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 07-01-2010 and ending 06-30-2011

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

C Name of organization
UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORP

Doing Business As
UNIVERSITY OF MARYLAND MEDICAL CTR

Number and street (or P O box if mail is not delivered to street address) | Room/suite
22 South Greene Street

City or town, state or country, and ZIP + 4
Baltimore, MD 21201

D Employer identification number
52-1362793

E Telephone number
(410) 328-1375

G Gross receipts $ 1,594,694,341

F Name and address of principal officer
Robert Chrencik
250 W Pratt St
Baltimore, MD 21201

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 umms org

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

L Year of formation 1984

M State of legal domicile MD

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
UMMS PROVIDES A VARIETY OF INPATIENT/OUTPATIENT SERVICES TO PEOPLE IN THE MARYLAND AREA REGARDLESS OF THEIR ABILITY TO PAY REVENUES ARE USED TO HELP DEFRAY THE COSTS OF SERVICES PROVIDED

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	24
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	20
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	9,355
6	Total number of volunteers (estimate if necessary)	6	877
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	4,410,884
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-2,785,016

Revenue

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	10,195,000	8,112,000
9	Program service revenue (Part VIII, line 2g)	1,172,457,596	1,276,195,314
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	20,001,860	42,043,365
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	45,784,958	80,747,626
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,248,439,414	1,407,098,305

Expenses

		Prior Year	Current Year
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	106,000	243,500
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	507,488,544	552,415,164
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	695,408,285	712,124,827
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,203,002,829	1,264,783,491
19	Revenue less expenses Subtract line 18 from line 12	45,436,585	142,314,814

Net Assets or Fund Balances

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	2,108,852,632	2,280,537,688
21	Total liabilities (Part X, line 26)	1,565,518,622	1,540,119,298
22	Net assets or fund balances Subtract line 21 from line 20	543,334,010	740,418,390

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

****** | 2012-05-10
Signature of officer | Date

Henry J Franey EVP and 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 ▶ GRANT THORNTON LLP				Firm's EIN ▶
Firm's address ▶ 2001 MARKET STREET SUITE 3100 PHILADELPHIA, PA 19103				Phone no ▶ (215) 561-4200

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

UMMS PROVIDES A VARIETY OF INPATIENT/OUTPATIENT SERVICES TO PEOPLE IN THE MARYLAND AREA REGARDLESS OF THEIR ABILITY TO PAY REVENUES ARE USED TO HELP DEFRAY THE COSTS OF SERVICES PROVIDED

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 $ 1,073,351,965 including grants of $ 243,500) (Revenue $ 1,276,195,314)

UMMS, A PRIVATE, NON-PROFIT HEALTH SYSTEM, CONSISTS OF 11 HOSPITALS - THE UNIVERSITY OF MARYLAND MEDICAL CENTER (UMMC), THE ACADEMIC "HUB" - AND THE 10 COMMUNITY AND SPECIALTY HOSPITALS THROUGHOUT THE STATE OF MARYLAND UMMC IS A NATIONAL AND REGIONAL REFERRAL CENTER FOR TRAUMA, CANCER CARE, NEUROCARE, CARDIAC CARE AND HEART SURGERY, WOMEN'S AND CHILDREN'S HEALTH AND ORGAN TRANSPLANTS IT HAS ONE OF THE MOST TECHNOLOGICALLY ADVANCED OPERATING ROOM FACILITIES AND IS INTERNATIONALLY RECOGNIZED FOR ITS LEADERSHIP IN DEVELOPING AND PERFORMING MINIMALLY INVASIVE SURGICAL PROCEDURES UMMS PROVIDES CHARITY CARE TO PATIENTS UNABLE TO PAY CHARITY CARE FOR THE YEAR ENDED 6/30/2011 IS APPROXIMATELY $37,116,000 AT COST

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** ▶$ 1,073,351,965

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	Yes	
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	Yes	
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		No
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		No
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	Yes	
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	721			
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	9,355			
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		
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		
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		
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				
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		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
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		
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		

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 24			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 20			
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		No
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		
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 ▶ MD

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 ▶

S MICHELLE LEE
250 WEST PRATT ST SUITE 1400
Baltimore, MD 21201
(410) 328-1376

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): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
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): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
See Additional Data Table										
1b Sub-Total ▶										
c Total from continuation sheets to Part VII, Section A ▶										
d Total (add lines 1b and 1c) ▶								10,805,766	0	924,020

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 ▶1,538

		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**		No
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
Aramark Corporation PO Box 33170 NEWARK, NJ 07188	Environmental Srvcs	5,430,550
Aramark Services Inc 1101 Market St PHILADELPHIA, PA 19107	Food Services	4,188,059
Cerner Corporation 2800 Rockcreek Parkway KANSAS CITY, MO 64117	Software Maint Srvcs	3,823,031
University Physicians Inc 250 West Pratt St Suite 901 BATIMORE, MD 21201	Physician Srvcs	3,346,924
Receivables Outsourcing Inc 1920 Greenspring Drive Suite 200 TIMONIUM, MD 21093	Account Collections	3,248,167

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 ▶243

Part VIII Statement of Revenue

					(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations . . .	1d	4,912,000				
	e	Government grants (contributions)	1e	3,200,000				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f $						
	h	**Total.** Add lines 1a-1f . . . . ▶			8,112,000			
Program Service Revenue				Business Code				
	2a	PATIENT SERVICE REVENUE		900099	1,276,195,314	1,272,960,984	3,234,330	
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	**Total.** Add lines 2a–2f . . . . ▶			1,276,195,314			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶			22,546,315			22,546,315
	4	Income from investment of tax-exempt bond proceeds . . ▶			0			
	5	Royalties . . . . ▶			0			
			(i) Real	(ii) Personal				
	6a	Gross Rents	3,258,726					
	b	Less rental expenses	1,684,704					
	c	Rental income or (loss)	1,574,022					
	d	Net rental income or (loss) . . . . ▶			1,574,022		-433,316	2,007,338
			(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	205,408,382					
	b	Less cost or other basis and sales expenses	185,911,332					
	c	Gain or (loss)	19,497,050					
	d	Net gain or (loss) . . . . ▶			19,497,050			19,497,050
	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	CAFETERIA		900099	3,988,917			3,988,917
	b	GRANT REVENUE OFFSET BY EXPENSES		900099	8,353,000			8,353,000
	c	PHARMACY		446110	30,261,870	30,080,553	181,317	
	d	All other revenue			36,569,817	5,894,594	1,428,553	29,246,670
	e	**Total.** Add lines 11a–11d . . . . . . ▶			79,173,604			
	12	**Total revenue.** See Instructions . . . ▶			1,407,098,305	1,308,936,131	4,410,884	85,639,290

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	243,500	243,500		
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	9,379,974	2,029,770	7,350,204	
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	445,671,522	355,274,425	90,397,098	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	12,327,924	11,045,908	1,282,016	
9 Other employee benefits	51,771,892	33,994,855	17,777,037	
10 Payroll taxes	33,263,852	28,841,873	4,421,979	
a Fees for services (non-employees) Management	0			
b Legal	1,996,287	244,458	1,751,829	
c Accounting	758,797		758,797	
d Lobbying	41,086		41,086	
e Professional fundraising services *See Part IV, line 17*	0			
f Investment management fees	0			
g Other	148,937,400	147,149,881	1,787,519	
12 Advertising and promotion	6,292,150	159,342	6,132,807	
13 Office expenses	5,429,392	3,534,285	1,895,106	
14 Information technology	22,194,988	1,048,261	21,146,728	
15 Royalties	0			
16 Occupancy	0			
17 Travel	843,659	265,246	578,413	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	636,471	116,074	520,397	
20 Interest	26,880,720	24,111,209	2,769,511	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	69,578,393	62,641,034	6,937,359	
23 Insurance	15,065,440	13,147,724	1,917,716	
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 BAD DEBT	101,154,117	101,154,117		
b MEDICAL SUPPLIES	234,229,196	234,229,196		
c UTILITIES	23,558,766	11,799,253	11,759,513	
d COLLECTION AGENCY EXPENSE	8,188,000	3,542,551	4,645,449	
e TRANSPLANT COSTS	13,589,013	13,589,013		
f All other expenses	32,750,952	25,189,990	7,560,962	
25 **Total functional expenses.** Add lines 1 through 24f	1,264,783,491	1,073,351,965	191,431,526	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	176,023,826	1	141,140,879
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	137,782,828	4	152,030,662
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	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	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	17,013,832	8	18,118,384
	9	Prepaid expenses and deferred charges	55,074,919	9	39,390,462
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* — 10a: 1,445,087,756			
	b	Less accumulated depreciation — 10b: 717,648,437	678,429,537	10c	727,439,319
	11	Investments—publicly traded securities	123,206,309	11	196,039,672
	12	Investments—other securities See Part IV, line 11	61,320,000	12	108,531,000
	13	Investments—program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	860,001,381	15	897,847,310
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	2,108,852,632	16	2,280,537,688
Liabilities	17	Accounts payable and accrued expenses	165,485,047	17	175,560,418
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	1,017,927,698	20	1,026,148,276
	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		23	
	24	Unsecured notes and loans payable to unrelated third parties	86,197,500	24	31,735,836
	25	Other liabilities Complete Part X of Schedule D	295,908,377	25	306,674,768
	26	**Total liabilities.** Add lines 17 through 25	1,565,518,622	26	1,540,119,298
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	486,179,017	27	669,076,636
	28	Temporarily restricted net assets	56,742,407	28	70,929,168
	29	Permanently restricted net assets	412,586	29	412,586
		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	543,334,010	33	740,418,390
	34	Total liabilities and net assets/fund balances	2,108,852,632	34	2,280,537,688

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	1,407,098,305
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,264,783,491
3	Revenue less expenses Subtract line 2 from line 1	3	142,314,814
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	543,334,010
5	Other changes in net assets or fund balances (explain in Schedule O)	5	54,769,566
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	740,418,390

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	Yes	
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	Yes	

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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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

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 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

Additional Data

Software ID:
Software Version:
EIN: 52-1362793
Name: UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORP

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			
ROBERT A CHRENCIK PRESIDENT AND CEO	40 0	X		X				1,654,567	0	198,872
WILLIAM KIRWAN DIRECTOR	2 0	X						0	0	0
VINCENT PELLEGRINI DIRECTOR	2 0	X						0	0	0
DELEGATE MICHAEL E BUSCH DIRECTOR	2 0	X						0	0	0
ATWOOD COLLINS III DIRECTOR	2 0	X						0	0	0
SENATOR FRANCIS X KELLY DIRECTOR	2 0	X						0	0	0
ROBERT L PEVENSTEIN DIRECTOR	2 0	X						0	0	0
STEPHEN B PHILLIPS DIRECTOR	2 0	X						0	0	0
SENATOR CATHERINE E PUGH DIRECTOR	2 0	X						0	0	0
LISA C ROWEN SVP & CNO - UMMC	40 0	X			X			464,266	0	64,163
JOHN W DILLON DIRECTOR	2 0	X						0	0	0
W MOORHEAD VERMILYE DIRECTOR	2 0	X						0	0	0
ALAN H FLEISCHMANN DIRECTOR	2 0	X						0	0	0
BELKIS LEONG-HONG DIRECTOR	2 0	X						0	0	0
GEORGES BENJAMIN MD DIRECTOR	2 0	X						0	0	0
GILBERTO DE JESUS ESQ DIRECTOR	2 0	X						0	0	0
JOHN P COALE ESQ DIRECTOR	2 0	X						0	0	0
KEVIN B O'CONNOR DIRECTOR	2 0	X						0	0	0
LOUISE MICHAUX GONZALES ESQ DIRECTOR	2 0	X						0	0	0
ORLAN M JOHNSON ESQ DIRECTOR	2 0	X						0	0	0
SENATOR JOSPEH D TYDINGS DIRECTOR	2 0	X						0	0	0
WALTER A TILLEY JR DIRECTOR	2 0	X						0	0	0
WAYNE L GARDNER SR DIRECTOR	2 0	X						0	0	0
STEPHEN A BURCH ESQ DIRECTOR	2 0	X						0	0	0
MICHAEL CARUTHERS DIRECTOR	2 0	X						0	0	0

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) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
CONNIE DEJULIUS DIRECTOR	2 0	X						0	0	0
JAY PERMAN MD DIRECTOR	2 0	X						0	0	0
E ALBERT REECE MD PHD MBA DIRECTOR	2 0	X						0	0	0
ROOMINA ANWER HASAN MD DIRECTOR	2 0	X						0	0	0
SENATOR EDWARD KASEMEYER DIRECTOR	2 0	X						0	0	0
HENRY J FRANEY CFO- UMMS/TREASURER	40 0			X				806,528	0	26,895
MEGAN M ARTHUR SVP & GENERAL COUNSEL/ SEC'TY	40 0			X				549,509	0	37,600
JEFFERY A RIVEST PRESIDENT & CEO - UMMC	40 0				X			956,922	0	33,922
ROBERT K ALLEN SVP HUMAN RESOURCES	40 0				X			431,273	0	28,436
ALISON G BROWN SVP PLANNING & MARKETING	40 0				X			520,818	0	28,403
HERBERT C BUCHANAN SVP & COO - UMMC	40 0				X			416,321	0	70,421
JON P BURNS SVP & CIO	40 0				X			484,113	0	78,045
GLENN F ROBBINS SVP & CMO	40 0				X			687,828	0	28,342
JONATHAN E GOTTLIEB SVP & CMO	40 0				X			702,998	0	82,624
KEITH D PERSINGER SVP & CFO UMMC	40 0				X			570,035	0	17,062
RICK E DUNNING SVP FACILITIES & PLANNING	40 0				X			412,850	0	27,612
JOHN W ASHWORTH III SVP NETWORK DEVELOPMENT	40 0					X		587,447	0	24,958
MARK L WASSERMAN SVP EXTERNAL AFFRS	40 0					X		381,814	0	31,840
GERALD L WOLLMAN SVP - CORPORATE OPS	40 0					X		386,068	0	57,118
MARK KELEMEN CHIEF MEDICAL INFO OFFICER	40 0					X		407,325	0	63,524
JOHN SPEARMAN SVP - EXTERNAL AFFAIRS	40 0					X		385,084	0	24,183

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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 OF MARYLAND MEDICAL SYSTEM CORP	52-1362793

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		

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

	(a)	(b)
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-		

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		41,086
j	Total lines 1c through 1i			41,086
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?			

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
Other Activities	Schedule C, Part II-B, Line 1i	The Organization does not engage in any direct lobbying activities The Organization pays membership dues to the Maryland Hospital Association (MHA) and the American Hospital Association (AHA) MHA and AHA engage in many support activities including lobbysing and advocating for their member hospitals The MHA and AHA reported that 8 65% and 24 42% of member dues were used for lobbying purposes and as such, the Organization has reported this amount on Schedule C Part IV as lobbying activities

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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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

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	0	68,335,454		68,335,454
b Buildings	0	777,494,707	349,786,951	427,707,756
c Leasehold improvements	0	3,253,430	2,934,596	318,834
d Equipment	0	497,961,296	364,437,750	133,523,546
e Other	0	98,042,869	489,140	97,553,729
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				727,439,319

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
(1) INTEREST IN ASSETS OF UMMS FDN	56,843,442
(2) DEFERRED FINANCING COSTS	7,546,894
(3) ASSETS WHOSE USE IS LIMITED	264,724,432
(4) INVESTMENT IN SUBSIDIARIES	204,743,219
(5) OTHER RECEIVABLES	34,537,461
(6) DUE FROM AFFILIATES - NOTES RE	329,451,862
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	897,847,310

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ADVANCES FROM 3RD PARTY PAYORS	66,843,989
OTHER LIABILITIES	134,431,171
INT RATE SWAPS MARK TO MARKET	105,399,608
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	306,674,768

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	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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

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

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

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
Schedule D, Part X	FIN 48 FOOTNOTE PER AUDIT REPORT	University of Maryland Medical System Corporation (The Corporation) adopted the provisions of ASC 740, Accounting for Uncertainty in the Income Taxes (FIN 48) on July 1, 2007 The footnote related to ASC 740 in the Corporation's audited financial statements is as follows The Corporation follows a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return Management does not believe that there are any unrecognized tax benefits that should be recognized

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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

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
	Central America and the Caribbean			Program Services	Medical Services	31,498
	Central America and the Caribbean			Investments		64,961,000
3a	Sub-total					64,992,498
b	Total from continuation sheets to Part I					
c	**Totals** (add lines 3a and 3b)					64,992,498

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

Additional Data

Software ID:
Software Version:
EIN: 52-1362793
Name: UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORP

Part V **Supplemental Information**

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

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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a finnancial 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	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other ______ %			
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	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ______ %			
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)			37,115,929		37,115,929	2 930 %
b Unreimbursed Medicaid (from Worksheet 3, column a)						
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			37,115,929		37,115,929	2 930 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,461,984		1,461,984	0 120 %
f Health professions education (from Worksheet 5)			92,562,863		92,562,863	7 320 %
g Subsidized health services (from Worksheet 6)			22,293,517	10,235,718	12,057,799	0 950 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			537,577		537,577	0 040 %
j **Total** Other Benefits			116,855,941	10,235,718	106,620,223	8 430 %
k **Total.** Add lines 7d and 7j			153,971,870	10,235,718	143,736,152	11 360 %

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			6,529		6,529	
2	Economic development			75,363		75,363	
3	Community support			24,889		24,889	
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			184,031		184,031	
9	Other						
10	**Total**			290,812		290,812	

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	75,429,792			
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				
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	308,162,578
6	Enter Medicare allowable costs of care relating to payments on line 5	6	257,461,775
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	50,700,803

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

			Yes	No
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)
1	Univ of Maryland Medical System Corp 22 S Greene Street Baltimore, MD 21201	X	X	X	X	X		X		

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? **4**

	Name and address	Type of Facility (Describe)
1	UniversityCare Shipley's Choice 8601 Verterans Highway Ste 111 Millersville, MD 21108	Healthcare Clinic
2	UniversityCare Shipley's Choice 8601 Verterans Highway Ste 111 Millersville, MD 21108	Healthcare Clinic
3	UniversityCare Shipley's Choice 8601 Verterans Highway Ste 111 Millersville, MD 21108	Healthcare Clinic
4	UniversityCare Shipley's Choice 8601 Verterans Highway Ste 111 Millersville, MD 21108	Healthcare Clinic
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
Related Organization Report	Schedule H, Part I, Line 6a	An annual Community Benefit Report is prepared for each fiscal year ending June 30 This report is submitted to the Health Services Cost Review Commission (HSCRC), a state regulatory agency, by December 31 of each year In addition, the annual Community Benefit Report is available upon request at the entity's corporate offices

Identifier	ReturnReference	Explanation
Costing Methodology	Schedule H, Part I, Line 7	Schedule H, Line 7a, Column (d) - Maryland's regulatory system creates a unique process for hospital payment that differs from the rest of the nation The Health Services Cost Review Commission, (HSCRC) determines payment through a rate setting process and all payors, including governmental payors, pay the same amount for the same services delivered at the same hospital Maryland's unique all payor system includes a method for referencing Uncompensated Care in each payors' rates, which does not enable Maryland hospitals to breakout any offsetting revenue related to Uncompensated Care Schedule H, Line 7b, Columns (c) through (f) - Maryland's regulatory system creates a unique process for hospital payment that differs from the rest of the nation The Health Services Cost Review Commission, (HSCRC) determines payment through a rate setting process and all payors, including governmental payors, pay the same amount for the same services delivered at the same hospital Maryland's unique all payor system includes a method for referencing Uncompensated Care in each payors' rates, which does not enable Maryland hospitals to breakout any offsetting revenue related to Uncompensated Care Community benefit expenses are equal to Medicaid revenues in Maryland, as such, the net effect is zero Additionally, net revenues for Medicaid should reflect the full impact on the hospital of its share of the Medicaid assessment Schedule H, Line 7f Column (c) - Maryland's regulatory system creates a unique process for hospital payment that differs from the rest of the nation The Health Services Cost Review Commission, (HSCRC) determines payment through a rate setting process and all payors, including governmental payors, pay the same amount for the same services delivered at the same hospital Maryland's unique all payor system includes a method for referencing Uncompensated Care in each payors' rates, which does not enable Maryland hospitals to breakout any offsetting revenue related to Uncompensated Care Schedule H, Line 7f Column (d) - Maryland's regulatory system creates a unique process for hospital payment that differs from the rest of the nation The Health Services Cost Review Commission, (HSCRC) determines payment through a rate setting process and all payors, including governmental payors, pay the same amount for the same services delivered at the same hospital Maryland's unique all payor system includes a method for referencing Uncompensated Care in each payors' rates, which does not enable Maryland hospitals to breakout any offsetting revenue related to Uncompensated Care

Identifier	ReturnReference	Explanation
Bad Debt Expense	Schedule H, Part III, Line 4	In Maryland, The Health Services Cost Review Commission (HSCRC) started setting hospital rates in 1974 At that time, the HSCRC approved rates applied only to commercial insurers In 1977, the HSCRC negotiated a waiver from Medicare hospital payment rules for Maryland hospitals to bring the federal Medicare payments under HSCRC control Medicare reimburses Maryland hospitals according to rates established by the HSCRC as long as the State continues to meet a two-part test This two-part waiver test allows Medicare to participate in the Maryland system as long as two conditions are met - all other payers participating in the system pay HSCRC set rates and -the rate of growth in Medicare payments to Maryland hospitals from 1981 to the present is not greater than the rate of growth in Medicare payments to hospitals nationally over the same time frame

Identifier	ReturnReference	Explanation
Medicare Cost Report	Schedule H, Part III, Line 8	In Maryland, The Health Services Cost Review Commission (HSCRC) started setting hospital rates in 1974 At that time, the HSCRC approved rates applied only to commercial insurers In 1977, the HSCRC negotiated a waiver from Medicare hospital payment rules for Maryland hospitals to bring the federal Medicare payments under HSCRC control Medicare reimburses Maryland hospitals according to rates established by the HSCRC as long as the State continues to meet a two-part test This two-part waiver test allows Medicare to participate in the Maryland system as long as two conditions are met - all other payers participating in the system pay HSCRC set rates and- the rate of growth in Medicare payments to Maryland hospitals from 1981 to the present is not greater than the rate of growth in Medicare payments to hospitals nationally over the same time frame

Identifier	ReturnReference	Explanation
Collection Practices	Schedule H, Part III, Line 9b	The organization expects payment at the time the service is provided Our policy is to comply with all state and federal law and third party regulations and to perform all credit and collection functions in a dignified and respectful manner Emergency services will be provided to all patients regardless of ability to pay Financial assistance is available for patients based on financial need as defined in the Financial Assistance Policy The organization does not discriminate on the basis of age, race, creed, sex or ability to pay Patients who are unable to pay may request a Financial Assistance application at any time prior to service or during the billing and collection process The organization may request the patient to apply for Medical Assistance prior to applying for financial assistance The account will not be forwarded for collection during the Medical Assistance application process or the Financial Assistance application process

Identifier	ReturnReference	Explanation
University of Maryland Medical System Corp	Schedule H, Part V, Section B	Line 19d - All patients are charged state regulated rates, regardless of their ability to pay Line 21 - Due to state regulations, charges are not reduced for any payer, including commercial insurance, government payers, or uninsured oatients All charges are gross charges

Identifier	ReturnReference	Explanation
Community Health Care Needs Assessment	Schedule H, Part VI, Line 2	UMMC uses a variety of credible sources to identify community needs Annually, data from local, state, and federal assessments and reports are utilized to address and prioritize community needs The primary source of information for identifying the health needs of Baltimore City is the 2008 Baltimore City Health Status Report, which is produced by the Baltimore City Health Department This report outlines Baltimore's prevalence on eight major health categories as well as mortality and leading causes of death While the focus of this report is on city-wide indicators, there are also numerous comparisons to state-wide and national prevalence rates as well The national leading health indicators from Healthy People 2020 were also incorporated as a framework into community health programming for this year The Baltimore City's Health Disparities Report Card was released in May 2010 and was also included Late in fiscal year 2011, the Baltimore City Health Department released its Healthy Baltimore 2015 plan, which was reviewed at the close of the fiscal year This plan will play a more significant role in the FY12 community health needs assessment process Additional reports, data, alerts, and public health trends are followed as well from the Centers for Disease Control, Maryland Department of Health and Mental Hygiene, US Dept of Health and Human Services, County Health Rankings, and locally with the Baltimore City Health Department's Neighborhood Profiles and B-more Healthy Babies to name a few UMMC also conducted a telephone survey of Baltimore residents in 2005 to identify health needs from the consumer's perspective The UMMC will be conducting a more comprehensive community health needs assessment currently which will be reported in next year's report The formal Community Health Needs Assessment, as required by the Patient Protection and Affordable Care Act ("ACA"), is currently underway in FY12, with a community benefits strategic plan to follow However, the UMMC has reviewed the aforementioned data sources annually for trends in community health and has been committed to responding to the needs of the community through its annual programming and services

Identifier	ReturnReference	Explanation
Eligibility Education	Schedule H, Part VI, Line 3	University of Maryland Medical Center's Financial Clearance Program Policy is a clear, comprehensive policy established to assess the needs of particular patients that have indicated a possible financial hardship in obtaining aid when it is beyond their financial ability to pay for services rendered UMMC makes every effort to make financial assistance information available to our patients including, but not limited to - Signage in main admitting areas of the hospital - Patient Handbook distributed to all patients - Brochures explaining financial assistance are made available in all patient care areas - Appearing in print media through local newspapers

Identifier	ReturnReference	Explanation
Description of Community Served	Schedule H, Part VI, Line 4	The University of Maryland Medical Center (UMMC) serves Baltimore City and the greater metropolitan region, including patients with in-state and out-of-state referrals for tertiary and quaternary care UMMC is a private, non-profit acute care hospital and is affiliated with the University of Maryland School of Medicine, as well as the surrounding professional schools on campus It is the second leading provider of healthcare in Baltimore City and the state of Maryland, and has served the state's and city's populations since 1823 Despite the larger regional patient mix, for purposes of community benefits programming and this report, the Community Benefit Service Area (CBSA) of UMMC is Baltimore City According to the 2011 population estimate from Pop-Facts Demographic Snapshot 2011 Comparison Report, Baltimore City, African Americans or Blacks make up 63% of Baltimore City's population Caucasians comprise 32% of the population followed by Hispanic or Latino representing 3% The remaining racial makeup is comprised of Asian, American Indian, Native Hawaiian/Pacific Islanders and other races 2011 Estimated Population by Single Race Class Caucasian - 204,463 31 84% African America or Black - 403,115 62 77% American Indian and Alaskan Native - 2,252 35% Asian - 12,568 1 96% Native Hawaiian & Other Pacific Island - 316 0 05% Some Other Race - 7,016 1 09% Two or more races - 12,468 1 94% 2011 Estimated Population Hispanic or Latino by Origin Not Hispanic or Latino - 621,912 96 84% Hispanic or Latino - 20,286 3 16% Source 2011 estimate = Pop-Facts Demographic Snapshot 2011 Comparison Report, Baltimore City Forty-eight percent of Baltimore City households reported an income of less than $35,000 in 2011 according to the Pop-Facts Demographic Snapshot 2011 Comparison Report, Baltimore City Statewide, 16% of households reported an income in this range The 2011 median household income in Baltimore City for all races was $37,132, approximately half of the statewide median income which is $70,647 2011 Estimated Households by Household Income Income less than $15,000 56,984 22 44% Income $15,000 - $24,999 33,610 13 24% Income $25,000 - $34,999 30,720 12 10% Income $35,000 - $49,999 39,761 15 66% Income $50,000 - $74,999 42,096 16 58% Income $75,000 - $99,999 22,297 8 78% Income $100,000 - $124,999 12,851 5 06% Income $125,000 - $149,999 5,572 2 19% Income $150,000 - $199,999 4,519 1 78% Income $200,000 - $499,999 4,446 1 75% Income $500,000 and more 1,077 0 42% 2011 Estimated Average Household Income - $51,752 2011 Estimated Median Household Income - $37,132 2011 Estimated Per Capita Income - $20,777 Source 2011 estimate = Pop-Facts Demographic Snapshot 2011 Comparison Report, Baltimore City

Identifier	ReturnReference	Explanation
Promoting the Health of the Community	Schedule H, Part VI, Line 5	Major identified health needs in Baltimore (as identified in the 2008 Baltimore City Health Status Report, Baltimore City's Health Disparities Report Card, Healthy People 2020, and other data sources) include the following leading causes of death (in ranked order) 1) Heart disease, 2) Cancer, 3) Cerebrovascular disease, 4) HIV/AIDS, 5) Homicide, 6) Chronic lower respiratory disease, and 7) Diabetes Maryland's health needs are similar with less emphasis on violence, HIV infection, and substance abuse Childhood and adult obesity and smoking contribute substantially to the prevalence of chronic diseases such as diabetes, cardiovascular disease, cancer, and asthma and are significant modifiable disease risk factors Therefore, much current UMMC community outreach programming is targeted to obesity and tobacco prevention within disease-specific programming in addition to outreach targeting disease-specific conditions An additional community health need identified by the Baltimore City Health Department is infant mortality In the aforementioned survey commissioned with the Jackson Organization in 2005, the issues identified that correlated most highly to consumers' health status were stroke, diabetes, high blood pressure and incontinence These are mostly consistent with the health needs identified by the Baltimore City Health Department mentioned above and were considered services of importance to UMMC in terms of increasing community awareness and access to care Social Determinants of Health (SDoH) Needs - SDoH as defined by the World Health Organization (WHO) are the circumstances in which people live, grow, and work, which greatly determine an individual's health status (World Health Organization, 2008) At all levels of income, health and illness follow a social gradient the lower the socioeconomic status, the lower the health status Contributing to the major health needs of the CBSA, there are many significant SDoH which were identified (in no particular order), lack of fresh produce available (food deserts), limited transportation, unsafe housing, economic development, and literacy Of the above identified seven top health needs and the five SDoH, all are addressed with UMMC initiatives with the exception of two of the SDoH, transportation and housing Literacy and health literacy initiatives are in the planning stages in FY12 and will be addressed in FY12

Identifier	ReturnReference	Explanation
Affiliated Health Care System Roles	Schedule H, Part VI, Line 6	University of Maryland Medical Center (UMMC) is part of the larger University of Maryland Medical System (UMMS), which includes ten hospitals around the central Maryland region UMMS created the University of Maryland Community Outreach and Advocacy Team which meets monthly to address the health care needs of the Baltimore community The group is comprised of community outreach management and staff, clinicians, executive leadership from UMMS system hospitals, which includes the Medical Center UMMC participates in this Advocacy Team and representatives communicate priorities to the Medical Center In addition to the UMMS' priorities, UMMC determines annual community outreach goals and objectives For FY11, UMMC was a major participant and sponsor in two annual UMMS outreach health fairs, Take a Loved One to the Doctor Day and Spring into Good Health

Identifier	ReturnReference	Explanation
Community Benefit Report State Filings	Schedule H, Part VI, Line 7	Maryland

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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

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) Ronald McDonald House 635 West Lexington Street Baltimore, MD 21201	52-1184957	501 (c) 3	20,000				General Assistance
(2) UMBF Inc100 N Greene St Baltimore, MD 21201	31-1678679	501 (c) 3	60,000				General Assistance
(3) Youthworks Baltimore City Foundation Inc101 West 24th Street Baltimore, MD 21218	52-1212473	501 (c) 3	12,000				General Assistance
(4) Memorial Hospital Foundation Inc219 South Washington Street Easton, MD 21601	52-1282080	501 (c) 3	15,000				General Assistance
(5) The Childrens Guild6802 McClean Boulevard Baltimore, MD 21234	52-0634411	501 (c) 3	10,000				General Assistance
(6) Maryland Black Caucus FoundationPO Box 948 Annapolis, MD 21404	52-1417532	501 (c) 3	25,000				General Assistance
(7) The Living Legacy Foundation1730 Twin Springs Rd Baltimore, MD 21227	52-1736533	501 (c) 3	25,000				General Assistance
(8) Healthcare Financial Management Association 6701 N Charles Street Baltimore, MD 21204	36-2318336	501 (c) 3	5,500				General Assistance
(9) Downtown Partnership of Baltimore217 North Charles Street Baltimore, MD 21201	52-1326864	501 (c) 3	15,000				General Assistance
(10) Cal Ripken Sr Foundation1427 Clarkview Road Baltimore, MD 21209	52-2310500	501 (c) 3	10,000				General Assistance
(11) Baltimore City Foundation10 North Calvert Street Baltimore, MD 21202	52-6000769	501 (c) 3	6,000				General Assistance
(12) Baltimore Area Council BSA701 Wyman Park Dr Baltimore, MD 21211	52-0591572	501 (c) 3	25,000				General Assistance

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 15

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
Part I, Line 2		

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135022362

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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax 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**	Yes	
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? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	**4c**		No
	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? If "Yes," to line 5a or 5b, describe in Part III	**5b**		No
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**		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III	**6b**		No
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**		

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
Health or social club dues or initiation fees	Schedule J, Part I, Line 1a	UMMS executives receive a benefit package which may be used towards health club dues or other health maintenance programs Such benefits are capped at $7,000, $5,000 or $3,000 depending on job title as described in the program documents
Severance payment or change of control payment	Schedule J, Part I, Line 4a	TRENT SMITH $194,484
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	During the fiscal year end June 30, 2011, certain officers and key employees participated in the University of Maryland Medical System (UMMS) supplemental nonqualified plan The officers and key employees listed below have vested in the plan in a prior year, therefore the contribution to the plan for the fiscal year is reported as taxable compensation and reported on Schedule J, Part II, Column (Biii), Other Reportable Compensation ROBERT ALLEN MEGAN ARTHUR JOHN ASHWORTH ALISON BROWN HERBERT BUCHANEN JON BURNS ROBERT CHRENCIK JOHN SPEARMAN RICK DUNNING HENRY FRANEY MARK KELEMAN KEITH PERSINGER JEFFREY RIVEST GLENN ROBBINS MARK WASSERMAN LISA ROWEN JONATHAN GOTTLIEB GERALD WOLLMAN During the fiscal year end June 30, 2011, certain officers and key employees participated in the University of Maryland Medical System (UMMS) supplemental nonqualified plan The officers and key employees listed below have vested in the plan in the reporting tax year, therefore the full value of the plan, including any contribution to the plan for the current fiscal year, is reported as taxable compensation and reported on Schedule J, Part II, Column (Biii), Other Reportable Compensation Prior year contributions to the plan were previously reported on Form 990 and are indicated on Schedule J, Part II, Column (F) ROBERT ALLEN MEGAN ARTHUR JOHN ASHWORTH ALISON BROWN JOHN SPEARMAN RICK DUNNING HENRY FRANEY KEITH PERSINGER JEFFREY RIVEST GLENN ROBBINS MARK WASSERMAN

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 52-1362793
Name: UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORP

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				
ROBERT A CHRENCIK	(i)	986,285	659,250	9,032	179,103	19,769	1,853,439	0
	(ii)	0	0	0	0	0	0	0
LISA C ROWEN	(i)	319,054	134,160	11,052	44,745	19,418	528,429	0
	(ii)	0	0	0	0	0	0	0
HENRY J FRANEY	(i)	550,714	178,200	77,614	8,488	18,407	833,423	0
	(ii)	0	0	0	0	0	0	0
MEGAN M ARTHUR	(i)	377,384	110,071	62,054	8,883	28,717	587,109	0
	(ii)	0	0	0	0	0	0	0
JOHN W ASHWORTH III	(i)	345,255	120,341	121,851	8,928	16,030	612,405	58,486
	(ii)	0	0	0	0	0	0	0
MARK L WASSERMAN	(i)	257,718	90,089	34,007	9,157	22,683	413,654	0
	(ii)	0	0	0	0	0	0	0
GERALD L WOLLMAN	(i)	282,314	99,225	4,529	37,774	19,344	443,186	0
	(ii)	0	0	0	0	0	0	0
MARK KELEMEN	(i)	317,491	85,933	3,901	44,285	19,239	470,849	0
	(ii)	0	0	0	0	0	0	0
JEFFERY A RIVEST	(i)	584,775	260,533	111,614	7,939	25,983	990,844	0
	(ii)	0	0	0	0	0	0	0
ROBERT K ALLEN	(i)	279,358	107,377	44,538	9,094	19,342	459,709	0
	(ii)	0	0	0	0	0	0	0
ALISON G BROWN	(i)	323,281	143,350	54,187	8,985	19,418	549,221	0
	(ii)	0	0	0	0	0	0	0
HERBERT C BUCHANAN	(i)	292,933	114,342	9,046	41,868	28,553	486,742	0
	(ii)	0	0	0	0	0	0	0
JON P BURNS	(i)	350,090	124,215	9,808	49,382	28,663	562,158	0
	(ii)	0	0	0	0	0	0	0
GLENN F ROBBINS	(i)	478,282	140,773	68,773	8,607	19,735	716,170	0
	(ii)	0	0	0	0	0	0	0
JONATHAN E GOTTLIEB	(i)	477,942	219,880	5,176	66,510	16,114	785,622	0
	(ii)	0	0	0	0	0	0	0
KEITH D PERSINGER	(i)	362,889	161,000	46,146	8,925	8,137	587,097	0
	(ii)	0	0	0	0	0	0	0
RICK E DUNNING	(i)	220,890	74,634	117,326	8,459	19,153	440,462	93,194
	(ii)	0	0	0	0	0	0	0
JOHN SPEARMAN	(i)	220,138	73,651	91,295	8,474	15,709	409,267	56,700
	(ii)	0	0	0	0	0	0	0

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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

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	MHHEFA (series 2004B)	52-0936091	574217LP8	12-17-2003	37,590,847	ADVANCE REFUNDING		X		X		X
B	MHHEFA (series 2005)	52-0936091	574217W92	06-25-2008	144,317,619	CURRENT REFUNDING		X		X		X
C	MHHEFA (Series 2006A)	52-0936091	574217YG4	10-24-2006	46,070,791	NEW MONEY		X		X		X
D	MHHEFA (series 2007A)	52-0936091	574217G74	09-12-2007	96,445,000	ADVANCE REFUNDING		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	8,010,000	4,125,000	0	300,000
2	Amount of bonds legally defeased	0	0	0	0
3	Total proceeds of issue	37,590,847	144,317,619	46,907,010	96,445,000
4	Gross proceeds in reserve funds	0	0	2,183,085	0
5	Capitalized interest from proceeds	0	0	3,498,365	0
6	Proceeds in refunding escrow	0	0	0	93,784,600
7	Issuance costs from proceeds	444,968	1,167,619	350,032	784,512
8	Credit enhancement from proceeds	1,056,738	0	0	13,877
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	0	0	40,875,528	0
11	Other spent proceeds	36,089,142	143,150,000	0	1,862,011
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion	2008		2008	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		X
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		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		X		X		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 ▶	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		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		X		X		X
2	Is the bond issue a variable rate issue?		X		X		X	X	
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X	X	
b	Name of provider	JP MORGAN BANK AMER							
c	Term of hedge	27						27	
d	Was the hedge superintegrated?		X						X
e	Was a hedge terminated?		X						X
4a	Were gross proceeds invested in a GIC?		X		X		X		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		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X		X		X		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
Master Loan Agreement		Pursuant to a Master Loan Agreement dated June 20, 1991 (The "Master Loan Agreement"), as Amended, The University Of Maryland Medical System Corporation (The "Corporation") and several of its subsidiaries have issued debt through the Maryland Health and Higher Education Facility Authority (the "Authority") As Security for the performance of the bond obligation under the Master Loan Agreement, The Authority maintains a security interest in the revenue of the obligors The Master Loan Agreement contains certain restrictive covenants These covenants require that rates and charges be set at certain levels, limit incurrence of additional debt, require compliance with certain operating ratios and restrict the disposition of assets

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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

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	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	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	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) MT Bank Atwood Collins	Board Member	287,364	See Schedule L, Part V		No
(2) Kelly and Associates Francis Kelly	Board Member	104,456	See Schedule L, Part V		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
Business Transactions Involving Interested Persons	Part IV	THE ORGANIZATION USES M&T BANK FOR MANY OF ITS BANKING SERVICES, INCLUDING TREASURY MANAGEMENT, DEPOSIT SERVICES, LINES OF CREDIT AND CORPORATE TRUST AND CUSTODY SERVICES ATWOOD COLLINS IS EXECUTIVE VICE PRESIDENT OF M&T BANK AS WELL AS A BOARD MEMEBE OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM SERVICES PROVIDED BY THE BANK ARE CHARGED AT OR BELOW FAIR MARKET VALUE FRANCIS KELLY IS A BOARD MEMBER OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM AS WELL AS THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF KELLY & ASSOCIATES INSURANCE GROUP, INC THE MEDICAL SYSTEM USES KELLY & ASSOCIATES TO PURCHASE HEALTH, VISION, DENTAL AND LIFE INSURANCE POLICIES FOR THE EMPLOYEES OF THE SYSTEM

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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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

Identifier	Return Reference	Explanation
Form 990 Review Process	Form 990, Part VI, Line 11b	The IRS Form 990 is prepared and reviewed by the accounting firm of Grant Thornton Accounting personnel in Finance Shared Services at the University of Maryland Medical System gather the information needed to complete the return and input the data into the Grant Thornton Tax Organizer When all data has been entered, the information is submitted to Grant Thornton for importation into their tax software At this point, Grant Thornton staff members review the data, ask for additional information if needed and prepare the tax return Each return is reviewed at several levels at Grant Thornton including the tax partner After their review process, a draft return is sent to the accounting staff at UMMS for an in-house review Upon completion of the in-house review, Grant Thornton is instructed to make any necessary changes and to prepare the final tax return The final return undergoes another review by the accounting staff at Finance Shared Services and is also reviewed by the Accounting Manager, the Director of Financial Reporting, the Vice President of Finance and the CFO, who signs the return Prior to filing the IRS Form 990, the organization's Board Chairman, Treasurer, Audit Committee Chairman, Executive Committee Chairman or other member of the Board with similar authority will review the IRS Form 990 At the discretion of the reviewing Board member, such member will bring any issues or questions related to the completed IRS Form 990 to the attention of the Board Notwithstanding the above, a Board resolution is not required for the filing of the Organization's IRS Form 990 Each Board member is provided with a copy of the final IRS Form 990 before filing

Identifier	Return Reference	Explanation
Conflict of Interest Policy Monitoring & Enforcement	Form 990, Part VI, Line 12c	The Organization's officers, directors, employees and medical staff members, as applicable, shall disclose conflicts of interest or potential conflicts of interest between their personal interests and the interests of the Organization, or any entity controlled by or owned in substantial part by the Organization A questionnaire which discloses potential conflicts of interest is distributed annually to all officers, directors and key employees The General Counsel of the University of Maryland Medical System Corporation (UMMSC) reviews the responses for UMMSC, University Specialty Hospital and James Lawrence Kernan Hospital The CEO or CFO of each of the other entities in the University of Maryland Medical System reviews the responses for those entities The General Counsel, in consultation with the Audit Committee, if necessary, would determine if a conflict of interest existed for UMMSC, University Specialty Hospital and James Lawrence Kernan Hospital With respect to the other entities in the University of Maryland Medical System, the General Counsel may be called for consult If so, the General Counsel may consult the Audit Committee, if necessary Whenever a conflict or potential conflict of interest exists, the nature of the conflict or potential conflict of interest must be disclosed in writing to the Organization's Board, Board committee, an officer of the Organization or other appropriate executive Such individual having a potential conflict of interest shall play no role on behalf of the Organization, or any Organization controlled or substantially owned, in any transaction in which a conflict exists All invitations for bids, proposals or solicitations for offers include the following provision Any vendor, supplier or contractor must disclose any actual or potential transaction with any Organization officer, director, employee or member of the medical staff, including family members within five days of the transaction Failure to comply with this provision is a material breach of agreement In addition, a Board Disclosure Report is filed with the Maryland Health Services Cost Review Commission on an annual basis showing any business transactions between the Board members and the Organization

Identifier	Return Reference	Explanation
Process for Determining Compensation	Form 990, Part VI, Line 15a	The Organization determines the executive compensation paid to its executives in the following manner prescribed in the IRS Regulations Executive compensation packages are determined by a committee of the Board that is composed entirely of Board members who have no conflict of interest The committee acquires credible comparability market data concerning the compensation packages of similarly situated executives The committee carefully reviews that data, the executive's performance and the proposed compensation packages during the decision making process The committee memorializes its deliberations in detailed minutes reviewed and adopted at the next-following meeting The committee seeks an opinion of counsel that it has met the requirements of the IRS intermediate sanctions Regulations This process is used to determine the compensation packages for all management employees from the Vice President level and up

Identifier	Return Reference	Explanation
How Documents are Made Available to the Public	Form 990, Part VI, Line 19	In general, financial and tax information relating to the Organization is deemed proprietary and not subject to disclosure upon request However, specific provisions of federal and state law require the Organization to disclose certain limited financial and tax data upon a specific request for that information Requests for Form 990 and Form 1023 A requestor seeking to review and/or obtain a copy of the Organization's IRS Form 990 or Form 1023 as filed with the Internal Revenue Service, including all schedules and attachments, may appear in person or submit a written request The most recent three years of IRS Form 990 may be requested If the requester appears in person, the individual is directed to the office of the Chief Financial Officer for the Organization and the Form 990 and/or Form 1023 are made available for inspection The individual is permitted to review the return, take notes and request a copy If requested, a copy is provided on the same day A nominal fee is charged for making the copies The Organization may have an employee present during the public inspection of the document Written requests for an entity's Form 990 or Form 1023 are directed immediately to the office of the Chief Financial Officer for the Organization The requested copies are mailed within 30 days of the request Reproduction fees and mailing costs are charged to the requestor Conflict of Interest Policy and Governing Documents If the governing documents and conflict of interest policy of our organization are subject to the Federal public disclosure rules (or state public disclosure rules), these documents will be made publicly available as applicable law may require Otherwise, the governing documents and conflict of interest policy will be provided to the public at the discretion of management

Identifier	Return Reference	Explanation
Hours on Related Entity		The University of Maryland Medical System (UMMS) is a multi-entity health care system including 8 acute care hospitals, 3 specialty hospitals and various supporting entities A number of individuals provide services to various entities within the system In general, the officers and key employees of UMMS average in excess of 40 hours per week serving the different entities that comprise UMMS

Identifier	Return Reference	Explanation
Reconciliation of New Assets	Form 990, Part XI, Line 5	Change in Net Assets of Foundation 4,685,000 00 Support from Foundation 3,803,000 00 Net assets released from restrictions for purchases of property & equipment 20,816,000 00 Queen Anne's Land Donation 14,837,000 00 Change fair value- Designated interest rate swaps 4,488,000 00 Change ownership int- nonconsolidated subsidiaries 5,437,000 00 Change in ownership interest of joint ventures 1,126,000 00 Other (422,434 00) -------------- Total 54,769,566 00

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ROBERT A CHRENCIK TITLE PRESIDENT AND CEO HOURS 5

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME LISA C ROWEN TITLE SVP & CNO - UMMC HOURS 5

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME:JEFFERY A RIVEST TITLE:PRESIDENT & CEO - UMMC HOURS 5

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME GLENN F ROBBINS TITLE SVP & CMO HOURS 5

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JONATHAN E GOTTLIEB TITLE SVP & CMO HOURS 5

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME KEITH D PERSINGER TITLE SVP & CFO UMMC HOURS 5

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JOHN W ASHWORTH III TITLE SVP NETWORK DEVELOPMENT HOURS 5

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 OF MARYLAND MEDICAL SYSTEM CORP

Employer identification number
52-1362793

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) 36 S PACA STREET LLC 36 S PACA STREET BALTIMORE, MD 21201 56-2544990	RENTAL	MD	1,220,500	13,855,030	

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
See Additional Data Table							

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
See Additional Data Table												

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
See Additional Data Table							

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	Yes	
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d	Yes	
e Loans or loan guarantees by other organization(s)	1e		No
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		No
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	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o		No
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		No

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) Univ of MD Medical System Foundation	C	4,912,000	
(2) University Specialty Hospital	J	105,000	
(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

Return to Form

Software ID:
Software Version:
EIN: 52-1362793
Name: UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORP

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
Baltimore Washington Emergency Phys Inc 301 HOSPITAL DRIVE GLEN BURNIE, MD21061 52-1756326	HEALTH CARE	MD	501(C)(3)	11	BWMS		
Baltimore Washington Healthcare Services 301 HOSPITAL DRIVE GLEN BURNIE, MD21061 52-1830243	HEALTH CARE	MD	501(C)(3)	11	BWMS		
Baltimore Washington Medical Center Inc 301 HOSPITAL DRIVE GLEN BURNIE, MD21061 52-0689917	HEALTH CARE	MD	501(C)(3)	11	BWMS		
Baltimore Washington Medical System Inc 301 HOSPITAL DRIVE GLEN BURNIE, MD21061 52-1830242	HEALTH CARE	MD	501(C)(3)	11	UMMS		
BW Medical Center Foundation Inc 301 HOSPITAL DRIVE GLEN BURNIE, MD21061 52-1813656	HEALTH CARE	MD	501(C)(3)	11	BWMS		
North Arundel Development Corporation 301 HOSPITAL DRIVE GLEN BURNIE, MD21061 52-1318404	REAL ESTATE	MD	501(C)(2)		BWMS		
North County Corporation 301 HOSPITAL DRIVE GLEN BURNIE, MD21061 52-1591355	REAL ESTATE	MD	501(C)(2)		BWMS		
Chester River Health Foundation Inc 100 BROWN STREET CHESTERTOWN, MD21620 52-1338861	FUNDRAISING	MD	501(C)(3)	11	CRHS		
Chester River Health System Inc 100 BROWN STREET CHESTERTOWN, MD21620 52-2046500	HEALTH CARE	MD	501(C)(3)	11	UMMS		
Chester River Hospital Center Inc 100 BROWN STREET CHESTERTOWN, MD21620 52-0679694	HEALTH CARE	MD	501(C)(3)	3	CRHS		
Chester River Manor Inc 200 MORGNEC ROAD CHESTERTOWN, MD21620 52-6070333	HEALTH CARE	MD	501(C)(3)	11	CRHS		
Maryland General Clinical Practice Group 827 LINDEN AVE BALTIMORE, MD21201 52-1566211	HEALTH CARE	MD	501(C)(3)	11	MGHS		

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
Maryland General Comm Health Foundation 827 LINDEN AVE BALTIMORE, MD21201 52-2147532	FUNDRAISING	MD	501(C)(3)	11	MGHS		
Maryland General Health Systems Inc 827 LINDEN AVE BALTIMORE, MD21201 52-1175337	HEALTH CARE	MD	501(C)(3)	11	UMMS		
Maryland General Hospital Inc 827 LINDEN AVE BALTIMORE, MD21201 52-0591667	HEALTH CARE	MD	501(C)(3)	3	MGHS		
Care Health Services Inc 219 SOUTH WASHINGTON STREET EASTON, MD21601 52-1510269	HEALTH CARE	MD	501(C)(3)	11	SHS		
Dorchester General Hospital Foundation 219 SOUTH WASHINGTON STREET EASTON, MD21601 52-1703242	FUNDRAISING	MD	501(C)(3)	11	SHS		
Memorial Hospital Foundation Inc 219 SOUTH WASHINGTON STREET EASTON, MD21601 52-1282080	FUNDRAISING	MD	501(C)(3)	11	SHS		
Shore Clinical Foundation Inc 219 SOUTH WASHINGTON STREET EASTON, MD21601 52-1874111	HEALTH CARE	MD	501(C)(3)	11	SHS		
Shore Health System Inc 219 SOUTH WASHINGTON STREET EASTON, MD21601 52-0610538	HEALTH CARE	MD	501(C)(3)	3	UMMSC		
James Lawrence Kernan Hosp Endow Fd 2200 KERNAN DRIVE BALTIMORE, MD21207 23-7360743	FUNDRAISING	MD	501(C)(3)	11	UMMSC		
James Lawrence Kernan Hospital Inc 2200 KERNAN DRIVE BALTIMORE, MD21207 52-0591639	HEALTH CARE	MD	501(C)(3)	3	UMMSC		
Shipley's Choice Medical Park Inc 22 SOUTH GREENE STREET BALTIMORE, MD21201 04-3643849	REAL ESTATE	MD	501(C)(2)		UMMSC		
UMMS Foundation Inc 22 SOUTH GREENE STREET BALTIMORE, MD21201 52-2238893	FUNDRAISING	MD	501(C)(3)	11	UMMSC		

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
University Specialty Hospital 611 SOUTH CHARLES STREET BALTIMORE, MD21230 52-0882914	HEALTH CARE	MD	501(C)(3)	3	UMMSC		

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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 on Box 20 of K-1 ($)	(j) General or Managing Partner? Yes	(j) No	(k) Percentage ownership
Arundel Physicians Associates LLC 301 Hospital Drive GLEN BURNIE, MD21601 52-2000762	HEALTH CARE	MD	N/A	N/A								
Helen P Denit Cancer Treatment Center 22 SOUTH GREENE STREET BALTIMORE, MD21201 52-2283591	HEALTHCARE	MD	N/A	RELATED								
Innovative Health LLC 22 South Greene Street BALTIMORE, MD21201 52-2283591	HEALTH CARE	MD	N/A	Related				No	0	Yes		
North Arundel Pet Center LLC 29165 Canvasback Drive Suite 100 EASTON, MD21601 52-1997287	BILLING	MD	N/A	N/A								
North Arundel Senior Living LLC 301 Hospital Drive GLEN BURNIE, MD21061 20-0806027	HEALTH CARE	MD	N/A	N/A								
NAHSunrise of Severna Park LLC 301 Hospital Drive GLEN BURNIE, MD21061 54-1810728	HEALTH CARE	MD	N/A	N/A								
Shipley's Imaging Center LLC 301 Hospital Drive GLEN BURNIE, MD21061 54-1810729	HEALTH CARE	MD	N/A	RELATED	1,505,093	707,263		No	0	Yes		
Universitycare LLC 22 South Greene Street BALTIMORE, MD21201 52-2040338	HEALTH CARE	MD	N/A	Related	2,479,004	451,729		No	0	Yes		

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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 on Box 20 of K-1 ($)	(j) General or Managing Partner? Yes	(j) No	(k) Percentage ownership
CENTRAL MARYLAND RADIOLOGY ONCOLOGY 10710 CHARTER DRIVE COLUMBIA, MD21044 27-0879418	HEALTHCARE	MD	N/A	RELATED	4,075,293	8,522,648		No	0	Yes		

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
Arundel Physicians Associates Inc 301 Hospital Drive GLEN BURNIE, MD21061 52-1992649	HEALTH CARE	MD	N/A	C Corp			
Baltimore Washington Health Enterprises 301 Hospital Drive GLEN BURNIE, MD21061 52-1936656	HEALTH CARE	MD	N/A	C Corp			
BW Professional Services Inc 301 Hospital Drive GLEN BURNIE, MD21061 52-1655640	HEALTH CARE	MD	N/A	C Corp			
Council of Unit Owners of MD Gen PC 827 Linden Avenue BALTIMORE, MD21201 52-1891126	REAL ESTATE	MD	N/A	C Corp			
Shore Health Enterprises Inc 219 South Washington Street EASTON, MD21601 52-1363201	REAL ESTATE	MD	N/A	C Corp			
University Lithotripter Inc 22 South Greene Street BALTIMORE, MD21201 52-1451021	HEALTH CARE	MD	N/A	C Corp	5,000	500	50 000 %
UMMS Self Insurance Trust 22 South Greene Street BALTIMORE, MD21201 52-6315433	INSURANCE	MD	N/A	C Corp	37,003,953	67,282,792	91 000 %
Terrapin Insurance Company PO Box 1109 Grand Cayman, Cayman Islands KY1-1102 CJ 98-0129232	INSURANCE	CJ	N/A	C Corp	12,680,684	64,961,079	50 000 %
NA Executive Building Condo Assn Inc 301 Hospital Drive GLEN BURNIE, MD21061	REAL ESTATE	MD	N/A	C Corp			

KPMG

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements and Schedules

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Table of Contents

KPMG LLP
1 East Pratt Street
Baltimore, MD 21202-1128

Independent Auditors' Report

The Board of Directors
University of Maryland Medical System Corporation

We have audited the accompanying consolidated balance sheets of the University of Maryland Medical System Corporation and Subsidiaries (the Corporation) as of June 30, 2011 and 2010, 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 the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as 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 financial position of the University of Maryland Medical System Corporation and Subsidiaries as of June 30, 2011 and 2010, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

October 27, 2011

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2011 and 2010

(In thousands)

Assets		**2011**	**2010**
Current assets			
Cash and cash equivalents	$	217,517	238,548
Assets limited as to use, current portion		40,114	39,228
Accounts receivable			
Patient accounts receivable, less allowance for doubtful accounts of $161,124 and $136,278 as of June 30, 2011 and 2010, respectively		262,421	249,127
Other		24,579	24,155
Inventories		32,181	30,230
Prepaid expenses and other current assets		51,871	67,681
Total current assets		628,683	648,969
Investments		406,850	281,108
Assets limited as to use, less current portion		505,466	490,119
Property and equipment, net		1,298,650	1,240,114
Deferred financing costs, net		7,547	8,661
Investments in joint ventures		169,220	107,851
Other assets		9,925	8,329
Total assets	$	3,026,341	2,785,151
Liabilities and Net Assets			
Current liabilities			
Trade accounts payable	$	154,995	146,149
Accrued payroll and benefits		128,420	121,683
Advances from third-party payors		96,012	87,558
Lines of credit		54,600	63,300
Other current liabilities		87,643	83,958
Long-term debt subject to short-term remarketing arrangements		166,765	70,069
Current portion of long-term debt		24,242	36,442
Total current liabilities		712,677	609,159
Long-term debt, less current portion and amount subject to short-term remarketing arrangements		869,372	959,243
Other long-term liabilities		87,858	105,794
Interest rate swap liabilities		105,400	128,575
Total liabilities		1,775,307	1,802,771
Net assets			
Unrestricted		1,142,835	894,949
Temporarily restricted		75,656	56,184
Permanently restricted		32,543	31,247
Total net assets		1,251,034	982,380
Total liabilities and net assets	$	3,026,341	2,785,151

See accompanying notes to consolidated financial statements.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended June 30, 2011 and 2010

(In thousands)

		2011	2010
Unrestricted revenues, gains and other support			
Net patient service revenue	$	2,270,416	2,129,662
Other operating revenue			
State support		3,200	3,200
Other revenue		70,588	66,106
Total unrestricted revenues, gains and other support		2,344,204	2,198,968
Operating expenses			
Salaries, wages and benefits		1,041,344	988,399
Expendable supplies		380,222	357,793
Purchased services		336,281	312,381
Contracted services		139,710	140,844
Depreciation and amortization		129,012	117,766
Interest expense		40,341	40,051
Provision for bad debts		177,013	179,289
Total operating expenses		2,243,923	2,136,523
Operating income		100,281	62,445
Nonoperating income and expenses, net			
Contributions		6,055	8,137
Equity in net income of joint ventures		20,534	3,514
Investment income		39,207	136
Change in fair value of investments		36,364	45,592
Change in fair value of undesignated interest rate swaps		18,640	(33,700)
Loss on early extinguishment of debt		—	(816)
Other nonoperating losses, net		(17,947)	(13,798)
Excess of revenues over expenses		203,134	71,510
Net assets released from restrictions used for the purchase of property and equipment		23,964	32,612
Other		20,788	(8,728)
Increase in unrestricted net assets	$	247,886	95,394

See accompanying notes to consolidated financial statements

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2011 and 2010

(In thousands)

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Balance at June 30, 2009	$ 799,555	76,204	28,160	903,919
Excess of revenues over expenses	71,510	—	—	71,510
Investment gains, net	—	3,338	136	3,474
State support for capital	—	7,965	—	7,965
Contributions, net	—	21,011	2,866	23,877
Net assets released from restrictions used for operations and nonoperating activities	—	(5,890)	—	(5,890)
Net assets released from restrictions used for purchase of property and equipment	32,612	(32,612)	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	(14,986)	85	(14,901)
Change in ownership interest of joint ventures	3,478	1,141	—	4,619
Change in fair value of designated interest rate swaps	(7,410)	—	—	(7,410)
Change in funded status of defined benefit pension plans	(4,766)	—	—	(4,766)
Other	(30)	13		(17)
Increase (decrease) in net assets	95,394	(20,020)	3,087	78,461
Balance at June 30, 2010	894,949	56,184	31,247	982,380
Excess of revenues over expenses	203,134	—	—	203,134
Investment gains, net	—	5,102	177	5,279
State support for capital	—	21,565	—	21,565
Contributions, net	—	17,058	1,079	18,137
Net assets released from restrictions used for operations and nonoperating activities	—	(3,639)	—	(3,639)
Net assets released from restrictions used for purchase of property and equipment	23,964	(23,964)	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	3,324	40	3,364
Change in ownership interest of joint ventures	2,268	102	—	2,370
Change in fair value of designated interest rate swaps	2,298	—	—	2,298
Change in funded status of defined benefit pension plans	16,322	—	—	16,322
Other	(100)	(76)	—	(176)
Increase in net assets	247,886	19,472	1,296	268,654
Balance at June 30, 2011	$ 1,142,835	75,656	32,543	1,251,034

See accompanying notes to consolidated financial statements

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

(In thousands)

		2011	2010
Cash flows from operating activities			
Increase in net assets	$	268,654	78,461
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Depreciation and amortization		129,012	117,766
Provision for bad debts		177,013	179,289
Amortization of bond premium and deferred financing costs		1,562	1,178
Net realized gains and change in fair value of investments		(70,293)	(38,703)
Loss on early extinguishment of debt		—	816
Equity in net income of joint ventures		(20,534)	(3,514)
Contribution of land held for sale		—	(1,800)
Decrease in economic and beneficial interests in net assets of related organizations		(3,364)	14,901
Change in fair value of interest rate swaps		(23,175)	40,649
Change in funded status of defined benefit pension plans		16,322	4,766
Increase in patient accounts receivable		(190,307)	(186,637)
Increase in other receivables, prepaid expenses, other current assets and other assets		(6,431)	(8,635)
(Increase) decrease in inventories		(1,951)	1,323
(Decrease) increase in trade accounts payable, accrued payroll and benefits, other current liabilities and other long-term liabilities		(23,940)	27,047
Increase in advances from third-party payors		8,454	3,030
Restricted contributions, investment income and state support		(44,981)	(35,316)
Net cash provided by operating activities		216,041	194,621
Cash flows from investing activities			
Purchases and sales of investments and assets limited as to use, net		(44,076)	(153,660)
Purchases of property and equipment		(169,198)	(141,686)
Distributions from joint ventures, net		4,388	1,924
Investment in joint ventures		(39,954)	(26,750)
Change in deposit for undesignated interest rate swaps on hand with swap counterparty		11,438	(13,420)
Net cash used in investing activities		(237,402)	(333,592)

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

(In thousands)

		2011	2010
Cash flows from financing activities			
Proceeds from long-term debt	$	26,750	245,942
Repayment of long-term debt and capital leases		(56,815)	(139,915)
(Repayments) draws on lines of credit, net		(8,700)	35,500
Change in deposit for designated interest rate swaps on hand with swap counterparty		3,514	(3,941)
Payment of debt issuance costs		—	(2,420)
Restricted contributions, investment income and state support		35,581	35,316
Net cash provided by financing activities		330	170,482
Net (decrease) increase in cash and cash equivalents		(21,031)	31,511
Cash and cash equivalents, beginning of year		238,548	207,037
Cash and cash equivalents, end of year	$	217,517	238,548
Supplemental disclosures of cash flow information			
Cash paid during the year for interest	$	41,802	37,269
Amount included in accounts payable for construction in progress		17,146	11,981
Supplemental disclosures of noncash information			
Capital leases	$	3,785	11,232
Contributed land		9,400	1,800

See accompanying notes to consolidated financial statements

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The University of Maryland Medical System Corporation (the Corporation or UMMS) is engaged in providing comprehensive healthcare services through an integrated network of hospitals and other inpatient and outpatient clinical enterprises The Corporation operates University Hospital, University of Maryland Marlene and Stewart Greenebaum Cancer Center (Greenebaum Cancer Center), and The R Adams Cowley Shock Trauma Center (Shock Trauma Center), collectively referred to as University of Maryland Medical Center (Medical Center) and is the sole member of The James Lawrence Kernan Hospital, Inc (Kernan), University Specialty Hospital, Inc (University Specialty), Maryland General Health Systems, Inc (Maryland General), Baltimore Washington Medical System, Inc (Baltimore Washington), Shore Health System, Inc (Shore Health), Chester River Health System, Inc (Chester River), University of Maryland Medical System Foundation, Inc (UMMS Foundation), Shipley's Choice Medical Park, Inc (Shipley's), and 36 South Paca Street, LLC (36 South Paca), each of which is described below In addition, the Corporation has a majority interest in UniversityCARE, LLC (UCARE), and accordingly, it is a consolidated subsidiary of the Corporation The Corporation also maintains equity interests in various unconsolidated joint ventures, which are described in note 4 All material intercompany balances and transactions have been eliminated in consolidation

University of Maryland Medical Center

The Medical Center is comprised of three operating divisions University Hospital, Greenebaum Cancer Center and Shock Trauma Center University Hospital is a tertiary teaching hospital located in Baltimore with 565 licensed beds The Greenebaum Cancer Center is a 51-bed program which specializes in the treatment of cancer patients The Shock Trauma Center is a program with 115 licensed beds which provides both treatment to victims of trauma and training in establishing shock trauma systems

The James Lawrence Kernan Hospital, Inc.

Kernan is comprised of a medical/surgical and rehabilitation hospital in Baltimore with 132 licensed beds, including 98 rehabilitation beds, 24 chronic care beds, 10 medical/beds, and off-site physical therapy facilities

A related corporation, The James Lawrence Kernan Endowment Fund, Inc (Kernan Endowment), is governed by a separate, independent board of directors and is required to hold investments and income derived therefrom for the exclusive benefit of Kernan Accordingly, the accompanying consolidated financial statements reflect an economic interest in the net assets of the Kernan Endowment

University Specialty Hospital, Inc.

University Specialty is a 180-bed facility located in Baltimore providing chronic care

Maryland General Health Systems, Inc.

Maryland General is a West Baltimore health system comprised of Maryland General Hospital, a 213-bed acute care hospital, a wholly owned subsidiary providing primary care, and a noncontrolling 25% interest in a managed care organization providing services primarily to Medicaid patients

A related corporation, Maryland General Community Health Foundation, Inc (Maryland General Foundation), is required to hold investments and income derived therefrom for the exclusive benefit of Maryland General As of June 30, 2011, Maryland General Foundation had contributed all of its assets to Maryland General Hospital in support of future capital projects

Baltimore Washington Medical System, Inc.

Baltimore Washington is a health system comprised of Baltimore Washington Medical Center, a 311-bed acute care hospital providing a broad range of services, and several wholly owned subsidiaries providing emergency physician and other services

Baltimore Washington Medical Center Foundation, Inc (BWMC Foundation) is governed by a separate, independent board of directors and is required to hold investments and income derived therefrom for the exclusive benefit of Baltimore Washington Medical Center Accordingly, the accompanying consolidated financial statements reflect an economic interest in the net assets of the BWMC Foundation

Shore Health System, Inc.

Shore Health is a two-hospital health system located on the Eastern Shore of Maryland Shore Health owns and operates Memorial Hospital, a 145-bed acute care hospital providing inpatient and outpatient services in Easton, Maryland, Dorchester Hospital, a 54-bed acute care hospital providing inpatient and outpatient services in Cambridge, Maryland, Memorial Hospital Foundation (Memorial Foundation), a nonprofit corporation established to solicit donations for the benefit of Memorial Hospital, and several other subsidiaries providing various outpatient and home care services

Dorchester General Hospital Foundation, Inc (Dorchester Foundation) is governed by a separate, independent board of directors to raise funds on behalf of Dorchester Hospital Shore Health does not have control over the policies or decisions of the Dorchester Foundation, and accordingly, the accompanying consolidated financial statements reflect a beneficial interest in the net assets of the Dorchester Foundation

Chester River Health System, Inc.

Chester River owns and operates Chester River Hospital Center (CRHC), a 53-bed acute care hospital providing inpatient and outpatient services to the residents of Kent and Queen Anne's counties, Chester River Health Foundation (Chester River Foundation), a nonprofit corporation established to solicit donations for the benefit of Chester River, and two other subsidiaries providing outpatient and homecare services

University of Maryland Medical System Foundation, Inc.

The UMMS Foundation, a not-for-profit foundation, was established for the purpose of soliciting contributions on behalf of the Corporation

36 South Paca Street, LLC

36 South Paca is a single-member limited liability company that owns and operates a residential apartment building near the Corporation's Baltimore campus

UniversityCARE, LLC

UCARE, a physician hospital organization was established as a joint venture between the Corporation and University Physicians, Inc (UPI) The purpose of UCARE is to operate an integrated healthcare services delivery system in a manner that integrates the teaching and research missions of the Corporation, UPI and their affiliates with the delivery of care in a cost efficient manner The Corporation's ownership percentage and income (loss) sharing percentage is 90% and UPI's percentage is 10% Accordingly, the assets, liabilities, unrestricted net assets and operations of UCARE are consolidated with the Corporation in the accompanying consolidated financial statements, and UPI's ownership interest is treated as a noncontrolling interest

Shipley's Choice Medical Park, Inc.

Shipley's, a wholly owned subsidiary, is a 501(c) (2) title-holding corporation, formed for the purpose of managing property investments located in Anne Arundel County The operations of Shipley's are solely comprised of the management of this property

(b) Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with U S generally accepted accounting principles

(c) Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with maturities of three months or less from the date of purchase

(d) Investments and Assets Limited as to Use

The Corporation's investment portfolio is classified as trading, and is reported in the consolidated balance sheets at its fair value, based on quoted market prices, at June 30, 2011 and 2010 Unrealized holding gains and losses on trading securities with readily determinable market values are included in nonoperating income Investment income, including realized gains and losses, is included in nonoperating income in the accompanying consolidated statement of operations

Assets limited as to use include investments set aside at the discretion of the board of directors for the replacement or acquisition of property and equipment, investments held by trustees under bond indenture agreements and self-insurance trust arrangements, and assets whose use is restricted by donors Such investments are stated at fair value Amounts required to meet current liabilities have been included in current assets in the consolidated balance sheets Changes in fair values of donor-restricted investments are recorded in temporarily restricted net assets unless otherwise required by the donor or state law

Assets limited as to use also include the Corporation's economic interests in financially interrelated organizations (note 12)

Alternative investments are recorded under the equity method of accounting Underlying securities of these alternative investments may include certain debt and equity securities that are not readily marketable Because certain investments are not readily marketable, their fair value is subject to additional uncertainty, and therefore values realized upon disposition may vary significantly from current reported values

Investments are exposed to certain risks such as interest rate, credit and overall market volatility Due to the level of risk associated with certain investment securities, changes in the value of investment securities could occur in the near term, and these changes could materially differ from the amounts reported in the accompanying consolidated financial statements

(e) Inventories

Inventories, consisting primarily of drugs and medical/surgical supplies, are carried at the lower of cost or market, on a first-in, first-out basis

(f) Economic Interests in Financially Interrelated Organizations

The Corporation recognizes its rights to assets held by recipient organizations, which accept cash or other financial assets from a donor and agree to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both, to the Corporation Changes in the Corporation's economic interests in these financially interrelated organizations are recognized in the consolidated statements of changes in net assets

(g) Property and Equipment

Property and equipment are stated at cost, or estimated fair value at date of contribution, less accumulated depreciation Depreciation is provided on a straight-line basis over the estimated useful lives of the depreciable assets The estimated useful lives of the assets are as follows

Buildings	20 to 40 years
Building and leasehold improvements	5 to 20 years
Equipment	3 to 20 years

Interest costs incurred on borrowed funds less interest income earned on the unexpended bond proceeds during the period of construction are capitalized as a component of the cost of acquiring those assets

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

(h) Deferred Financing Costs

Costs incurred related to the issuance of long-term debt are deferred and are amortized over the life of the related debt agreements or the related letter of credit agreements using the effective interest method Accumulated amortization of such costs amounted to $7,708,000 and $6,594,000 as of June 30, 2011 and 2010, respectively In connection with the refinancing of certain debt in the year ended June 30, 2010, the Corporation recorded a loss on early extinguishment of debt of $816,000, which consisted of the write-off of deferred financing costs

(i) Impairment of Long-Lived Assets

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

(j) Investments in Joint Ventures

When the Corporation does not have a controlling interest in an entity, but exerts a significant influence over the entity, the Corporation applies the equity method of accounting

(k) Self-Insurance

Under the Corporation's self-insurance programs (general and professional liability, workers' compensation and employee health benefits), claims are reflected as a present value liability based upon actuarial estimates, including both reported and incurred but not reported claims taking into consideration the severity of incidents and the expected timing of claim payments

(l) Net Assets

The Corporation classifies net assets based on the existence or absence of donor-imposed restrictions Unrestricted net assets represent contributions, gifts and grants, which have no donor-imposed restrictions or which arise as a result of operations Temporarily restricted net assets are subject to donor-imposed restrictions that must or will be met either by satisfying a specific purpose and/or passage of time Permanently restricted net assets are subject to donor-imposed restrictions that must be maintained in perpetuity Generally, the donors of these assets permit the use of all or part of the income earned on related investments for specific purposes The restrictions associated with these net assets generally pertain to patient care, specific capital projects and funding of specific hospital operations and community outreach programs

(m) Net Patient Service Revenue and Provision for Uncollectible Accounts

Net patient service revenue for the Medical Center, Kernan, Maryland General, Baltimore Washington, Shore Health, Chester River and University Specialty reflects actual charges to patients based on rates established by the State of Maryland Health Services Cost Review Commission (HSCRC) in effect during the period in which the services are rendered, net of contractual adjustments Contractual adjustments represent the difference between amounts billed as patient service revenue and amounts allowed by third-party payors Such adjustments include discounts on charges as permitted by the HSCRC

The Corporation records revenues and accounts receivable from patients and third-party payors at their estimated net realizable value Revenue is reduced for anticipated discounts under contractual arrangements and for charity care An estimated provision for bad debts is recorded in the period the related services are provided based upon anticipated uncompensated care, and is adjusted as additional information becomes available

The provision for bad debts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in healthcare coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category The results of this review are then used to make modifications to the provision for bad debts and to establish an allowance for uncollectible receivables After collection of amounts due from insurers, the Corporation follows internal guidelines for placing certain past due balances with collection agencies

(n) Charity Care

The Corporation provides charity care to patients who are unable to pay Such patients are identified based on information obtained from the patient and subsequent analysis Because the Corporation does not expect collection of amounts determined to qualify as charity care, they are not reported as revenue Based on established rates, the Corporation estimates $83,232,000 and $68,825,000 of charity care services were provided in the years ended June 30, 2011 and 2010, respectively

(o) Nonoperating Income and Expenses, Net

Other activities that are largely unrelated to the Corporation's primary mission are recorded as nonoperating income and expenses, and include investment income, equity in the net income of joint ventures, general donations and fund-raising activities, and loss on early extinguishment of debt

(p) Derivative Financial Instruments

The Corporation records derivative and hedging activities on the consolidated balance sheet at their respective fair values

The Corporation utilizes derivative financial instruments to manage its interest rate risks associated with long-term tax-exempt debt The Corporation does not hold or issue derivative financial instruments for trading purposes

The Corporation's specific goals are to (a) manage interest rate sensitivity by modifying the repricing or maturity characteristics of some of its tax-exempt debt, and (b) lower unrealized appreciation or depreciation in the market value of the Corporation's fixed-rate tax-exempt debt when that market value is compared with the cost of the borrowed funds The effect of this unrealized appreciation or depreciation in market value, however, will generally be offset by the income or loss on the derivative instruments that are linked to the debt

All derivative instruments are reported as other assets or other long-term liabilities in the consolidated balance sheet and measured at fair value On the date the derivative contract is entered into, the Corporation may designate the derivative as either a hedge of the fair value of a recognized or forecasted liability (fair value hedge) or a hedge of the variability of cash flows to be received or paid related to a recognized liability (cash flow hedge), provided the derivative instrument meets certain criteria related to its effectiveness Derivatives not designated as hedges or not meeting effectiveness criteria are carried at fair value with changes in the fair value recognized in other nonoperating income and expenses

The Corporation formally documents all hedge relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific liabilities on the consolidated balance sheet The Corporation also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items

Changes in the fair value of derivative instruments are included in or excluded from the excess of revenues over expenses depending on the use of the derivative and whether it qualifies for hedge accounting Changes in the fair value of a derivative that is designated and qualifies as a fair value hedge, along with the changes in the fair value of the hedged item related to the risk being hedged, are included in the excess of revenues over expenses Changes in the fair value of a derivative that is designated as a cash flow hedge are excluded from the excess of revenues over expenses to the extent that the hedge is effective until the excess of revenues over expenses is affected by the variability of cash flows in the hedged transaction Changes in the fair value that relate to ineffectiveness are included in the excess of revenues over expenses as interest expense

The Corporation discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item, when the derivative expires or is sold, terminated or exercised, or when management determines that designation of the derivative as a hedge instrument is no longer appropriate When hedge accounting is discontinued and the derivative remains outstanding, all subsequent changes in fair value of the derivative are included in the excess of revenues over expenses

(q) Excess of Revenue over Expenses

The consolidated statement of operations includes a performance indicator, excess of revenue over expenses Changes in unrestricted net assets that are excluded from the performance indicator, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which, by donor restrictions, were to be used for the purpose of acquiring such assets), pension-related changes other than net periodic pension costs, change in fair value of derivatives that qualify for hedge accounting, and other items that are required by generally accepted accounting principles to be reported separately

(r) Income Taxes

The Corporation and most of its subsidiaries are not-for-profit corporations formed under the laws of the State of Maryland, organized for charitable purposes and recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code pursuant to Section 501(a) of the Code The effect of the taxable status of its for-profit subsidiaries is not material to the consolidated financial statements The Corporation paid approximately $195,000 in income taxes on its unrelated business activities in the year ended June 30, 2010 There were no income taxes paid on unrelated business activities in the year ended June 30, 2011 The Corporation has net operating losses of approximately $13 5 million as of June 30, 2011, which expire at various dates through 2031 The Corporation's deferred tax assets of approximately $5 4 million at June 30, 2011 are fully reserved as they are not expected to be utilized

The Corporation follows a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return Management does not believe that there are any unrecognized tax benefits that should be recognized

(s) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the promise becomes unconditional Contributions 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 is satisfied, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions Such amounts are classified as other revenue or transfers and additions to property and equipment

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contributions, and nature of fund-raising activity

The Corporation follows accounting guidance for classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management Institutional Funds Act of 2006 (UPMIFA)

(t) Fair Value Measurements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2010-06 (ASU 2010-06), *Improving Disclosures about Fair Value Measurements* ASU 2010-06 amends Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, to require a number of additional disclosures regarding fair value measurements and disclosure of the amounts of significant transfers between Level 1 and Level 2 investments and the reasons for such transfers, the reasons for any transfers into or out of Level 3 investments, and disclosure of the policy for determining when transfers among levels are recognized ASU 2010-06 also clarified that disclosures should be provided for each class of assets and liabilities and clarified the requirement to disclose information about the valuation techniques and inputs used in estimating Level 2 and Level 3 measurements Effective in fiscal year 2011, ASU 2010-06 also requires that information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances and settlements be provided on a gross basis The adoption of ASU 2010-06 only required additional disclosures and did not have an impact on the consolidated financial statements

The following methods and assumptions were used by the Corporation in estimating the fair value of its financial instruments

Cash and cash equivalents, accounts receivable, assets limited as to use, investments, accounts payable, accrued expenses and advances from third-party payors – The carrying amounts reported in the consolidated balance sheet approximate the related fair values

Long-term debt – The fair value of the long-term debt issued through the Maryland Health and Higher Educational Facilities Authority (Authority or MHHEFA), based on quoted market prices for the same or similar issues, at June 30, 2011 and 2010, was approximately $1,018,753,000 and $1,040,208,000, respectively The carrying amounts of other long-term debt reported in note 7 and on the consolidated balance sheet approximate the related fair values

(u) New Accounting Pronouncements

In April 2009, the FASB issued ASU No 2010-07, *Not-for-Profit Entities Mergers and Acquisitions (Topic 958)* This ASU established principles and requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition and makes other accounting literature fully applicable to not-for-profit entities This ASU is effective for mergers for which the merger date is on or after the beginning of an initial reporting period beginning on or after December 15, 2009, therefore, effective for the Corporation January 1, 2010 This ASU is effective for acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009, therefore, effective for the Corporation on July 1, 2010 It may not be applied to mergers or acquisitions before those dates The Corporation adopted the provisions of this guidance as of July 1, 2010 The adoption did not have an impact on the Corporation's financial position or results of operations for the year ended June 30, 2011 The Corporation completed the acquisition of Civista Health, Inc and Subsidiaries on July 1, 2011 The acquisition will be accounted for under the new guidance and accordingly, the acquired entity will be recorded by the Corporation at its fair value as of the date of acquisition Refer to note 21 Subsequent Events for additional disclosure regarding the transaction

ASU 2010-07 also amends previous guidance for the reporting of goodwill and other intangibles and noncontrolling interests in consolidated financial statements to make their provisions fully applicable to not-for-profit entities This guidance establishes that goodwill be tested annually for impairment and an impairment loss be recognized if it is determined that the carrying amount of the reporting unit's net assets exceeds its fair value Beginning on July 1, 2010, the Corporation applied the transition provisions of the guidance, which requires the Corporation to cease amortization of previously recognized goodwill and to test goodwill for impairment annually or more frequently if events or circumstances indicate that the carrying value of an asset may not be recoverable The Corporation completed the transitional and annual goodwill impairment test No adjustments to the carrying value of previously recognized goodwill were recorded during the year ended June 30, 2011

In August 2010, the FASB issued ASU No 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* The amendments in the ASU clarify that a health care entity may not net insurance recoveries against related claim liabilities In addition, the amount of the claim liability must be determined without consideration of insurance recoveries This ASU is effective for the Corporation on July 1, 2011

In August 2010, the FASB issued ASU No 2010-23, *Health Care Entities (Topic 954) Measuring Charity Care for Disclosure* ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care ASU 2010-23 requires that cost be used at the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect cost of providing the charity care, and requires disclosure of the method used to identify or determine such costs This ASU is effective for the Corporation on July 1, 2011

In July 2011, the FASB issued ASU No 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debt, and the Allowance for Doubtful Accounts* The ASU requires health care entities that recognize significant amounts of patient service revenue to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations This ASU is effective for the Corporation on July 1, 2012, with early adoption permitted

In September 2011, the FASB issued ASU No 2011-08, *Intangibles – Goodwill and Other (Topic 350)* This ASU is effective for fiscal years beginning after December 15, 2011, with early adoption permitted This ASU is effective for the Corporation on July 1, 2012

The Corporation does not anticipate that the adoption of the aforementioned pronouncements that will become effective in future fiscal years, will have a material impact on its financial position or its results of operations *(v) Use of Estimates*

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

(2) Investments and Assets Limited as to Use

The fair value of assets limited as to use was as follows at June 30 (in thousands)

		2011	2010
Debt service and reserve funds	$	76,967	74,160
Construction funds – held by trustee		75,027	123,877
Board designated funds		97,307	86,666
Construction funds – held by the Corporation		105,798	80,212
Self-insurance trust funds		99,663	84,920
Funds restricted by donors		49,016	41,073
Economic and beneficial interests in the net assets of related organizations (note 12)		41,802	38,439
Total assets limited as to use		545,580	529,347
Less amounts available for current liabilities		(40,114)	(39,228)
Total assets limited as to use, less current portion	$	505,466	490,119

The composition and fair value of assets limited as to use were as follows at June 30, 2011 (in thousands)

		Debt service and reserve funds	Construction funds	Board designated funds	Self-insurance trust funds	Funds restricted by donors	Economic and beneficial interests	Total
Cash and cash equivalents	$	33,491	73,904	9,773	477	7,317	—	124,962
Corporate bonds		—	2,928	2,862	1,117	4,349	—	11,256
Collateralized corporate obligations		—	1,684	1,627	3	287	—	3,601
U S government and agency securities		43,476	74,791	2,819	604	499	—	122,189
Common stocks, including mutual funds		—	13,804	39,617	1,036	23,894	—	78,351
Alternative investments		—	13,714	40,609	—	12,670	—	66,993
Assets held by other organizations		—	—	—	96,426	—	41,802	138,228
Total assets limited as to use	$	76,967	180,825	97,307	99,663	49,016	41,802	545,580

The composition and fair value of assets limited as to use were as follows at June 30, 2010 (in thousands)

	Debt service and reserve funds	Construction funds	Board designated funds	Self-insurance trust funds	Funds restricted by donors	Economic and beneficial interests	Total
Cash and cash equivalents	$ 29,357	42,029	7,328	472	10,000	—	89,186
Corporate bonds	—	5,196	18,118	1,072	8,299	—	32,685
Collateralized corporate obligations	—	2,459	1,840	3	31	—	4,333
U S government and agency securities	44,803	127,937	3,038	587	197	—	176,562
Common stocks	—	13,674	26,738	1,006	15,143	—	56,561
Alternative investments	—	12,794	29,604	—	7,403	—	49,801
Assets held by other organizations	—	—	—	81,780	—	38,439	120,219
Total assets limited as to use	$ 74,160	204,089	86,666	84,920	41,073	38,439	529,347

Self-insurance trust funds include amounts held by the Maryland Medicine Comprehensive Insurance Program (MMCIP) for payment of malpractice claims These assets consist primarily of stocks, fixed-income corporate obligations, and alternative investments MMCIP is a funding mechanism for the Corporation's malpractice insurance program As MMCIP is not an insurance provider, transactions with MMCIP are recorded under the deposit method of accounting Accordingly, the Corporation accounts for its participation in MMCIP by carrying limited-use assets representing the amount of funds contributed to MMCIP and recording a liability for claims, which is included in other current and other long-term liabilities in the accompanying consolidated balance sheets

The composition and fair value of investments not limited as to use were as follows at June 30 (in thousands)

	2011	2010
Cash and cash equivalents	$ 37,789	7,705
Corporate bonds	28,547	40,418
Collateralized corporate obligations	16,403	16,130
U S government and agency securities	28,421	26,875
Common stocks	147,967	97,569
Alternative investments	147,723	92,411
	$ 406,850	281,108

Investments at June 30, 2011 include $150,000,000 of funds for potential future commitments in accordance with the Affiliation Agreement with Upper Chesapeake Health System as discussed in note 4

Alternative investments include hedge fund, private equity, and commingled fund investments, which are valued using the equity method of accounting

(Continued)

Fair value disclosures related to the Corporation's investments and assets limited as to use are provided in note 19

The Corporation's total return on its investments and assets limited as to use was as follows for the years ended June 30 (in thousands)

		2011	2010
Dividends and interest, net of fees	$	10,557	13,232
Net realized gains (losses)		30,107	(10,176)
Change in fair value of other-than-trading securities		—	—
Change in fair value of trading securities		40,186	48,879
Total investment gain	$	80,850	51,935

Total investment gain is classified in the consolidated statements of operations as follows for the years ended June 30 (in thousands)

		2011	2010
Nonoperating investment income	$	39,207	136
Other operating revenue		—	2,733
Change in fair value of unrestricted investments		36,364	45,592
Investment gains on restricted net assets		5,279	3,474
Total investment return	$	80,850	51,935

Investment return does not include the returns on the economic interests in the net assets of related organizations, the returns on the self-insurance trust funds, returns on undesignated interest rates swaps, or the returns on certain construction funds where amounts have been capitalized

(3) Property and Equipment

The following is a summary of property and equipment at June 30 (in thousands)

		2011	2010
Land	$	82,279	72,945
Buildings		972,683	955,181
Building and leasehold improvements		445,868	433,071
Equipment		948,188	916,454
Construction in progress		141,624	84,513
		2,590,642	2,462,164
Less accumulated depreciation and amortization		(1,291,992)	(1,222,050)
	$	1,298,650	1,240,114

Interest cost capitalized was $2,942,000 and $1,501,000 (net of interest income of $200,000 and $374,000) for the years ended June 30, 2011 and 2010, respectively

Remaining commitments on construction projects were approximately $100,927,000 at June 30, 2011

Construction in progress includes building and renovation costs for assets that have not yet been placed into service These costs relate to major construction projects as well as routine renovations under way at the Corporation's facilities

Depreciation expense was $128,970,000 and $117,470,000 for the years ended June 30, 2011 and 2010, respectively

(4) Investments in Joint Ventures

The Corporation has investments of $169,220,000 and $107,851,000 at June 30, 2011 and 2010, respectively, in the following unconsolidated joint ventures

Joint venture	Business purpose	Percent ownership FY2011	Percent ownership FY2010
Lithogroup, Inc	Lithotripsy provider	25%	25%
Shipley's Imaging Center, LLC	Freestanding imaging center	50	50
Maryland Care, Inc	Managed care organization	25	25
Innovative Health Services, LLC	Third-party insurance claims processor	50	50
Helen P Denit Cancer Treatment Center, LLC	Cancer treatment services	—	50
NAH/Sunrise of Severna Park, LLC	Senior living facility	50	50
Terrapin Insurance Company (Terrapin)	Healthcare professional liability insurance company	50	50
Mt Washington Pediatric Hospital, Inc (Mt Washington)	Healthcare services	50	50
UCHS/UMMS Venture, LLC	Healthcare services	49	34
Central Maryland Radiation Oncology Center LLC	Healthcare services	50	50

The Corporation recorded equity in net earnings of $20,534,000 and $3,514,000 related to these joint ventures for the years ended June 30, 2011 and 2010, respectively

Effective June 26, 2009, the Corporation entered into a Membership Interest Purchase Agreement (Membership Agreement) with Upper Chesapeake Health System, Inc (UCHS), a healthcare system located in Harford County, Maryland, whereby the Corporation purchased a 20% interest in the Upper Chesapeake Health System/University of Maryland Medical System Venture, LLC (UCHS/UMMS Venture, LLC) for $31,500,000 On October 1, 2009, the Corporation entered into an Affiliation Agreement with UCHS and the UCHS/UMMS Venture, LLC whereby the Corporation paid an additional $26,750,000 to UCHS/UMMS Venture, LLC for an additional 14% interest in the UCHS/UMMS Venture, LLC This payment increased the Corporation's membership interest of the UCHS/UMMS Venture, LLC to 34% In accordance with the Affiliation Agreement, the Corporation paid an additional $26,750,000 to UCHS/UMMS Venture, LLC on October 1, 2010 This payment increased the Corporation's membership interest in UCHS/UMMS Venture, LLC to 49% In accordance with the Affiliation Agreement, the Corporation has designated $150 million for future capital improvements of UCHS/UMMS Venture, LLC The Corporation has committed no less than $176 million to UCHS/UMMS Venture, LLC for future capital improvements over the next several years, which will increase the Corporation's membership interest in the UCHS/UMMS Venture, LLC to 100%

The following is a summary of the Corporation's joint ventures' combined unaudited condensed financial information as of and for the years ended June 30 (in thousands)

		2011				
		Mt. Washington	Terrapin	UCHS/UMMS Venture, LLC	Others	Total
Current assets	$	24,051	12,398	97,163	106,151	239,763
Noncurrent assets		47,759	117,524	280,831	70,833	516,947
Total assets	$	71,810	129,922	377,994	176,984	756,710
Current liabilities	$	9,555	3,092	51,643	94,637	158,927
Noncurrent liabilities		8,189	124,880	199,695	2,636	335,400
Net assets		54,066	1,950	126,656	79,711	262,383
Total liabilities and net assets	$	71,810	129,922	377,994	176,984	756,710
Total operating revenue	$	50,383	25,361	348,101	668,703	1,092,548
Total operating expenses		(46,455)	(34,826)	(340,285)	(644,939)	(1,066,505)
Total nonoperating gains/(losses), net		5,168	9,465	19,327	(9,139)	24,821
Other changes in net assets, net		654		30,920	(3,817)	27,757
Increase in net assets	$	9,750	—	58,063	10,808	78,621

		2010				
		Mt. Washington	Terrapin	UCHS/UMMS Venture, LLC	Others	Total
Current assets	$	25,450	22,584	68,282	118,293	234,609
Noncurrent assets		37,752	105,559	259,953	60,613	463,877
Total assets	$	63,202	128,143	328,235	178,906	698,486
Current liabilities	$	9,636	102	49,865	106,300	165,903
Noncurrent liabilities		9,250	126,091	209,777	3,703	348,821
Net assets		44,316	1,950	68,593	68,903	183,762
Total liabilities and net assets	$	63,202	128,143	328,235	178,906	698,486
Total operating revenue	$	48,901	24,942	294,636	514,305	882,784
Total operating expenses		(46,582)	(33,643)	(282,268)	(499,356)	(861,849)
Total nonoperating gains/(losses), net		2,244	8,701	(9,574)	1,734	3,105
Other changes in net assets, net		3,068	—	28,609	14,006	45,683
Increase in net assets	$	7,631	—	31,403	30,689	69,723

(5) Leases

The Corporation rents various equipment and facility space. Rent expense under these operating leases for the years ended June 30, 2011 and 2010 was approximately $16,150,000 and $16,516,000, respectively.

Future noncancelable minimum lease payments under operating leases are as follows for the years ending June 30 (in thousands):

2012	$	5,677
2013		4,541
2014		4,105
2015		3,626
2016		2,579
Thereafter		10,864
	$	31,392

The Corporation rents property used for administration under a 99-year lease. The lease was recorded as a capital lease, and the Corporation recorded assets at their respective fair values of $3,770,000 and $29,230,000 for land and buildings, respectively. The lease includes an option for the Corporation to purchase the property during the period from April 20, 2017 to February 28, 2021 for a purchase price of not less than $37,000,000 but not more than $45,000,000 as determined by appraisals. In addition, the lease agreement includes a put option exercisable through February 28, 2013, whereby the lessor may require the

Corporation to purchase the building for $37,000,000 As of June 30, 2011 and 2010, amounts of $34,949,000 and $34,680,000, respectively, representing obligations under the lease have been recorded in other current liabilities

As of June 30, 2011, amounts of $2,830,000 and $10,169,000 representing obligations under all other capital leases are included in other current liabilities and other long-term liabilities, respectively

The following is a summary of all property and equipment under capital leases at June 30 (in thousands)

		2011	2010
Land	$	3,770	3,770
Buildings		29,230	29,230
Equipment		18,555	14,771
		51,555	47,771
Less accumulated amortization		(9,813)	(5,621)
	$	41,742	42,150

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, are as follows as of June 30, 2011 (in thousands)

2012	$	6,183
2013		11,458
2014		4,256
2015		3,759
2016		3,505
Thereafter		39,807
Total minimum lease payments		68,968
Less amounts representing interest		(21,020)
Present value of net minimum lease payments	$	47,948

(6) Lines of Credit

The Medical Center had unsecured credit lines totaling $75,000,000 at June 30, 2011 and $65,000,000 at June 30, 2010, available for working capital purposes under bank credit agreements, of which $54,600,000 and $63,300,000 was outstanding at June 30, 2011 and 2010, respectively Interest is charged on the outstanding balance based on one-month LIBOR plus a percentage spread (rates ranged from 0 99% – 3 25% at June 30, 2011)

Maryland General maintained an unsecured line of credit arrangement with a bank of $5,000,000, of which there was no outstanding balance as of June 30, 2011 or 2010 Interest is charged on the outstanding balance at one-month LIBOR plus 2 20% (2 39% at June 30, 2011)

Baltimore Washington maintained an unsecured line of credit arrangement with a bank of $5,000,000 at June 30, 2010, of which there was no outstanding balance as of June 30, 2010

(7) Long-Term Debt and Other Borrowings

Long-term debt consists of the following at June 30 (in thousands)

	Interest rate	Payable in fiscal year(s)		2011	2010
MHHEFA project revenue bonds					
Corporation issue, payments due annually on July 1					
Series 2010 Bonds	2 00% – 5 25%	2011 – 2040	$	237,210	242,385
Series 2008A-E Bonds	Variable rate	2025 – 2042		280,000	280,000
Series 2008F Bonds	4 00% – 5 25%	2009 – 2024		75,785	81,395
Series 2007A/B Bonds	Variable rate	2008 – 2035		137,320	137,420
Series 2006A Bonds	4 50% – 5 00%	2026 – 2042		45,000	45,000
Series 2005 Bonds	4 00% – 5 50%	2006 – 2032		138,590	141,390
Series 2004B Bonds	3 20% – 5 00%	2005 – 2025		28,165	29,565
Series 2002 Bonds	5 00%	2004 – 2013		2,785	4,085
Series 2001 Bonds	4 25% – 5 00%	2006 – 2012		1,275	2,410
Series 1991B Bonds	7 00%	1992 – 2023		27,315	27,315
Shore Health issue, payments due annually on July 1					
Series 1998 Bonds	4 15% – 5 25%	2000 – 2020		21,115	22,955
MHHEFA pooled loan program					
Chester River Issue, payments due semi-annually on July and January 1 Commercial paper series	Variable rate	1990 – 2013		630	865
MHHEFA variable rate demand bonds					
Chester River Issue, payments due semi-annually on July and January 1 MHHEFA D	Variable rate	2004 – 2024		2,080	2,395
MHHEFA master lease and sublease	4 40%	2006 – 2013		1,170	1,765

	Interest rate	Payable in fiscal year(s)	2011	2010
Other long-term debt				
North Arundel Senior Living, LLC Mortgage	Variable rate	Monthly, 2014	$ 10,909	11,167
Term loans	Variable rate	2010 – 2013	43,008	26,644
Other loans and notes payable	5.00% – 7.00%	Monthly, 1991 – 2023	4,462	4,990
			1,056,819	1,061,746
Less current portion of long-term debt			24,242	36,442
Less long-term debt subject to short-term remarketing agreements			166,765	70,069
			865,812	955,235
Plus unamortized premiums and discounts, net			3,560	4,008
			$ 869,372	959,243

Pursuant to a Master Loan Agreement dated June 20, 1991 (Master Loan Agreement), as amended, the Corporation and several of its subsidiaries have issued debt through MHHEFA. As security for the performance of the bond obligation under the Master Loan Agreement, the Authority maintains a security interest in the revenue of the obligors. The Master Loan Agreement contains certain restrictive covenants. These covenants require that rates and charges be set at certain levels, limit incurrence of additional debt, require compliance with certain operating ratios and restrict the disposition of assets.

The Obligated Group under the Master Loan Agreement includes the Medical Center, University Specialty, Kernan Hospital, Maryland General Hospital, Baltimore Washington Medical Center, and Shore Health. Each member of the Obligated Group is jointly and severally liable for the repayment of the obligations under the Master Loan Agreement. In January 2010, Chester River Health System and the UMMS Foundation were added to the Obligated Group.

Under the terms of the Master Loan Agreement and other loan agreements, certain funds are required to be maintained on deposit with the Master Trustee to provide for repayment of the obligations of the Obligated Group (note 2).

In January 2010, the Corporation refunded $95,905,000 of the Series 2008G, 2008H, and Shore Health issue Series 2004A bonds. The refunding was completed using the proceeds of a new $242,385,000 fixed-rate MHHEFA bond issue (the Series 2010 Bonds). The unamortized portion of issuance costs on the refunded debt of $816,000 was expensed as a loss on early extinguishment of debt during the year ended June 30, 2010.

The payment of principal and interest on the Series 2005 Bonds and the Series 2004B Bonds is insured under a financial guaranty insurance policy. This policy insures the payment of principal, sinking fund installments and interest on the corresponding bonds Premiums related to the policy as well as other costs incurred relating to the bond issuances were capitalized and are being amortized over the life of the bonds The insurance policy requires the Obligated Group to adhere to the same covenants as those in the Master Loan Agreement

The aggregate annual future maturities of long-term debt according to the original terms of the Master Loan Agreement and all other loan agreements are as follows for the years ending June 30 (in thousands)

2012	$	24,242
2013		52,987
2014		42,646
2015		23,262
2016		24,356
Thereafter		889,326
	$	1,056,819

The Corporation's Series 2007A/B and 2008A-E, and Chester River's MHHEFA Series D and Pooled Loan issuances, are variable rate demand bonds requiring remarketing agents to purchase and remarket any bonds tendered before the stated maturity date The reimbursement obligations with respect to the letters of credit are evidenced and secured by the respective bonds To provide liquidity support for the timely payment of any bonds that are not successfully remarketed, the Corporation has entered into letter of credit agreements with six banking institutions These agreements have terms that expire in 2012 through 2014 If the bonds are not successfully remarketed, the Corporation is required to pay an interest rate specified in the letter of credit agreement, and the principal repayment of bonds may be accelerated to require repayment in periods ranging from 20 to 60 months from the date of the failed remarketing The Corporation has reflected the amount of its long-term debt that is subject to these short-term remarketing arrangements as a separate component of current liabilities in its consolidated balance sheets In the event that bonds are not remarketed, the Corporation maintains available lines of credit and has the ability to access other sources to obtain the necessary liquidity to comply with accelerated repayment terms All variable rate demand bonds were successfully remarketed as of June 30, 2011

The following table reflects the required repayment terms for the years ended June 30 (in thousands) of the Corporation's debt obligations in the event that the put options associated with variable rate demand bonds subject to short-term remarketing agreements were exercised, but not successfully remarketed

2012	$	191,007
2013		253,097
2014		95,701
2015		23,262
2016		24,356
Thereafter		469,396
	$	1,056,819

The approximate interest rates on MHHEFA project revenue bonds bearing interest at variable rates were as follows at June 30

	2011	2010
Series 2008A Bonds	0 20%	0 50%
Series 2008B Bonds	0 07	0 22
Series 2008C Bonds	0 09	0 26
Series 2008D Bonds	0 04	0 17
Series 2008E Bonds	0 08	0 29
Series 2007A Bonds	0 07	0 26
Series 2007B Bonds	0 07	0 28
Pooled Loan Program Series A and D, Chester River Issue	0 08	0 30

Chester River's MHHEFA Series D and Pooled Loan notes are secured by CRHS's buildings and equipment, as well as an irrevocable letter of credit, which expires in April 2012 Under the terms of the related loan and letter of credit agreements, Chester River is required to comply with certain restrictive covenants including maintenance of debt to equity and other financial tests

In May 2006, CRHC entered into a Master Lease and Sublease Agreement (the CRHC Agreement) with MHHEFA and a financial institution to provide financing for CRHC to lease certain equipment essential or convenient for the operation of CRHC The CRHC Agreement expires in May 2013 During the term of the CRHC Agreement, MHHEFA has legal title to the equipment, including any software license components At the end of the CRHC Agreement, CRHC has the option to purchase the equipment for a notional amount of $1

The Medical Center had term loans outstanding totaling $38,827,000 and $22,238,000 at June 30, 2011 and 2010, respectively One loan ($11,600,000) is due in December 2011 and is charged interest at a rate of one-month LIBOR plus 0 29% (0 48% at June 30, 2011) The second loan ($26,750,000) is scheduled to be repaid commencing in January 2013 with 11 equal monthly installments, beginning February 2012, of $223,000 and a final installment for the remaining balance This loan is charged interest monthly at one-month LIBOR plus 2 75% (2 9355% at June 30, 2011) The third loan ($477,000) was repaid in August 2011 Baltimore Washington had a term loan outstanding of $4,181,000 and $4,406,000 at June 30, 2011 and 2010, respectively, upon which interest is charged at a rate of one-month LIBOR plus 1 75% (2 19% at June 30, 2011)

(8) Interest Rate Risk Management

The Corporation uses a combination of fixed and variable rate debt to finance capital needs The Corporation maintains an interest rate risk-management strategy that uses interest rate swaps to minimize significant, unanticipated earnings fluctuations that may arise from volatility in interest rates At June 30, 2011 and 2010, the notional values of outstanding interest rate swaps were $609,669,000 and $609,869,000, respectively The interest rate swap agreements provide the Corporation synthetically fixed interest rates ranging from 3 6% – 4 0% with termination dates in 2031 through 2041

Certain swaps representing a total notional amount of $137,320,000 qualify as, and are designated as, cash flow hedges. Changes in the fair value of these designated swaps that effectively offset the variability of cash flows associated with the variable rate debt obligation initially are excluded from the excess of revenue over expenses and are reported as a change in the fair value of interest rate swap agreements included in the consolidated statement of changes in net assets. These amounts subsequently are reclassified into interest expense as a yield adjustment of the hedged debt obligation in the same period in which the related interest affects the excess of revenues over expenses. An unrealized gain (loss) on the designated swaps of $2,298,000 and $(7,410,000) is recorded in other changes in unrestricted net assets for the years ended June 30, 2011 and 2010, respectively. For the years ended June 30, 2011 and 2010, the Corporation recognized a net gain of $2,237,000 and $461,000, respectively, representing hedge ineffectiveness on the designated swaps, which is included in interest expense. The accumulated loss on changes in the fair value of designated swaps that is included in unrestricted net assets was $23,181,000 and $25,479,000 at June 30, 2011 and 2010.

Beginning in March 2008, previously designated cash flow hedging relationships were de-designated for accounting purposes. Accordingly, all changes in the fair value of the de-designated swaps since that date have been recognized in nonoperating gains (losses) in the accompanying consolidated statements of operations. The de-designated swaps represent a total notional amount of $380,000,000 as of June 30, 2011 and 2010. The Corporation recorded a net nonoperating gain (loss) on de-designated interest rate swaps of $18,640,000 and $(33,700,000) for the years ended June 30, 2011 and 2010, respectively.

The Corporation has a forward-starting swap agreement representing a total notional amount of $92,348,500 that takes effect on July 1, 2012. The forward-starting swap agreement provides the Corporation with a synthetically fixed interest rate of 3.6%.

The Corporation recognizes the fair value of interest rate swaps as a component of assets or liabilities, as appropriate. At June 30, 2011 and 2010, a liability representing the fair value of the Corporation's interest rate swaps, including forward-starting swaps, amounts to $105,400,000 and $128,575,000, respectively.

The Corporation is subject to a collateral posting requirement with one of its swap counterparties. Collateral posting requirements are based on the Corporation's long-term debt credit ratings, as well as the net liability position of total interest rate swap agreements outstanding with that counterparty. The amount of such posted collateral was $41,276,000 and $56,242,000 at June 30, 2011 and 2010, respectively, and is included as a component of other current assets on the Corporation's consolidated balance sheets.

(9) Other Liabilities

Other liabilities consist of the following at June 30 (in thousands)

		2011	2010
Malpractice and other self-insurance liabilities	$	51,104	53,228
Capital lease obligations		47,948	46,557
Accrued pension obligations		26,267	43,062
Accrued interest payable		14,580	14,793
Other		35,602	32,112
Total other liabilities		175,501	189,752
Less current portion		(87,643)	(83,958)
Other long-term liabilities	$	87,858	105,794

(10) Retirement Plans

Employees of the Corporation are included in various retirement plans established by the Corporation, the Medical Center, Kernan, University Specialty, Maryland General, Baltimore Washington, Shore Health, Chester River, and the State of Maryland Participation by employees in their specific plan(s) has evolved based upon the organization by which they were first employed and the elections that they made at the times when their original employers became part of the Corporation, if applicable Following is a brief description of each of the retirement plans in which employees of the Corporation participate

(a) Defined Benefit Plans

State of Maryland Retirement Plans – Defined benefit pension plans sponsored by the State of Maryland in which certain Medical Center and Kernan Hospital employees participate As required by an agreement with the State of Maryland at the time the Medical Center became an independent not-for-profit organization, the Corporation makes annual contributions to these plans related to certain employees who participate in these plans The total required contributions and annual installments were determined through actuarial analysis in 1984 and are being funded over a period of 32 years, the expected remaining service lives of the employees at that time These contributions are for the purpose of funding the net periodic pension costs for all remaining employees participating in these plans These contributions were fixed via agreement and the Corporation does not have any obligation to fund nor does it have the ability to reduce contributions if net periodic pension costs or the minimum funding requirements as defined by the Employee Retirement Income Security Act of 1974 (ERISA) differ from the fixed contribution The Corporation expenses costs of this plan as related services are rendered by employees At June 30, 2011 and 2010, the present value of the Corporation's remaining unfunded amounts under this agreement was $5,151,000 and $6,082,000, respectively Information as to the funded status of these plans and their relationship to the accumulated benefit obligations as they relate specifically to the Corporation's employees is not available

Maryland General Retirement Plan for Non – Union Employees – A noncontributory defined benefit plan covering substantially all nonunion employees The benefits are based on years of service and compensation Contributions to this plan are made to satisfy the minimum funding requirements of ERISA In 2006, Maryland General froze the defined benefit pension plan

Baltimore Washington Medical Center Pension Plan – A noncontributory defined benefit pension plan covering full-time employees who have been employed for at least one year and have reached 21 years of age

Baltimore Washington Medical Center Supplemental Executive Retirement Plan – A noncontributory defined benefit pension plan for senior management level employees

Chester River Health System, Inc Pension Plan and Trust – A noncontributory defined benefit pension plan covering substantially all CRHC employees as well as employees of a subsidiary The benefits are paid to retirees based upon age at retirement, years of service and average compensation Chester River's funding policy is to satisfy the minimum funding requirements of ERISA Effective June 30, 2008, Chester River froze the defined benefit pension plan

The Corporation recognizes the funded status (i e , difference between the fair value of plan assets and projected benefit obligations) of its defined benefit pension plans as an asset or liability in its consolidated balance sheet The Corporation recognizes changes in the funded status in the year in which the changes occur as changes in unrestricted net assets All defined benefit pension plans use a June 30 measurement date

The following table sets forth the combined benefit obligations and assets of the defined benefit plans (excluding the State of Maryland Retirement Plan) at June 30 (in thousands)

		2011	2010
Change in projected benefit obligations			
Benefit obligations at beginning of year	$	125,518	110,855
Plan amendment		—	—
Settlements		(1,373)	—
Service cost		2,649	2,176
Interest cost		6,213	6,433
Actuarial loss		(2,851)	10,351
Benefit payments		(4,821)	(4,297)
Projected benefit obligations at end of year	$	125,335	125,518
Change in plan assets			
Fair value of plan assets at beginning of year	$	82,456	70,337
Actual return on plan assets		14,169	8,580
Settlements		(1,373)	—
Employer contributions		8,637	7,836
Benefit payments		(4,821)	(4,297)
Fair value of plan assets at end of year	$	99,068	82,456
Accumulated benefit obligation at end of year	$	120,226	120,027

The funded status of the plans and amounts recognized as other long-term liabilities in the consolidated balance sheets at June 30 are as follows (in thousands)

		2011	2010
Funded status, end of period			
Fair value of plan assets	$	99,068	82,456
Projected benefit obligations		125,335	125,518
	$	(26,267)	(43,062)
Amounts recognized in unrestricted net assets at June 30			
Net actuarial loss	$	(45,595)	(61,832)
Prior service cost		(534)	(619)
	$	(46,129)	(62,451)

The estimated amounts that will be amortized from unrestricted net assets into net periodic pension cost in fiscal 2012 are as follows

Net actuarial loss	$	(3,490)
Prior service cost		(87)
	$	(3,577)

The components of net periodic pension cost for the years ended June 30 are as follows (in thousands)

		2011	2010
Service cost	$	2,649	2,176
Interest cost		6,213	6,433
Expected return on plan assets		(6,661)	(6,242)
Prior service cost recognized		85	85
Recognized gains or losses		5,878	3,158
Net periodic pension cost	$	8,164	5,610

The following table presents the weighted average assumptions used to determine benefit obligations for the plans at June 30

	2011	2010
Discount rate	5 25%	5 00%
Rate of compensation increase (for nonfrozen plan)	5 00	5 00

The following table presents the weighted average assumptions used to determine net periodic benefit cost for the plans for the years ended June 30

	2011	2010
Discount rate	5 00%	6 00%
Expected long-term return on plan assets	7 75	7 75% – 8 00%
Rate of compensation increase (for nonfrozen plan)	5 00	5 00%

The investment policies of the Corporation's pension plans incorporate asset allocation and investment strategies designed to earn superior returns on plan assets consistent with reasonable and prudent levels of risk Investments are diversified across classes, sectors, and manager style to minimize the risk of loss The Corporation uses investment managers specializing in each asset category, and regularly monitors performance and compliance with investment guidelines In developing the expected long-term rate of return on assets assumption, the Corporation considered the current level of expected returns on risk-free investments, the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The Corporation's pension plans' target allocation and weighted average asset allocations at the measurement date of June 30, 2011 and 2010, by asset category, are as follows:

Asset category	Target allocation	Percentage of plan assets as of June 30 2011	2010
Cash and cash equivalents	0 – 10%	7%	22%
Fixed income securities	25 – 45%	27	14
Equity securities	30 – 50%	39	46
Global asset allocation	10 – 20%	17	—
Hedge funds	5 – 15%	10	18
		100%	100%

Equity and fixed income securities include investments in hedge fund of funds that are categorized in accordance with each fund's respective investment holdings. At both June 30, 2011 and 2010, the Corporation was in the process of implementing changes to its investment classification, which required the liquidation of certain assets, resulting in more cash on hand than targeted. This cash was used to purchase additional securities in subsequent periods in order to restore compliance with the target allocation.

The table below presents the Corporation's combined investable assets of the defined benefit pension plans, excluding the State of Maryland Retirement Plan, as of June 30, 2011 aggregated by the three level valuation hierarchy as described in note 19.

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 7,138	—	—	7,138
Fixed income mutual funds	22,536	—	—	22,536
Common and preferred stocks	6,549	—	—	6,549
Equity mutual funds	26,501	—	—	26,501
Other mutual funds	9,858	—	—	9,858
Alternative investments	—	16,594	9,892	26,486
	$ 72,582	16,594	9,892	99,068

The table below presents the Corporation's combined investable assets of the defined benefit pension plans, excluding the State of Maryland Retirement Plan, as of June 30, 2010, aggregated by the three level valuation hierarchy as described in note 19

		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$	23,700	—	—	23,700
Fixed income mutual funds		4,477	—	—	4,477
Common and preferred stocks		33,253	—	—	33,253
Equity mutual funds		5,548	—	1,138	6,686
Other mutual funds		—	—	—	—
Alternative investments		—	—	14,340	14,340
	$	66,978	—	15,478	82,456

Changes to Level 1 and Level 2 inputs between June 30, 2010 and June 30, 2011 were the result of strategic investments and reinvestments, interest income earnings, and changes in the fair value of investments

Changes to the fair values based on the Level 3 inputs are summarized as follows

		Equity mutual funds	Hedge funds	Total
Balance as of June 30, 2010	$	1,138	14,340	15,478
Additions/purchases		—	8,160	8,160
Withdrawals/sales		(1,372)	(11,691)	(13,063)
Net change in value		234	(917)	(683)
Balance as of June 30, 2011	$	—	9,892	9,892

The following summarizes the redemption terms for the hedge fund-of-funds vehicles alternative investments held as of June 30, 2011

	Fund 1	Fund 2
Redemption timing		
Redemption frequency	Monthly	Quarterly
Required notice	20 days	70 days
Audit reserve		
Percentage held back for audit reserve	—	—
Gates		
Potential gate holdback	None	None
Potential gate release timeframe	N/A	N/A

The Corporation expects to contribute $10,303,000 to its defined benefit pension plans for the fiscal year ending June 30, 2012

The following benefit payments, which reflect expected future employee service, as appropriate, are expected to be paid from plan assets in the following years ending June 30 (in thousands)

2012	$	3,962
2013		5,401
2014		5,994
2015		6,357
2016		6,641
2017 – 2019		47,698

The expected benefits to be paid are based on the same assumptions used to measure the Corporation's benefit obligation at June 30, 2011

(b) Defined Contribution Plans

Corporation Pension Plan – A noncontributory defined contribution plan for all eligible Corporation employees not participating in the State of Maryland Retirement Plans, the Kernan Plan, the University Specialty Retirement Plan or the Maryland General Plan described below Contributions to this plan by the Corporation are determined as a fixed percentage of total employees' base compensation

Corporation Salary Reduction 403(b) Plan – A contributory benefit plan covering substantially all employees not participating in the State of Maryland Retirement Plans, the Kernan Plan, the University Specialty Retirement Plan or the Maryland General Plan described below Employees are immediately eligible for elective deferrals of compensation as contributions to the plan

Kernan Tax Sheltered Annuity Plan – A contributory benefit plan administered by an insurance company for Kernan employees hired prior to a certain date in 1996 Employee contributions to this plan are eligible for a matching contribution by Kernan after participating employees have completed two years of credited service

University Specialty Retirement Plan – A defined contribution plan for substantially all full-time employees of University Specialty Employer contributions are made at the discretion of University Specialty's board of directors Employees may also make optional contributions within limits specified by the plan agreement

Maryland General Hospital, Inc 401(k) Profit Sharing Plan for Union Employees – Defined contribution plan for substantially all union employees of Maryland General Employer contributions to this plan are determined based on years of service and hours worked Employees are immediately eligible for elective deferrals of compensation as contributions to the plan

Baltimore Washington Retirement Plans – Defined contribution plans covering all employees of Baltimore Washington Medical Center, and certain related entities Employees are eligible for matching contributions after two years of service as defined in the plans

Shore Health System Retirement Plan – A contributory benefit plan covering substantially all employees of Shore Health Employees are eligible for matching contributions after one year of service

Chester River Retirement Plan – A contributory benefit plan covering substantially all employees of Chester River who have met the eligibility requirements

Total annual retirement costs incurred by the Corporation for the previously discussed defined contribution plans and the State of Maryland Retirement Plans were $22,794,000 and $22,051,000 for the years ended June 30, 2011 and 2010, respectively Such amounts are included in salaries, wages and benefits in the accompanying consolidated statements of operations

(11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are restricted primarily for the following purposes at June 30 (in thousands)

		2011	2010
Facility construction and renovations, research, education, and other	$	33,854	17,745
Economic and beneficial interests in the net assets of related organizations		41,802	38,439
	$	75,656	56,184

Net assets were released from donor restrictions during the years ended June 30, 2011 and 2010 by expending funds satisfying the restricted purposes or by occurrence of other events specified by donors as follows (in thousands)

		2011	2010
Purchases of equipment and construction costs	$	23,964	32,612
Research, education, uncompensated care, and other		3,639	5,890
	$	27,603	38,502

Included in net assets released from donor restrictions during the year ended June 30, 2011 for research, professional education, faculty support, uncompensated care and other is $3,416,000 related to nonoperating activities of the Foundation

Permanently restricted net assets consist primarily of gifts to be held in perpetuity, the income from which may be used to fund the operations of the Corporation

The Corporation's endowments consist of donor-restricted funds established for a variety of purposes Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

(a) Interpretation of Relevant Law

The Corporation has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund 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 MUPMIFA In accordance with MUPMIFA, the Corporation 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 purposes of the Corporation 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 Corporation

(7) The investment policies of the Corporation

Endowment net assets are as follows (in thousands)

		June 30, 2011			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	—	7,596	32,543	40,139

		June 30, 2010			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	—	4,930	31,247	36,177

(b) 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 MUPMIFA requires the Corporation to retain as a fund of perpetual duration The Corporation does not have any donor-restricted endowment funds that are below the level that the donor or MUPMIFA requires

(c) Investment Strategies

The Corporation has adopted policies for corporate investments, including endowment assets that seek to maximize risk-adjusted returns with preservation of principal Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s) The endowment assets are invested in a manner that is intended to hold a mix of investment assets designed to meet the objectives of the account The Corporation expects its endowment funds, over time, to provide an average rate of return that generates earnings to achieve the endowment purpose

To satisfy its long-term rate-of-return objectives, the Corporation 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) The Corporation employs a diversified asset allocation structure to achieve its long-term return objectives within prudent risk constraints

The Corporation monitors the endowment funds returns and appropriates average returns for use In establishing this practice, the Corporation considered the long-term expected return on its endowment This is consistent with the Corporation's 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

(12) Economic and Beneficial Interests in the Net Assets of Related Organizations

The Corporation is supported by several related organizations that were formed to raise funds on behalf of the Corporation and certain of its subsidiaries These interests are accounted for as either economic or beneficial interests in the net assets of such organizations

The following is a summary of economic and beneficial interests in the net assets of financially interrelated organizations as of June 30 (in thousands)

		2011	2010
Economic interests in			
The James Lawrence Kernan Hospital Endowment Fund, Incorporated	$	33,354	27,522
Baltimore Washington Medical Center Foundation, Inc		5,896	5,895
Maryland General Community Health Foundation, Inc		—	2,672
Total economic interests		39,250	36,089
Beneficial interest in the net assets of Dorchester General Hospital Foundation, Inc		2,552	2,350
	$	41,802	38,439

At the discretion of its board of trustees, the Kernan Endowment Fund may pledge securities to satisfy various collateral requirements on behalf of Kernan and may provide funding to Kernan to support various clinical programs or capital needs

BWMC Foundation was formed in July 2000 and supports the activities of Baltimore Washington Medical Center by soliciting charitable contributions on its behalf

The Maryland General Foundation contributed the remainder of its assets, approximately $2,590,000 and $18,000,000 of funds during the years ended June 30, 2011 and 2010, respectively, to support future Emergency Department capital projects at Maryland General, which is included in contributions and change in economic and beneficial interest in net assets of related organizations in the accompanying consolidated statement of changes in net assets The contribution made during the year ended June 30, 2011 constituted all of Maryland General Foundation's remaining assets

Shore Health maintains a beneficial interest in the net assets of Dorchester Foundation, a nonprofit corporation organized to raise funds on behalf of Dorchester Hospital Shore Health does not have control over the policies or decisions of the Dorchester Foundation

A summary of the combined unaudited condensed financial information of the financially interrelated organizations in which the Corporation holds an economic or beneficial interest as of June 30 is as follows (in thousands)

		2011	2010
Current assets	$	3,753	3,017
Noncurrent assets		39,061	37,047
Total assets	$	42,814	40,064
Current liabilities	$	374	419
Noncurrent liabilities		638	1,206
Net assets		41,802	38,439
Total liabilities and net assets	$	42,814	40,064
Total operating revenue	$	7,125	286
Total operating expense		(3,066)	(220)
Other changes in net assets		(696)	(14,967)
Total increase (decrease) in net assets	$	3,363	(14,901)

(13) State Support

The Corporation received $3,200,000 in support for the Shock Trauma Center operations from the State of Maryland in each of the years ended June 30, 2011 and 2010

The State of Maryland appropriates funds for specific construction costs incurred and equipment purchases made The Corporation recognizes this support as the funds are expended for the intended projects The Corporation expended and recorded $20,815,000 and $7,215,000 during the years ended June 30, 2011 and 2010, respectively

For the year ended June 30, 2011 and 2010, the Corporation received $750,000 of capital support from the State of Maryland for Kernan

(14) Functional Expenses

The Corporation provides general healthcare services to residents within its geographic location Expenses related to providing these services, based on management's estimates of expense allocations, are as follows for the years ended June 30 (in thousands)

		2011	2010
Healthcare services	$	1,915,587	1,839,257
General and administrative		328,336	297,266
	$	2,243,923	2,136,523

(15) Insurance

The Corporation and its affiliates are self-insured for professional and general liability claims up to the limits of $1.0 million on individual claims and $3.0 million in the aggregate on an annual basis. For amounts in excess of these limits, the risk of loss has been transferred to the Terrapin Insurance Company (Terrapin), an unconsolidated joint venture. Terrapin provides insurance for claims in excess of $1 million individually and $3 million in the aggregate up to $75 million individually and $75 million in the aggregate under claims made policies between the Corporation and Terrapin. For claims in excess of Terrapin's coverage limits, if any, the Corporation retains the risk of loss.

As discussed in note 4, Terrapin is a joint venture corporation in which a 50% equity interest is owned by the Corporation and a 50% equity interest is owned by University Physicians, Inc.

Based upon estimates made by independent actuaries, the Corporation provides for and funds the present value of the costs for professional and general liability claims and insurance coverage related to the projected liability from asserted and unasserted incidents, which the Corporation believes may ultimately result in a loss, risk management expenses and the projected costs to adjudicate claims. These accrued malpractice losses are discounted using a discount rate of 2.5% and, in management's opinion, provide an adequate and appropriate loss reserve.

Claims asserted based upon occurrences prior to the inception of the current insurance programs and those prior to certain of the Corporation's component hospitals becoming participants in the insurance programs are covered by other insurance arrangements.

Total malpractice insurance expense for the Corporation during the years ended June 30, 2011 and 2010 was approximately $32,581,000 and $30,107,000, respectively.

The Corporation is involved in claims and litigation on malpractice matters, which arise in the normal course of business, none of which, in the opinion of management, is expected to result in losses in excess of insurance limits or have a materially adverse effect on the Corporation's financial position.

The Corporation, and substantially all of its subsidiaries, are self-insured for workers' compensation and employee health claims.

(16) Business and Credit Concentrations

The Corporation provides healthcare services through its inpatient and outpatient care facilities located in the State of Maryland. The Corporation generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits receivable under their health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross, workers' compensation, health maintenance organizations (HMOs) and commercial insurance policies).

The Corporation had gross receivables from patients and third-party payors as follows at June 30:

	2011	2010
Medicare	20%	20%
Medicaid	33	37
Commercial insurance and HMOs	16	16
Blue Cross	12	12
Self-pay and others	19	15
	100%	100%

The Corporation recorded gross revenues from patients and third-party payors for the years ended June 30 as follows:

	2011	2010
Medicare	33%	34%
Medicaid	26	24
Commercial insurance and HMOs	16	17
Blue Cross	14	15
Self-pay and others	11	10
	100%	100%

(17) Certain Significant Risks and Uncertainties

The Corporation provides general acute healthcare services in the State of Maryland. The Corporation and other healthcare providers in Maryland are subject to certain inherent risks, including the following:

- Dependence on revenues derived from reimbursement by the Federal Medicare and state Medicaid programs;
- Regulation of hospital rates by the State of Maryland Health Services Cost Review Commission;
- Government regulation, government budgetary constraints and proposed legislative and regulatory changes; and
- Lawsuits alleging malpractice and related claims.

Such inherent risks require the use of certain management estimates in the preparation of the Corporation's consolidated financial statements and it is reasonably possible that a change in such estimates may occur.

The Medicare and state Medicaid reimbursement programs represent a substantial portion of the Corporation's revenues, and the Corporation's operations are subject to a variety of other federal, state and local regulatory requirements. Failure to maintain required regulatory approvals and licenses and/or changes in such regulatory requirements could have a significant adverse effect on the Corporation.

Changes in federal and state reimbursement funding mechanisms and related government budgetary constraints could have a significant adverse effect on the Corporation

The healthcare industry is subject to numerous laws and regulations from federal, state and local governments The Corporation's compliance with these laws and regulations can be subject to periodic governmental review and interpretation, which can result in regulatory action unknown or unasserted at this time Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the ordinary course of business, none of which, in the opinion of management, are expected to result in losses in excess of insurance limits or have a materially adverse effect on the Corporation's financial position

The federal government and many states have aggressively increased enforcement under Medicare and Medicaid anti-fraud and abuse laws and physician self-referral laws (STARK law and regulation) Recent federal initiatives have prompted a national review of federally funded healthcare programs In addition, the federal government and many states have implemented programs to audit and recover potential overpayments to providers from the Medicare and Medicaid programs The Corporation has implemented a compliance program to monitor conformance with applicable laws and regulations, but the possibility of future government review and enforcement action exists

As a result of recently enacted and pending federal healthcare reform legislation, substantial changes are anticipated in the U S healthcare system Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement to healthcare providers and the legal obligations of health insurers, providers and employers These provisions are currently slated to take effect at specified times over the next decade This federal healthcare reform legislation does not affect the consolidated financial statements for the year ended June 30, 2011

(18) Maryland Health Services Cost Review Commission (HSCRC)

Patient service revenue for hospital services is regulated by the HSCRC and recorded at rates established by the HSCRC The Medical Center, Kernan, Maryland General, and Baltimore Washington have Charge Per Case (CPC) agreements with the HSCRC The CPC agreements establish a prospectively approved average charge per inpatient case (inpatient cases are defined as hospital admissions plus births) and an estimated case mix index These approved CPC targets are adjusted during the rate year for actual changes in case mix The CPC agreements allow the hospital to adjust approved unit rates, within certain limits, to achieve the average charge per case targets for each rate year ending June 30 In 2011, the HSCRC implemented a charge per visit (CPV) methodology for hospital based outpatient services, which is similar in nature to the CPC inpatient methodology discussed above The CPV methodology establishes prospectively approved average charges per outpatient visit for the majority of outpatient services provided The remaining outpatient services are charged using the established HSCRC unit rates

Shore Health and Chester River have Total Patient Revenue (TPR) agreements with the HSCRC The TPR agreements establish an approved aggregate inpatient and outpatient revenue for regulated services to provide care for the patient population in the geographic region without regard for patient acuity or volumes

The HSCRC utilizes a bad debt pool into which each of the regulated hospitals in Maryland participates The funds in the bad debt pool are distributed to the hospitals that exceed the state average based upon the amount of uncompensated care delivered to patients during the year For the years ended June 30, 2011 and 2010, the Corporation recognized a net distribution from the pool of $47,558,000 and $47,642,000, respectively, which is recorded as net patient service revenue

(19) Fair Value of Financial Instruments

The Corporation has implemented the provisions of recent accounting guidance on fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis This guidance established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements) The three levels of the fair value hierarchy are as follows

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date
- Level 2 inputs are inputs other than quoted market prices including within Level 1 that are observable for the asset or liability, either directly or indirectly If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability
- Level 3 inputs are unobservable inputs for the asset or liability

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets The Corporation uses techniques consistent with the market approach and the income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted)

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety

As of June 30, 2011 and 2010, the Level 2 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs

(a) U.S. Government and Agency Securities

The fair value of investments in U S government, state, and municipal obligations is primarily determined using techniques consistent with the income approach Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads

(b) Corporate Bonds

The fair value of investments in U S and international corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options

(c) Collateralized Corporate Obligations

The fair value of collateralized corporate obligations is primarily determined using techniques consistent with the income approach, such as a discounted cash flow model Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes

(d) Derivative Liabilities

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach Derivative contracts include interest rate, credit default, and total return swaps Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity and recovery rates

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2011 (in thousands)

		Level 1	Level 2	Level 3	Total
Assets					
Investments					
Cash and cash equivalents	$	37,789	—	—	37,789
Corporate bonds		10,604	17,943	—	28,547
Collateralized corporate obligations		—	16,403	—	16,403
U S government and agency securities		10,568	17,853	—	28,421
Common and preferred stocks, including mutual funds		147,483	484	—	147,967
		206,444	52,683	—	259,127
Assets limited as to use					
Cash and cash equivalents		88,869	36,093	—	124,962
Corporate bonds		7,162	4,094	—	11,256
Collateralized corporate obligations		—	3,601	—	3,601
U S government and agency securities		2,668	119,521	—	122,189
Common and preferred stocks, including mutual funds		77,209	1,142	—	78,351
Investments held by other organizations		—	96,426	—	96,426
		175,908	260,877	—	436,785
	$	382,352	313,560	—	695,912
Liabilities					
Interest rate swap liabilities	$	—	105,400	—	105,400

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2010 (in thousands)

		Level 1	Level 2	Level 3	Total
Assets					
Investments					
Cash and cash equivalents	$	7,705	—	—	7,705
Corporate bonds		16,260	24,158	—	40,418
Collateralized corporate obligations		—	16,130	—	16,130
U S government and agency securities		13,924	12,951	—	26,875
Common and preferred stocks, including mutual funds		97,569	—	—	97,569
		135,458	53,239	—	188,697
Assets limited as to use					
Cash and cash equivalents		89,186	—	—	89,186
Corporate bonds		13,691	18,994	—	32,685
Collateralized corporate obligations		—	4,332	—	4,332
U S government and agency securities		91,510	85,052	—	176,562
Common and preferred stocks, including mutual funds		55,555	1,007	—	56,562
Investments held by other organizations		—	81,780	—	81,780
		249,942	191,165	—	441,107
	$	385,400	244,404	—	629,804
Liabilities					
Interest rate swap liabilities	$	—	128,575	—	128,575

Changes to Level 1 and Level 2 inputs between June 30, 2010 and June 30, 2011 were the result of strategic investments and reinvestments, interest income earnings, and changes in the fair value of investments

(20) Related Party Agreements

The Corporation has certain agreements with various departments of the University of Maryland School of Medicine concerning the provision of professional and administrative services to the Corporation and its patients Total expense under these agreements in the years ended June 30, 2011 and 2010 was approximately $97,160,000 and $98,144,000, respectively

(21) Subsequent Events

The corporation evaluated all events and transactions that occurred after June 30, 2011 and through October 27, 2011 Other than described below, the Corporation did not have any material recognizable subsequent events during the period

Effective July 1, 2011, the Corporation entered into an affiliation agreement with Civista Health, Inc and Subsidiaries (Civista), a healthcare system located in Southern Maryland, whereby the Corporation became the sole corporate member of Civista The Civista Medical Center, the largest component of Civista, has been operated by the Corporation under a management agreement that began in 2009 In accordance with the affiliation agreement, the Corporation paid Civista $4 million on July 1, 2011 to fund the purchase of the land on which Civista Medical Center is located The Corporation has also transferred $2 5 million to Civista to support operational and capital initiatives, and has committed an additional $10 million for similar investments over the next five years

The transaction will be accounted for under the guidance of ASU 2010-07, and accordingly, the Corporation will consolidate Civista at its fair value as of July 1, 2011 Such amounts are currently being determined The Corporation does not expect the fair value adjustment recorded during the year ended June 30, 2012 to have a material impact on the Corporation's consolidated financial statements

Summarized pro forma unaudited historical cost basis combined balance sheet and statement of operations information for the Corporation, its subsidiaries and Civista for the year ended June 30, 2011 is as follows (in thousands)

Operating revenues		
UMMS	$	2,344,204
Civista		108,613
Combined	$	2,452,817
Operating expenses		
UMMS	$	2,243,923
Civista		106,423
Combined	$	2,350,346
Net nonoperating revenues		
UMMS	$	102,853
Civista		1,672
Combined	$	104,525
Change in total net assets		
UMMS	$	268,654
Civista		6,256
Combined	$	274,910
Total net assets		
UMMS	$	1,251,034
Civista		24,362
Combined	$	1,275,396

Schedule 1

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2011

(In thousands)

Assets	University of Maryland Medical Center	University CARE	Kernan	University Specialty	Maryland General	Baltimore Washington	Shore Health	Chester River	UMMS Foundation	Shipley's	36 South Paca	Eliminations	Consolidated Total
Current assets:													
Cash and cash equivalents	$ 140,420	157	14,416	2,947	14,664	25,382	14,466	4,356	—	144	565	—	217,517
Assets limited as to use, current portion	37,469	—	—		986	833	471	355	—	—	—	—	40,114
Accounts receivable:													
Patient accounts receivable, less allowance for doubtful accounts of $161,124	152,030	163	12,026	5,606	13,523	39,571	30,081	9,421	—	—	—	—	262,421
Other	36,716	132	951	323	677	1,234	3,469	22	(2,672)	3,469	85	(19,827)	24,579
Inventories	18,119	39	990	616	2,043	6,014	3,774	586	—	—	—	—	32,181
Prepaid expenses and other current assets	39,391	11	105	24	300	8,954	1,150	682	1,500	—	—	(246)	51,871
Total current assets	424,145	502	28,488	9,516	32,193	81,988	53,411	15,422	(1,172)	3,613	650	(20,073)	628,683
Investments	304,671	—	13,154	5,303	—	48,420	30,162	5,140	—	—	—	—	406,850
Assets limited as to use, less current portion:													
Debt service funds	41,770	—	—	—	—	—	—	—	—	—	—	—	41,770
Construction funds	146,001	—	1,997	—	9,867	19,874	3,086	—	—	—	—	—	180,825
Board designated and escrow funds	—	—	—	—	—	—	60,096	5,000	32,211	—	—	—	97,307
Self-insurance trust funds	39,485	—	—	—	25,326	16,495	11,916	1,524	—	—	—	—	94,746
Funds restricted by donor	—	—	—	—	3,545	—	22,231	1,704	21,536	—	—	—	49,016
Economic and beneficial interests in the net assets of related organizations	56,843	—	34,982	407	735	5,896	2,552	—	—	—	—	(59,613)	41,802
	284,099	—	36,979	407	39,473	42,265	99,881	8,228	53,747	—	—	(59,613)	505,466
Property and equipment, net	717,512	—	36,592	20,025	93,667	269,170	119,120	24,493	1,807	6,336	9,928	—	1,298,650
Deferred financing costs, net	7,547	—	—	—	—	—	—	—	—	—	—	—	7,547
Investments in joint ventures and other assets	201,466	—	—	—	15,720	7,895	1,193	2,501	5,315	—	3,277	(58,222)	179,145
Total assets	$ 1,939,440	502	115,213	35,251	181,053	449,738	303,767	55,784	59,697	9,949	13,855	(137,908)	3,026,341

(Continued)

Schedule 1

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2011

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	University CARE	Kernan	University Specialty	Maryland General	Baltimore Washington	Shore Health	Chester River	UMMS Foundation	Shipley's	36 South Paca	Eliminations	Consolidated Total
Current liabilities:													
Trade accounts payable	$ 103,712	806	5,763	3,347	9,732	23,073	5,772	2,339	84	57	310	—	154,995
Accrued payroll and benefits	71,642	77	4,243	2,909	12,252	20,497	14,142	2,886	—	—	—	(228)	128,420
Advances from third-party payors	66,844	—	3,596	4,697	6,468	8,112	5,287	1,008	—	—	—	—	96,012
Lines of credit	54,600	—	—	—	—	—	—	—	—	—	—	—	54,600
Other current liabilities	79,192	148	1,600	11,653	4,670	2,297	3,971	1,616	—	—	2,207	(19,711)	87,643
Long-term debt subject to short-term remarketing arrangements	164,055	—	—	—	—	—	—	2,710	—	—	—	—	166,765
Current portion of long-term debt	15,051	—	270	300	1,036	4,619	1,883	1,216	—	—	—	(133)	24,242
Total current liabilities	555,096	1,031	15,472	22,906	34,158	58,598	31,055	11,775	84	57	2,517	(20,072)	712,677
Long-term debt, less current portion	517,591	—	12,319	6,956	41,524	202,112	85,845	3,025	—	—	—	—	869,372
Other long-term liabilities	32,272	—	441	186	24,594	15,370	6,980	8,015	—	—	—	—	87,858
Interest rate swap liabilities	105,400	—	—		—	—	—	—	—	—	—	—	105,400
Total liabilities	1,210,359	1,031	28,232	30,048	100,276	276,080	123,880	22,815	84	57	2,517	(20,072)	1,775,307
Net assets:													
Unrestricted	657,739	(529)	51,866	4,796	76,497	167,762	155,506	31,266	34,925	9,892	11,338	(58,223)	1,142,835
Temporarily restricted	70,929	—	35,115	407	4,280	5,896	12,197	323	6,122	—	—	(59,613)	75,656
Permanently restricted	413	—	—		—	—	12,184	1,380	18,566	—	—	—	32,543
Total net assets	729,081	(529)	86,981	5,203	80,777	173,658	179,887	32,969	59,613	9,892	11,338	(117,836)	1,251,034
Total liabilities and net assets	$ 1,939,440	502	115,213	35,251	181,053	449,738	303,767	55,784	59,697	9,949	13,855	(137,908)	3,026,341

See accompanying independent auditors' report.

Schedule 1-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Maryland General Health Systems (MGHS)

June 30, 2011

(In thousands)

Assets	Maryland General Health Systems, Inc.	Maryland General Hospital	Maryland General Clin. Prac. Group	Eliminations	MGHS Consolidated Total
Current assets					
Cash and cash equivalents	$ 51	14,551	62	—	14,664
Assets limited as to use, current portion	—	986	—	—	986
Accounts receivable					
Patient accounts receivable, less allowance for doubtful accounts of $12,908	—	12,804	719	—	13,523
Other	48	1,403	(774)	—	677
Inventories	—	2,043	—	—	2,043
Prepaid expenses and other current assets	—	300	—	—	300
Total current assets	99	32,087	7	—	32,193
Investments	—	—	—	—	—
Assets limited as to use, less current portion					
Debt service funds	—	—	—	—	—
Construction funds	—	9,867	—	—	9,867
Board designated and escrow funds	—	—	—	—	—
Self-insurance trust funds	—	25,326	—	—	25,326
Funds restricted by donor	—	3,545	—	—	3,545
Economic interests in the net assets of related organizations	—	735	—	—	735
	—	39,473	—	—	39,473
Property and equipment, net	2,175	91,492	—	—	93,667
Deferred financing costs, net	—	—	—	—	—
Investments in joint ventures and other assets	15,571	149	—	—	15,720
Total assets	$ 17,845	163,201	7	—	181,053

(Continued)

Schedule 1-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Maryland General Health Systems (MGHS)

June 30, 2011

(In thousands)

Liabilities and Net Assets	Maryland General Health Systems, Inc.	Maryland General Hospital	Maryland General Clin. Prac. Group	Eliminations	MGHS Consolidated Total
Current liabilities					
Trade accounts payable	$ 12	9,720	—	—	9,732
Accrued payroll and benefits	—	12,252	—	—	12,252
Advances from third-party payors	—	6,468	—	—	6,468
Lines of credit	—	—	—	—	—
Other current liabilities	—	4,670	—	—	4,670
Current portion of long-term debt	152	884	—	—	1,036
Total current liabilities	164	33,994	—	—	34,158
Long-term debt, less current portion	1,304	40,220	—	—	41,524
Other long-term liabilities	1	24,593	—	—	24,594
Total liabilities	1,469	98,807	—	—	100,276
Net assets					
Unrestricted	16,376	60,114	7	—	76,497
Temporarily restricted	—	4,280	—	—	4,280
Permanently restricted	—	—	—	—	—
Total net assets	16,376	64,394	7	—	80,777
Total liabilities and net assets	$ 17,845	163,201	7	—	181,053

See accompanying independent auditors' report

Schedule 1-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Baltimore Washington Medical System (BWMS)

June 30, 2011

(In thousands)

Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS Consolidated Total
Current assets							
Cash and cash equivalents	$ —	24,561	710	111	—	—	25,382
Assets limited as to use, current portion	—	833	—	—	—	—	833
Accounts receivable							
Patient accounts receivable, less allowance for doubtful accounts of $15,415	—	35,324	2,001	2,246	—	—	39,571
Other	30,476	1,234	3,939	—	(1,789)	(32,626)	1,234
Inventories	—	6,014	—	—	—	—	6,014
Prepaid expenses and other current assets	—	8,759	—	115	80	—	8,954
Total current assets	30,476	76,725	6,650	2,472	(1,709)	(32,626)	81,988
Investments	—	48,420	—	—	—	—	48,420
Assets limited as to use, less current portion							
Debt service funds	—	—	—	—	—	—	—
Construction funds	—	19,874	—	—	—	—	19,874
Board designated and escrow funds	—	—	—	—	—	—	—
Self-insurance trust funds	—	16,495	—	—	—	—	16,495
Funds restricted by donor	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	5,896	—	—	—	—	5,896
	—	42,265	—	—	—	—	42,265
Property and equipment, net	—	243,873	—	11,270	14,027	—	269,170
Deferred financing costs, net	—	—	—	—	—	—	—
Investments in joint ventures and other assets	144,541	630	—	2,296	—	(139,572)	7,895
Total assets	$ 175,017	411,913	6,650	16,038	12,318	(172,198)	449,738

(Continued)

Schedule 1-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Baltimore Washington Medical System (BWMS)

June 30, 2011

(In thousands)

Liabilities and Net Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS Consolidated Total
Current liabilities							
Trade accounts payable	$ 2	20,766	1,134	1,050	90	31	23,073
Accrued payroll and benefits	1,357	17,924	136	1,049	31	—	20,497
Advances from third-party payors	—	8,112	—	—	—	—	8,112
Lines of credit	—	—	—	—	—	—	—
Other current liabilities	—	24,434	—	10,520	—	(32,657)	2,297
Current portion of long-term debt	—	4,120	—	274	225	—	4,619
Total current liabilities	1,359	75,356	1,270	12,893	346	(32,626)	58,598
Long-term debt, less current portion	—	187,521	—	10,635	3,956	—	202,112
Other long-term liabilities	—	14,987	—	383	—	—	15,370
Total liabilities	1,359	277,864	1,270	23,911	4,302	(32,626)	276,080
Net assets							
Unrestricted	173,658	128,153	5,380	(7,873)	8,016	(139,572)	167,762
Temporarily restricted	—	5,896	—	—	—	—	5,896
Permanently restricted	—	—	—	—	—	—	—
Total net assets	173,658	134,049	5,380	(7,873)	8,016	(139,572)	173,658
Total liabilities and net assets	$ 175,017	411,913	6,650	16,038	12,318	(172,198)	449,738

See accompanying independent auditors' report

Schedule 1-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Health System (SHS)

June 30 2011

(In thousands)

Assets	Shore Health System, Inc	Memorial Hospital Foundation, Inc and Subsidiary	Care Health Services, Inc	Shore Health Enterprises, Inc and Subsidiary	Shore Clinical Foundation, Inc	Chesapeake Ear, Nose, Throat, Sinus, and Hearing Center, LLC	Chesapeake Neurological Surgery, LLC	Eliminations	SHS Consolidated Total
Current assets									
Cash and cash equivalents	$ 13 585	—	289	36	556	—	—	—	14 466
Assets limited as to use current portion	471	—	—	—	—	—	—	—	471
Accounts receivable									
Patient accounts receivable less allowance for doubtful accounts of $9 403	26 390	—	876	—	2 815	—	—	—	30 081
Other	4 276	201	2 882	—	529	—	—	(4 419)	3 469
Inventories	3 774	—	—	—	—	—	—	—	3 774
Prepaid expenses and other current assets	941	27	13	—	169	—	—	—	1 150
Total current assets	49 437	228	4 060	36	4 069	—	—	(4 419)	53 411
Investments	30 162	—	—	—	—	—	—	—	30 162
Assets limited as to use less current portion									
Debt service funds	—	—	—	—	—	—	—	—	—
Construction funds	3 086	—	—	—	—	—	—	—	3 086
Board designated and escrow funds	25 000	35 096	—	—	—	—	—	—	60 096
Self-insurance trust funds	11 916	—	—	—	—	—	—	—	11 916
Funds restricted by donor	3 852	18 379	—	—	—	—	—	—	22 231
Economic and beneficial interests in the net assets of related organizations	59 272	—	—	—	—	—	—	(56 720)	2 552
	103 126	53 475	—	—	—	—	—	(56 720)	99 881
Property and equipment net	112 836	3 778	438	714	1 354	—	—	—	119 120
Deferred financing costs net	—	—	—	—	—	—	—	—	—
Investments in joint ventures and other assets	8 799	24	—	—	—	—	—	(7 630)	1 193
Total assets	$ 304 360	57 505	4 498	750	5 423	—	—	(68 769)	303 767

(Continued)

Schedule 1-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Health System (SHS)

June 30, 2011

(In thousands)

Liabilities and Net Assets	Shore Health System, Inc	Memorial Hospital Foundation, Inc and Subsidiary	Care Health Services, Inc	Shore Health Enterprises, Inc and Subsidiary	Shore Clinical Foundation, Inc	Chesapeake Ear, Nose, Throat, Sinus, and Hearing Center, LLC	Chesapeake Neurological Surgery, LLC	Eliminations	SHS Consolidated Total
Current liabilities									
Trade accounts payable	$ 5,406	4	105	—	257	—	—	—	5,772
Accrued payroll and benefits	13,019	11	237	—	875	—	—	—	14,142
Advances from third-party payors	5,287	—	—	—	—	—	—	—	5,287
Lines of credit	—	—	—	—	—	—	—	—	—
Other current liabilities	6,197	741	2	1,450	—	—	—	(4,419)	3,971
Current portion of long-term debt	1,883	—	—	—	—	—	—	—	1,883
Total current liabilities	31,792	756	344	1,450	1,132	—	—	(4,419)	31,055
Long-term debt, less current portion	85,845	—	—	—	—	—	—	—	85,845
Other long-term liabilities	6,837	29	—	—	114	—	—	—	6,980
Total liabilities	124,474	785	344	1,450	1,246	—	—	(4,419)	123,880
Net assets									
Unrestricted	155,505	38,782	4,154	(700)	4,177	—	—	(46,412)	155,506
Temporarily restricted	12,197	8,674	—	—	—	—	—	(8,674)	12,197
Permanently restricted	12,184	9,264	—	—	—	—	—	(9,264)	12,184
Total net assets	179,886	56,720	4,154	(700)	4,177	—	—	(64,350)	179,887
Total liabilities and net assets	$ 304,360	57,505	4,498	750	5,423	—	—	(68,769)	303,767

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc (CRHS)

June 30, 2011

(In thousands)

Assets		Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS Consolidated Total
Current assets							
Cash and cash equivalents	$	2,050	748	376	1,182	—	4,356
Assets limited as to use, current portion		355	—	—	—	—	355
Accounts receivable							
Patient accounts receivable, less allowance for doubtful accounts of $6,598		8,570	581	270	—	—	9,421
Other		196	16	5	—	(195)	22
Inventories		582	4	—	—	—	586
Prepaid expenses and other current assets		624	58	—	—	—	682
Total current assets		12,377	1,407	651	1,182	(195)	15,422
Investments		3,664	—	1,246	230	—	5,140
Assets limited as to use, less current portion							
Debt service funds		—	—		—	—	—
Construction funds		—	—		—	—	—
Board designated and escrow funds		5,000	—		—	—	5,000
Self-insurance trust funds		1,524	—		—	—	1,524
Funds restricted by donor		22	—	73	1,609	—	1,704
Economic interests in the net assets of related organizations		4,962	16	417	—	(5,395)	—
		11,508	16	490	1,609	(5,395)	8,228
Property and equipment, net		22,007	2,155	331	—	—	24,493
Deferred financing costs, net		—	—	—	—	—	—
Investments in joint ventures and other assets		—	—	—	2,501	—	2,501
Total assets	$	49,556	3,578	2,718	5,522	(5,590)	55,784

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc (CRHS)

June 30, 2011

(In thousands)

Liabilities and Net Assets		Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS Consolidated Total
Current liabilities							
Trade accounts payable	$	1,930	382	24	3	—	2,339
Accrued payroll and benefits		2,526	219	141	—	—	2,886
Advances from third-party payors		1,004	4	—	—	—	1,008
Lines of credit		—	—	—	—	—	—
Other current liabilities		1,595	122	78	16	(195)	1,616
Long-term debt subject to short-term remarketing arrangements		2,710	—	—	—	—	2,710
Current portion of long-term debt		1,186	30	—	—	—	1,216
Total current liabilities		10,951	757	243	19	(195)	11,775
Long-term debt, less current portion		2,700	325	—	—	—	3,025
Other long-term liabilities		7,912	60	—	43	—	8,015
Total liabilities		21,563	1,142	243	62	(195)	22,815
Net assets							
Unrestricted		26,362	2,436	2,403	3,851	(3,786)	31,266
Temporarily restricted		268	—	55	246	(246)	323
Permanently restricted		1,363	—	17	1,363	(1,363)	1,380
Total net assets		27,993	2,436	2,475	5,460	(5,395)	32,969
Total liabilities and net assets	$	49,556	3,578	2,718	5,522	(5,590)	55,784

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2010

(In thousands)

Assets		University of Maryland Medical Center	University CARE	Kernan	University Specialty	Maryland General	Baltimore Washington	Shore Health	Chester River	UMMS Foundation	Shipley's	36 South Paca	Eliminations	Consolidated Total
Current assets:														
Cash and cash equivalents	$	175,378	124	9,161	2,219	11,635	16,493	17,903	5,029	—	110	496	—	238,548
Assets limited as to use, current portion		36,570	—	—	—	986	846	471	355	—	—	—	—	39,228
Accounts receivable:														
Patient accounts receivable, less allowance for doubtful accounts of $136,278		137,783	120	14,025	2,733	18,291	40,544	26,728	8,903	—	—	—	—	249,127
Other		40,926	227	1,631	193	522	366	2,459	512	—	3,019	69	(25,769)	24,155
Inventories		17,014	39	987	556	1,703	5,456	3,785	690	—	—	—	—	30,230
Prepaid expenses and other current assets		55,070	—	15	17	596	9,000	889	594	1,500	—	—	—	67,681
Total current assets		462,741	510	25,819	5,718	33,733	72,705	52,235	16,083	1,500	3,129	565	(25,769)	648,969
Investments		184,626	—	11,252	15,330	—	42,121	21,950	5,829	—	—	—	—	281,108
Assets limited as to use, less current portion:														
Debt service funds		39,553	—	—	—	—	—	—	—	—	—	—	—	39,553
Construction funds		160,185	—	—	—	8,602	28,315	6,987	—	—	—	—	—	204,089
Board designated and escrow funds		—	—	—	—	—	—	54,464	5,000	27,202	—	—	—	86,666
Self-insurance trust funds		38,393	—	—	—	22,738	11,529	7,351	288	—	—	—	—	80,299
Funds restricted by donor		—	—	—	—	958	—	18,297	1,447	20,371	—	—	—	41,073
Economic and beneficial interests in the net assets of related organizations		52,158	—	29,232	390	3,242	5,895	2,350	—	—	—	—	(54,828)	38,439
		290,289	—	29,232	390	35,540	45,739	89,449	6,735	47,573	—	—	(54,828)	490,119
Property and equipment, net		668,500	—	36,016	18,974	95,785	259,324	119,996	23,395	1,800	6,394	9,930	—	1,240,114
Deferred financing costs, net		8,661	—	—	—	—	—	—	—	—	—	—	—	8,661
Investments in joint ventures and other assets		146,393	—	—	—	13,350	6,967	361	2,506	4,057	—	3,277	(60,731)	116,180
Total assets	$	1,761,210	510	102,319	40,412	178,408	426,856	283,991	54,548	54,930	9,523	13,772	(141,328)	2,785,151

(Continued)

Schedule 2

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2010

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	University CARE	Kernan	University Specialty	Maryland General	Baltimore Washington	Shore Health	Chester River	UMMS Foundation	Shipley's	36 South Paca	Eliminations	Consolidated Total
Current liabilities:													
Trade accounts payable	$ 97,956	706	5,598	3,031	9,180	16,034	10,390	2,830	102	35	287	—	146,149
Accrued payroll and benefits	67,339	74	3,949	2,826	11,108	19,118	13,294	4,085	—	—	—	(110)	121,683
Advances from third-party payors	61,988	—	2,445	4,294	6,630	6,010	5,090	1,101	—	—	—	—	87,558
Lines of credit	63,300	—	—	—	—	—	—	—	—	—	—	—	63,300
Other current liabilities	69,794	506	853	13,943	12,024	5,076	3,840	1,130	—	—	1,889	(25,097)	83,958
Long-term debt subject to short-term remarketing arrangements	70,069	—	—	—	—	—	—	—	—	—	—	—	70,069
Current portion of long-term debt	27,162	—	259	300	1,107	4,444	1,808	1,362	—	—	—	—	36,442
Total current liabilities	457,608	1,286	13,104	24,394	40,049	50,682	34,422	10,508	102	35	2,176	(25,207)	609,159
Long-term debt, less current portion	595,578	—	12,590	7,256	42,547	206,725	88,158	6,951	—	—	—	(562)	959,243
Other long-term liabilities	36,114	—	441	357	33,942	19,400	6,293	9,247	—	—	—	—	105,794
Interest rate swap liabilities	128,575	—	—	—	—	—	—	—	—	—	—	—	128,575
Total liabilities	1,217,875	1,286	26,135	32,007	116,538	276,807	128,873	26,706	102	35	2,176	(25,769)	1,802,771
Net assets:													
Unrestricted	486,180	(776)	46,819	8,015	57,670	144,154	134,814	26,396	31,324	9,488	11,596	(60,731)	894,949
Temporarily restricted	56,742	—	29,365	390	4,200	5,895	9,221	75	5,124	—	—	(54,828)	56,184
Permanently restricted	413	—	—	—	—	—	11,083	1,371	18,380	—	—	—	31,247
Total net assets	543,335	(776)	76,184	8,405	61,870	150,049	155,118	27,842	54,828	9,488	11,596	(115,559)	982,380
Total liabilities and net assets	$ 1,761,210	510	102,319	40,412	178,408	426,856	283,991	54,548	54,930	9,523	13,772	(141,328)	2,785,151

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Maryland General Health Systems (MGHS)

June 30, 2010

(In thousands)

Assets	Maryland General Health Systems, Inc.	Maryland General Hospital	Maryland General Clin. Prac. Group	Eliminations	MGHS Consolidated Total
Current assets					
Cash and cash equivalents	$ 40	11,538	57	—	11,635
Assets limited as to use, current portion	—	986	—	—	986
Accounts receivable					
Patient accounts receivable, less allowance for doubtful accounts of $11,118	—	17,485	806	—	18,291
Other	140	1,215	(833)	—	522
Inventories	—	1,703	—	—	1,703
Prepaid expenses and other current assets	—	596	—	—	596
Total current assets	180	33,523	30	—	33,733
Investments	—	—	—	—	—
Assets limited as to use, less current portion					
Debt service funds	—	—	—	—	—
Construction funds	—	8,602	—	—	8,602
Board designated and escrow funds	—	—	—	—	—
Self-insurance trust funds	—	22,738	—	—	22,738
Funds restricted by donor	—	958	—	—	958
Economic interests in the net assets of related organizations	—	3,242	—	—	3,242
	—	35,540	—	—	35,540
Property and equipment, net	2,248	93,537	—	—	95,785
Deferred financing costs, net	—	—	—	—	—
Investments in joint ventures and other assets	13,187	163	—	—	13,350
Total assets	$ 15,615	162,763	30	—	178,408

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Maryland General Health Systems (MGHS)

June 30, 2010

(In thousands)

Liabilities and Net Assets	Maryland General Health Systems, Inc.	Maryland General Hospital	Maryland General Clin. Prac. Group	Eliminations	MGHS Consolidated Total
Current liabilities					
Trade accounts payable	$ 7	9,150	23	—	9,180
Accrued payroll and benefits	—	11,108	—	—	11,108
Advances from third-party payors	—	6,630	—	—	6,630
Lines of credit	—	—	—	—	—
Other current liabilities	—	12,024	—	—	12,024
Current portion of long-term debt	142	965	—	—	1,107
Total current liabilities	149	39,877	23	—	40,049
Long-term debt, less current portion	1,457	41,090	—	—	42,547
Other long-term liabilities	1	33,941	—	—	33,942
Total liabilities	1,607	114,908	23	—	116,538
Net assets					
Unrestricted	14,008	43,655	7	—	57,670
Temporarily restricted	—	4,200	—	—	4,200
Permanently restricted	—	—	—	—	—
Total net assets	14,008	47,855	7	—	61,870
Total liabilities and net assets	$ 15,615	162,763	30	—	178,408

See accompanying independent auditors' report

Schedule 2-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Baltimore Washington Medical System (BWMS)

June 30, 2010

(In thousands)

Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS Consolidated Total
Current assets							
Cash and cash equivalents	$ —	15,472	620	381	20	—	16,493
Assets limited as to use, current portion	—	846	—	—	—	—	846
Accounts receivable							
Patient accounts receivable, less allowance for doubtful accounts of $10,570	—	35,624	2,969	1,951	—	—	40,544
Other	28,332	366	2,359	—	(2,043)	(28,648)	366
Inventories	—	5,456	—	—	—	—	5,456
Prepaid expenses and other current assets	98	8,775	—	63	64	—	9,000
Total current assets	28,430	66,539	5,948	2,395	(1,959)	(28,648)	72,705
Investments	—	42,121	—	—	—	—	42,121
Assets limited as to use, less current portion							
Debt service funds	—	—	—	—	—	—	—
Construction funds	—	28,315	—	—	—	—	28,315
Board designated and escrow funds	—	—	—	—	—	—	—
Self-insurance trust funds	—	11,529	—	—	—	—	11,529
Funds restricted by donor	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	5,895	—	—	—	—	5,895
	—	45,739	—	—	—	—	45,739
Property and equipment, net	—	232,965	—	12,044	14,315	—	259,324
Deferred financing costs, net	—	—	—	—	—	—	—
Investments in joint ventures and other assets	122,776	86	—	2,102	—	(117,997)	6,967
Total assets	$ 151,206	387,450	5,948	16,541	12,356	(146,645)	426,856

(Continued)

Schedule 2-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Baltimore Washington Medical System (BWMS)

June 30, 2010

(In thousands)

Liabilities and Net Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS Consolidated Total
Current liabilities							
Trade accounts payable	$ 17	13,980	985	1,004	48	—	16,034
Accrued payroll and benefits	1,140	16,723	215	1,016	24	—	19,118
Advances from third-party payors	—	6,010	—	—	—	—	6,010
Lines of credit	—	—	—	—	—	—	—
Other current liabilities	—	26,920	—	6,804	—	(28,648)	5,076
Current portion of long-term debt	—	3,961	—	258	225	—	4,444
Total current liabilities	1,157	67,594	1,200	9,082	297	(28,648)	50,682
Long-term debt, less current portion	—	191,635	—	10,909	4,181	—	206,725
Other long-term liabilities	—	18,813	—	587	—	—	19,400
Total liabilities	1,157	278,042	1,200	20,578	4,478	(28,648)	276,807
Net assets							
Unrestricted	150,049	103,513	4,748	(4,037)	7,878	(117,997)	144,154
Temporarily restricted	—	5,895	—	—	—	—	5,895
Permanently restricted	—	—	—	—	—	—	—
Total net assets	150,049	109,408	4,748	(4,037)	7,878	(117,997)	150,049
Total liabilities and net assets	$ 151,206	387,450	5,948	16,541	12,356	(146,645)	426,856

See accompanying independent auditors' report

Schedule 2-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Health System (SHS)

June 30 2010

(In thousands)

Assets	Shore Health System, Inc	Memorial Hospital Foundation, Inc and Subsidiary	Care Health Services, Inc	Shore Health Enterprises, Inc and Subsidiary	Shore Clinical Foundation, Inc	Chesapeake Ear, Nose, Throat, Sinus, and Hearing Center, LLC	Chesapeake Neurological Surgery, LLC	Eliminations	SHS Consolidated Total
Current assets									
Cash and cash equivalents	$ 16 946	—	463	51	383	53	7	—	17 903
Assets limited as to use current portion	471	—	—	—	—	—	—	—	471
Accounts receivable									
Patient accounts receivable less allowance for doubtful accounts of $7 503	24 196	—	947	—	1 464	97	24	—	26 728
Other	7 806	125	2 873	—	139	—	342	(8 826)	2 459
Inventories	3 785	—	—	—	—	—	—	—	3 785
Prepaid expenses and other current assets	675	24	15	—	170	4	1	—	889
Total current assets	53 879	149	4 298	51	2 156	154	374	(8 826)	52 235
Investments	21 950	—	—	—	—	—	—	—	21 950
Assets limited as to use less current portion									
Debt service funds	—	—	—	—	—	—	—	—	—
Construction funds	6 987	—	—	—	—	—	—	—	6 987
Board designated and escrow funds	25 000	29 464	—	—	—	—	—	—	54 464
Self-insurance trust funds	7 351	—	—	—	—	—	—	—	7 351
Funds restricted by donor	3 285	15 012	—	—	—	—	—	—	18 297
Economic and beneficial interests in the net assets of related organizations	43 255	—	—	—	—	—	—	(40 905)	2 350
	85 878	44 476	—	—	—	—	—	(40 905)	89 449
Property and equipment net	114 061	3 873	432	726	803	84	17	—	119 996
Deferred financing costs net	—	—	—	—	—	—	—	—	—
Investments in joint ventures and other assets	8 396	26	—	—	—	—	—	(8 061)	361
Total assets	$ 284 164	48 524	4 730	777	2 959	238	391	(57 792)	283 991

(Continued)

Schedule 2-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Health System (SHS)

June 30 2010

(In thousands)

Liabilities and Net Assets		Shore Health System, Inc	Memorial Hospital Foundation, Inc and Subsidiary	Care Health Services, Inc	Shore Health Enterprises, Inc and Subsidiary	Shore Clinical Foundation, Inc	Chesapeake Ear, Nose, Throat, Sinus, and Hearing Center, LLC	Chesapeake Neurological Surgery, LLC	Eliminations	SHS Consolidated Total
Current liabilities										
Trade accounts payable	$	9 674	2	133	—	250	20	311	—	10 390
Accrued payroll and benefits		12 068	19	318	—	756	131	2	—	13 294
Advances from third-party payors		5 090	—	—	—	—	—	—	—	5 090
Lines of credit		—	—	—	—	—	—	—	—	—
Other current liabilities		6 038	709	2	1 440	—	1 592	2 885	(8 826)	3 840
Current portion of long-term debt		1 808	—	—	—	—	—	—	—	1 808
Total current liabilities		34 678	730	453	1 440	1 006	1 743	3 198	(8 826)	34 422
Long-term debt less current portion		88 158	—	—	—	—	—	—	—	88 158
Other long-term liabilities		6 210	26	—	—	57	—	—	—	6 293
Total liabilities		129 046	756	453	1 440	1 063	1 743	3 198	(8 826)	128 873
Net assets										
Unrestricted		134 814	33 103	4 277	(663)	1 896	(1 505)	(2 807)	(34 301)	134 814
Temporarily restricted		9 221	6 463	—	—	—	—	—	(6 463)	9 221
Permanently restricted		11 083	8 202	—	—	—	—	—	(8 202)	11 083
Total net assets		155 118	47 768	4 277	(663)	1 896	(1 505)	(2 807)	(48 966)	155 118
Total liabilities and net assets	$	284 164	48 524	4 730	777	2 959	238	391	(57 792)	283 991

See accompanying independent auditors report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc (CRHS)

June 30, 2010

(In thousands)

Assets	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS Consolidated Total
Current assets						
Cash and cash equivalents	$ 2,646	700	504	1,179	—	5,029
Assets limited as to use, current portion	355	—	—	—	—	355
Accounts receivable						
Patient accounts receivable, less allowance for doubtful accounts of $6,123	8,011	625	267	—	—	8,903
Other	1,235	3	22	—	(748)	512
Inventories	686	4	—	—	—	690
Prepaid expenses and other current assets	474	106	13	1	—	594
Total current assets	13,407	1,438	806	1,180	(748)	16,083
Investments	4,394	—	1,232	203	—	5,829
Assets limited as to use, less current portion						
Debt service funds	—	—	—	—	—	—
Construction funds	—	—	—	—	—	—
Board designated and escrow funds	5,000	—	—	—	—	5,000
Self-insurance trust funds	288	—	—	—	—	288
Funds restricted by donor	26	—	73	1,348	—	1,447
Economic interests in the net assets of related organizations	4,748	11	422	—	(5,181)	—
	10,062	11	495	1,348	(5,181)	6,735
Property and equipment, net	21,084	2,106	205	—	—	23,395
Deferred financing costs, net	—	—	—	—	—	—
Investments in joint ventures and other assets	24	—	—	2,482	—	2,506
Total assets	$ 48,971	3,555	2,738	5,213	(5,929)	54,548

(Continued)

Schedule 2-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc. (CRHS)

June 30, 2010

(In thousands)

Liabilities and Net Assets	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS Consolidated Total
Current liabilities:						
Trade accounts payable	$ 2,483	340	4	3	—	2,830
Accrued payroll and benefits	3,637	315	133	—	—	4,085
Advances from third-party payors	1,056	45	—	—	—	1,101
Lines of credit	—	—	—	—	—	—
Other current liabilities	1,094	489	257	38	(748)	1,130
Current portion of long-term debt	1,335	27	—	—	—	1,362
Total current liabilities	9,605	1,216	394	41	(748)	10,508
Long-term debt, less current portion	6,596	355	—	—	—	6,951
Other long-term liabilities	9,122	60	—	65	—	9,247
Total liabilities	25,323	1,631	394	106	(748)	26,706
Net assets:						
Unrestricted	22,274	1,924	2,272	3,759	(3,833)	26,396
Temporarily restricted	20	—	55	(6)	6	75
Permanently restricted	1,354	—	17	1,354	(1,354)	1,371
Total net assets	23,648	1,924	2,344	5,107	(5,181)	27,842
Total liabilities and net assets	$ 48,971	3,555	2,738	5,213	(5,929)	54,548

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division

Year ended June 30, 2011

(In thousands)

	University of Maryland Medical Center	University CARE	Kernan	University Specialty	Maryland General	Baltimore Washington	Shore Health	Chester River	UMMS Foundation	Shipley's	36 South Paca	Eliminations	Consolidated Total
Unrestricted revenues, gains and other support													
Net patient service revenue	$ 1,276,194	2,755	95,419	52,512	183,146	363,481	231,862	66,133	—	—	—	(1,086)	2,270,416
Other operating revenue													
State support	3,200	—	—	—	—	—	—	—	—	—	—	—	3,200
Other revenue	50,776	2,105	2,612	326	2,241	6,867	5,602	588	—	1,002	1,221	(2,752)	70,588
Total unrestricted revenue, gains and other support	1,330,170	4,860	98,031	52,838	185,387	370,348	237,464	66,721	—	1,002	1,221	(3,838)	2,344,204
Operating expenses													
Salaries, wages and benefits	552,426	3,405	45,543	27,606	85,855	169,139	121,828	35,360	—	—	182	—	1,041,344
Expendable supplies	238,973	284	15,138	6,161	16,304	61,228	33,060	9,018	—	—	56	—	380,222
Purchased services	170,524	4,714	18,555	16,591	24,063	51,520	40,448	13,290	—	426	775	(4,625)	336,281
Contracted services	89,516	—	7,644	—	22,770	9,725	8,558	1,497	—	—	—	—	139,710
Depreciation and amortization	69,601	—	3,238	2,347	11,149	23,506	14,785	3,855	—	172	359	—	129,012
Interest expense	26,881	—	476	861	1,698	6,663	3,260	395	—	—	107	—	40,341
Provision for bad debts	101,153	278	6,107	4,467	19,697	34,520	8,595	2,196	—	—	—	—	177,013
Total operating expenses	1,249,074	8,681	96,701	58,033	181,536	356,301	230,534	65,611	—	598	1,479	(4,625)	2,243,923
Operating income (loss)	81,096	(3,821)	1,330	(5,195)	3,851	14,047	6,930	1,110	—	404	(258)	787	100,281
Nonoperating income and expenses, net													
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	18,640	—	—	—	—	—	—	—	—	—	—	—	18,640
Other nonoperating gains and losses													
Contributions	—	—	—	—	—	—	206	591	5,258	—	—	—	6,055
Equity in net income of joint ventures	10,366	—	—	—	4,400	(182)	—	—	—	—	—	5,950	20,534
Investment income	25,543	—	1,151	1,275	290	4,241	1,707	638	4,362	—	—	—	39,207
Change in fair value of investments	16,500	—	766	700	152	2,836	12,915	752	1,743	—	—	—	36,364
Other nonoperating gains and losses	(9,420)	—	15	—	(550)	(2,821)	(1,814)	(404)	(2,954)	—	—	1	(17,947)
Total other nonoperating gains and losses	42,989	—	1,932	1,975	4,292	4,074	13,014	1,577	8,409	—	—	5,951	84,213
Excess (deficiency) of revenues over expenses	142,725	(3,821)	3,262	(3,220)	8,143	18,121	19,944	2,687	8,409	404	(258)	6,738	203,134
Net assets released from restrictions used for purchase of property and equipment	20,815	—	750	—	885	750	764	—	—	—	—	—	23,964
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	2,268	—	—	—	—	—	—	—	—	—	—	—	2,268
Capital transfers (to) from affiliate	3,801	4,068	1,035	—	47	—	—	—	(4,883)	—	—	(4,068)	—
Change in fair value of designated interest rate swaps	2,298	—	—	—	—	—	—	—	—	—	—	—	2,298
Change in funded status of defined benefit pension plans	—	—	—	—	9,752	4,736	—	1,834	—	—	—	—	16,322
Other	(348)	—	—	1	—	1	(16)	349	75	—	—	(162)	(100)
Increase (decrease) in unrestricted net assets	$ 171,559	247	5,047	(3,219)	18,827	23,608	20,692	4,870	3,601	404	(258)	2,508	247,886

See accompanying independent auditors' report.

Schedule 3-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Maryland General Health Systems (MGHS)

Year ended June 30, 2011

(In thousands)

	Maryland General Health Systems, Inc.	Maryland General Hospital	Maryland General Clin. Prac. Group	Eliminations	MGHS Consolidated Total
Unrestricted revenues, gains and other support					
Net patient service revenue	$ —	180,958	9,445	(7,257)	183,146
Other operating revenue					
State support	—	—	—	—	—
Other revenue	889	1,347	5	—	2,241
Total unrestricted revenue, gains and other support	889	182,305	9,450	(7,257)	185,387
Operating expenses					
Salaries, wages and benefits	—	85,855	—	—	85,855
Expendable supplies	—	16,304	—	—	16,304
Purchased services	747	23,307	9	—	24,063
Contracted services	—	22,770	7,257	(7,257)	22,770
Depreciation and amortization	455	10,694	—	—	11,149
Interest expense	103	1,595	—	—	1,698
Provision for bad debts	—	17,513	2,184	—	19,697
Total operating expenses	1,305	178,038	9,450	(7,257)	181,536
Operating income (loss)	(416)	4,267	—	—	3,851

(Continued)

Schedule 3-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Maryland General Health Systems (MGHS)

Year ended June 30, 2011

(In thousands)

	Maryland General Health Systems, Inc.	Maryland General Hospital	Maryland General Clin. Prac. Group	Eliminations	MGHS Consolidated Total
Nonoperating income and expenses, net					
Loss on early extinguishment of debt	$ —	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—
Other nonoperating gains and losses					
Contributions	—	—	—	—	—
Equity in net income of joint ventures	4,400	—	—	—	4,400
Investment income	—	290	—	—	290
Change in fair value of investments	—	152	—	—	152
Other nonoperating gains and losses	—	(550)	—	—	(550)
Total other nonoperating gains and losses	4,400	(108)	—	—	4,292
Excess of revenues over expenses	3,984	4,159	—	—	8,143
Net assets released from restrictions used for purchase of property and equipment	—	885	—	—	885
Change in unrealized gains on investments	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—
Capital transfers (to) from affiliate	(1,600)	1,647	—	—	47
Change in fair value of designated interest rate swaps	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	9,752	—	—	9,752
Other	(16)	16	—	—	—
Increase in unrestricted net assets	$ 2,368	16,459	—	—	18,827

See accompanying independent auditors' report

Schedule 3-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Baltimore Washington Medical System (BWMS)

Year ended June 30, 2011

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS Consolidated Total
Unrestricted revenues, gains and other support							
Net patient service revenue	$ —	326,216	28,730	10,958	—	(2,423)	363,481
Other operating revenue							
State support	—		—	—	—	—	—
Other revenue	3,406	3,292	—	2,891	2,101	(4,823)	6,867
Total unrestricted revenue, gains and other support	3,406	329,508	28,730	13,849	2,101	(7,246)	370,348
Operating expenses							
Salaries, wages and benefits	3,406	147,837	10,577	7,319	—	—	169,139
Expendable supplies	—	60,399	—	829	—	—	61,228
Purchased services	—	49,277	4,448	3,738	1,303	(7,246)	51,520
Contracted services	—	7,830	—	1,895	—	—	9,725
Depreciation and amortization	—	22,001	—	959	546	—	23,506
Interest expense	—	5,813	—	736	114	—	6,663
Provision for bad debts	—	21,447	13,073	—	—	—	34,520
Total operating expenses	3,406	314,604	28,098	15,476	1,963	(7,246)	356,301
Operating income (loss)	—	14,904	632	(1,627)	138	—	14,047

(Continued)

Schedule 3-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Baltimore Washington Medical System (BWMS)

Year ended June 30, 2011

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BUMS Consolidated Total
Nonoperating income and expenses, net							
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—
Other nonoperating gains and losses							
Contributions	—	—	—	—	—	—	—
Equity in net income of joint ventures	202	—	—	(384)	—	—	(182)
Investment income	17,920	4,232	—	6	—	(17,917)	4,241
Change in fair value of investments	—	2,836	—	—	—	—	2,836
Other nonoperating gains and losses	—	(2,821)	—	—	—	—	(2,821)
Total other nonoperating gains and losses	18,122	4,247	—	(378)	—	(17,917)	4,074
Excess (deficiency) of revenues over expenses	18,122	19,151	632	(2,005)	138	(17,917)	18,121
Net assets released from restrictions used for purchase of property and equipment	750	750	—	—	—	(750)	750
Change in unrealized gains on investments	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—
Capital transfers (to) from affiliate	—	—	—	(1,831)	—	1,831	—
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	4,736	4,736	—	—	—	(4,736)	4,736
Other	1	3	—	—	—	(3)	1
Increase (decrease) in unrestricted net assets	$ 23,609	24,640	632	(3,836)	138	(21,575)	23,608

See accompanying independent auditors' report

Schedule 3-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Shore Health System (SHS)

Year ended June 30, 2011

(In thousands)

	Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Chesapeake Ear, Nose, Throat, Sinus, and Hearing Center, LLC	Chesapeake Neurological Surgery, LLC	Eliminations	SHS Consolidated Total
Unrestricted revenues, gains and other support									
Net patient service revenue	$ 217,704	—	5,511	—	7,756	766	729	(604)	231,862
Other operating revenue									
State support	—	—	—	—	—	—	—	—	—
Other revenue	6,301	—	87	57	627	1	—	(1,471)	5,602
Total unrestricted revenue, gains and other support	224,005	—	5,598	57	8,383	767	729	(2,075)	237,464
Operating expenses									
Salaries, wages and benefits	106,570	—	4,005	—	9,925	1,021	887	(580)	121,828
Expendable supplies	32,302	—	269	—	455	25	9	—	33,060
Purchased services	37,317	—	1,311	21	3,091	191	155	(1,638)	40,448
Contracted services	6,990	—	18	—	1,010	—	540	—	8,558
Depreciation and amortization	14,484	—	35	12	211	24	19	—	14,785
Interest expense	3,260	—	—	61	—	—	—	(61)	3,260
Provision for bad debts	8,435	—	86	—	67	4	3	—	8,595
Total operating expenses	209,358	—	5,724	94	14,759	1,265	1,613	(2,279)	230,534
Operating income (loss)	14,647	—	(126)	(37)	(6,376)	(498)	(884)	204	6,930
Nonoperating income and expenses, net									
Loss on early extinguishment of debt	—	—		—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—			—	—	—	—	—	—
Other nonoperating gains and losses									
Contributions	83	121	2	—	—	—	—	—	206
Equity in net income of joint ventures			—	—	—	—	—	—	—
Investment income (loss)	1,421	346	1	—	—	—	—	(61)	1,707
Change in fair value of investments	7,321	5,594	—	—	—	—	—	—	12,915
Other nonoperating gains and losses	(1,289)	(382)	—	—	—	—	—	(143)	(1,814)
Total other nonoperating gains and losses	7,536	5,679	3	—	—	—	—	(204)	13,014
Excess (deficiency) of revenues over expenses	22,183	5,679	(123)	(37)	(6,376)	(498)	(884)	—	19,944
Net assets released from restrictions used for purchase of property and equipment	764	—	—	—	—	—	—	—	764
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	5,680	—	—	—	—	—	—	(5,680)	—
Change in ownership interest of joint ventures	6,431	—	—	—	—	—	—	(6,431)	—
Capital transfers (to) from affiliate	(14,350)	—	—	—	8,657	2,002	3,691	—	—
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	—	—	—
Net losses from nonconsolidated subsidiaries	—	—	—	—	—	—	—	—	—
Other	(17)	—	—	—	—	1	—	—	(16)
Increase (decrease) in unrestricted net assets	$ 20,691	5,679	(123)	(37)	2,281	1,505	2,807	(12,111)	20,692

See accompanying independent auditors' report.

Schedule 3-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc. (CRHS)

Year ended June 30, 2011

(In thousands)

	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS Consolidated Total
Unrestricted revenues, gains and other support						
Net patient service revenue	$ 55,065	8,494	2,574	—	—	66,133
Other operating revenue						
State support	—	—	—	—	—	—
Other revenue	498	26	64	—	—	588
Total unrestricted revenue, gains and other support	55,563	8,520	2,638	—	—	66,721
Operating expenses						
Salaries, wages and benefits	29,568	3,949	1,843	—	—	35,360
Expendable supplies	8,109	843	66	—	—	9,018
Purchased services	9,859	2,939	492	—	—	13,290
Contracted services	1,497	—	—	—	—	1,497
Depreciation and amortization	3,594	219	42	—	—	3,855
Interest expense	385	10	—	—	—	395
Provision for bad debts	2,020	103	73	—	—	2,196
Total operating expenses	55,032	8,063	2,516	—	—	65,611
Operating income	531	457	122	—	—	1,110

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc. (CRHS)

Year ended June 30, 2011

(In thousands)

	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS Consolidated Total
Nonoperating income and expenses, net						
Loss on early extinguishment of debt	$ —	—	—	—	—	—
Other nonoperating gains and losses						
Contributions	—	—	—	591	—	591
Equity in net income of joint ventures	—	—	—	—	—	—
Investment income	592	—	14	32	—	638
Change in fair value of investments	752	—	—	—	—	752
Other nonoperating gains and losses	219	5	(5)	(406)	(217)	(404)
Total other nonoperating gains and losses	1,563	5	9	217	(217)	1,577
Excess of revenues over expenses	2,094	462	131	217	(217)	2,687
Net assets released from restrictions used for purchase of property and equipment	—	—	—	—	—	—
Change in unrealized gains on investments	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—
Capital transfers (to) from affiliate	—	—	—	—	—	—
Change in fair value of designated interest rate swaps	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	1,834	—	—	—	—	1,834
Other	160	50	—	(125)	264	349
Increase in unrestricted net assets	$ 4,088	512	131	92	47	4,870

See accompanying independent auditors' report

Schedule 4

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Operations Information by Division

Year ended June 30, 2010

(In thousands)

	University of Maryland Medical Center	University CARE	Kernan	University Specialty	Maryland General	Baltimore Washington	Shore Health	Chester River	UMMS Foundation	Shipley's	36 South Paca	Eliminations	Consolidated Total
Unrestricted revenues, gains and other support													
Net patient service revenue	$ 1,172,458	2,666	97,532	54,088	178,611	343,289	216,774	65,324	—	—	—	(1,080)	2,129,662
Other operating revenue													
State support	3,200	—	—	—	—	—	—	—	—	—	—	—	3,200
Other revenue	47,786	2,144	2,488	221	2,174	7,063	3,393	660	—	988	1,147	(1,958)	66,106
Total unrestricted revenue, gains and other support	1,223,444	4,810	100,020	54,309	180,785	350,352	220,167	65,984	—	988	1,147	(3,038)	2,198,968
Operating expenses													
Salaries, wages and benefits	507,010	3,500	46,161	28,482	86,133	165,344	115,155	36,442	—	—	172	—	988,399
Expendable supplies	226,144	263	15,127	6,011	15,551	55,129	29,629	9,891	—	1	47	—	357,793
Purchased services	146,365	4,419	18,279	14,331	26,162	53,745	38,851	12,878	—	455	742	(3,846)	312,381
Contracted services	90,508	—	7,636	—	22,793	9,157	9,590	1,160	—	—	—	—	140,844
Depreciation and amortization	61,797	—	3,358	2,068	9,888	22,601	14,256	3,336	—	159	303	—	117,766
Interest expense	28,748	—	536	885	1,205	5,754	2,451	405	—	—	67	—	40,051
Provision for bad debts	103,541	328	9,057	5,742	16,615	31,308	9,363	3,335	—	—	—	—	179,289
Total operating expenses	1,164,113	8,510	100,154	57,519	178,347	343,038	219,295	67,447	—	615	1,331	(3,846)	2,136,523
Operating income (loss)	59,331	(3,700)	(134)	(3,210)	2,438	7,314	872	(1,463)	—	373	(184)	808	62,445
Nonoperating income and expenses, net													
Loss on early extinguishment of debt	(816)	—	—	—	—	—	—	—	—	—	—	—	(816)
Change in fair value of undesignated interest rate swaps	(33,700)	—	—	—	—	—	—	—	—	—	—	—	(33,700)
Other nonoperating gains and losses													
Contributions	—	—	—	—	—	—	559	651	6,927	—	—	—	8,137
Equity in net income of joint ventures	(3,789)	—	—	—	3,367	186	—	—	—	—	—	3,750	3,514
Investment income (loss)	1,499	—	50	39	(428)	213	(2,577)	275	1,065	—	—	—	136
Change in fair value of investments	18,502	—	1,259	1,721	3,255	5,862	13,043	62	1,888	—	—	—	45,592
Other nonoperating gains and losses	(2,205)	—	—	33	(1,999)	(4,763)	(1,801)	(169)	(3,264)	—	—	370	(13,798)
Total other nonoperating gains and losses	14,007	—	1,309	1,793	4,195	1,498	9,224	819	6,616	—	—	4,120	43,581
Excess (deficiency) of revenues over expenses	38,822	(3,700)	1,175	(1,417)	6,633	8,812	10,096	(644)	6,616	373	(184)	4,928	71,510
Net assets released from restrictions used for purchase of property and equipment	7,336	—	750	—	26,563	1,000	1,090	—	(4,127)	—	—	—	32,612
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	3,478	—	—	—	—	—	—	—	—	—	—	—	3,478
Capital transfers (to) from affiliate	—	3,769	—	—	—	—	—	1,977	—	—	—	(5,746)	—
Change in fair value of designated interest rate swaps	(7,408)	—	—	—	—	—	(2)	—	—	—	—	—	(7,410)
Change in funded status of defined benefit pension plans	—	—	—	—	(3,830)	(361)	—	(575)	—	—	—	—	(4,766)
Other	13	(29)	—	—	18	(2)	(11)	2	1	—	1	(23)	(30)
Increase (decrease) in unrestricted net assets	$ 42,241	40	1,925	(1,417)	29,384	9,449	11,173	760	2,490	373	(183)	(841)	95,394

See accompanying independent auditors' report

Schedule 4-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Maryland General Health Systems (MGHS)

Year ended June 30, 2010

(In thousands)

	Maryland General Health Systems, Inc.	Maryland General Hospital	Maryland General Clin. Prac. Group	Eliminations	MGHS Consolidated Total
Unrestricted revenues, gains and other support					
Net patient service revenue	$ —	175,997	9,492	(6,878)	178,611
Other operating revenue					
State support	—	—	—	—	—
Other revenue	898	1,275	1	—	2,174
Total unrestricted revenue, gains and other support	898	177,272	9,493	(6,878)	180,785
Operating expenses					
Salaries, wages and benefits	—	86,133	—	—	86,133
Expendable supplies	—	15,551	—	—	15,551
Purchased services	826	25,323	13	—	26,162
Contracted services	—	22,793	6,878	(6,878)	22,793
Depreciation and amortization	448	9,440	—	—	9,888
Interest expense	113	1,092	—	—	1,205
Provision for bad debts	—	14,013	2,602	—	16,615
Total operating expenses	1,387	174,345	9,493	(6,878)	178,347
Operating income (loss)	(489)	2,927	—	—	2,438

(Continued)

Schedule 4-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Maryland General Health Systems (MGHS)

Year ended June 30, 2010

(In thousands)

	Maryland General Health Systems, Inc.	Maryland General Hospital	Maryland General Clin. Prac. Group	Eliminations	MGHS Consolidated Total
Nonoperating income and expenses, net					
Loss on early extinguishment of debt	$ —	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—
Other nonoperating gains and losses					
Contributions	—	—	—	—	—
Equity in net income of joint ventures	3,367	—	—	—	3,367
Investment loss	—	(428)	—	—	(428)
Change in fair value of investments	—	3,255	—	—	3,255
Other nonoperating gains and losses	—	(1,999)	—	—	(1,999)
Total other nonoperating gains and losses	3,367	828	—	—	4,195
Excess of revenues over expenses	2,878	3,755	—	—	6,633
Net assets released from restrictions used for purchase of property and equipment	—	26,563	—	—	26,563
Change in unrealized gains on investments	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—
Capital transfers (to) from affiliate	220	(220)	—	—	—
Change in fair value of designated interest rate swaps	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	(3,830)	—	—	(3,830)
Other	—	18	—	—	18
Increase in unrestricted net assets	$ 3,098	26,286	—	—	29,384

See accompanying independent auditors' report

Schedule 4-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Baltimore Washington Medical System (BWMS)

Year ended June 30, 2010

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS Consolidated Total
Unrestricted revenues, gains and other support							
Net patient service revenue	$ —	309,441	27,298	8,753	—	(2,203)	343,289
Other operating revenue							
State support	—	—	—	—	—	—	—
Other revenue	3,238	3,251	—	2,464	2,216	(4,106)	7,063
Total unrestricted revenue, gains and other support	3,238	312,692	27,298	11,217	2,216	(6,309)	350,352
Operating expenses							
Salaries, wages and benefits	3,238	146,988	9,917	5,201	—	—	165,344
Expendable supplies	—	54,425	—	704	—	—	55,129
Purchased services	—	50,292	5,230	3,287	1,245	(6,309)	53,745
Contracted services	—	8,457	—	700	—	—	9,157
Depreciation and amortization	—	21,124	—	943	534	—	22,601
Interest expense	—	4,904	—	762	88	—	5,754
Provision for bad debts	—	19,507	11,801	—	—	—	31,308
Total operating expenses	3,238	305,697	26,948	11,597	1,867	(6,309)	343,038
Operating income (loss)	—	6,995	350	(380)	349	—	7,314

(Continued)

Schedule 4-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Baltimore Washington Medical System (BWMS)

Year ended June 30, 2010

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS Consolidated Total
Nonoperating income and expenses, net							
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—
Other nonoperating gains and losses							
Contributions	—	—	—	—	—	—	—
Equity in net income of joint ventures	186	—	—	—	—	—	186
Investment income	8,624	292	—	(82)	—	(8,621)	213
Change in fair value of investments	—	5,862	—	—	—	—	5,862
Other nonoperating gains and losses	—	(4,556)	—	(207)	—	—	(4,763)
Total other nonoperating gains and losses	8,810	1,598	—	(289)	—	(8,621)	1,498
Excess (deficiency) of revenues over expenses	8,810	8,593	350	(669)	349	(8,621)	8,812
Net assets released from restrictions used for purchase of property and equipment	1,000	1,000	—	—	—	(1,000)	1,000
Change in unrealized gains on investments	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	(1,089)	—	—	—	—	1,089	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—
Capital transfers (to) from affiliate	—	—	—	(1,908)	—	1,908	—
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	(361)	(361)	—	—	—	361	(361)
Other	—	(1)	—	(2)	—	1	(2)
Increase in unrestricted net assets	$ 8,360	9,231	350	(2,579)	349	(6,262)	9,449

See accompanying independent auditors' report

Schedule 4-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Shore Health System (SHS)

Year ended June 30, 2010

(In thousands)

		Shore Health System, Inc	Memorial Hospital Foundation, Inc and Subsidiary	Care Health Services, Inc	Shore Health Enterprises, Inc and Subsidiary	Shore Clinical Foundation, Inc	Chesapeake Ear, Nose, Throat, Sinus, and Hearing Center, LLC	Chesapeake Neurological Surgery, LLC	Eliminations	SHS Consolidated Total
Unrestricted revenues, gains and other support										
Net patient service revenue	$	201,717	—	5,780	—	8,692	792	347	(554)	216,774
Other operating revenue										
State support		—	—	—	—	—	—	—	—	—
Other revenue		4,455	—	16	57	259	42	—	(1,436)	3,393
Total unrestricted revenue, gains and other support		206,172	—	5,796	57	8,951	834	347	(1,990)	220,167
Operating expenses										
Salaries, wages and benefits		103,374	—	3,948	—	7,398	913	52	(530)	115,155
Expendable supplies		28,857	—	290	—	441	40	1	—	29,629
Purchased services		36,112	—	1,214	23	2,567	199	234	(1,498)	38,851
Contracted services		5,907	—	18	—	3,059	—	606	—	9,590
Depreciation and amortization		14,019	—	36	12	141	29	19	—	14,256
Interest expense		2,451	—	—	84	—	—	—	(84)	2,451
Provision for bad debts		8,451	—	94	—	725	29	64	—	9,363
Total operating expenses		199,171	—	5,600	119	14,331	1,210	976	(2,112)	219,295
Operating income (loss)		7,001	—	196	(62)	(5,380)	(376)	(629)	122	872
Nonoperating income and expenses, net										
Loss on early extinguishment of debt		—	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps		—	—	—	—	—	—	—	—	—
Other nonoperating gains and losses										
Contributions		240	559	—	—	—	—	—	(240)	559
Equity in net income of joint ventures		—	—	—	—	—	—	—	—	—
Investment income (loss)		(1,216)	(1,278)	1	—	—	—	—	(84)	(2,577)
Change in fair value of investments		7,057	5,986	—	—	—	—	—	—	13,043
Other nonoperating gains and losses		(1,488)	(515)	—	—	—	—	—	202	(1,801)
Total other nonoperating gains and losses		4,593	4,752	1	—	—	—	—	(122)	9,224
Excess (deficiency) of revenues over expenses		11,594	4,752	197	(62)	(5,380)	(376)	(629)	—	10,096
Net assets released from restrictions used for purchase of property and equipment		1,090	—	—	—	—	—	—	—	1,090
Change in unrealized gains on investments		—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations		4,332	—	—	—	—	—	—	(4,332)	—
Change in ownership interest of joint ventures		—	—	—	—	—	—	—	—	—
Capital transfers (to) from affiliate		(5,827)	—	—	—	5,827	—	—	—	—
Change in fair value of designated interest rate swaps		(2)	—	—	—	—	—	—	—	(2)
Change in funded status of defined benefit pension plans		—	—	—	—	—	—	—	—	—
Net losses from nonconsolidated subsidiaries		—	—	—	—	—	—	—	—	—
Other		(14)	1	—	1	—	—	1	—	(11)
Increase (decrease) in unrestricted net assets	$	11,173	4,753	197	(61)	447	(376)	(628)	(4,332)	11,173

See accompanying independent auditors' report

Schedule 4-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc (CRHS)

Year ended June 30, 2010

(In thousands)

	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS Consolidated Total
Unrestricted revenues, gains and other support						
Net patient service revenue	$ 55,023	7,839	2,462	—	—	65,324
Other operating revenue						
State support	—	—	—	—	—	—
Other revenue	575	2	83	—	—	660
Total unrestricted revenue, gains and other support	55,598	7,841	2,545	—	—	65,984
Operating expenses						
Salaries, wages and benefits	30,265	4,306	1,706	—	165	36,442
Expendable supplies	9,041	793	57	—	—	9,891
Purchased services	10,113	2,220	545	—	—	12,878
Contracted services	1,160	—	—	—	—	1,160
Depreciation and amortization	3,130	198	8	—	—	3,336
Interest expense	393	14	—	—	(2)	405
Provision for bad debts	3,170	57	108	—	—	3,335
Total operating expenses	57,272	7,588	2,424	—	163	67,447
Operating income (loss)	(1,674)	253	121	—	(163)	(1,463)

(Continued)

Schedule 4-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc. (CRHS)

Year ended June 30, 2010

(In thousands)

	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS Consolidated Total
Nonoperating income and expenses, net						
Loss on early extinguishment of debt	$ —	—	—	—	—	—
Other nonoperating gains and losses						
Contributions	—	—	—	651	—	651
Equity in net income of joint ventures	—	—	—	—	—	—
Investment income	220	—	25	32	(2)	275
Change in fair value of investments	62	—	—	—	—	62
Other nonoperating gains and losses	364	7	(22)	(334)	(184)	(169)
Total other nonoperating gains and losses	646	7	3	349	(186)	819
Excess (deficiency) of revenues over expenses	(1,028)	260	124	349	(349)	(644)
Net assets released from restrictions used for purchase of property and equipment	205	—	—	(205)	—	—
Change in unrealized gains on investments	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—
Capital transfers (to) from affiliate	1,977	—	—	(23)	23	1,977
Change in fair value of designated interest rate swaps	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	(575)	—	—	—	—	(575)
Other	(130)	2	(1)	—	131	2
Increase in unrestricted net assets	$ 449	262	123	121	(195)	760

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2011

(In thousands)

Assets	University of Maryland Medical Center	Kernan Hospital, Inc	University Specialty Hospital, Inc	Maryland General Hospital, Inc	Baltimore Washington Medical Center, Inc	Shore Health System, Inc	Chester River Health System, Inc	UMMS Foundation	Eliminations	Obligated Group Total
Current assets										
Cash and cash equivalents	$ 140 420	14 416	2 947	14 551	24 561	13 585	—	—	—	210 480
Assets limited as to use, current portion	37 469		—	986	833	471	—	—	—	39 759
Accounts receivable										
Patient accounts receivable, less allowance for doubtful accounts of $151 402	152 030	12 026	5 606	12 804	35 324	26 390	—	—	—	244 180
Other	36 716	6 314	323	1 403	1 234	4 276	—	(2 672)	(9 428)	38 166
Inventories	18 119	990	616	2 043	6 014	3 774	—	—	—	31 556
Prepaid expenses and other current assets	39 391	105	24	300	8 759	941	—	1 500	—	51 020
Total current assets	424 145	33 851	9 516	32 087	76 725	49 437	—	(1 172)	(9 428)	615 161
Investments	304 671	13 154	5 303	—	48 420	30 162	—	—	—	401 710
Assets limited as to use, less current portion										
Debt service funds	41 770	—	—	—	—	—	—	—	—	41 770
Construction funds	146 001	1 997	—	9 867	19 874	3 086	—	—	—	180 825
Board designated and escrow funds	—	—	—	—	—	25 000	—	32 211	—	57 211
Self-insurance trust funds	39 485	—	—	25 326	16 495	11 916	—	—	—	93 222
Funds restricted by donor	—	—	—	3 545	—	3 852	—	21 536	—	28 933
Economic interests in the net assets of related organizations	56 843	34 982	407	735	5 896	59 272	—	—	(59 613)	98 522
	284 099	36 979	407	39 473	42 265	103 126	—	53 747	(59 613)	500 483
Property and equipment, net	717 512	36 569	20 025	91 492	243 873	112 836	—	1 807	—	1 224 114
Deferred financing costs, net	7 547	—	—	—	—	—	—	—	—	7 547
Investments in joint ventures and other assets	201 466	—	—	149	630	8 799	32 969	5 315	(34 733)	214 595
Total assets	$ 1 939 440	120 553	35 251	163 201	411 913	304 360	32 969	59 697	(103 774)	2 963 610

(Continued)

Schedule 5

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2011

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	Kernan Hospital, Inc	University Specialty Hospital, Inc	Maryland General Hospital, Inc	Baltimore Washington Medical Center, Inc	Shore Health System, Inc	Chester River Health System, Inc	UMMS Foundation	Eliminations	Obligated Group Total
Current liabilities										
Trade accounts payable	$ 103,712	5,763	3,347	9,720	20,766	5,406	—	84	—	148,798
Accrued payroll and benefits	71,642	4,138	2,909	12,252	17,924	13,019	—	—	(228)	121,656
Advances from third-party payors	66,844	3,596	4,697	6,468	8,112	5,287	—	—	—	95,004
Lines of credit	54,600	—	—	—	—	—	—	—	—	54,600
Other current liabilities	79,192	1,600	11,653	4,670	24,434	6,197	—	—	(9,005)	118,741
Long-term debt subject to short-term remarketing arrangements	164,055	—	—	—	—	—	—	—	—	164,055
Current portion of long-term debt	15,051	270	300	884	4,120	1,883	—	—	(133)	22,375
Total current liabilities	555,096	15,367	22,906	33,994	75,356	31,792	—	84	(9,366)	725,229
Long-term debt, less current portion	517,591	12,319	6,956	40,220	187,521	85,845	—	—	—	850,452
Other long-term liabilities	32,272	441	186	24,593	14,987	6,837	—	—	—	79,316
Interest rate swap liabilities	105,400	—	—	—	—	—	—	—	—	105,400
Total liabilities	1,210,359	28,127	30,048	98,807	277,864	124,474	—	84	(9,366)	1,760,397
Net assets										
Unrestricted	657,739	57,444	4,796	60,114	128,153	155,505	31,266	34,925	(34,795)	1,095,147
Temporarily restricted	70,929	34,982	407	4,280	5,896	12,197	323	6,122	(59,613)	75,523
Permanently restricted	413	—	—	—	—	12,184	1,380	18,566	—	32,543
Total net assets	729,081	92,426	5,203	64,394	134,049	179,886	32,969	59,613	(94,408)	1,203,213
Total liabilities and net assets	$ 1,939,440	120,553	35,251	163,201	411,913	304,360	32,969	59,697	(103,774)	2,963,610

See accompanying independent auditors' report

Schedule 6

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2010

(In thousands)

Assets		University of Maryland Medical Center	Kernan Hospital, Inc	University Specialty Hospital, Inc	Maryland General Hospital, Inc	Baltimore Washington Medical Center, Inc	Shore Health System, Inc	Chester River Health System, Inc	UMMS Foundation	Eliminations	Obligated Group Total
Current assets											
Cash and cash equivalents	$	175 378	9 151	2 219	11 538	15 472	16 946	—	—	—	230 704
Assets limited as to use, current portion		36 570	—	—	986	846	471	—	—	—	38 873
Accounts receivable											
Patient accounts receivable, less allowance for doubtful accounts of $128 261		137 783	13 881	2 733	17 485	35 624	24 196	—	—	—	231 702
Other		40 926	6 886	193	1 215	366	7 806	—	—	(10 567)	46 825
Inventories		17 014	987	556	1 703	5 456	3 785	—	—	—	29 501
Prepaid expenses and other current assets		55 070	15	17	596	8 775	675	—	1 500	—	66 648
Total current assets		462 741	30 920	5 718	33 523	66 539	53 879	—	1 500	(10 567)	644 253
Investments		184 626	11 252	15 330	—	42 121	21 950	—	—	—	275 279
Assets limited as to use, less current portion											
Debt service funds		39 553	—	—	—	—	—	—	—	—	39 553
Construction funds		160 185	—	—	8 602	28 315	6 987	—	—	—	204 089
Board designated and escrow funds		—	—	—	—	—	25 000	—	27 202	—	52 202
Self-insurance trust funds		38 393	—	—	22 738	11 529	7 351	—	—	—	80 011
Funds restricted by donor		—	—	—	958	—	3 285	—	20 371	—	24 614
Economic interests in the net assets of related organizations		52 158	29 232	390	3 242	5 895	43 255	—	—	(54 828)	79 344
		290 289	29 232	390	35 540	45 739	85 878	—	47 573	(54 828)	479 813
Property and equipment, net		668 500	35 971	18 974	93 537	232 965	114 061	—	1 800	—	1 165 808
Deferred financing costs, net		8 661	—	—	—	—	—	—	—	—	8 661
Investments in joint ventures and other assets		146 393	—	—	163	86	8 396	27 842	4 057	(38 015)	148 922
Total assets	$	1 761 210	107 375	40 412	162 763	387 450	284 164	27 842	54 930	(103 410)	2 722 736

(Continued)

Schedule 6

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2010

(In thousands)

Liabilities and Net Assets		University of Maryland Medical Center	Kernan Hospital, Inc	University Specialty Hospital, Inc	Maryland General Hospital, Inc	Baltimore Washington Medical Center, Inc	Shore Health System, Inc	Chester River Health System, Inc	UMMS Foundation	Eliminations	Obligated Group Total
Current liabilities:											
Trade accounts payable	$	97,956	5,015	3,031	9,150	13,980	9,674	—	102	—	138,908
Accrued payroll and benefits		67,339	3,843	2,826	11,108	16,723	12,068	—	—	(110)	113,797
Advances from third-party payors		61,988	2,445	4,294	6,630	6,010	5,090	—	—	—	86,457
Lines of credit		63,300	—	—	—	—	—	—	—	—	63,300
Other current liabilities		69,794	845	13,943	12,024	26,920	6,038	—	—	(9,895)	119,669
Long-term debt subject to short-term remarketing arrangements		70,069	—	—	—	—	—	—	—	—	70,069
Current portion of long-term debt		27,162	259	300	965	3,961	1,808	—	—	—	34,455
Total current liabilities		457,608	12,407	24,394	39,877	67,594	34,678	—	102	(10,005)	626,655
Long-term debt, less current portion		595,578	12,590	7,256	41,090	191,635	88,158	—	—	(562)	935,745
Other long-term liabilities		36,114	441	357	33,941	18,813	6,210	—	—	—	95,876
Interest rate swap liabilities		128,575	—	—	—	—	—	—	—	—	128,575
Total liabilities		1,217,875	25,438	32,007	114,908	278,042	129,046	—	102	(10,567)	1,786,851
Net assets:											
Unrestricted		486,180	52,705	8,015	43,655	103,513	134,814	26,396	31,324	(38,015)	848,587
Temporarily restricted		56,742	29,232	390	4,200	5,895	9,221	75	5,124	(54,828)	56,051
Permanently restricted		413	—	—	—	—	11,083	1,371	18,380	—	31,247
Total net assets		543,335	81,937	8,405	47,855	109,408	155,118	27,842	54,828	(92,843)	935,885
Total liabilities and net assets	$	1,761,210	107,375	40,412	162,763	387,450	284,164	27,842	54,930	(103,410)	2,722,736

See accompanying independent auditors' report

Schedule 7

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Operations Information – Obligated Group

Year ended June 30 2011

(In thousands)

	University of Maryland Medical Center: University Hospital	University of Maryland Medical Center: Shock Trauma Center	University of Maryland Medical Center: Cancer Center	University of Maryland Medical Center: Subtotal	Kernan Hospital	University Specialty	Maryland General Hospital	Baltimore Washington Medical Center	Shore Health System: Memorial Hospital	Shore Health System: Dorchester General	Shore Health System: QAEC	Shore Health System: Subtotal	Chester River Health System, Inc	UMMS Foundation	Eliminations	Obligated Group Total
Unrestricted revenues gains and other support																
Net patient service revenue	$ 1 035 336	193 030	47 828	1,276 194	94 263	52 512	180 958	326 216	164 741	50 010	2 953	217 704	—	—	(447)	2 147 400
Other operating revenue																
State support	—	3 200	—	3 200	—	—	—	—	—			—	—	—	—	3 200
Other revenue	50 670	1	105	50 776	2 575	326	1 347	3 292	5 598	703	—	6 301	—	—	(575)	64 042
Total unrestricted revenue gains and other support	1 086 006	196 231	47 933	1,330 170	96 838	52 838	182 305	329 508	170 339	50 713	2 953	224 005	—	—	(1 022)	2,214 642
Operating expenses																
Salaries wages and benefits	481 050	52 905	18 471	552 426	44 786	27 606	85 855	147 837	79 647	24 848	2 075	106 570	—	—	—	965 080
Expendable supplies	194 436	24 629	19 908	238 973	15 127	6 161	16 304	60 399	26 492	5 385	425	32 302	—	—	—	369 266
Purchased services	105 486	52 793	12 245	170 524	18 284	16 591	23 307	49 277	28 805	8 297	215	37 317	—	—	(1 022)	314 278
Contracted services	76 243	10 046	3 227	89 516	7 644	—	22 770	7 830	3 527	2 027	1 436	6 990	—	—	—	134 750
Depreciation and amortization	62 857	4 455	2 289	69 601	3 206	2 347	10 694	22 001	11 413	2 560	511	14 484	—	—	—	122 333
Interest expense	26 881	—	—	26 881	476	861	1 595	5 813	2 779	91	390	3 260	—	—	—	38 886
Provision for bad debts	60 942	36 316	3 895	101 153	6 094	4 467	17 513	21 447	6 396	1 950	89	8 435	—	—	—	159 109
Total operating expenses	1 007 895	181 144	60 035	1,249 074	95 617	58 033	178 038	314 604	159 059	45 158	5 141	209 358	—	—	(1 022)	2 103 702
Operating income (loss)	78 111	15 087	(12 102)	81 096	1 221	(5 195)	4 267	14 904	11 280	5 555	(2 188)	14 647	—	—	—	110 940
Nonoperating income and expenses net																
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	18 640	—	—	18 640	—	—	—	—	—	—	—	—	—	—	—	18 640
Other nonoperating gains and losses																
Contributions	—	—	—	—	—	—	—	—	83	—	—	83	—	5 258	—	5 341
Equity in net income of joint ventures	10 366	—	—	10 366	—	—	—	—	—	—	—	—	—	—	3 220	13 586
Investment income	22 771	1 966	806	25 543	280	1 275	290	4 232	692	15	—	707	—	4 362	—	36 689
Change in fair value of investments	16 500	—	—	16 500	1 637	700	152	2 836	8 035	—	—	8 035	—	1 743	—	31 603
Other nonoperating gains and losses	(9 420)	—	—	(9 420)	(185)	—	(550)	(2 821)	(1 071)	(218)	—	(1,289)	—	(2,954)	—	(17,219)
Total other nonoperating gains and losses	40 217	1 966	806	42 989	1 732	1 975	(108)	4 247	7 739	(203)	—	7 536	—	8 409	3 220	70 000
Excess (deficiency) of revenues over expenses	136 968	17 053	(11,296)	142 725	2 953	(3,220)	4 159	19 151	19 019	5 352	(2 188)	22 183	—	8 409	3 220	199 580
Net assets released from restrictions used for purchase of property and equipment	20 815	—	—	20 815	750	—	885	750	764	—	—	764	—	—	—	23 964
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net																—
assets of related organizations	—	—	—	—	—	—	—	—	5 680	—	—	5 680	—	—	—	5 680
Change in ownership interest of joint ventures	2 268	—	—	2 268	—	—	—	—	6 431	—	—	6 431	—	—	—	8 699
Capital transfers (to) from affiliate	3 801	—	—	3 801	1 035	—	1 647	—	(14,350)	—	—	(14,350)	—	(4 883)	—	(12 750)
Change in fair value of designated interest rate swaps	2 298	—	—	2 298	—	—	—	—	—	—	—	—	—	—	—	2 298
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	9 752	4 736	—	—	—	—	—	—	—	14 488
Net gains from nonconsolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	4 870	—	—	4 870
Other	(348)	—	—	(348)	1	1	16	3	(17)	—	—	(17)	—	75	—	(269)
Increase (decrease) in unrestricted net assets	$ 165 802	17 053	(11,296)	171 559	4 739	(3,219)	16 459	24 640	17 527	5 352	(2 188)	20 691	4 870	3 601	3 220	246 560

See accompanying independent auditors report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Operations Information – Obligated Group

Year ended June 30, 2010

(In thousands)

	University of Maryland Medical Center								Shore Health System						
	University Hospital	Shock Trauma Center	Cancer Center	Subtotal	Kernan Hospital	University Specialty	Maryland General Hospital	Baltimore Washington Medical Center	Memorial Hospital	Dorchester General	Subtotal	Chester River Health System, Inc.	UMMS Foundation	Eliminations	Obligated Group Total
Unrestricted revenues, gains and other support:															
Net patient service revenue	$ 940 075	175 990	56 393	1 172 458	95 846	54 088	175 997	309 441	154 346	47 371	201 717	—	—	(452)	2 009 095
Other operating revenue:															
State support	—	3 200	—	3 200	—	—	—	—	—	—	—	—	—	—	3 200
Other revenue	47 607	—	179	47 786	2 424	221	1 275	3 251	3 426	1 029	4 455	—	—	(631)	58 781
Total unrestricted revenue, gains and other support	987 682	179 190	56 572	1 223 444	98 270	54 309	177 272	312 692	157 772	48 400	206 172	—	—	(1 083)	2 071 076
Operating expenses:															
Salaries, wages, and benefits	438 885	50 628	17 497	507 010	44 887	28 482	86 133	146 988	78 414	24 960	103 374	—	—	—	916 874
Expendable supplies	184 160	24 013	17 971	226 144	15 104	6 011	15 551	54 425	23 337	5 520	28 857	—	—	—	346 092
Purchased services	89 905	40 370	16 090	146 365	16 930	14 331	25 323	50 292	26 847	9 265	36 112	—	—	(1 083)	288 270
Contracted services	77 651	9 147	3 710	90 508	7 636	—	22 793	8 457	3 823	2 084	5 907	—	—	—	135 301
Depreciation and amortization	55 132	4 219	2 446	61 797	2 990	2 068	9 440	21 124	11 339	2 680	14 019	—	—	—	111 438
Interest expense	28 721	—	27	28 748	556	885	1 092	4 904	2 186	265	2 451	—	—	—	38 636
Provision for bad debts	60 668	37 459	5 414	103 541	8 990	5 742	14 013	19 507	6 454	1 997	8 451	—	—	—	160 244
Total operating expenses	935 122	165 836	63 155	1 164 113	97 093	57 519	174 345	305 697	152 400	46 771	199 171	—	—	(1 083)	1 996 855
Operating income (loss)	52 560	13 354	(6 583)	59 331	1 177	(3 210)	2 927	6 995	5 372	1 629	7 001	—	—	—	74 221
Nonoperating income and expenses, net:															
Loss on early extinguishment of debt	(816)	—	—	(816)	—	—	—	—	—	—	—	—	—	—	(816)
Change in fair value of undesignated interest rate swaps	(33 700)	—	—	(33 700)	—	—	—	—	—	—	—	—	—	—	(33 700)
Other nonoperating gains and losses:															
Contributions	—	—	—	—	—	—	—	—	240	—	240	—	6 927	—	7 167
Equity in net income of joint ventures	(3 789)	—	—	(3 789)	—	—	—	—	—	—	—	—	—	1 417	(2 372)
Investment income (loss)	(1 273)	1 966	806	1 499	271	39	(428)	292	(1 255)	39	(1 216)	—	1 065	—	1 522
Change in fair value of investments	18 502	—	—	18 502	1 038	1 721	3 255	5 862	7 052	5	7 057	—	1 888	—	39 323
Other nonoperating gains and losses	(2 205)	—	—	(2 205)	20	33	(1 999)	(4 556)	(1 497)	9	(1 488)	—	(3 264)	—	(13 459)
Total other nonoperating gains and losses	11 235	1 966	806	14 007	1 329	1 793	828	1 598	4 540	53	4 593	—	6 616	1 417	32 181
Excess (deficiency) of revenues over expenses	29 279	15 320	(5 777)	38 822	2 506	(1 417)	3 755	8 593	9 912	1 682	11 594	—	6 616	1 417	71 886
Net assets released from restrictions used for purchase of property and equipment	7 336	—	—	7 336	750	—	26 563	1 000	1 090	—	1 090	—	(4 127)	—	32 612
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net															—
assets of related organizations	—	—	—	—	—	—	—	—	4 332	—	4 332	—	—	—	4 332
Change in ownership interest of joint ventures	3 478	—	—	3 478	—	—	—	—	—	—	—	—	—	—	3 478
Capital transfers (to) from affiliate	—	—	—	—	—	—	(220)	—	(5 827)	—	(5 827)	—	—	—	(6 047)
Change in fair value of designated interest rate swaps	(7 408)	—	—	(7 408)	—	—	—	—	(2)	—	(2)	—	—	—	(7 410)
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	(3 830)	(361)	—	—	—	—	—	—	(4 191)
Net gains (losses) from nonconsolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—	760	—	—	760
Other	13	—	—	13	—	—	18	(1)	(14)	—	(14)	—	1	—	17
Increase (decrease) in unrestricted net assets	$ 32 698	15 320	(5 777)	42 241	3 256	(1 417)	26 286	9 231	9 491	1 682	11 173	760	2 490	1 417	95 437

See accompanying independent auditors' report.