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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 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
DOCTORS HOSPITAL INC

Doing Business As

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

City or town, state or country, and ZIP + 4
Lanham, MD 207062418

D Employer identification number
52-1638026

E Telephone number
(301) 552-8028

G Gross receipts $ 211,123,347

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ dchweb org

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

L Year of formation 1990

M State of legal domicile MD

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	8
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	1,657
6	Total number of volunteers (estimate if necessary)	**6**	165
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	0	0
9	Program service revenue (Part VIII, line 2g)	186,850,698	195,150,179
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	7,815,370
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	8,157,798
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	186,850,698	211,123,347
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	89,811,010	92,389,001
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)	93,825,468	102,134,558
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	183,636,478	194,523,559
19	Revenue less expenses Subtract line 18 from line 12	3,214,220	16,599,788

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	259,860,449	250,742,233
21	Total liabilities (Part X, line 26)	229,525,454	202,073,176
22	Net assets or fund balances Subtract line 21 from line 20	30,334,995	48,669,057

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2012-02-15

Dennis Scanlon Vice President, Finance
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 ▶				Firm's EIN ▶
Firm's address ▶				Phone no ▶

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Provide healthcare services to the citizens of Prince Georges County and the surrounding community

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 194,523,559 including grants of $ 0) (Revenue $ 211,123,347)

Provide healthcare to the citizens of Prince George's County

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

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

4d Other program services (Describe in Schedule O)

(Expenses $ 0 including grants of $ 0) (Revenue $ 0)

4e **Total program service expenses** ▶ $ 194,523,559

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		No
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		No
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	Yes	
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	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		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		No
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**		No
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**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
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**		No
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	148		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c 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	1,657		
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	No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a	No
b	If "Yes," enter the name of the foreign country ▶ _____ 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	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f	
g	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	8		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	7		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		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		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

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

18 Section 6104 requires an organization to make its 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 ▶

Doctors Hospital Inc
8118 Good Luck Road
Lanham, MD 207062418
(301) 552-8087

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Robert Bonaventure Board Member	1	X						0	0	0
(2) Rakesh Arora MD ExOffico Medical Staff	1	X						0	0	0
(3) Rene LaVigne Chairman of the Board	1	X						0	0	0
(4) Robert Depew Board Member	1	X						0	0	0
(5) Joanne Goldsmith Board Member	1	X						0	0	0
(6) Charles Dukes Board Member	1	X						0	0	0
(7) Richard J Ham Board Member	1	X						0	0	0
(8) Charlene Dukes Phd Board Member	1	X						0	0	0
(9) Philip B Down President	40	X		X	X	X		998,988	0	0
(10) Charlene B Lundgren Vice President Human Resources	40			X				179,437	0	0
(11) Scott Gregerson Vice President	40			X				240,903	0	0
(12) Thomas J Crowley Executive Vice President	40			X				363,869	0	0
(13) Dennis P Scanlon Treasurer	40			X	X			431,310	0	0
(14) Eric Conley Vice President	40			X				44,151	0	0
(15) Paula L Bruening Vice President, Patient Care	40			X				247,200	0	0
(16) Gabriel Jaffe MD Vice President Medical Affairs	30			X				229,355	0	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) Regina E Robinson Secretary	40			X				56,588	0	0
(18) Paul R Grenaldo Executive Vice President	40			X				56,940	0	0
(19) Alan H Johnson Dir Information Technology	40					X		161,878	0	0
(20) Seray Musa Registered Nurse	40					X		159,940	0	0
(21) Netty N Pandiangan Registered Nurse	40					X		166,813	0	0
(22) Chester A DiLallo Physician	40					X		175,002	0	0
(23) Sepideh Haghpanah Physician	40					X		197,215	0	0
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								3,709,589	0	0

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 119

			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
Accounts Clearing House LLC P O Box 2373 Glen Burnie, MD 21060	Collection Agency	910,655
Matrix House Physicians 575 Main Street Laurel, MD 20707	House Officers and Hospitalists	889,186
Diagnostic Imaging Associates 8220Good Luck Road Lanham, MD 20706	Radiology Services	623,583
Up To Date Laundry 1221 Desoto Road Baltimore, MD 21223	laundry	1,311,734
B & G Electric LLC 1123 Oakview Dr Crownsville, MD 21032	electric maintenance	235,026

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 ▶ 18

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . .	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations . . .	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		0			
Program Service Revenue		Business Code				
	2a Net Patient Service Revenue	622000	188,477,979	188,477,979	0	0
	b Investment Income from Subsidiary	621000	6,460,712	6,460,712	0	0
	c Assets Released from restrictions	900099	90,753	90,753	0	0
	d					
	e					
	f All other program service revenue		120,735	120,735	0	0
	g **Total.** Add lines 2a–2f . . . . . ▶		195,150,179			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		-575,127	-575,127	0	0
	4 Income from investment of tax-exempt bond proceeds . . ▶		0	0	0	0
	5 Royalties . . . . . ▶		2,159,630	2,159,630	0	0

		(i) Real	(ii) Personal				
	6a Gross Rents						
	b Less rental expenses						
	c Rental income or (loss)	0	0				
	d Net rental income or (loss) . . . . . ▶						

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	0	8,390,497				
	b Less cost or other basis and sales expenses	0	0				
	c Gain or (loss)	0	8,390,497				
	d Net gain or (loss) . . . . . ▶			8,390,497	8,390,497	0	0
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a						
	b Less direct expenses . . . b						
	c Net income or (loss) from fundraising events . . ▶						
	9a Gross income from gaming activities See Part IV, line 19 . a						
	b Less direct expenses . . . . . b						
	c Net income or (loss) from gaming activities . . . ▶						
	10a Gross sales of inventory, less returns and allowances . a						
	b Less cost of goods sold . . b						
	c Net income or (loss) from sales of inventory . . ▶						
	Miscellaneous Revenue		Business Code				
	11a						
	b						
	c						
	d All other revenue			5,998,168	5,998,168	0	0
	e **Total.** Add lines 11a–11d . . . . . ▶			5,998,168			
	12 **Total revenue.** See Instructions . . . ▶			211,123,347	211,123,347	0	0

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	0	0		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	3,709,589	3,709,589	0	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7 Other salaries and wages	72,747,647	72,747,647	0	0
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,695,166	1,695,166	0	0
9 Other employee benefits	8,754,462	8,754,462	0	0
10 Payroll taxes	5,482,137	5,482,137	0	0
a Fees for services (non-employees) Management	23,649,035	23,649,035	0	0
b Legal	275,111	275,111	0	0
c Accounting	307,109	307,109	0	0
d Lobbying	0	0	0	0
e Professional fundraising services *See Part IV, line 17*	0			0
f Investment management fees	0	0	0	0
g Other	176,708	176,708	0	0
12 Advertising and promotion	1,063,868	1,063,868	0	0
13 Office expenses	544,611	544,611	0	0
14 Information technology	0	0	0	0
15 Royalties	0	0	0	0
16 Occupancy	0	0	0	0
17 Travel	225,225	225,225	0	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	194,268	194,268	0	0
20 Interest	10,109,669	10,109,669	0	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	9,443,872	9,443,872	0	0
23 Insurance	2,501,989	2,501,989	0	0
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 Supplies	33,346,932	33,346,932	0	0
b Provision for Bad Debts	14,467,766	14,467,766	0	0
c Rent Equipment	2,443,631	2,443,631	0	0
d Repairs and Maintenance	2,635,366	2,635,366	0	0
e				
f All other expenses	749,398	749,398	0	0
25 **Total functional expenses.** Add lines 1 through 24f	194,523,559	194,523,559	0	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		24,000	1	24,000
	2	Savings and temporary cash investments		13,232,192	2	24,926,706
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		19,676,887	4	21,973,438
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), 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		0	6	0
	7	Notes and loans receivable, net		6,581,717	7	8,654,492
	8	Inventories for sale or use		2,684,066	8	3,351,016
	9	Prepaid expenses and deferred charges		1,148,039	9	1,224,155
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 207,888,666			
	b	Less accumulated depreciation	10b 87,512,801	130,794,434	10c	120,375,865
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		34,150,376	12	13,269,293
	13	Investments—program-related See Part IV, line 11			13	10,088,944
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		51,568,738	15	46,854,324
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		259,860,449	16	250,742,233
Liabilities	17	Accounts payable and accrued expenses		64,683,732	17	38,748,190
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		154,072,491	20	153,952,896
	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			24	
	25	Other liabilities Complete Part X of Schedule D		10,769,231	25	9,372,090
	26	**Total liabilities.** Add lines 17 through 25		229,525,454	26	202,073,176
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		30,242,065	27	48,666,861
	28	Temporarily restricted net assets		92,930	28	2,196
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		30,334,995	33	48,669,057
	34	Total liabilities and net assets/fund balances		259,860,449	34	250,742,233

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	211,123,347
2	Total expenses (must equal Part IX, column (A), line 25)	2	194,523,559
3	Revenue less expenses Subtract line 2 from line 1	3	16,599,788
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	30,334,995
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,734,274
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	48,669,057

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

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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
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

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

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

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

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
Total									

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

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

Section C. Computation of Public Support Percentage

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

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

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

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

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

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SCHEDULE 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
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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	9,589,025	0		9,589,025
b Buildings	116,300,300	0	37,803,470	78,496,830
c Leasehold improvements	0	0	0	0
d Equipment	69,986,569	0	49,709,331	20,277,238
e Other	12,012,772	0	0	12,012,772
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				120,375,865

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	0	
(2) Closely-held equity interests	0	
(3) Other (A) Investments Other Securities	13,269,293	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	13,269,293	

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
(1) Investment in Doctors Regional Cancer Center	2,521,489	F
(2) Investment in Sleep Services of America	-193,894	F
(3) Due To DCH	7,761,349	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	10,088,944	

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

(a) Description	(b) Book value
(1) Investments held by Trustee	28,101,884
(2) Deferred Financing costs	2,477,547
(3) Goodwill	1,062,530
(4) Other Assets	15,212,363
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	46,854,324

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
Other Non Current Liabilities	4,358,594
Pension Obligation, net of Current portion	5,013,496
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	9,372,090

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	211,123,347
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	194,523,559
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	16,599,788
4	Net unrealized gains (losses) on investments	4	0
5	Donated services and use of facilities	5	0
6	Investment expenses	6	0
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV)	8	0
9	Total adjustments (net) Add lines 4 - 8	9	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	16,599,788

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	211,123,347
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	0		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIV)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	211,123,347
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV)	4b	0		
c	Add lines **4a** and **4b**			4c	0
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	211,123,347

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

1	Total expenses and losses per audited financial statements			1	194,523,559
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIV)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	194,523,559
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	0		
b	Other (Describe in Part XIV)	4b	0		
c	Add lines **4a** and **4b**			4c	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	194,523,559

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
SchD_P10_S00_L02	Schedule D, Part X, Line 2	not applicable

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			1,937,370	1,430,719	1,937,370	0 1 %
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	0	0	1,937,370	1,430,719	1,937,370	0 1 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	0	8,103	216,363	119,000	335,362	0 002 %
f Health professions education (from Worksheet 5)		3,157	2,243,143	0	2,243,143	0 12 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)		13,743	316,331	0	316,331	0 002 %
j **Total** Other Benefits	0	25,003	2,775,837	119,000	2,894,836	0 124 %
k **Total.** Add lines 7d and 7j	0	25,003	4,713,207	1,549,719	4,832,206	0 224 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development		2,457	63,291	0	63,291	0 001 %
3	Community support		4,487	670,096	0	670,096	0 03 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development		1,150	254,808	150,864	103,945	0 001 %
9	Other						
10	**Total**	0	8,094	988,195	150,864	837,332	0 032 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	14,467,766		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	1,837,811		
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	89,241,093
6	Enter Medicare allowable costs of care relating to payments on line 5	6	83,886,627
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	5,354,466
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

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

Part V Facility Information

Section A. Hospital Facilities

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

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
SchH_P01_S00_L03c	Schedule H, Part I, Line 3c	We use FPG

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07	Schedule H, Part I, Line 7	With the all payor system in Maryland the markup is small and we determined that our excess of revenue over expense is 2 percent All payors pay charges therefore our cost is 98 percent

Identifier	ReturnReference	Explanation
SchH_P01_S00_L072f	Schedule H, Part I, Line 7, Column f	1,874,567

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07g	Schedule H, Part I, Line 7g	N/A

Identifier	ReturnReference	Explanation
SchH_P02_S00_L00	Schedule H, Part II	By providing educational programs to inform the community of services available at the Hospital to improve their health

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	A patient is classified as a charity patient by reference to certain established policies of the Hospital These policies define charity services as those services for which no paymeent is anticipated In assessing a patient's ability to pay, the Hospital utilizies the generally recognized poverty income levels in the local community, but also includes cetain cases where incurred charges are significant when compared to income Charity care provided in 2011 and 2010, measured at established rates, was $2,128,738 and $923,563 respectively These charges are excluded from consolidated net patient service revenue The cost of providing this care is included in consolidated operating expenses

Identifier	ReturnReference	Explanation
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	In Maryland Medicare pays 94% of charges in the all payor system Charges by law have a reasonable relationship to cost with no excess of revenue over expense built into the formula

Identifier	ReturnReference	Explanation
SchH_P03_S0C_L09b	Schedule H, Part III, Section C, Line 9b	The Maryland Health Services Cost Review Commission has established guidelines for all Hospitals to follow as it relates to qualifying for charity care or financial assistance

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L19	Schedule H, Part V, Section B, Line 19	The State of Maryland has a waiver from Medicare PPS which provides an all payor system All patients are charged the same for services rendered even if they have no ability to pay for those services Included in the charges are funds to pay for those who can not pay

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L21	Schedule H, Part V, Section B, Line 21	The Hospital charges all patients gross charges with the all payor system in the State of Maryland

Identifier	ReturnReference	Explanation
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	We complete market surveys to determine need We review transfers to other healthcare organizations to see the changing needs of the citizens we serve We discuss with our Medical Staff who are treating patients before they are admitted to our facility for their assessment

Identifier	ReturnReference	Explanation
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	We advertise our charity care policy in the local newspapers, have brochures at admission and discharge informing the patients of our policy and we also have signs in the Hospital

Identifier	ReturnReference	Explanation
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	Located in Lanham Prince George's County Maryland, Lanham is a suburb of Washington DC, the Hospital is located one and one half miles from the Baltimore Wahsington Parkway, a four lane highway connecting Baltimore and Washington DC The Hospital is also within one mile of I 495 the area beltway The Hospital serves residents of Prince George's County, the District of Columbia and the greater Washington DC metropolitan area

Identifier	ReturnReference	Explanation
SchH_P06_S00_L05	Schedule H, Part VI, Line 5	The Hospital holds several health fairs during the year with the largest fair being the Womens Health fair in October each year The attendance has grown over the years with last year we had over 400 participants The educational sessions held are outstanding and provide guidance for the women of the area in many avenues of healthcare

Identifier	ReturnReference	Explanation
SchH_P06_S00_L06	Schedule H, Part VI, Line 6	We have an open Medical staff with over 500 members The Board of Directors are citizens of the community who provide leadership to management to meet the needs of the community Any surplus funds are used to improve the physicial plant and purchase new state of the art equipment to provide a better service to our community

Identifier	ReturnReference	Explanation
SchH_P06_S00_L07	Schedule H, Part VI, Line 7	State of Maryland

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
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
SchJ_P01_S00_L07	Schedule J, Part I, Line 7	Provided bonus based on successfully achieving quality scores, exceeding the operating budget and completing individual goals approved by the Board of Directors A percentage of base salary depending on position were paid to members of the Executive Staff

Additional Data

Return to Form

Software ID: 10000077
Software Version: v1.00
EIN: 52-1638026
Name: DOCTORS HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Philip B Down	(I)	605,954	219,178	173,856	8,200	37,688	1,044,876	0
	(II)	0	0	0	0	0	0	0
Paula L Bruening	(I)	199,427	25,000	22,774	34,772	4,946	286,919	0
	(II)	0	0	0	0	0	0	0
Thomas J Crowley	(I)	320,173	40,000	3,696	0	10,738	374,607	0
	(II)	0	0	0	0	0	0	0
Eric Conley	(I)	36,346	0	7,805	0	1,250	45,401	0
	(II)	0	0	0	0	0	0	0
Scott Gregerson	(I)	216,865	20,000	4,038	3,300	4,801	249,004	0
	(II)	0	0	0	0	0	0	0
Gabriel Jaffe MD	(I)	205,138	15,000	9,217	8,200	7,680	245,235	0
	(II)	0	0	0	0	0	0	0
Charlene B Lundgren	(I)	161,263	15,000	3,175	18,762	4,946	203,146	0
	(II)	0	0	0	0	0	0	0
Dennis P Scanlon	(I)	265,560	30,000	135,750	107,230	10,738	549,278	0
	(II)	0	0	0	0	0	0	0
Regina E Robinson	(I)	56,588	0	0	0	120	56,708	0
	(II)	0	0	0	0	0	0	0
Robert Bonaventure	(I)	0	0	0	0	0	0	0
	(II)	0	0	0	0	0	0	0
Rakesh Arora MD	(I)	0	0	0	0	0	0	0
	(II)	0	0	0	0	0	0	0
Rene LaVigne	(I)	0	0	0	0	0	0	0
	(II)	0	0	0	0	0	0	0
Robert Depew	(I)	0	0	0	0	0	0	0
	(II)	0	0	0	0	0	0	0
Joanne Goldsmith	(I)	0	0	0	0	0	0	0
	(II)	0	0	0	0	0	0	0
Charles Dukes	(I)	0	0	0	0	0	0	0
	(II)	0	0	0	0	0	0	0
Richard J Ham	(I)	0	0	0	0	0	0	0
	(II)	0	0	0	0	0	0	0
Charlene Dukes Phd	(I)	0	0	0	0	0	0	0
	(II)	0	0	0	0	0	0	0
Chester A DiLallo	(I)	175,002	0	0	0	120	175,122	0
	(II)	0	0	0	0	0	0	0
Netty N Pandiangan	(I)	166,813	0	0	3,336	11,555	181,704	0
	(II)	0	0	0	0	0	0	0
Seray Musa	(I)	159,940	0	0	0	11,555	171,495	0
	(II)	0	0	0	0	0	0	0
Alan H Johnson	(I)	161,878	0	0	3,885	4,946	170,709	0
	(II)	0	0	0	0	0	0	0
Sepideh Haghpanah	(I)	197,215	0	0	0	120	197,335	0
	(II)	0	0	0	0	0	0	0
Paul R Grenaldo	(I)	56,834	0	106	0	0	56,940	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Maryland Health and Higher Educational Facilities Authority Series 2010	52-0936091	5742176W0	05-05-2010	9,095,000	See Schedule O		X		X		X
B	Maryland Health and Higher Educational Facilities Authority	52-0936091	5742176Y6	05-05-2010	68,245,000	See Schedule O		X		X		X
C	Maryland Health and Higher Educational Facilities Authority	52-0936091	5742176U4	05-05-2010	5,330,000	See Schedule O		X		X		X
D	Maryland Health and Higher Educational Facilities Authority	52-0936091	5742158H5	12-15-2006	14,085,000	See Schedule O		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	0
2	Amount of bonds legally defeased	0	0	0	0
3	Total proceeds of issue	85,570,000	85,570,000	85,570,000	88,405,881
4	Gross proceeds in reserve funds	5,008,000	5,008,000	5,008,000	5,875,750
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrow	59,160,000	59,160,000	59,160,000	0
7	Issuance costs from proceeds	1,366,000	1,366,000	1,366,000	1,204,404
8	Credit enhancement from proceeds	0	0	0	0
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	0	0	0	0
11	Other spent proceeds	0	0	0	0
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion	2013	2013	2013	2012
		Yes / No	Yes / No	Yes / No	Yes / 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		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		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								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
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
SchK_P01_S00_L00f	Schedule K, Part I, Column f	Plan of Finance for Series 2010 The proceeds will be used to (i) refund the Refunded Bonds, (ii) finance and refinance a portion of the costs of the 2010 Additional Facilities, (iii) provide for the deposit to the Debt Service Reserve Fund of an amount sufficient to make the amount on deposit therin upon issuance of the Series 2010 Bonds equal to Maximum Annual Debt Service on the Series 2007A bonds and the Series 2010 Bonds and (iv) pay the underwriters' compensation and other administrative, legal, financing and miscellaneous expenses related to the issuance of the Series 2010 Bonds Plan of Finance Series 2007A The proceeds will be used to (i) to finance and refinance a portion of the costs of construction, renovation, acquisition and equipping of the 2007 Project, (ii) to refund the refunded Bonds, (iii) to provide for the deposit to the Debt Service Reserve Fund of an amount equal to Maximum Annual Debt service on the 2007 A Bonds, (iv) to pay the Underwriters' compensation and other administrative, legal, financing and miscellaneous expenses related to the issuance of the Series 2007A Bonds

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Maryland Health and Higher Educational Facilities Authority	52-0936091	574215 8J1	12-15-2006	21,890,000	See Schedule O		X		X		X
B	Maryland Health and Higher Educational Facilities Authority	52-0936091	5742158K8	12-15-2006	30,795,000	See Schedule O		X		X		X
C	Maryland Health and Higher Educational Facilities Authority	52-0936091	5742158L6	12-15-2006	10,915,000	See Schedule O		X	X			X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	
2	Amount of bonds legally defeased	0	0	0	
3	Total proceeds of issue	88,405,881	88,405,881	88,405,881	
4	Gross proceeds in reserve funds	5,875,750	5,875,750	5,875,750	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrow	0	0	0	
7	Issuance costs from proceeds	0	0	0	
8	Credit enhancement from proceeds	0	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	0	0	0	
11	Other spent proceeds	0	0	0	
12	Other unspent proceeds	0	0	0	
13	Year of substantial completion	2012	2012	2012	

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

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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		
b	Are there any research agreements that may result in private business use of bond-financed property?		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			
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 %			
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 %			
6	Total of lines 4 and 5	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			

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

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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
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance 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) Robert Bonaventure	Board Member	663,611	Mr Bonaventure, A Director of the Organization, owns a company that provides security services to the Organization The total fees paid were determined based on a competitive bidding process The fees are not based on Organizational revenue sharing Mr Bonaventure abstains from voting with regard to this services contract and is not a member of the Organization's Compensation Committee		No
(2) Philip B Down Jr	Adult son of Philip B Down, President	64,419	Philip B Down Jr adult son of the Organization's President and Chief Executive Officer was employed as a facilities manager for the Organization His total compensation was $64,419 and was determined based upon a market study for the position His pay is not based on Organizational revenue sharing		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

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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
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

Identifier	Return Reference	Explanation
F990_P06_S0B_L11a	Form 990, Part VI, Section B, Line 11a	Form 990, Part VI, Section B, Line 11 - A copy of the completed Form 990 is presented to the Board members in advance of a regular meeting of the Board The Board members are afforded the opportunity to ask questions and request changes (if there are perceived factual inaccuracies) The final Form 990 is approved as presented or, if applicable, as changed, by a majority vote of the members present at the meeting

Identifier	Return Reference	Explanation
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	Form 990, Part VI, Section B, Line 12c - Each Board member and Officer of the Organization is required to complete a written Conflict of Interest Statement annually which are reviewed by the President

Identifier	Return Reference	Explanation
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	Form 990, Part VI, Section B, Line 15 - The Organization's Board has adopted a Compensation Policy (the "Policy") for covered individuals Pursuant to the Policy, a Compensation Committee of independent directors was established to review the compensation of all employees specified as having a substantial influence over the organization and who receive remuneration from the Organization, including, among others, the Organization's President and Chief Executive Officer and the Organization's Chief Financial Officer The Compensation Committee is advised by an independent compensation consultant, which opines to the Compensation Committee that the level of compensation paid and the process by which compensation is established meet applicable IRS reasonableness and "safe harbor" standards The outside compensation consultant provides data of compensation provided at similiar organizations to ensure that the Organization does not compensate in excess of market norms

Identifier	Return Reference	Explanation
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	Form 990, Part VI, Section C, Line 19 - These documents are available upon request We also file these documents with the State of Maryland Health Services Cost Review Commission

Identifier	Return Reference	Explanation
F990_P11_S00_L05	Form 990, Part XI, Line 5	Dividend Paid $106,746 Net Assets Released from Restrictions for use in operations $(90,753) Pension related changes other than new periodic pension cost $1,718,275

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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
DOCTORS HOSPITAL INC

Employer identification number
52-1638026

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Doctors Community Hospital Foundation Inc 8118 Good Luck Road Lanham, MD 20706 52-1712338	To raise funds for Doctors Hospital Inc Capital needs	MD	501 (c) (3)	501 (c) (3)	N/A		

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Doctors Community Health Ventures Inc 8118 Good Luck Road Lanham, MD20706 52-1884380	Wholly owned for profit entity of Doctors Hospital Inc	MD	N/A	C			1 00 %

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

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**	**No**
b	Gift, grant, or capital contribution to other organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from other organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for other organization(s)	**1d**	**No**
e	Loans or loan guarantees by other organization(s)	**1e**	**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**	**No**
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	**No**
n	Sharing of paid employees	**1n**	**No**
o	Reimbursement paid to other organization for expenses	**1o**	**No**
p	Reimbursement paid by other organization for expenses	**1p**	**No**
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)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

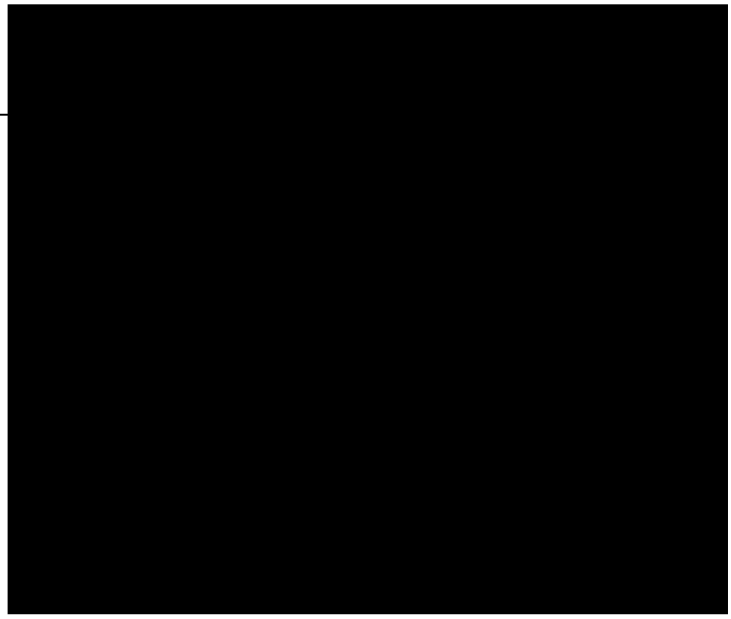
(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing 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

COHEN
RUTHERFORD
+ KNIGHT PC
Certified Public Accountants



Audited Consolidated Financial Statements

Doctors Community Hospital and Subsidiaries
June 30, 2011 and 2010

– Contents –

COHEN
RUTHERFORD
+ KNIGHT PC
Certified Public Accountants

Report of Independent Auditors

Board of Directors
Doctors Community Hospital and Subsidiaries
Lanham, Maryland

We have audited the accompanying consolidated balance sheets of Doctors Community Hospital and Subsidiaries, (the Hospital) as of June 30, 2011 and 2010, and the related consolidated statements of operations and other changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Doctors Community Hospital and Subsidiaries as of June 30, 2011 and 2010, and the results of their operations, the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Cohen, Rutherford + Knight, P.C.

September 29, 2011

6903 Rockledge Drive, Suite 500, Bethesda, MD 20817 **Tel:** 301 828 1000 **Fax:** 301 530 3625

Consolidated Balance Sheets
Doctors Community Hospital and Subsidiaries

ASSETS	June 30 2011	2010
CURRENT ASSETS		
Cash and cash equivalents	$ 27,349,012	$ 14,521,680
Assets limited to use for debt service - *Note B*	6,522,989	4,682,633
Patient accounts receivable, less uncollectible accounts of $9,463,864 and $10,959,328	23,294,028	20,757,705
Accounts receivable - other	2,539,842	2,175,209
Inventories	3,498,391	2,772,283
Prepaid expenses	1,393,567	1,265,039
TOTAL CURRENT ASSETS	64,597,829	46,174,549
INVESTMENTS		
Marketable securities -- *Note B*	13,432,375	26,739,456
Joint ventures and equity investments -- *Note C*	2,359,764	2,182,857
	15,792,139	28,922,313
ASSETS WHOSE USE IS LIMITED -- *Note B*		
Investments held by trustee or authority, less current portion	28,101,884	32,790,163
LAND, BUILDINGS, AND EQUIPMENT -- *Note E*	126,965,136	138,555,389
DEFERRED FINANCING COSTS	2,477,547	3,542,287
GOODWILL	2,475,791	2,475,791
OTHER ASSETS	16,029,396	15,746,543
TOTAL ASSETS	$ 256,439,722	$ 268,207,035

See the accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets – Continued

Doctors Community Hospital and Subsidiaries

LIABILITIES	June 30 2011	2010
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 13,057,358	$ 18,239,568
Salaries, wages, and related items	10,936,073	10,211,101
Advances from third party payers	7,620,548	5,998,161
Interest rate swap -- *Note F*	0	24,135,956
Interest payable to bondholders	4,200,882	4,294,765
Current portion of long-term obligations - *Note F*	3,621,623	3,300,844
TOTAL CURRENT LIABILITIES	39,436,484	66,180,395
NONCURRENT LIABILITIES		
Other noncurrent liabilities - *Note I*	4,358,593	3,602,329
Pension obligation - *Note I*	5,013,496	7,166,902
Long-term obligations, net of current portion - *Note F*	156,583,346	157,276,508
TOTAL LIABILITIES	205,391,919	234,226,134
NET ASSETS		
Unrestricted	49,313,787	31,835,431
Noncontrolling interest	1,551,726	2,021,778
TOTAL UNRESTRICTED NET ASSETS	50,865,513	33,857,209
Temporarily restricted	182,290	123,692
TOTAL NET ASSETS	51,047,803	33,980,901
COMMITMENTS AND CONTINGENCIES - *NOTES F, G, H, I & K*		
TOTAL LIABILITIES AND NET ASSETS	$ 256,439,722	$ 268,207,035

See the accompanying notes to the consolidated financial statements.

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

	June 30 2011	2010
OPERATING REVENUE		
Patient revenue	$ 206,706,873	$ 191,744,078
Other operating revenue -- *Note B*	5,202,493	5,798,407
Pledges and contributions	616,392	207,351
Net assets released from restrictions used for operations	91,425	335,301
TOTAL OPERATING REVENUE	212,617,183	198,085,137
EXPENSES		
Salaries and wages	78,008,234	75,956,168
Employee benefits	16,154,539	15,012,104
Purchased services	30,304,704	29,144,131
Supplies	34,353,154	32,926,696
Other expenses	13,892,078	9,792,130
Provision for bad debts	14,467,766	16,070,689
Depreciation	9,691,089	9,260,387
Amortization	1,064,740	138,278
Fundraising	280,997	293,467
Interest	10,348,832	6,390,913
TOTAL EXPENSES	208,566,133	194,984,963
INCOME FROM OPERATIONS	4,051,050	3,100,174
NONOPERATING INCOME		
Gain from sale of professional office building -- *Note E*	8,390,497	0
Unrealized gain/(loss) on trading securities -- *Note B*	(575,127)	542,496
Equity in joint ventures -- *Note C*	(664,740)	357,865
Interest rate swap termination	(18,137,789)	0
Change in fair value of interest rate swap -- *Note F*	24,135,957	(5,638,447)
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	17,199,848	(1,637,912)
Subsidiary distributions to noncontrolling interest-holders	(1,909,796)	(2,172,170)
Net assets released from restrictions for capital acquisitions	(0)	255,883
Pension - related changes other than net periodic pension cost - *Note I*	1,718,275	(951,159)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 17,008,327	$ (4,505,358)

See the accompanying notes to the consolidated financial statements.

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

	Year Ended June 30, 2011			Year Ended June 30, 2010		
	Total	Controlling Interests	Noncontrolling Interests	Total	Controlling Interests	Noncontrolling Interests
UNRESTRICTED NET ASSETS						
Excess of revenue over expenses (expenses over revenue)	$ 17,199,848	$ 15,760,104	$ 1,439,744	$ (1,637,913)	$ (3,510,407)	$ 1,872,494
Net assets released from restrictions for capital expenditures	0	0	0	255,883	255,883	0
Dividends paid to noncontrolling interest-holders	(1,909,796)	0	(1,909,796)	0	0	0
Pension - related changes other than net periodic pension cost *Note I*	1,718,275	1,718,275	0	(3,123,329)	(951,159)	(2,172,170)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS AND NONCONTROLLING INTERESTS	17,008,327	17,478,379	(470,052)	(4,505,359)	(4,205,683)	(299,676)
TEMPORARILY RESTRICTED NET ASSETS						
Restricted contributions	150,000	150,000	0	687,458	687,458	0
Net assets released from restrictions for operations	(91,425)	(91,425)	0	(335,301)	(335,301)	0
Net assets released from restrictions for capital expenditures	0	0	0	(255,883)	(255,883)	0
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	58,575	58,575	0	96,274	96,274	0
INCREASE (DECREASE) IN NET ASSETS	17,066,902	17,536,954	(470,052)	(4,409,085)	(4,109,409)	(299,676)
NET ASSETS, BEGINNING OF YEAR	33,980,901	31,959,123	2,021,778	38,389,986	36,068,532	2,321,454
NET ASSETS, END OF YEAR	$ 51,047,803	$ 49,496,077	$ 1,551,726	$ 33,980,901	$ 31,959,123	$ 2,021,778

See the accompanying notes to the consolidated financial statements.

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

	Year Ended June 30	
OPERATING ACTIVITIES AND OTHER GAINS	**2011**	**2010**
Increase (decrease) in net assets	$ 1,066,902	$ (4,409,085)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents provided by operating activities		
Restricted contributions received	(150,000)	(687,458)
Depreciation	9,691,089	9,260,387
Provision for bad debts	14,467,766	16,070,689
Unrealized loss (gain) on investments	575,127	(542,496)
(Gain) loss on disposal of building and other property	(8,390,497)	59,905
Decrease (increase) in joint ventures and equity investments	(176,907)	21,394
Realized loss (gain) on sale of investments	(687,498)	(8,188)
Amortization on bond issue	(158,433)	(138,278)
Change in fair value of interest swap rate	(24,135,957)	5,638,447
Increase (decrease) in		
Accounts payable and accrued expenses, exclusive of accrual for equipment costs	(5,182,208)	(2,793,383)
Accrued salaries, wages, and related items	724,972	1,160,058
Advances from third party payers	1,622,387	1,063,993
Pension obligation	(2,153,406)	(152,237)
Interest payable	(93,883)	2,465,665
Other liabilities	756,264	679,977
Decrease (increase) in		
Net patient accounts receivable	(1,004,089)	(20,063,617)
Other receivables	(364,633)	(2,418,722)
Inventories	(726,108)	(175,379)
Prepaid expenses and other assets	(411,381)	(954,035)
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES AND OTHER GAINS	(14,730,492)	4,077,637
INVESTING ACTIVITIES		
Net sales of trading investments, including assets whose use is limited	16,267,375	5,592,581
Proceeds from sale of property	21,999,194	0
Purchase of property, plant and equipment	(8,144,060)	(31,154,040)
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) INVESTING ACTIVITIES	30,122,509	(25,561,459)

(Continued)

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

	Year Ended June 30	
FINANCING ACTIVITIES	**2011**	**2010**
Principal payments on debt	(3,779,424)	(3,245,494)
Proceeds from issue of debt	0	80,798,114
Bond retirement	0	(59,160,000)
Deferred financing costs	1,064,740	(1,380,919)
Restricted contributions received	150,000	687,458
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,564,684)	17,699,159
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVILENTS	12,827,333	(3,784,663)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,521,680	18,306,343
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 27,349,013	$ 14,521,680
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Taxes paid for Health Ventures	$ 70,000	$ 350,000
SUPPLEMENTAL DISCLOSURE OF NON CASH INFORMATION:		
Acquisition of equipment under capital lease	$ 3,565,475	$ 0

See the accompanying notes to the consolidated financial statements.

Note A – Organization and Summary of Significant Accounting Principles

Organization

Doctors Community Hospital (the Hospital) is a not-for-profit, non-stock corporation that operates an acute care general hospital facility licensed for 195 beds. The Hospital serves the health care needs of the residents of Prince George's County, the District of Columbia, and the greater Washington, D.C. metropolitan area. The Hospital has three wholly owned/controlled subsidiaries: Doctors Community Health Ventures, Inc. (Health Ventures), Doctors Community Hospital Foundation, Inc. (the Foundation), and Spine Team Maryland, LLC (STM).

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

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

STM is a limited liability company formed in Maryland for the purpose of providing medical and surgical services for the residents of Prince Georges County and surrounding areas.

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

Principles of Consolidation

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

Use of Estimates

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

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

Cash and Cash Equivalents

The Company has cash holdings in commercial banks routinely exceeding the Federal Deposit Insurance Corporation maximum insurance limit of $250,000. Cash and cash equivalents are reported at cost which approximates market value.

Investments

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

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

Patient Revenue and Accounts Receivable

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

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

Patient Revenue and Accounts Receivable - Continued

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

	2011	2010
Medicare	43%	40%
Medicaid	13%	12%
Blue Cross Blue Shield	20%	20%
Other third-party payers	19%	22%
Self-pay patients	5%	6%
	100%	100%

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

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

	2011	2010
Medicare	29%	29%
Medicaid	22%	14%
Blue Cross Blue Shield	15%	18%
Other third-party payers	20%	20%
Self-pay patients	14%	19%
	100%	100%

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

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

Inventories

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

Land, Buildings, and Equipment

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

Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital and the Foundation has been limited by donors to a specific time period or purpose. As of June 30, 2011 and 2010, the Company had no permanently restricted net assets. Temporarily restricted net assets are available to fund various health care services and other community benefits provided by the Hospital. The Company's policy is to treat restricted contributions recorded and released in the same fiscal year as unrestricted contributions.

Excess of Expenses over Revenue

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

Charity Care

A patient is classified as a charity patient by reference to certain established policies of the Hospital. These policies define charity services as those services for which no payment is anticipated. In assessing a patient's ability to pay, the Hospital utilizes the generally recognized poverty income levels in the local community, but also includes certain cases where incurred charges are significant when compared to income. Charity care provided in 2011 and 2010, measured at established rates, was $2,128,738 and $923,563 respectively. These charges are excluded from consolidated net patient service revenue. The cost of providing this care is included in consolidated operating expenses.

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

Contributions and Pledges

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

The Hospital and Foundation write off any grants and pledges receivable that are considered uncollectible; accordingly, there is no allowance for doubtful accounts recorded for these grants and pledges. Grants and pledges receivable have not been discounted because management considers the effect to be immaterial. The balance of pledges receivable was $274,805 and $162,459 at June 30, 2011 and 2010, respectively, and is included in other amounts receivable in the accompanying consolidated balance sheets.

Advertising Costs

The Hospital expenses advertising costs as they are incurred. Advertising expense was approximately $1,348,387 and $954,569 for the fiscal years June 30, 2011 and 2010, respectively, and is reported as other expense in the accompanying consolidated statements of operations and other changes in unrestricted net assets.

Functional Expenses

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

	Year Ended June 30	
	2011	**2010**
Health care services	$ 149,886,585	$ 139,933,762
Management and general	58,289,227	54,587,118
Fundraising	390,321	464,084
	$ 208,566,133	$ 194,984,964

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

Deferred Financing Costs

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

	June 30	
	2011	2010
Deferred financing costs	$ 3,008,043	$ 3,984,004
Accumulated amortization	(530,496)	(441,717)
	$ 2,477,547	$ 3,542,287

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

2012	$ 160,334
2013	156,899
2014	153,096
2015	149,133
2016	144,974
	$ 764,436

Fair Value of Financial Instruments

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

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

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

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

Fair Value of Financial Instruments – Continued

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

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

Income Taxes

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

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

The Hospital and the Foundation had no unrecognized tax benefits or such amounts were immaterial during the periods presented. For tax periods with respect to which no unrelated business income was recognized, no tax return was required. Tax periods for which no return is filed remain open for examination indefinitely. Although informational returns were filed for the Hospital and the Foundation, no tax returns were filed during 2011 and 2010.

Health Ventures is subject to corporate income tax, and incurred an income tax liability of $70,000 and $350,000 for the years ended June 30, 2011 and 2010, respectively.

DRCC and Sleep Center are Maryland limited liability companies that have not elected to be taxed as a corporation under current Treasury regulations. DRCC and Sleep Center are owned by more than

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

Income Taxes – Continued

one member. As such, DRCC and Sleep Center are subject to the partnership tax rules under Subchapter K of the Internal Revenue Code of 1986, as amended. Under these rules DRCC and Sleep Center are not subject to federal or state income tax, but must file annual information returns indicating their gross and taxable income to determine the tax results to their members.

STM is a Maryland limited liability company that has not elected to be taxed as a corporation under current treasury regulations. STM is wholly owned by the Hospital. As such, STM is a "disregarded entity" under current regulations.

Goodwill

Goodwill represents the excess of cost over the fair value of assets acquired. Management evaluates goodwill for impairment on an annual basis. Management reviewed the carrying value reported for goodwill in the accompanying consolidated balance sheets for impairment and believes there is none as of June 30, 2011.

Recent Changes in Accounting Standards

In August 2010, the Financial Accounting Standards Board (FASB) amended the Accounting Standards Codification (ASC) for Health Care Entities to require that cost be used as the measurement basis for charity care disclosures, and that cost be identified as the direct and indirect costs of providing the charity care. This amendment is effective for fiscal years beginning after December 15, 2010. Also, in August 2010, the FASB amended the ASC for Health Care Entities to clarify that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. This amendment is effective for fiscal years and interim periods within those years, beginning after December 15, 2010. In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-06, *Improving Disclosures about Fair Value Measurements*. ASU 2010-06 amends FASB Topic 820, *Fair Value Measurements and Disclosures*, to require additional disclosures regarding fair value measurements. In addition to amendments already effective, entities will also be required to report purchases, sales, issuances, and settlement of Level 3 assets and liabilities on a gross basis, rather than net. This is effective for fiscal years beginning after December 15, 2010. In July 2011, FASB issued ASU No. 2011-7, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-7 affects entities within the scope of Topic 954, Health Care Entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. ASU 2011-7 requires certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from

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

Recent Changes in Accounting Standards – Continued

an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. ASU 2011-7 also requires disclosure of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowances for doubtful accounts. This is effective for fiscal years beginning after December 15, 2011 for public entities and for the first annual period ending after December 15, 2012 for non-public entities (early adoption permitted). Application for periods presented in the statement of operations would be retrospective; however, the disclosures required by the amendments would be prospective. Management is currently evaluating the impact on the Company's future financial statements of adoption of these changes in accounting.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year's presentation.

Subsequent Events

Subsequent events have been evaluated by management through September 29, 2011, which is the date the financial statements were available to be issued.

Note B – Investments

The following is a summary of investment securities:

	For the Year Ended	
	2011	**2010**
Marketable securities		
Corporate debt securities	$ 0	$ 3,061,161
Mutual funds	13,432,375	23,678,295
	$ 13,432,375	$ 26,739,456
Assets whose use is limited		
Mutual funds	$ 6,148,427	$ 1,200,476
Government obligations	28,476,447	36,272,320
	$ 34,624,874	$ 37,472,796

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

	2011	**2010**
Funds held by Trustee or Authority		
Debt service reserve fund	$ 34,624,874	$ 37,472,796
Less assets required for current obligations	(6,522,990)	(4,682,633)
	$ 28,101,885	$ 32,790,163

Note B – Investments – Continued

Investment return is summarized as follows:

	Other Operating Revenue	Non Operating Gains (Losses)	Total
2011			
Interest and dividend income	$ 582,467	$ 0	$ 582,467
Net realized gains	687,498	0	687,498
Net unrealized loss	0	(575,127)	(575,127)
Investment fees	(48,363)	0	(48,363)
	$ 1,221,602	$ (575,127)	$ 646,475
2010			
Interest and dividend income	$ 775,525	$ 0	$ 775,525
Net realized gains	8,188	0	8,188
Net unrealized gains	0	542,496	542,496
Investment fees	(81,282)	0	(81,282)
	$ 702,431	$ 542,496	$ 1,244,927

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

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

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

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

Note B – Investments – Continued

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

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

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

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

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

Note B – Investments – Continued

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2011.

	Level 1	Level 2	Level 3	Total Fair Value
Cash	$ 1,542	$ 0	$ 0	$ 1,542
Fixed maturity				
U S government agency bonds/notes	0	28,476,446	0	28,476,446
Money markets	0	6,406,219	0	6,406,219
Equity securities				
Mutual funds				
Short government	3,288,099	0	0	3,288,100
Ultrashort bond	3,300,001	0	0	3,300,001
Short-term bond	3,292,694	0	0	3,292,694
Intermediate government	3,292,247	0	0	3,292,247
World bond	281,775	0	0	281,775
High-yield bond	205,362	0	0	205,362
Short-term bond	1,778,142	0	0	1,778,142
Intermediate-term bond	208,389	0	0	208,389
Moderate allocation	99,381	0	0	99,381
Mid-cap growth	334,754	0	0	334,754
Real estate	145,370	0	0	145,370
Foreign large blend	954,239	0	0	954,239
Large blend	193,154	0	0	193,154
Diversified emerging markets	235,754	0	0	235,754
Large growth	107,519	0	0	107,519
Small blend	338,742	0	0	338,742
Total assets	$ 18,057,164	$ 34,882,666	$ 0	$ 52,939,830

Note B – Investments – Continued

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

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

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

	Level 3	
	2011	2010
Fair value, beginning	$ 24,135,957	$ 18,497,509
Changes in interest rate swap	(24,135,957)	5,638,448
Fair value, ending	$ 0	$ 24,135,957

There were no significant transfers between fair value hierarchy levels for the year ended June 30, 2011.

Note C – Joint Ventures and Equity Investments

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

Name	Percent Ownership	Accounting Method	June 30 2011	June 30 2010
Magnolia Gardens LLC	51.0%	Equity	$ 2,325,301	$ 1,834,835
Neighborcare Home Medical Equipment of Maryland LLC	5.0%	Cost	250,000	250,000
Metropolitan Ambulatory Urological Institute, LLC	31.7%	Equity	90,457	114,260
Diagnostic Imaging, LLC	50.0%	Equity	(305,995)	(16,238)
			$ 2,359,764	$ 2,182,857

Note D – Related Party Transactions

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

The Hospital advanced funds to Health Ventures in its establishment of Metropolitan Medical Group, LLC and Diagnostic Imaging, LLC (DI). The Medical Director of Radiology for the Hospital is an investor in DI. Since MMS is wholly owned by Health Ventures, the amounts loaned to MMS have been eliminated in consolidation; however, amounts due from DI have not been eliminated since DI are included in the accompanying consolidated financial statements and amount to $812,072 ($1,812,072 net of a reserve of $1,000,000) and $1,534,139 as of June 30, 2011 and 2010, respectively *(See Note C)*.

A member of the board of directors maintains a business that had transactions with the Hospital that amounted to $606,915 and $650,363 for the years ended June 30, 2011 and 2010, respectively.

The Foundation transferred $106,746 and $4,537 for the years ended June 30, 2011 and 2010, respectively, of restricted net assets to the Hospital, which were then released from restriction by the Hospital for use in operations.

Note E – Land, Buildings, and Equipment

Land, buildings, and equipment are summarized as follows:

Name	Useful Life	June 30 2011	June 30 2010
Land improvements	10-40 Years	$ 7,135,958	$ 6,450,639
Buildings	4-40 Years	123,641,789	135,014,745
Furniture and equipment	2-20 Years	70,956,441	66,364,811
Equipment under capital lease obligations	2-20 Years	9,987,859	6,042,072
		211,722,047	213,872,267
Less accumulated depreciation		91,636,409	83,448,166
		120,085,638	130,424,101
Construction in progress		740,996	1,992,786
Land		6,138,502	6,138,502
		$ 126,965,136	$ 138,555,389

The Company capitalized interest of $0 in 2011 and $3,991,443 in 2010 related to construction activities, and total capitalized interest reported as a component of land, buildings and equipment, net of accumulated depreciation, was $3,240,315 and $6,506,594 as of June 30, 2011 and June 30, 2010. Capitalized interest related to construction activities includes the relevant portions of applicable interest payments to creditors on bonds and other debt obligations, net payments/receipts to counterparties on interest rate swap arrangements, letter of credit fees, and income received on trustee-held funds.

Accumulated depreciation includes accumulated amortization of capital leased equipment in the amount of $1,509,807and $1,118,566 as of June 30, 2011 and 2010, respectively. Depreciation expense of capital leased equipment was $560,291 and $268,405 for fiscal year 2011 and 2010, respectively.

Note F – Long-Term Debt

Long-term indebtedness consisted of the following:

	June 30	
	2011	2010
Maryland Health and Higher Education Facilities Authority Revenue Bonds, Series 2007A		
4.00% term bonds due July 1, 2013	$ 7,450,000	$ 9,750,000
5.00% term bonds due July 1, 2020	21,890,000	21,890,000
5.00% term bonds due July 1, 2027	30,795,000	30,795,000
5.00% term bonds due July 1, 2029	10,915,000	10,915,000
Maryland Health and Higher Education Facilities Authority Revenue Bonds, Series 2010		
5.30% term bonds due July 1, 2025	5,330,000	5,330,000
5.625% term bonds due July 1, 2030	9,095,000	9,095,000
5.75% term bonds due July 1, 2038	68,245,000	68,245,000
Capital leases	6,273,608	3,777,401
Notes payable	19,688	429,845
	160,013,296	160,227,246
Current portion of long-term debt	(3,621,623)	(3,300,844)
Original issue premium, net of accumulated amortization	2,027,513	2,221,992
Original issue discount, net of accumulated amortization	(1,835,840)	(1,871,886)
	$ 156,583,346	$ 157,276,508

The fair value of the Company's long-term debt, based on quoted market prices, was$ 140,854,447 and $144,210,999 at June 30, 2011 and 2010, respectively.

Note F – Long-Term Debt – Continued

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

2012	$	3,621,623
2013		4,078,970
2014		4,264,593
2015		4,480,300
2016		4,092,810
2017 and after		139,475,000
	$	160,013,296

Total interest paid for the years ended June 30, 2011 and 2010 net of capitalized interest, was $10,348,832 and $4,084,370, respectively.

Revenue Bonds

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

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

The Hospital is required to maintain certain debt ratios as defined by the Agreement. In the opinion of the management, the Hospital has complied with the required covenants for 2011 and 2010.

Note F – Long-Term Debt – Continued

Other Debt

During 2008, DRCC obtained a $4,000,000 revolving line of credit from a commercial lender to finance the acquisition of certain medical equipment. The line of credit was converted to a capital lease during 2009. The outstanding principal balance was $3,184,329 and $3,702,031 on June 30, 2011 and 2010, respectively. Beginning in October 2009, monthly payments of principal and interest at 6.8% per annum become due. Aggregate future principal payments as of June 30, 2011 are as follows:

2012	$ 553,879
2013	592,585
2014	633,995
2015	678,298
2016	725,572
	$ 3,184,329

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

Derivative Instrument

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

Note F – Long-Term Debt – Continued

Derivative Instruments – Continued

The Hospital's interest rate swap had an initial notional amount of $75,000,000 subject to scheduled amortization, an effective date of January 1, 2009, and a termination date of July 1, 2040. It provided for the Hospital to pay a fixed rate of approximately 4.6% and receive a variable rate based on 79% of one month London Interbank Offered Rate. Subject to the terms of the agreement, either party had the option to terminate the agreement prior to the termination date provided that no event of default or termination had occurred. Specifically, the interest rate swap provider had the optional right to terminate this transaction (provided that no event of default or termination event had occurred) on May 1, 2011 and annually thereafter until scheduled termination. Upon election to optionally terminate this transaction, a termination amount in respect of such termination would be due from one counterparty to this transaction to the other counterparty.

The Hospital entered into an agreement with the counterparty to terminate the interest rate swap agreement on April 14, 2011. The Hospital made payments to the counterparty that totaled $18,137,789 to terminate the interest rate swap, and such payments are reported as a nonoperating loss in the associated consolidated statements of operations and changes in unrestricted net assets.

Note G – Medical Malpractice and Workers' Compensation Insurance

From October 18, 2001 to October 31, 2004, the Hospital maintained occurrence-based professional liability insurance with a per-claim limit of $8,000,000 and aggregate annual limit of $10,000,000 with a commercial carrier. The Hospital was liable for a deductible up to $250,000 for each occurrence up to a maximum of $750,000. Prior to October 18, 2001, the Hospital's policy had no deductible. Effective November 1, 2004, due to the commercial carrier discontinuing services in Maryland and rising insurance costs, the Hospital purchased coverage on a claims-made basis from Freestate Healthcare Insurance Company, Ltd., a group captive formed by several Maryland hospitals. The Hospital owns a ⅛ interest in the captive that is accounted for using the cost method. The cost of $15,000 is recorded in other assets in the accompanying consolidated balance sheets as of June 30, 2011 and 2010. Premiums are expensed as incurred and are established based on the Hospital's historical experience supplemented as necessary with industry experience. The total premium is allocated to each of the shareholders based on their experience. Retrospective premium assessments and credits are calculated based on the aggregate experience of all named insured under the policy. Each named insured's assessment of credit is based on the percentage of their actual exposure to the actual exposure of all named insureds. In management's opinion, the assets of Freestate are sufficient to meet its obligations as of June 30, 2011. If the financial condition of Freestate were to materially deteriorate in the future, and Freestate was unable to pay its claim obligations, the responsibility to pay those claims would return to the member hospitals.

Note G – Medical Malpractice and Workers' Compensation Insurance – Continued

The captive is responsible for claims up to $1,000,000 for each and every loss event. Excess coverage has been purchased for all claims in excess of $1,000,000 to a limit of $6,000,000 effective March 1, 2006. The liability for all known claims and an estimate for claims incurred but not reported were for the Hospital were $1,176,824 and $1,145,208 at June 30, 2011 and 2010, respectively. These amounts are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

The Hospital is self-insured against workers' compensation claims up to a per-accident limit of $400,000 with an annual limitation of approximately $1,200,000. A liability has been recorded for all known claims and an estimate for claims incurred but not reported in the amount of $888,587 and $679,114 at June 30, 2011 and 2010, respectively. These amounts are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Note H – Leases

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

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

Future minimum lease payments as of June 30, 2011 are as follows:

	Capital Leases	Operating Leases
2012	$ 1,216,935	$ 1,851,425
2013	1,293,970	1,763,136
2014	1,374,593	1,318,700
2015	1,460,300	1,060,203
2016 and thereafter	927,810	1,002,631
Total minimum lease payments	6,273,608	6,996,096
Current portion of long-term debt	(1,216,935)	
Capital lease obligations, less current portion	$ 5,056,673	

Total rental expense reported in the accompanying consolidated statements of operations and other changes in unrestricted net assets for the years ended June 30, 2011 and 2010 was $3,076,681 and $2,120,190, respectively.

Note I – Retirement Plans

The Hospital froze the defined benefit pension plan (the Plan) covering substantially all employees, as a result a Plan curtailment was recognized during fiscal year 2011. The decision to terminate in the Plan has not been made by the board of directors. The benefits are based on years of service and the employee's compensation during years of employment. The Hospital's funding policy is to make sufficient contributions to the Plan to comply with the minimum funding provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Hospital expects to contribute $1,000,000 to the Plan during 2012 to keep the funding levels at the IRS requirements. The measurement date of the Plan is June 30.

Note I – Retirement Plans – Continued

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

	2011	2010
Accumulated Benefit Obligation	$ 18,093,874	$ 16,816,115
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 17,122,151	$ 14,761,171
Service cost	879,214	1,197,246
Interest cost	905,352	876,049
Curtailment gain	(262,388)	0
Actuarial loss	989	592,967
Benefits paid	(551,444)	(305,282)
Benefit Obligation at End of Year	18,093,874	17,122,151
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 9,955,249	$ 7,442,032
Actual return on plan assets	1,545,345	(257,242)
Employer contributions	2,131,228	3,075,741
Benefits paid	(551,444)	(305,282)
Fair Value of Plan Assets at End of Year	13,080,378	9,955,249
Funded Status (Pension Obligation)	$ (5,013,496)	$ (7,166,902)
Components of Net Periodic Benefit Cost		
Service cost	$ 879,214	$ 1,197,246
Interest cost	905,352	876,049
Expected return on plan assets	(724,028)	(598,055)
Amortization of prior service cost	8,033	12,049
Curtailment loss	92,333	0
Amortization of net loss	534,262	485,036
Net Periodic Pension Cost	$ 1,695,166	$ 1,972,325

Note I – Retirement Plans – Continued

The total amount recognized in unrestricted net assets for 2011 and 2010 is as follows:

	2011	2010
Net loss	$ 6,041,350	$ 7,658,328
Prior service cost	0	100,366
	$ 6,041,350	$ 7,758,694

The total amount of prior service cost and net gain (loss) expected to be recognized in net periodic benefit cost during 2012 is $453,101.

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

	2011	2010
Equity sercurities	52%	24%
Debt securities	36%	20%
Other	12%	56%
	100%	100%

Plan assets are invested to ensure that the Plan has the ability to pay all benefit and expense obligations when due, to maximize return within prudent levels of risk for pension assets, and to maintain a funding cushion for unexpected developments. The target weighted-average asset allocation of pension investments was 50% equities and 50% debt securities and cash as of June 30, 2011.

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

2012	$ 1,770,267
2013	789,010
2014	837,135
2015	658,420
2016	792,558
2017 - 2021	6,029,121
Total	$ 10,876,511

Note I – Retirement Plans – Continued

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

	2011	2010
Discount rate	5.25%	6.00%
Expected return on Plan assets	6.50%	7.50%
Rate of compenstion increase	2.00%	2.00%

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2011:

	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents				
Money market funds	$ 226,769	$ 0	$ 0	$ 226,769
Equity securities				
Mutual funds				
Diversified emerging markets	671,943	0	0	671,943
Foreign large growth	682,662	0	0	682,662
Foreign small/mid growth	1,370,670	0	0	1,370,670
Inflation-protected bond	603,099	0	0	603,099
Intermediate government	524,033	0	0	524,033
Intermediate-term bond	2,950,422	0	0	2,950,422
Large growth	669,312	0	0	669,312
Large value	1,322,320	0	0	1,322,320
Mid-cap blend	666,513	0	0	666,513
Multisector bond	609,237	0	0	609,237
Small growth	792,324	0	0	792,324
Small value	690,635	0	0	690,635
World allocation	1,300,439	0	0	1,300,439
Total assets	$ 13,080,378	$ 0	$ 0	$ 13,080,378

The Company's management considers the balance of Plan assets of $9,955,249 as of June 30, 2010, to be based entirely on level 1 fair value measures.

There were no significant transfers between fair value hierarchy levels for the year ended June 30, 2011.

DCH established a Tax Deferred Savings Plan (the TSA) available to all eligible employees who may make elective tax deferred contributions up to the IRS threshold of pretax annual compensation, as defined in the TSA. DCH contributes a discretionary match after the TSA year end equal to the lesser of 50% of the participant's contribution or 50% of 40% of the participants' eligible wages. The participant is eligible to receive a match if they were employed at the end of the TSA year, have

Note I – Retirement Plans – Continued

completed two years of eligible service and have an eligible job status as defined by the TSA. Matching employer contributions totaled $738,521 and $665,751 for the years ended June 30, 2011 and 2010, respectively.

The Hospital has a deferred compensation plan that permits certain executives to defer receiving a portion of their compensation. The deferred amounts are included in other assets in the accompanying consolidated balance sheets. The associated liability of an equal amount is included in other liabilities in the accompanying consolidated balance sheets. The liability recorded regarding the deferred compensation was $4,358,593 and $3,602,329 as of June 30, 2011 and 2010, respectively. During 2011 and 2010, distributions of $136,142 and $77,677 were made to participants in the deferred compensation plan, respectively.

The Hospital is the beneficiary of life insurance policies in place for certain executives. Approximately $9,400,000 and $9,200,000 is included in other assets at June 30, 2011 and 2010, which is the amount that could be realized by the Hospital under the insurance contracts.

Note J – Maryland Health Services Cost Review Commission

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

The current rate of reimbursement for principally all inpatient services and certain other services to patients under the Medicare and Medicaid programs is based on an agreement between the Centers for Medicare and Medicaid Services and the Commission. This agreement is based upon a waiver from Medicare reimbursement principles under Section 1814(b) of the Social Security Act and will continue as long as all third-party payers elect to be reimbursed under this program and the rate of increase for costs per hospital inpatient admission is below the national average. Management believes that this program will remain in effect at least through June 2012.

The Commission and the Hospital entered into an agreement that is based on a rate methodology for those Hospital service centers that provide only inpatient services. Under this methodology, a target average charge per case is established for the Hospital, based on past actual charges and case mix indices. The actual average charge per case is compared with the target average charge-per-case and to the extent that the actual average exceeds the target, the overcharge plus applicable penalties will reduce the approved target for future years. At June 30, 2011, the Hospital was in compliance with its average charge per case target.

Note J – Maryland Health Services Cost Review Commission – Continued

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

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

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

Note K – Commitments and Contingencies

Litigation

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

Note K – Commitments and Contingencies – Continued

Risk Factors

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

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

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

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

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

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

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

Note K – Commitments and Contingencies – Continued

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

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

Note L – Goodwill

During June 2007, the Hospital purchased a 60% interest in DRCC. Goodwill in the amount of $1,062,531 resulted from the transaction and has been included in the accompanying consolidated balance sheets as of June 30, 2011 and 2010.

Upon inception of DRCC in 2007, and as part of its initial capital contribution, Maryland Regional Cancer Care, LLC, the founding member of DRCC, transferred a portion of its goodwill to DRCC. The amount of goodwill transferred to DRCC was $646,975 and has been included in the accompanying consolidated balance sheets at June 30, 2011 and 2010.

Health Ventures has a 51% ownership interest in Magnolia Gardens, LLC. Goodwill in the amount of $766,285 resulted from the purchase of ownership and has been included in the accompanying consolidated balance sheets as of June 30, 2011 and 2010.

Note M – Temporarily Restricted Net Assets

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

	2011	2010
Nancy Heilman Scholarship Fund	$ 1,479	$ 1,479
Brian Erfan Memorial Fund	5,850	5,850
Jane Schafer Scholarship Fund	10,785	10,785
Cardiac Rehab Scholarship	11,980	12,648
Borden Breast Center	150,000	0
UASI 2008 grant	2,177	92,930
MHA HPP Disaster Grant	19	0
	$ 182,290	$ 123,692

COHEN
RUTHERFORD
+ KNIGHT PC
Certified Public Accountants

Report of Independent Auditors on Other Financial Information

Board of Directors
Doctors Community Hospital and Subsidiaries
Lanham, Maryland

The 2011 and 2010 audited consolidated financial statements of Doctors Community Hospital and Subsidiaries and our report thereon are presented in the preceding section of this report. Those audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information presented hereinafter as of and for the year ended June 30, 2011 is presented for purposes of additional analysis of the basic consolidated financial statements, and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Cohen, Rutherford + Knight, P.C.

September 29, 2011

6903 Rockledge Drive, Suite 500, Bethesda, MD 20817 **Tel:** 301 828 1000 **Fax:** 301 530 3625

Consolidating Balance Sheet Information

Doctors Community Hospital and Subsidiaries

June 30, 2011

ASSETS	DOCTORS COMMUNITY HOSPITAL	DOCTORS COMMUNITY HOSPITAL FOUNDATION, INC.	DOCTORS COMMUNITY HEALTH SYSTEM, INC.	DOCTORS REGIONAL CANCER CENTER, LLC	DOCTORS COMMUNITY HOSPITAL SLEEP CENTER, LLC	OTHER NON-MAJOR, NET	ELIMINATIONS	CONSOLIDATED
CURRENT ASSETS								
Cash and cash equivalents	$ 4,[illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 147,[illegible]	$ 0	$ [illegible]
Assets limited to use within one year	[illegible]	0	0	0	0	0	0	[illegible]
Patient accounts receivable, net	[illegible]	0	414	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other accounts receivable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inventories	[illegible]	0	[illegible]	[illegible]	[illegible]	0	0	[illegible]
Prepaid expenses	[illegible]	[illegible]	[illegible]	[illegible]	0	0	[illegible]	[illegible]
TOTAL CURRENT ASSETS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INVESTMENTS								
Marketable securities	[illegible]	[illegible]	0	0	0	0	0	[illegible]
Investment in Doctors Regional Cancer Center	[illegible]	0	0	0	0	0	[illegible]	0
Investment in Sleep Center partnership	[illegible]	0	0	0	0	0	[illegible]	0
Investment in and equity in subsidiaries	0	0	[illegible]	0	0	0	0	[illegible]
Investment in CHH	[illegible]	0	0	0	[illegible]	0	[illegible]	0
	[illegible]	[illegible]	[illegible]	0	[illegible]	0	[illegible]	[illegible]
ASSETS WHOSE USE IS LIMITED								
Investments held by trustee under bond indenture agreements	[illegible]	0	0	0	0	0	0	[illegible]
Land and land improvements	[illegible]	0	0	0	0	0	0	[illegible]
Buildings and fixed equipment	[illegible]	0	0	0	0	0	0	[illegible]
Movable fixed equipment	[illegible]	0	0	0	0	0	0	[illegible]
Leasehold improvements	[illegible]	0	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Construction in progress	[illegible]	0	0	0	0	0	0	[illegible]
Accumulated depreciation	[illegible]	0	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
LAND, BUILDINGS, AND EQUIPMENT	[illegible]	0	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
DEFERRED FINANCING COSTS	[illegible]	0	0	0	0	0	0	[illegible]
GOODWILL	[illegible]	0	[illegible]	[illegible]	0	0	0	[illegible]
OTHER ASSETS	[illegible]	0	[illegible]	0	0	0	[illegible]	[illegible]
TOTAL ASSETS	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]

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

Consolidating Balance Sheet Information

Doctors Community Hospital and Subsidiaries

June 30, 2011

CONSOLIDATING BALANCE SHEET DETAIL	DOCTORS COMMUNITY HOSPITAL	DOCTORS COMMUNITY HOSPITAL FOUNDATION, INC.	DOCTORS COMMUNITY HEALTH VENTURES, INC.	DOCTORS REGIONAL CANCER CENTER, LLC	DOCTORS COMMUNITY HOSPITAL SLEEP CENTER, LLC	CHINE TEAM MANAGEMENT, LLC	ELIMINATIONS	CONSOLIDATED
CURRENT LIABILITIES								
Accounts payable and accrued expenses	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Due to DCH	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Salaries, wages and related items	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Notes payable to banks, current portion	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest rate swap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest payable and other liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Current portion of long-term obligations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL CURRENT LIABILITIES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NONCURRENT LIABILITIES								
Other noncurrent liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest rate swap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deferred obligations net of current portion	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long-term obligations net of current portion	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL LIABILITIES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NET ASSETS AND MEMBERS' EQUITY								
Unrestricted	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Members' equity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Noncontrolling interests	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total unrestricted net assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Temporarily restricted	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL NET ASSETS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL NET ASSETS AND LIABILITIES	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]

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

Consolidating Statement of Operations Information
Doctors Community Hospital and Subsidiaries
For the Year Ended June 30, 2011

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNRESTRICTED NET ASSETS								
OPERATING REVENUE								
Inpatient revenue	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Outpatient revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Contractual	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other operating revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Charity and indigent care	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net patient service revenue less provision for bad debts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL OPERATING REVENUE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EXPENSES								
Salaries and wages	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employee benefits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Purchased services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Supplies	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other expenses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation and amortization	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL EXPENSES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INCOME (LOSS) FROM OPERATIONS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NONOPERATING INCOME								
Contributions received and net assets released from restrictions for capital acquisitions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unrealized gains on investments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Investment income, net of fees	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interest rate swap termination	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Change in fair value of interest rate swap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net assets released from restrictions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dividends paid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Contributions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net assets released from restrictions for capital acquisitions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pension related change other than net periodic pension cost	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Increase (decrease) in net assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net assets, beginning of year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net assets, end of year	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]

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