered were approximately $41,596,000 and $34,567,000 for the years ended December 31, 2010 and 2009, respectively. In addition, management identified charges to certain patients that in previous years met the criteria under UHS' charity care policy, but have been reclassified in 2010 due to the patient subsequently qualifying for insurance. The reclassified amount was approximately $4,222,000 to produce a net charity care amount of $37,374,000 for 2010.

Accounting for Income Taxes - UHS and the Foundation are exempt from federal income tax under Section 501 (a) as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. UHS and the Foundation have evaluated their tax positions and determined that they do not have any material unrecognized tax benefits or obligations as of December 31, 2010 Fiscal years ended on or after December 31, 2007 remain subject to examination by federal and state tax authorities.

There is presently no taxation imposed by the government of the Cayman Islands on income or premiums of WWI. As a result, no tax liability or expense has been recorded.

Donor-Restricted Gifts - Unconditional promises to give cash and other assets to UHS are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

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

Fair Value of Financial Instruments-Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include.

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Subsequent Events -UHS evaluated the effect subsequent events would have on the consolidated financial statements from January 1, 2011 through April 28, 2011, which is the date the consolidated financial statements were available to be issued. During that period, UHS did not have any material recognizable subsequent events that would require recognition or disclosure.

2. Amounts Due from Affiliates

The amounts due from affiliates of University Health Services, Inc. consist of the following.

	2010	2009
Due (to) from University Extended Care, Inc.	$ 202,953	$ (3,347)
Due from University Health Resources, Inc	7,340,253	5,698,477
Due from University Health Care Physicians, LLC.	1,630,996	-
Due from University Health, Inc.	260,202	260,202
	$ 9,434,404	$ 5,955,332

3. Investments

Short-term investments

The composition of short-term investments at December 31, 2010 and 2009 is set forth in the following table:

	2010	2009
U.S. government backed securities	$ 21,337,929	$ 19,402,578

Assets Limited as to Use

The composition of assets limited as to use at December 31, 2010 and 2009 is set forth in the following table:

	2010	2009
Donor restricted:		
Cash and cash equivalents	$ 1,908,092	$ 2,619,532
Common stocks	4,915,458	-
Equity mutual funds	17,359,981	-
Corporate bonds	1,708,833	12,696,706
U.S. government backed securities	2,247,506	6,441,780
Other	-	3,207,109
	$ 28,139,870	$ 24,965,127

Long-Term Investments

The composition of long-term investments at December 31, 2010 and 2009 is set forth in the following table:

	2010	2009
Cash and cash equivalents	$ 4,053,146	$ -
Common stocks and equity mutual funds	252,668,198	185,714,388
Corporate obligations	19,847,621	29,412,751
U.S. government backed and other securities	28,252,160	49,621,927
Other	2,620,961	-
	$ 307,442,086	$ 264,749,066

Investment income, gains, and losses for short-term investments, assets limited as to use, long-term investments, and cash and cash equivalents are comprised of the following for the years ended December 31, 2010 and 2009:

	2010	2009
Interest and dividend income	$ 9,603,109	$ 8,054,450
Net realized losses on investments	(15,374,156)	(617,485)
Change in net unrealized gains on investments, trading securities	50,028,791	53,953,180
	$ 44,257,744	$ 61,390,145

4. Property and Equipment

Property and equipment consist of the following:

	2010	2009
Land	$ 10,721,603	$ 10,728,811
Land improvements	4,011,012	3,998,276
Buildings and improvements	248,286,815	269,580,384
Major moveable equipment	169,269,404	243,442,677
Fixed equipment	18,822,099	38,296,454
	451,110,933	566,046,602
Less accumulated depreciation	236,094,467	338,328,174
	215,016,466	227,718,428
Construction in progress	2,796,745	3,857,189
	$ 217,813,211	$ 231,575,617

Equipment under capital lease obligations is included in major movable equipment and accumulated depreciation. The carrying value and related accumulated depreciation at December 31, 2010 are approximately $8,875,000 and $4,481,000, respectively, and at December 31, 2009, are approximately $8,107,000 and $3,122,000, respectively.

5. Long-Term Debt

Long-term debt is summarized as follows:

	2010	2009
Revenue Anticipation Certificates, Series 2009	$ 152,460,000	$ 152,460,000
Less current maturities	2,375,000	-
Less Series 2009 original issue discount	1,494,018	1,555,017
Total	$ 148,590,982	$ 150,904,983

On August 20, 1999, the Richmond County Hospital Authority issued $50,000,000 of tax-exempt Series 1999 revenue anticipation certificates (the 1999 Certificates) and for which the proceeds were used by UHS to finance various capital projects. UHS had an interest rate swap agreement on a notional amount of $25,000,000. The 2009 statements of operations include a gain of approximately $20,000 related to the change in fair value of the interest rate swap agreement This swap agreement was terminated in September 2009 and the 1999 Certificates were refinanced in connection with the issuance of the Series 2009 revenue anticipation certificates (the 2009 Certificates).

On May 1, 2003, the Authority issued $50,000,000 of tax-exempt Series 2003 revenue anticipation certificates (the 2003 Certificates) for which the proceeds were used by UHS to finance various capital projects. The 2003 Certificates carried a variable interest rate of 2.23% at December 31, 2008. UHS had an interest rate swap agreement with on a notional amount of $25,000,000. This agreement expired in

June 2010 The statements of operations include losses of approximately $94,000 and $121,000 for the years ended December 31, 2010 and 2009, respectively, related to the change in fair value of the interest rate swap agreement. The 2003 Certificates were refinanced in connection with the issuance of the 2009 Certificates.

On August 21, 2008, the Authority issued $80,000,000 of tax-exempt Series 2008 revenue anticipation certificates (the 2008 Certificates) for which the proceeds were used by UHS to retire the outstanding 2006 certificates. UHS transferred its interest rate swap agreement with SunTrust Bank for a fixed interest rate of 3.82% on a notional amount of $25,000,000 from its 2006 Certificates to its 2008 Certificates. The statement of operations includes a gain of approximately $1,043,000 for the year ended December 31, 2009, related to the change in fair value of the interest rate swap agreement. This swap agreement was terminated in September 2009. The 2008 Certificates were refinanced in connection with the issuance of the 2009 Certificates.

On November 24, 2009, the Authority issued $152,460,000 of tax-exempt Series 2009 revenue anticipation certificates (the 2009 Certificates) for the purpose of refunding the Series 1999, 2003, and 2008 revenue anticipation certificates, in order to refinance the costs of acquiring, constructing, and installing certain additions, improvements, and renovations to UHS. The 2009 Certificates consist of both Serial and Term Certificates. The 2009 Serial Certificates totaling $23,725,000 are payable annually in varying principal amounts ranging from $925,000 to $2,935,000 through 2019 and bear interest at fixed rates ranging from 3.00% to 5.00%, payable annually. The 2009 Term Certificates totaling $23,280,000, $35,840,000, and $69,615,000 are due 2024, 2029, and 2036, respectively, at interest rates ranging from 5.00% to 5.50%, payable annually.

The gross revenue and property of the Obligated Group are pledged as security for the outstanding 2009 Certificates. The Obligated Group consists of UHS, UHI, and UEC and affiliates of these corporations. The related loan agreements and master trust indenture contain certain covenants on the part of the Obligated Group, including limitations on the incurrence of additional indebtedness, transfers of assets, maintenance of certain amounts of insurance, and certain other financial covenants.

Scheduled principal payments on long-term debt and mortgage obligations are as follows:

	Series 2009 Certificates
2011	$ 2,375,000
2012	2,445,000
2013	2,505,000
2014	2,605,000
2015	2,610,000
Thereafter	139,920,000
	$ 152,460,000

6. Reserve for Contingent Losses

WWI, a wholly owned subsidiary of UHS, was incorporated as an exempted segregated portfolio company on August 23, 2002, under the laws of the Cayman Islands, B.W.I., to provide professional and general liability coverage for UHS and its sister corporations effective July 1, 2002. WWI provides prior acts professional liability coverage for UHL, UHS, UEC, UHR, and the employed physicians for claims incurred but not reported from January 1, 1992 through July 1, 2002; and for claims incurred and reported from July 1, 2002 to the end of the current policy period, September 1, 2011.

For claims identified and reported through July 1, 2002, UHS is covered under claims made policies through a $10 million excess policy and a $20 million umbrella policy, both above a retention of $1,000,000 per claim and a $3,000,000 aggregate per policy year, retroactive to July 1, 1986. WWI currently insures the Corporation, UHS, and UHR for professional and general liabilities under a $25 million policy on a claims made basis. WWI is directly responsible for up to $5 million per claim with a policy aggregate of $14 million The $20 million excess coverage is ceded in two tiers of $10 million each to "A" rated outside insurance providers with WWI remaining liable for $150,000 each and every claim, in the excess layer. WWI provides professional and general liability coverage to UEC through a claims made policy of $2 million per claim with a $4 million annual aggregate, retroactive to January 1, 1992.

The liability and expenses related to the professional and general liability risks of UHS are based on incurred losses and expenses and expected future losses and expenses.

These include the individual case reserves for identified and reported claims as well as aggregate liability for incurred but not reported losses, which are actuarially determined each year. It is the opinion of management that adequate provision has been made for these losses and that such losses would not materially affect the consolidated financial position of UHS.

UHS also self-insures for workers' compensation and has accrued an estimate of this liability amounting to approximately $1,478,000 and $1,486,000, at December 31, 2010 and 2009, respectively.

7. Concentrations of Credit Risk

UHS grants credit without collateral to its patients, most of who are local residents of Augusta, Georgia, and the surrounding region and are insured under various third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2010 and 2009, was as follows:

	2010	2009
Medicare	34%	36%
Medicaid	7	8
Other third-party payors	28	31
Patients	31	25
	100%	100%

8. Retirement Benefits

UHS sponsors a defined benefit pension plan and a defined benefit health care plan providing medical and dental benefits to retirees

University Health Services, Inc. is the sponsor of a defined benefit pension plan covering substantially all of UHS' eligible employees hired prior to January 1, 2005. The benefits are based on years of service and the employee's average compensation for the five consecutive calendar years during the last ten years of service which produces the highest average. Benefits were frozen as of December 31, 2006. UHS' funding policy is to contribute an amount at least equal to the minimum required ERISA contribution, but no less than the net periodic benefit cost.

Net periodic benefit cost includes the following components:

	2010	2009
Interest cost	$ 9,408,286	$ 9,315,506
Expected return on plan assets	(10,295,690)	(7,735,644)
Amortization of prior service cost	567,754	567,754
Amortization of net loss	2,158,548	3,102,175
	$ 1,838,898	$ 5,249,791

The actuarial assumptions used to determine net periodic benefit cost for the plan for the years ended December 31, 2010 and 2009 were as follows:

	2010	2009
Discount rate	6.00%	6.25%
Expected long-term rate of return on plan assets	8.00%	8.00%

The actuarial assumptions used to determine benefit obligations for the plan as of December 31, 2010 and 2009, were as follows:

	2010	2009
Discount rate	5.50%	6.00%

The following table presents a reconciliation of the beginning and ending balances of the plan's projected benefit obligation, the fair value of plan assets, and the funded status of the plan:

	2010	2009
Change in benefit obligation:		
Projected benefit obligation, beginning of year	$ 159,905,440	$ 151,846,471
Interest cost	9,408,286	9,315,506
Actuarial loss	11,203,347	4,140,132
Benefits paid	(6,255,673)	(5,396,669)
Projected benefit obligation, end of year	$ 174,261,400	$ 159,905,440
Change in plan assets.		
Fair value of plan assets, beginning of year	$ 127,969,688	$ 98,028,181
Actual return on plan assets	15,720,774	22,894,937
Contributions of plan sponsor	15,000,000	12,443,239
Benefits paid	(6,255,673)	(5,396,669)
Fair value of plan assets, end of year	$ 152,434,789	$ 127,969,688
Funded status of the plan recognized in the balance sheets	$ (21,826,611)	$ (31,935,752)

The accumulated benefit obligation was $174,261,400 and $159,905,440 as of December 31, 2010 and 2009, respectively.

Amounts recognized in the consolidated balance sheets at December 31 consist of:

	2010	2009
Noncurrent assets	$ -	$ -
Current liabilities	-	-
Noncurrent liabilities	(21,826,611)	(31,935,752)
Net amount recognized	$ (21,826,611)	$ (31,935,752)

Amounts recognized in unrestricted net assets at December 31 consist of:

	2010	2009
Net actuarial loss	$ 40,699,274	$ 37,079,559
Prior service cost	16,464,876	17,032,630
	$ 57,164,150	$ 54,112,189

The change in unrestricted net assets during the year is attributable to:

Amortization of prior service cost	$ (567,754)	$ (567,754)
Net (gain) loss during the year	3,619,715	(14,121,336)
	$ 3,051,961	$ (14,689,090)

The net actuarial loss and prior service cost included in unrestricted net assets and expected to be recognized in net periodic pension cost during the fiscal year ending December 31, 2011, are approximately $2,650,000 and $568,000, respectively.

The plan's asset allocations at December 31, 2010 and 2009, as a percentage of plan assets by asset category are as follows:

	2010	2009
Cash and cash equivalents	6%	2%
Fixed income securities	37	41
Equity securities	57	57
	100%	100%

The following table summarizes the plan's financial assets and liabilities accounted for at fair value on a recurring basis by level within the fair value hierarchy at December 31, 2009:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Money market fund	$ -	$ 3,010,579	$ -	$ 3,010,579
Government securities	11,985,772	-	-	11,985,772
Mortgage backed securities	-	14,438,384	-	14,438,384
Corporate bonds	-	7,606,169	-	7,606,169
Preferred stock - convertible	74,600	-	-	74,600
Common stock	39,707,730	-	-	39,707,730
Mutual funds	-	49,573,999	-	49,573,999
Other fixed income securities	-	659,393	-	659,393
Common trust funds	-	-	1,463,161	1,463,161
Total assets at fair value	$ 51,768,102	$ 75,288,524	$ 1,463,161	$ 128,519,787
Liabilities at fair value	$ -	$ 550,099	$ -	$ 550,099

The following table summarizes the plan's financial assets and liabilities accounted for at fair value on a recurring basis by level within the fair value hierarchy at December 31, 2010:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ -	$ 10,122,768	$ -	$ 10,122,768
Common stocks:				
Domestic by industry:				
Utilities	2,232,650	-	-	2,232,650
Materials	4,529,115	-	-	4,529,115
Information technology	7,730,712	-	-	7,730,712
Industrials	3,584,648	-	-	3,584,648
Healthcare	5,312,691	-	-	5,312,691
Financials	4,660,381	-	-	4,660,381
Consumer goods	7,017,440	-	-	7,017,440
Services	7,290,582	-	-	7,290,582
Other	440,504	-	-	440,504
Foreign	-	4,212,247	-	4,212,247
	42,798,723	4,212,247	-	47,010,970
Equity mutual funds:				
Domestic:				
High yield	-	10,169,747	-	10,169,747
Growth	-	16,414,466	-	16,414,466
Foreign:				
Large value	-	11,066,181	-	11,066,181
Large blend	-	11,697,687	-	11,697,687
Bond	-	7,057,296	-	7,057,296
	-	56,405,377	-	56,405,377
Fixed income:				
Corporate bonds – foreign	-	7,352,661	-	7,352,661
U.S. government backed securities:				
Mortgage backed securities:				
Residential	-	12,774,811	-	12,774,811
Commercial	-	2,168,039	-	2,168,039
Federal agency	2,543,660	-	-	2,543,660
U.S. treasury notes	10,119,200	-	-	10,119,200
Other	-	2,525,474	1,535,268	4,060,742
	12,662,860	24,820,985	1,535,268	39,019,113
Total assets at fair value	$ 55,461,583	$ 95,561,377	$ 1,535,268	$ 152,558,228
Liabilities at fair value	$ -	$ 123,439	$ -	$ 123,439

The investment policy, as established by the Pension Committee, is to provide for growth of capital by investing in a balanced portfolio. The equity allocation target is a maximum of 55%. The actual asset allocation of total plan assets, as well as the performance of individual managers, is reviewed by the Pension Committee on a quarterly basis.

The plan's long-term rate of return assumption of 8.0% is based on expectations regarding each asset category and average long-term rate of returns for a portfolio allocated across these categories.

Expected employer contributions for the year ending December 31, 2011, are approximately $3,400,000.

Based on current data and assumptions, the following benefit payments are expected to be paid over the next ten years:

Year ending:	
2011	$ 7,045,838
2012	7,503,029
2013	7,975,045
2014	8,448,957
2015	8,988,182
2016-2020	54,175,229

The measurement dates used are December 31, 2010 and 2009

In addition to UHS' defined benefit pension plan, UHS sponsors a defined benefit health care plan that provides postretirement medical and dental benefits to full-time employees hired prior to January 1, 2005, who have worked ten years and attained age 55 while in service with UHS. Effective January 1, 2011, the plan requires the employee to work twenty years and attain the age of 60. Effective January 1, 2010, the plan no longer provides a dental supplement to the participants. The plan is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. The accounting for the plan anticipates future cost-sharing changes to the plan that are consistent with UHS' expressed intent to increase the retiree contribution rate annually for the expected increases in the health trend rates. UHS' policy is to fund benefits as they are actually submitted for payment by plan participants, rather than build a segregated reserve to finance future benefit payments.

Net periodic postretirement benefit cost includes the following components.

	2010	2009
Service cost	$ 614,900	$ 1,246,619
Interest cost	1,775,171	2,312,030
Curtailment gain	-	(3,060,784)
Amortization of prior service cost	(2,990,790)	(1,979,909)
Amortization of actuarial loss	1,665,768	1,840,622
	$ 1,065,049	$ 358,578

The following table presents a reconciliation of the beginning and ending balances of the plan's accumulated postretirement benefit obligation, and the funded status of the plan:

	2010	2009
Change in benefit obligation:		
Accumulated postretirement benefit obligation, beginning of year	$ 31,019,231	$ 40,103,487
Service cost	614,900	1,246,619
Interest cost	1,775,171	2,312,030
Plan amendments	-	(10,533,382)
Plan curtailment gain	-	(2,132,155)
Actuarial loss	8,332,505	1,960,465
Net claims paid	(2,908,475)	(1,937,833)
Accumulated postretirement benefit obligation, end of year	$ 38,833,332	$ 31,019,231
Plan assets, end of year	$ -	$ -
Funded status of the plan recognized in the balance sheets	$ (38,833,332)	$ (31,019,231)

Amounts recognized in the consolidated balance sheets at December 31 consist of:

	2010	2009
Noncurrent assets	$ -	$ -
Current liabilities	(3,490,465)	(2,908,475)
Noncurrent liabilities	(35,342,867)	(28,110,756)
Net amount recognized	$ (38,833,332)	$ (31,019,231)

Amounts recognized in unrestricted net assets at December 31 consist of:

	2010	2009
Net actuarial loss	$ (30,807,304)	$ (24,140,567)
Prior service cost	17,442,134	20,432,924
Accumulated contributions in excess of net periodic benefit cost	(25,468,162)	(27,311,588)
	$ (38,833,332)	$ (31,019,231)

The change in unrestricted net assets during the year is attributable to:

	2010	2009
New prior service cost	$ -	$ (10,533,382)
Curtailment recognition of transition asset (obligation)	-	(280,927)
Amortization of prior service credit (cost)	2,990,790	1,979,909
Amortization of gain (loss)	(1,665,768)	(1,840,622)
Curtailment gain	-	1,209,556
Net loss during the year	8,332,505	1,960,465
	$ 9,657,527	$ (7,505,001)

The net actuarial loss, prior service cost and transition obligation included in unrestricted net assets and expected to be recognized in net periodic postretirement benefit cost during the fiscal year ending December 31, 2011, are $2,221,450, ($2,990,790), and $0, respectively.

The discount rates used to determine net periodic postretirement benefit cost for the plan for the years ending December 31, 2010 and 2009 were as follows.

	2010	2009
Discount rate	6.00%	6.25%

The discount rate used to determine benefit obligations for the plan as of December 31, 2010 and 2009 were as follows:

	2010	2009
Discount rate	5.5%	6.0%

The initial and health care trend rates for determining benefit obligations at year-end are shown below. The initial rate decreases gradually to the ultimate trend rate

	2010	2009
Medical benefits:		
Initial trend rate	8.30%	8.30%
Ultimate trend rate	4.50%	4.50%
Year ultimate rate reached	2029	2028

The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rate by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 2010 by approximately $4,178,000 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost by approximately $291,000 for 2010. A one percentage point decrease in each year would decrease the accumulated postretirement benefit obligation as of December 31, 2010, by approximately

$3,476,000 and the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost by approximately $242,000 for 2010.

Based on current data and assumptions, the following benefit payments are expected to be paid over the next ten years:

Year ending:

2011	$ 3,490,465
2012	3,484,314
2013	3,358,435
2014	3,233,609
2015	3,014,492
2016-2020	13,405,722

The measurement dates used are December 31, 2010 and 2009.

9. Endowment Funds

UHS has 127 donor restricted endowment funds and 82 other donor restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, and other donor restricted funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The State Prudent Management of Institutional Funds Act (SPMIFA) requires the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As such, UHS classifies donor restricted endowment funds as permanently restricted net assets (a) at the original value of gifts donated to the permanent endowment, (b) at the original value of subsequent gifts to the permanent endowment, and (c) through accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, UHS considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1) The duration and preservation of the fund
2) The purpose of UHS and the donor restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the organization
7) The investment policies of the organization

The composition of donor restricted endowment funds and other donor restricted funds by type and restriction as of December 31, 2010 is summarized as follows:

	Temporarily Restricted	Permanently Restricted	Total Funds
Donor restricted endowment funds	$ 6,184,723	$ 18,431,636	$ 24,616,359
Other donor restricted funds	4,237,487	-	4,237,487
Total donor restricted funds	$ 10,422,210	$ 18,431,636	$ 28,853,846

The composition of donor restricted endowment funds and other donor restricted funds by type and restriction as of December 31, 2009 is summarized as follows:

	Temporarily Restricted	Permanently Restricted	Total Funds
Donor restricted endowment funds	$ 3,359,410	$ 17,829,791	$ 21,189,201
Other donor restricted funds	4,979,722	-	4,979,722
Total donor restricted funds	$ 8,339,132	$ 17,829,791	$ 26,168,923

The changes in donor restricted funds for the year ended December 31, 2010 is summarized as follows:

	Temporarily Restricted	Permanently Restricted	Total Funds
Donor restricted funds, beginning of year	$ 8,339,132	$ 17,829,791	$ 26,168,923
Investment return:			
Investment income	767,852	-	767,852
Net appreciation (realized and unrealized)	2,702,670	-	2,702,670
Total investment return	3,470,522	-	3,470,522
New gifts	1,854,690	239,165	2,903,855
Appropriation of endowment assets for expenditure	(2,437,578)	-	(2,437,578)
Transfers	(804,556)	362,680	(441,876)
Donor restricted funds, end of year	$ 10,422,210	$ 18,431,636	$ 28,853,846

The changes in donor restricted funds for the year ended December 31, 2009 is summarized as follows:

	Temporarily Restricted	Permanently Restricted	Total Funds
Donor restricted funds, beginning of year	$ 8,936,385	$ 17,568,982	$ 26,505,367
Investment return:			
Investment income	729,399	-	729,399
Net appreciation (realized and unrealized)	4,010,521	-	4,010,521
Total investment return	4,739,920	-	4,739,920
New gifts	812,329	182,507	994,836
Appropriation of endowment assets for expenditure	(5,814,658)	-	(5,814,658)
Transfers	(334,844)	78,302	(256,542)
Donor restricted funds, end of year	$ 8,339,132	$ 17,829,791	$ 26,168,923

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires UHS to retain as a fund of perpetual duration. There were no significant deficiencies as of December 31, 2010 and 2009

Return Objectives and Risk Parameters – UHS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). UHS expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, UHS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UHS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – During 2009, UHS adopted a policy of appropriating for distribution each year 4 percent of its endowment fund's three year moving average as of September 30 preceding the fiscal year in which the distribution is planned. In establishing this policy, UHS considered the long-term expected return on its endowment. Accordingly, over the long term, UHS expects the current spending policy to allow its

endowment to grow at an average of 4 percent annually This is consistent with UHS' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

10. Leases

UHS leases office space and equipment from various parties. Future minimum payments, by year and in the aggregate, at December 31, 2010, are as follows

	Capital Leases	Operating Leases
2011	$ 1,989,162	$ 2,073,006
2012	1,882,154	1,149,814
2013	802,129	808,812
2014	104,699	540,430
2015	12,461	290,566
Thereafter	3,189	343,216
Total minimum lease payments	4,793,794	$ 5,205,844
Amounts representing interest	253,600	
Present value of net minimum lease payments (including current portion of $1,835,618)	$ 4,540,194	

Rental expense incurred for 2010 and 2009 amounted to approximately $2,929,000 and $3,379,000, respectively.

11 Functional Expenses

UHS provides inpatient, outpatient, and emergency care services primarily for residents of the Augusta, Georgia, area. Expenses related to providing these services for the years ended December 31, 2010 and 2009, are:

	2010	2009
Patient care services	$ 366,004,177	$ 351,816,006
General and administrative	33,105,656	36,646,225
Total operating expenses	$ 399,109,833	$ 388,462,231

12. Fair Values of Financial Instruments

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. UHS' assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include common stocks and certain equity mutual funds.

Level 2 investment securities include money market funds, corporate bonds, U.S. government backed securities, mortgage-backed securities, certain equity mutual funds, non-publicly traded common stocks, and interest rate swap agreements for which quoted prices are not available in active markets for identical instruments. UHS utilizes a third party pricing service to determine the fair value of each of these investment securities Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics.

The following table summarizes UHS' assets accounted for at fair value on a recurring basis by level within the fair value hierarchy at December 31, 2010:

Short-term investments

	Level 1	Level 2	Level 3	Total
Fixed income:				
U.S. government backed securities:				
Mortgage backed securities	$ -	$ 297,071	$ -	$ 297,071
Municipal bonds	-	4,295,021	-	4,295,021
Government agency	-	2,778,485	-	2,778,485
Federal farm credit bank	-	1,375,461	-	1,375,461
U.S treasury notes	-	12,560,803	-	12,560,803
Other asset backed securities	-	31,088	-	31,088
Total short-term investments	$ -	$ 21,337,929	$ -	$ 21,337,929

Assets limited as to use

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ -	$ 1,908,092	$ -	$ 1,908,092
Common stocks	2,284,147	2,631,311	-	4,915,458
Equity mutual funds	8,308,981	9,051,000	-	17,359,981
Fixed income:				
Corporate bonds	-	1,708,833	-	1,708,833
U.S government backed and other securities	-	2,247,506	-	2,247,506
Total assets limited as to use	$ 10,593,128	$ 17,546,742	$ -	$ 28,139,870

Long-term investments

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ -	$ 4,053,146	$ -	$ 4,053,146
Common stocks:				
Publicly traded by industry:				
Utilities	436,332	-	-	436,332
Materials	2,042,825	22,417	-	2,065,242
Information technology	5,272,806	-	-	5,272,806
Industrials	4,107,158	-	-	4,107,158
Healthcare	3,518,495	-	-	3,518,495
Financials	2,111,719	-	-	2,111,719
Energy	1,736,829	-	-	1,736,829
Consumer staples	774,708	-	-	774,708
Consumer discretionary	3,687,926	-	-	3,687,926
Other industries	5,040,617	-	-	5,040,617
Non publicly traded common stocks	-	15,861,184	-	15,861,184
	28,729,415	15,883,601	-	44,613,016
Equity mutual funds:				
Domestic:				
Value	30,180,857	21,167,960	-	51,348,817
Growth	15,303,579	21,052,342	-	36,355,921
Large capital	-	16,149,118	-	16,149,118
Small capital	15,912,835	-	-	15,912,835
Total return	13,395,886	-	-	13,395,886
Real estate	7,277,654	-	-	7,277,654
Commodity	-	6,545,497	-	6,545,497
Total return	4,446,952	-	-	4,446,952
Income	3,304,041	361,778	-	3,665,819
Credit	1,977,977	-	-	1,977,977
Other	5,628,395	-	-	5,628,395
Foreign:				
Global equity	-	15,107,403	-	15,107,403
Foreign growth equity	-	14,535,629	-	14,535,629
Foreign bond	-	8,627,166	-	8,627,166
Foreign equity	5,645,927	-	-	5,645,927
Other equity securities	1,434,186	-	-	1,434,186
	104,508,289	103,546,893	-	208,055,182

	Level 1	Level 2	Level 3	Total
Fixed income:				
Corporate bonds – domestic	$ -	$ 16,208,734	$ -	$ 16,208,734
Corporate bonds – foreign	-	3,638,887	-	3,638,887
U S. government backed securities:				
Mortgage backed securities:				
Residential	-	18,990,258	-	18,990,258
Commercial	-	2,110,817	-	2,110,817
Municipal bonds	-	527,481	-	527,481
Other asset backed securities	-	6,623,604	-	6,623,604
	-	48,099,781	-	48,099,781
Non-trading investments	1,322,687	936,366	-	2,259,053
Total fair value of long-term investments	$ 134,560,391	$ 172,519,787	$ -	$ 307,080,178
Cost and equity investments, not considered financial instruments				$ 361,908

The following table summarizes UHS' assets accounted for at fair value on a recurring basis by level within the fair value hierarchy at December 31, 2009:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Cash equivalents	$ -	$ 2,570,740	$ -	$ 2,570,740
Trading securities	104,002,754	200,819,553	-	304,822,307
Other	-	1,361,816	-	1,361,816
Total assets at fair value	$ 104,002,754	$ 204,752,109	$ -	$ 308,754,863

The carrying value of cash, accounts receivable and accounts payable are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

Supplemental Information

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report on Supplemental Information

The Board of Trustees
University Health Services, Inc.

Our audit was conducted for the purpose of forming an opinion on the 2010 consolidated financial statements taken as a whole. The supplemental information accompanying the consolidated financial statements is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and is not a required part of the 2010 consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the 2010 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2010 consolidated financial statements taken as a whole.

Dixon Hughes Goodman LLP

Atlanta, Georgia
April 28, 2011

University Health Services, Inc.

Consolidating Balance Sheet Information

December 31, 2010

	University Health Services, Inc.	University Health Care Foundation Inc.	Walton Way Indemnity, SPC	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 39,498,015	$ 343,280	$ 395,717	$ –	$ 40,237,012
Short-term investments	–	–	21,337,929	–	21,337,929
Patient accounts receivable, net	63,422,064	–	–	–	63,422,064
Other receivables	4,706,187	767,921	7,147,319	–	12,621,427
Inventories	6,734,447	–	–	–	6,734,447
Prepaid expenses	8,690,602	4,976	89,428	–	8,785,006
Total current assets	123,051,315	1,116,177	28,970,393	–	153,137,885
Property and equipment, net	217,398,855	414,356	–	–	217,813,211
Other assets:					
Amounts due from affiliates	9,434,404	–	–	–	9,434,404
Assets limited as to use	–	28,139,870	–	–	28,139,870
Investments	301,384,630	–	6,057,456	–	307,442,086
Other	3,782,730	115,451	–	–	3,898,181
Total assets	$ 655,051,934	$ 29,785,854	$ 35,027,849	$ –	$ 719,865,637

See accompanying Independent Auditor's Report on Supplemental Information.

University Health Services, Inc.

Consolidating Balance Sheet Information (continued)

December 31, 2010

	University Health Services, Inc.	University Health Care Foundation Inc.	Walton Way Indemnity, SPC	Eliminations	Consolidated
Liabilities and net assets					
Current liabilities:					
Accounts payable and accrued expenses	$ 15,547,754	$ 352,532	$ 119,780	$ –	$ 16,020,066
Accrued compensation, benefits and withholdings	18,826,018	–	–	–	18,826,018
Other current liabilities	1,685,414	25,605	94,763	–	1,805,782
Estimated third-party payor settlements	13,343,289	–	–	–	13,343,289
Current maturities of long-term debt	2,375,000	–	–	–	2,375,000
Current portion of capital lease obligations	1,835,618	–	–	–	1,835,618
Short-term accrued postretirement cost	3,490,465	–	–	–	3,490,465
Total current liabilities	57,103,558	378,137	214,543	–	57,696,238
Long-term debt, less current maturities	148,590,982	–	–	–	148,590,982
Long-term capital lease obligations, less current portion	2,704,576	–	–	–	2,704,576
Other long-term liabilities	2,856,233	–	–	–	2,856,233
Reserve for contingent losses	1,624,919	542,398	22,563,321	–	24,730,638
Accrued pension cost	21,826,611	–	–	–	21,826,611
Accrued postretirement benefit cost, less short-term obligation	35,342,867	–	–	–	35,342,867
Total liabilities	270,049,746	920,535	22,777,864	–	293,748,145
Net assets:					
Unrestricted	384,967,188	46,473	12,249,985	–	397,263,646
Temporarily restricted	–	10,422,210	–	–	10,422,210
Permanently restricted	35,000	18,396,636	–	–	18,431,636
Total net assets	385,002,188	28,865,319	12,249,985	–	426,117,492
Total liabilities and net assets	$ 655,051,934	$ 29,785,854	$ 35,027,849	$ –	$ 719,865,637

See accompanying Independent Auditor's Report on Supplemental Information.

University Health Services, Inc.

Consolidating Statement of Operations Information

Year Ended December 31, 2010

	University Health Services, Inc.	University Health Care Foundation Inc.	Walton Way Indemnity, SPC	Eliminations	Consolidated
Unrestricted revenues and other support:					
Net patient service revenues	$ 395,894,502	$ –	$ –	$ –	$ 395,894,502
Other operating revenues	13,205,233	40,394	1,330,857	(3,074,976)	11,501,508
Net assets released from restriction	–	2,437,578	–	–	2,437,578
Total unrestricted revenues and other support	409,099,735	2,477,972	1,330,857	(3,074,976)	409,833,588
Operating expenses:					
Salaries and benefits	173,662,163	547,463	–	–	174,209,626
Other operating expenses	149,452,431	3,006,502	3,821,235	(3,074,976)	153,205,192
Depreciation	27,082,135	27,249	–	–	27,109,384
Provision for bad debts	36,199,674	–	–	–	36,199,674
Interest	8,385,957	–	–	–	8,385,957
Total operating expenses	394,782,360	3,581,214	3,821,235	(3,074,976)	399,109,833
Income (loss) from operations	14,317,375	(1,103,242)	(2,490,378)	–	10,723,755
Nonoperating gains:					
Investment income	39,202,683	–	1,584,545	–	40,787,228
Loss on early extinguishment of debt	–	–	–	–	–
Change in fair value of interest rate swap	93,754	–	–	–	93,754
Total nonoperating gains	39,296,437	–	1,584,545	–	40,880,982
Excess (deficiency) of revenues, other support, and gains over expenses and losses	53,613,812	(1,103,242)	(905,833)	–	51,604,737
Change in unfunded pension and postretirement gains	(12,709,488)	–	–	–	(12,709,488)
Other	(131,902)	–	–	–	(131,902)
Transfer (to) from affiliate	(643,374)	643,374	–	–	–
Transfer from temporarily restricted net assets	–	441,876	–	–	441,876
Increase (decrease) in unrestricted net assets	$ 40,129,048	$ (17,992)	$ (905,833)	$ –	$ 39,205,223

See accompanying Independent Auditor's Report on Supplemental Information.

University Health Services, Inc.

Consolidating Statement of Changes in Net Assets Information

Year Ended December 31, 2010

	University Health Services, Inc.	University Health Care Foundation Inc.	Walton Way Indemnity, SPC	Eliminations	Consolidated
Unrestricted net assets:					
Excess (deficiency) of revenues, other support, and gains over expenses and losses	$ 53,613,812	$ (1,103,242)	$ (905,833)	$ –	$ 51,604,737
Change in unfunded pension and postretirement gains	(12,709,488)	–	–	–	(12,709,488)
Other	(131,902)	–	–	–	(131,902)
Transfer (to) from affiliate	(643,374)	643,374	–	–	–
Transfer from temporarily restricted net assets	–	441,876	–	–	441,876
Increase (decrease) in unrestricted net assets	40,129,048	(17,992)	(905,833)	–	39,205,223
Temporarily restricted net assets:					
Contributions and other	–	1,854,696	–	–	1,854,696
Investment income	–	3,470,516	–	–	3,470,516
Net assets released from restriction	–	(2,437,578)	–	–	(2,437,578)
Transfer from unrestricted/restricted net assets	–	(804,556)	–	–	(804,556)
Increase in temporarily restricted net assets	–	2,083,078	–	–	2,083,078
Permanently restricted net assets:					
Contributions and other	–	239,165	–	–	239,165
Transfer from temporarily restricted net assets	–	362,680	–	–	362,680
Increase in permanently restricted assets	–	601,845	–	–	601,845
Increase (decrease) in net assets	40,129,048	2,666,931	(905,833)	–	41,890,146
Net assets, beginning of year	344,873,140	26,198,388	13,155,818	–	384,227,346
Net assets, end of year	$ 385,002,188	$ 28,865,319	$ 12,249,985	$ –	$ 426,117,492

See accompanying Independent Auditor's Report on Supplemental Information.