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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

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

C Name of organization
Mary Washington Healthcare Group Return

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2300 Fall Hill Avenue

City or town, state or country, and ZIP + 4
Fredericksburg, VA 22401

D Employer identification number
20-1106426

E Telephone number
(540)741-1821

G Gross receipts $ 632,950,099

F Name and address of principal officer

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

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

H(c) Group exemption number ▶ 4243

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

J Website: ▶ http //www marywashingtonhealthcare com/

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

L Year of formation 1983

M State of legal domicile VA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Our mission is to improve the health of people in the communities we serve Through our subsidiaries we provide inpatient and outpatient hospital services and other medical services

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**	63
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	44
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	5,243
6	Total number of volunteers (estimate if necessary)	**6**	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,933,031
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-605,814

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	2,546,339	3,276,620
9	Program service revenue (Part VIII, line 2g)	626,599,765	579,696,645
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,692,964	-51,980
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	48,467,579	50,240,217
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	681,306,647	633,161,502
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,633,994	1,819,323
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	256,314,163	257,022,512
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶163,369		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	424,921,647	379,711,817
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	682,869,804	638,553,652
19	Revenue less expenses Subtract line 18 from line 12	-1,563,157	-5,392,150

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	496,349,539	531,390,646
21	Total liabilities (Part X, line 26)	329,304,083	316,739,101
22	Net assets or fund balances Subtract line 21 from line 20	167,045,456	214,651,545

Part II Signature Block

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

Sign Here

****** | 2012-11-15
Signature of officer | Date

Winifred J Haikey Sr Vice President
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶			EIN ▶
			Phone no ▶

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

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

Our mission is to improve the health of people in the communities we serve Through our subsidiaries we provide inpatient and outpatient hospital services and other medical services

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 621,353,741 including grants of $) (Revenue $ 617,369,874)

Provision of inpatient and outpatient general acute care hospital, psychiatric hospital services, home health and hospice services, imaging and ambulatory surgery services and physician services

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 621,353,741

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 instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		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 for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	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 temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	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, Part 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, Part 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*	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	Yes	
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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
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 questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	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*	**35b**	Yes	
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**	395		
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**	5,243		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities 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**		No
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		No
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**	0			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		No
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		No
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		No
b	Enter the aggregate 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 aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		No

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	63		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	44		
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	Yes	
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	Did the organization have members or stockholders?			6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			7b	Yes	
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	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		No
11a	Has the organization provided a complete 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 the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	

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 made 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 made 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 ▶

Winifred J Haikey
2300 Fall Hill Avenue Suite 509
Fredericksburg, VA 22401
(540) 741-1821

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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								5,532,435	2,691,880	489,223

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 54

			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 Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
Pricewaterhouse Coopers 1800 Tysons Boulevard McLean, VA 22102	Consulting Services	1,653,395
Old Dominion Security 2205 Tomlynn St Richmond, VA 23230	Security Services	2,815,451
OB Hospitalist Group LLC 1754 Woodruff Rd Suite 239 Greensville, SC 29607	Physician Services	2,730,937
Mayo Collaborative Svcs Inc 3050 Superior Drive NW Rochester, MN 55901	Lab Services	3,007,898
HMP of Fredericksburg LLC 1001 Sam Perry Blvd Fredericksburg, VA 22401	Physician Services	1,692,936

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 108

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	602,663			
	d	Related organizations	1d	560,012			
	e	Government grants (contributions)	1e	283,071			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,830,874			
	g	Noncash contributions included in lines 1a-1f $ 136,760					
	h	**Total.** Add lines 1a-1f		3,276,620			
Program Service Revenue			Business Code				
	2a	Other Operating Income		1,713,509	1,713,509		
	b	Net Patient Services Rev		575,379,728	575,379,728		
	c	Lab		2,603,408		2,603,408	
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		579,696,645			
	3	Investment income (including dividends, interest and other similar amounts)		1,325,984			1,325,984
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	12,224,421				
	b	Less rental expenses					
	c	Rental income or (loss)	12,224,421				
	d	Net rental income or (loss)			12,224,421			12,224,421
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	-2,103,888	725,924			
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)	-2,103,888	725,924			
	d	Net gain or (loss)			-1,377,964			-1,377,964
Other Revenue	8a	Gross income from fundraising events (not including $ 602,663 of contributions reported on line 1c) See Part IV, line 18	a 131,164				
	b	Less direct expenses	b 118,220				
	c	Net income or (loss) from fundraising events			12,944			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities			0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b -329,623				
	c	Net income or (loss) from sales of inventory			329,623		329,623	
		Miscellaneous Revenue	Business Code				
	11a	Personnal Services		17,511,783	17,511,783		
	b	Management Service		14,797,324	14,797,324		
	c	Cafeteria		3,883,266	3,883,266		
	d	All other revenue		1,480,856	1,480,856		
	e	**Total.** Add lines 11a–11d		37,673,229			
	12	**Total revenue.** See Instructions		633,161,502	614,766,466	2,933,031	12,172,441

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	1,745,735	1,745,735		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	73,588	73,588		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	2,358,684	2,287,923	47,174	23,587
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	199,914,576	194,516,564	5,353,962	44,050
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,296,747	5,153,726	141,854	1,167
9	Other employee benefits	33,086,965	32,193,564	886,110	7,291
10	Payroll taxes	16,365,540	15,923,644	438,290	3,606
11	Fees for services (non-employees)				
a	Management	67,826,079	65,994,667	1,816,467	14,945
b	Legal	219,893	213,956	5,889	48
c	Accounting	58,200	56,629	1,558	13
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	60,532,036	58,897,575	1,621,123	13,338
12	Advertising and promotion	217,669	211,792	5,829	48
13	Office expenses	104,993,665	102,158,669	2,811,861	23,135
14	Information technology	1,856,160	1,806,041	49,710	409
15	Royalties . .	0			
16	Occupancy	22,553,528	21,944,547	604,011	4,970
17	Travel	1,728,272	1,681,606	46,285	381
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	13,811,350	13,438,422	369,885	3,043
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	31,815,827	30,956,749	852,068	7,010
23	Insurance	965,516	939,446	25,857	213
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	Other Expenses	73,133,622	71,158,898	1,958,609	16,115
b					
c					
d					
e					
f	All other expenses	0			
25	**Total functional expenses.** Add lines 1 through 24f	638,553,652	621,353,741	17,036,542	163,369
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		991,285	1	1,378,843
	2	Savings and temporary cash investments			2	0
	3	Pledges and grants receivable, net		15,204,192	3	17,508,077
	4	Accounts receivable, net		92,666,442	4	117,166,188
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net		5,061,122	7	6,396,036
	8	Inventories for sale or use		7,794,457	8	8,124,080
	9	Prepaid expenses and deferred charges		4,022,610	9	4,108,711
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 677,615,485			
	b	Less accumulated depreciation	10b 361,010,139	307,068,038	10c	316,605,346
	11	Investments—publicly traded securities		47,127,086	11	44,626,923
	12	Investments—other securities See Part IV, line 11		16,397,316	12	15,251,052
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets		16,990	14	225,390
	15	Other assets See Part IV, line 11		1	15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		496,349,539	16	531,390,646
Liabilities	17	Accounts payable and accrued expenses		40,736,441	17	36,266,643
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		284,396,340	20	276,369,034
	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 (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		4,171,302	25	4,103,424
	26	**Total liabilities.** Add lines 17 through 25		329,304,083	26	316,739,101
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		152,009,929	27	197,318,929
	28	Temporarily restricted net assets		13,777,317	28	16,074,406
	29	Permanently restricted net assets		1,258,210	29	1,258,210
		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		167,045,456	33	214,651,545
	34	Total liabilities and net assets/fund balances		496,349,539	34	531,390,646

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	633,161,502
2	Total expenses (must equal Part IX, column (A), line 25)	2	638,553,652
3	Revenue less expenses Subtract line 2 from line 1	3	-5,392,150
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	167,045,456
5	Other changes in net assets or fund balances (explain in Schedule O)	5	52,998,239
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	214,651,545

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

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 **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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

Additional Data

Software ID: 11000144
Software Version: 2011v1.2
EIN: 20-1106426
Name: Mary Washington Healthcare Group Return

Form 990, Special Condition Description:

Special Condition Description

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CM Williams Trustee	2 00	X						0	0	0
Cheryl Springhorn S/T MWHPhys	40 00	X		X				145,655	0	12,260
Lawrence Robert MD Vice Chair MWHP	40 00	X		X				508,885	0	28,607
J Thomas Ryan MD Chair MWHPhys	40 00	X		X				0	483,709	25,783
L Paul Edwards MD SH Med Stf Dir	8 00	X						8,333	0	0
Jack Rowley Trustee	2 00	X						0	0	0
Thomas H Reger Trustee	2 00	X						0	0	0
Rev Gregory L Poss Trustee	2 00	X						0	0	0
Charles W McDaniel Trustee	2 00	X						0	0	0
Ravi Mathur Trustee	40 00	X		X				0	190,886	15,399
Terence A Mannion Trustee	2 00	X						0	0	0
H Clark Leming Trustee	2 00	X						0	0	0
Glenn E Kinard Trustee	2 00	X						0	0	0
William R Johnson Trustee	2 00	X						0	0	0
Clay Huber Trustee	2 00	X						0	0	0
Kevin Breen Trustee	2 00	X						0	0	0
Margaret Alexander Trustee	2 00	X						0	0	0
Amelia Jackson-Zaremba Secretary SHF	2 00	X		X				0	0	0
Elaine F Farmer Treasurer SHF	2 00	X		X				0	0	0
Jo D Knight Vice Chair SHF	4 00	X		X				0	0	0
W Malone Schooler Chairman SHF	4 00	X		X				0	0	0
Joseph R Wilson Trustee	2 00	X						0	0	0
CM Williams Trustee	4 00	X						0	0	0
Judy Smith Trustee	2 00	X						0	0	0
Carl D Silver Trustee	2 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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			
Xavier R Richardson President Found	40 00	X		X				0	262,411	35,081
Edward O Minniear Trustee	2 00	X						0	0	0
Nancy A Miller Trustee	2 00	X						0	0	0
Patti J Lynch Jr Trustee	2 00	X						0	0	0
Walter J Kiwall Trustee	40 00	X		X				0	474,820	25,438
Donald J Kenneweg Trustee	2 00	X						0	0	0
Daniel M Hoffman Trustee	2 00	X						750	0	0
Rochelle Grey Trustee	2 00	X						0	0	0
Jeffrey A Frazier Trustee	2 00	X						0	0	0
R Leigh Frackelton Jr Trustee	2 00	X						0	0	0
Mark A Butterworth Trustee	2 00	X						0	0	0
William Boldon Trustee	2 00	X						0	0	0
Sean T Barden Trustee	40 00	X		X				0	404,062	28,361
Edward V Allison Jr Trustee	2 00	X						0	0	0
William B Young S/T MWHF	2 00	X		X				0	0	0
Mary Katherine Greenlaw Vice Chair MWHF	4 00	X		X				0	0	0
Douglas G Stewart Chair MWHF	4 00	X		X				0	0	0
Clarence A Robinson Trustee	2 00	X						0	0	0
Alda L White Vice Chairman	2 00	X						0	0	0
Jonathan D Wallace Trustee	2 00	X						0	0	0
Raymond L Slaughter Trustee	2 00	X						0	0	0
Patrick J McManus MD Trustee	2 00	X						20,639	0	0
Raymond C McAfoose Trustee	2 00	X						0	0	0
William A Hamilton MD Med Staff Pres	2 00	X						28,167	0	0
James A Lewis Trustee	2 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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			
John C McKeown MD Trustee	2 00	X						0	0	0
Rev Allen H Fisher Jr Trustee	2 00	X						0	0	0
Jan C Erkert Trustee	2 00	X						0	0	0
Kenneth Josovitz MD Med Staff Pres	2 00	X						14,583	0	0
Cindy Marrow MD Trustee	2 00	X						0	0	0
Donald H Newlin Secretary/Treas	8 00	X		X				0	0	0
Michael P McDermott MD Vice Chair	8 00	X		X				0	0	0
John F Fick III Chairman	12 00	X		X				0	0	0
Fred M Rankin III President	40 00	X		X				0	875,992	26,645
Cheryl Schlesinger RN Vice President	40 00			X				130,246	0	15,056
James M Grebosky Vice President	40 00			X				362,268	0	27,823
Eileen L Dohmann Vice President	40 00			X				231,072	0	10,009
Marianna Bedway Vice President	40 00			X				217,213	0	30,915
Cathleen A Yablonski Senior VP	40 00			X				225,384	0	21,056
James K Van Renan Senior VP	40 00			X				317,132	0	75,103
Glen J Poffenbarger MD Physician	40 00					X		971,423	0	32,147
JT Sherwood MD Physician	40 00					X		817,771	0	31,240
Christos Hatjis MD Physician	40 00					X		598,587	0	13,458
Theresa A Conologue MD Physician	40 00					X		499,416	0	16,328
Maurice Eggleston Jr MD Physician	40 00					X		434,911	0	18,514

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

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	31,364,122	29,030,361	25,187,112		
b Contributions	343,694	455,287	814,062		
c Investment earnings or losses	-1,155,863	3,036,877	4,318,842		
d Grants or scholarships	-63,750	-17,000	-15,000		
e Other expenditures for facilities and programs	-1,319,711	-1,141,403	-1,275,156		
f Administrative expenses					
g End of year balance	29,168,493	31,364,122	29,030,361		

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		24,249,702		24,249,702
b Buildings		250,185,245	66,256,100	183,929,145
c Leasehold improvements		20,498,436	3,475,584	17,022,852
d Equipment		334,173,701	284,045,467	50,128,234
e Other		48,508,401	7,232,988	41,275,413
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				316,605,346

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Rounding	1
Other	45,070
Capital Leases Obligations	489,215
Accrued Loss - Prof Liab	3,569,138
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	4,103,424

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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

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

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

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	2 $52998239
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	The interest earned from the endowment funds is used to fund scholarships and grants in furtherance of our mission

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☑ Mail solicitations
- **b** ☑ Internet and e-mail solicitations
- **c** ☑ Phone solicitations
- **d** ☑ In-person solicitations
- **e** ☑ Solicitation of non-government grants
- **f** ☑ Solicitation of government grants
- **g** ☑ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☑ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

VA

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 SHF Golf Tournament (event type)	(b) Event #2 Stafford Hospital 5k (event type)	(c) Other Events 4 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	248,676	248,676	236,475	733,827
	2 Less Charitable contributions	188,532	243,156	170,975	602,663
	3 Gross income (line 1 minus line 2)	60,144	5,520	65,500	131,164
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes	24,577	246	903	25,726
	6 Rent/facility costs	10,871		20,129	31,000
	7 Food and beverages	3,380	416	36,658	40,454
	8 Entertainment			2,500	2,500
	9 Other direct expenses	11,868	4,562	2,110	18,540
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(118,220)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				12,944

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	**13a**	
b	An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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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

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? 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	Did the organization use FPG to determine eligibility for providing *discounted* care? 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 did 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 policy provide 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 charity care expenses exceed the budgeted amount?	5b		No
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	Did the organization prepare a community benefit reportduring 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 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			19,038,409		19,038,409	2 980 %
b Medicaid (from Worksheet 3, column a)			48,344,631	30,817,162	17,527,469	2 740 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			67,383,040	30,817,162	36,565,878	5 720 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,465,034		1,465,034	0 230 %
f Health professions education (from Worksheet 5)			1,045,676	65,812	979,863	0 150 %
g Subsidized health services (from Worksheet 6)			67,167,021	51,685,288	15,481,732	2 420 %
h Research (from Worksheet 7)			478,151		478,151	0 070 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,746,765		1,746,765	0 270 %
j **Total** Other Benefits			71,902,647	51,751,100	20,151,545	3 140 %
k **Total.** Add lines 7d and 7j			139,285,687	82,568,262	56,717,423	8 860 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support			16,228		16,228	
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building			140		140	
7 Community health improvement advocacy			75		75	
8 Workforce development			1,580,990		1,580,990	0 250 %
9 Other						
10 **Total**			1,597,433		1,597,433	0 250 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense	2	22,562,737		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	13,993,171		
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	161,111,272
6	Enter Medicare allowable costs of care relating to payments on line 5	6	188,543,265
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-27,431,993
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	Did the organization have a written debt collection policy during the tax year?	9a	Yes		
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes		

Part IV Management Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 MW Eye Care Center LLC	Optometry	60 000 %		40 000 %
2 Med Plaza at Cosner Corner	Medical Office Building	39 500 %		47 400 %
3 Cowan Investment Partners	Medical Office Building	12 500 %		37 500 %
4 Bunker Hill Partners	Medical Office Building	20 000 %		20 000 %
5 Tompkins Martin Med Plaza	Medical Office Building	99 000 %		1 000 %
6 Fred Ambulatory Surgery Cn	Ambulatory Surgical Serv	59 000 %		41 000 %
7 Medical Imaging of Fredburg	Outpatient Imaging	51 000 %		49 000 %
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 2

	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)
2	Stafford Hospital LLC 101 Hospital Center Blvd Stafford, VA 22554	X	X					X		100 Bed Hospital
1	Mary Washington Hospital Inc 1101 Sam Perry Blvd Fredericksburg, VA 22401	X	X					X		437 Bed Acute Care Hospital Lvl 2 Trauma

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Stafford Hospital LLC

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		No
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 0000% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14		No
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☑ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Mary Washington Hospital Inc

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 0000% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☑ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

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 from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **8**

	Name and address	Type of Facility (Describe)
1	Medical Imaging of Fredericksburg 1201 Sam Perry Blvd Ste 102 ASC Bui Fredericksburg, VA 22401	Imaging Services
2	Fredericksburg Ambulatory Surgery Center 1201 Sam Perry Blvd Suite 101 Fredericksburg, VA 22401	Ambulatory Surgery Center
3	NextCare Urgent Care Woodbridge 12581 Milstead Way Suite 103 Woodbridge, VA 22192	Urgent Care
4	NextCare Urgent Care Stafford 325 Garrisonville Road Ste 101 Stafford, VA 22554	Urgent Care
5	NextCare Urgent Care Dumfries 3990 Fettler Park Dr Suite B Dumfries, VA 22025	Urgent Care
6	NextCare Urgent Care Fredericksburg 15 South Gateway Drive Fredericksburg, VA 22401	Urgent Care
7	NextCare Urgent Care Spotsylvania 5325 Plank Rd Ste 105 Fredericksburg, VA 22407	Urgent Care
8	NextCare Urgent Care Fredericksburg 330 White Oak Road Fredericksburg, VA 22401	Urgent Care
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
	Part VI - Additional Information	MWHC operates in the Commonwealth of Virginia Virginia does not provide for the filing of either the Form 990 or an Annual Community Benefit Report

Identifier	ReturnReference	Explanation
	Part VI - States Where Community Benefit Report Filed	VA

Identifier	ReturnReference	Explanation
	Part VI - Affilated Health Care System Roles and Promotion	#7 - Mary Washington Healthcare Affiliates include two (2) hospitals, other clinical services that include an ambulatory surgery center, hospice/home health, independent diagnostic testing facilities, and physician practices, two (2) foundations and a property division All activities of this group are coordinated and overseen by the parent's (Mary Washington Healthcare) Board of Trustees The Affiliated Groups activities are closely planned/integrated through interlocking Boards to ensure the most effective delivery of care Each member of the Affiliated Group focuses efforts in its particular area of responsibility and is accountable to the Parent's Board for achieving its mission and goals for the provision of health care The division of services above allows patients to access care in the most appropriate setting The governance oversight provided by the parent guarantees optimal coordination of the various segments of care and ensures high quality service as economically as possible

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	#6 - Mary Washington Hospital, Inc and Stafford Hospital, LLC each operate an emergency room that is open to all persons regardless of ability to pay, have open medical staffs with privileges to all qualified physicians who apply, have a governing body with a majority of independent trustees, and participate in Medicaid, Medicare and other government sponsored health care programs Mary Washington Healthcare Clinical Services, Inc through its subsidiaries provides ancillary health services including physician practices, outpatient and ambulatory surgery, and home health/hospice services The organization utilized surplus funds to expand services provided to the community (in response to the community needs assessments), upgrade facilities and equipment to enhance clinical care and physician connectivity to patient electronic health records, and health education programs

Identifier	ReturnReference	Explanation
	Part VI - Community Building Activities	#5 - In furtherance of its mission to improve the health of the community it serves the organization promotes workforce development for the recruitment of physicians and other health professionals in areas identified as shortage areas through its community needs assessments and medical staff development plans Recruitment of physicians to practice in MWHC's service area improves access to care resulting in greater availability of physician specialists, less travel to obtain care, and shorter wait times for appointments

Identifier	ReturnReference	Explanation
	Part VI - Community Information	#4 - Mary Washington Healthcare provides exceptional medical services to the City of Fredericksburg and the surrounding "community" that consist of the Primary Service Area counties of Stafford, King George, Spotsylvania, Westmoreland, Orange, Prince William, and Secondary Service Area counties of Manassas, Fauquier, Culpeper, Louisa, Essex, and Richmond Established in 1899, Mary Washington Hospital (MWH), a 437 bed acute care facility, offers comprehensive healthcare and multiple centers of excellence including cardiology and cardiovascular surgery, psychiatry, and women and infant health Stafford Hospital, LLC, a 100 bed acute care facility, also offers comprehensive healthcare services Both MWH and SH are accredited by The Joint Commission and licensed by the Commonwealth of Virginia Department of Health and the Department of Mental Health, Mental Retardation and Substance Abuse Services MWH also provides advance radiation therapy through the Cancer Center of Virginia and home health services through Mary Washington Home Health As of the most recent census within the respective counties the majority of the geographic service areas in which both hospitals serve are made up of about 4,164 5 square miles of suburban and rural land Community residents in the Primary Service areas earn a median income per household of $57,088/ year, with a collective average of 7 2% of the entire Primary Service Area living below the Federal Poverty Guidelines The primary service area has an estimated population of 657,718 individuals and 187,202 households

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	#3 - Mary Washington Healthcare affiliates provide information to patients about our financial assistance programs through signage at intake areas, flyers at admissions, notices on bills and collections statements Financial counselors are also available to assist patients in obtaining financial assistance

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	# 2 - Mary Washington Healthcare and its affiliates (Mary Washington Hospital, Mary Washington Hospital Foundation, Stafford Hospital, LLC, Stafford Hospital Foundation, MediCorp Properties, Inc , MediCorp Health Services, and Mary Washington Healthcare Clinical Services, Inc) has as its mission to improve the health of members of the communities it serves, Fredericksburg, VA and the surrounding six (6) counties The organization assesses the health care needs of these communities in numerous ways including 1) Soliciting input from the Citizen Advisory Council that encompass individual members and subcommittees representing each of the counties in MWHC's service area, and 2) performing periodic community needs assessments for each county in collaboration with government agencies and other community organizations

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	Patients may apply for financial assistance at any point in the collection cycle and modifications of ability to pay may be adjusted should financial or insurance status change since the first day of care MWHC will not engage in extraordinary collection actions before they have made reasonable efforts to determine whether the individual is eligible for assistance under this financial assistance policy Reasonable efforts constitute notification by MWHC of its financial assistance policy by written and/or oral communications to all uninsured/underinsured patients and well as consideration of eligibility based upon the Presumptive Eligibility Guidelines described in the Financial Assistance Policy

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	As a not-for-profit hospital it is our mission to improve the health status of ALL people within our community and to provide healthcare to all patients regardless of their ability to pay or their insurance status MWHC accepts Medicare and Medicaid and it is a well established fact that not-for-profit facilities do not recoup the cost of caring for those patients utilizing these programs Under IRS guidelines Medicare and Medicaid beneficiaries are considered to be members of a charitable class, therefore by assisting these patients and accepting the shortfalls in repayment, the organization is in fact relieving government burden and providing a significant community benefit to our service area

Identifier	ReturnReference	Explanation
	Part III, Line 4 - Bad Debt Expense	Bad Debt Expense attributable to patients eligible under Patient Financial Assistance Policy (PFAP)Part III, Line 3In December 2011, MWHC utilized the services of SearchAmerica to identify PFAP eligible patients whose accounts had fallen into bad debt In early 2012, SearchAmerica provided a list utilizing various market research to approximate the Federal Poverty Level of each account holder With this information we were able to determine accounts that may have been eligible for free care or discounted care under our financial assistance policy Utilizing the statistical analysis that SearchAmerica provided we have estrapulated the data and are able to estimate that about 84% of our bad debt is likely attributable to PFAP eligible patients

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 22

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 3

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

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

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

Identifier	Return Reference	Explanation
Grantmaker's Description of How Grants are Used		Grants are awarded on recommendation by a selection committee and then approved by the Board of Trustees of the Foundation(s) The selection committee comprised primarily of community members, reviews the proposals, meets to discuss them, and then recommends whether or not a program is funded and, if so, at what level The Foundation(s) Board of Trustees then receives the recommendation and a vote is taken All votes are recorded in the Foundations' board minutes We require all grant recipients to provide a six-month and final report describing how they have met the objectives of the funded program This includes a narrative portion explaining the program activities, any challenges they have had, and evaluation process for each objective they agree to complete The funded agency is also required to submit the number of individuals served We do not monitor scholarship recipients after they are awarded the scholarship We do ask for proof of acceptance into the college/university program along with their application and send the monies directly to the program

Additional Data

Return to Form

Software ID: 11000144
Software Version: 2011v1.2
EIN: 20-1106426
Name: Mary Washington Healthcare Group Return

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Stafford Junction Inc 400 Chatham Sq Office Park Fredericksburg, VA 22405	20-3036072		5,666	0			Healthy Living
Stafford Head Start 610 Gayle St Fredericksburg, VA 22405	54-6001628		5,667	0			Head Start Nutrition Consultant

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Stafford Dept of Soc ServPO Box 7 Stafford, VA 22554	54-6001626		5,667	0			SHINE
Rx Partnership 2924 Emerywood Pkwy 300 Richmond, VA 23294	57-1186937		17,100	0			RxP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
RCDVPO Box 1007 Fredericksburg, VA 22401	52-1142547		10,000	0			ED Based DV Intervntn
Rappahannock United Way3310 Shannon Park Dr Fredericksburg, VA 22408	54-6042936		5,472	0			Various

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Rapp Area Hlth Distric609 Jackson St Fredericksburg, VA 22401	54-6001775		12,870	0			High Risk Maternity
Rapp Area Hlth Distrc 608 Jackson St Fredericksburg, VA 22401	54-6001775		74,813	0			Refugee & Immigrant Health

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Northern Neck Alliance IncPO Box 40 Colonial Beach, VA 22443	54-1678053		8,300	0			Head Start
Micah Ecumenical MinisPO Box 3277 Fredericksburg, VA 22402	20-4044884		153,900	0			Respite Ministry

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Mental Health America2217 Princess Anne St Fredericksburg, VA 22401	54-0678704		10,000	0			Senior Visitors Program
Lloyd Moss Free Clinic1301 Sam Perry Blvd Fredericksburg, VA 22401	54-1677934		820,000	0			Free Health Clinic

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Hospice Support Care 1701 Fall Hill Ave Ste109 Fredericksburg, VA 22401	52-1203673		29,925	0			Hospice Support Care
Hazel Hill Apartment Corp & Civi223 Butler Rd Fredericksburg, VA 22405	54-0859802		12,200	0			Healthcare Project

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Guadalupe Free Clinic of ColoniaPO Box 275 Colonial Beach, VA 22443	51-0635977		50,000	0			Guadalupe Free Clinic
Germanna Community College 2130 Germanna Highway Locust Grove, VA 22508	54-1268292		62,869	0			Online LPN-RN Program

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Fredericksburg Dept of Soc Serv608 Jackson St Suite 100 Fredericksburg, VA 22401	54-6001293		24,750	0			Eligibility Worker
Fredericksburg Counseling Servic 305 Hanson Ave 140 Fredericksburg, VA 22401	54-0844464		25,000	0			Counseling Services

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Fredericksburg Christian Hlth Cn 1129 Heatherstone Dr Fredericksburg, VA 22407	54-2061482		136,800	0			Uninsured Program
FRED1400 Jefferson Davis Hwy Fredericksburg, VA 22401	54-6001293		52,750	0			Transit

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Employment Resource Inc2130 Germanna Highway Locust Grove, VA 22508	31-7562207		104,348	0			Gladys Oberle School
disAbility Resource Cn409 Progress St Fredericksburg, VA 22401	54-1687677		21,375	0			Equipment Connection

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Central Virginia Health Services 1506 Palmyra Ave Richmond, VA 23227	54-0887287		56,933	0			Dental/Elig Worker
Caroline ChristianHlthPO Boc 216 Ladysmith, VA 22501	20-8446785		22,230	0			Family Shared Cost Program

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Bethany Christian Serv1616 Stafford Ave Fredericksburg, VA 22401	38-1405282		12,825	0			High Risk/Low Income OBGYN

Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States

(a) Type of grant or assistance	**(b)**Number of recipients	**(c)**Amount of cash grant	**(d)**Amount of non-cash assistance	**(e)**Method of valuation (book, FMV, appraisal, other)	**(f)**Description of non-cash assistance
William F Jacobs, Jr Scholarship in Healthcare Administrat	1				
William & Viola Adrian Nursing	2				
Sue Hall Nursing	1				
Stafford Hospital Auxiliary	2				
Seth Groover Memorial	1				
Sal Kiwall Memorial Scholarship for Clinical Edu	1				
Rebecca Bennett Nursing Scholarship	1				
Mary Washington Hospital Auxiliary Scholarship	2				
Mary F Willis & James G Willis Memorial Sch	1				
Marie Lacy Rollins	1				
Libby Pearson Annual Nursing Scholarship	1				
Laura Leigh Lumpkin Memorial Scholarship	1				
Jennie Mae Benson Nursing	1				
Jeanne Bullock Nursing	1				
Jean C Williams Nursing Schol	1				
Janice Hunt Scholarship	2				
Hewetson Nursing Scholarship	1				
Harold & Franis Schilz Nursing	1				
FEMA Scholarship	4				
Elizabeth B Ryan &Catherine Ryan LeGath	1				
Cora Graves Allison Nursing	1				
Charles Hearn Flwshp	1				
Carole Chilton Nursing	1				
Barbara Kane Nursing	1				
Aquia Harbour POA's	1				
April Jett Wills Memorial	1				

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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

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☑ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☑ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		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**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		No

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(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								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Sch J, Part III, Additional Information	Part III, Additional Information	Schedule J - Part ITrustees who are uncompensated vulunteers traveling for business related reasons on behalf of the organization are reimbursed for the cost of spousal travel Reimbursements paid for spousal travel are reimbursed and reported as income on a form 1099 in the year paid Executives who are traveling for business related reasons on behalf of the organization are reimbursed for the cost of spousal meals provided and the amount is reported as income on the executive's W-2 Part II, Column B (III) Disclosure Amounts reported in Column C include the value of group term life insurance, non-qualified retirement plan contributions under IRC Section 457(b), expense accounts and cash-in paid annual leave (PAL) balance Part II, Column CDisclosure All executives participate in supplemental non-qualified retirement plans The amount disclosed in Column C represents amounts contributed for the individuals under qualified and nonqualified retirement plans (under IRS Section 403(b), 457(f), 401(a) Amounts contributed to individuals under IRC Section 457(b) are reported under Column B
Sch J, Part I, Line 1a	Part I, Line 1a Relevant information in regards to selections on 1a	

Additional Data

Return to Form

Software ID: 11000144
Software Version: 2011v1.2
EIN: 20-1106426
Name: Mary Washington Healthcare Group Return

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				
Xavier R Richardson	(I) (II)	198,125	25,128	39,158	27,826	7,255	297,492	
Walter J Kiwall	(I) (II)	343,507	37,573	93,740	13,150	12,288	500,258	
Theresa A Conologue MD	(I) (II)	328,949	168,861	1,606		16,328	515,744	
Sean T Barden	(I) (II)	325,076	40,626	38,360	10,250	18,111	432,423	
Ravi Mathur	(I) (II)	164,175	12,708	14,003	12,670	2,729	206,285	
Maurice Eggleston Jr MD	(I) (II)	415,820	220	18,871	1,029	17,485	453,425	
Marianna Bedway	(I) (II)	181,497	14,296	21,420	13,602	17,313	248,128	
Lawrence Robert MD	(I) (II)	452,832	30,000	26,053	10,250	18,357	537,492	
James M Grebosky	(I) (II)	289,168	22,132	50,968	10,250	17,573	390,091	
James K Van Renan	(I) (II)	267,545	20,536	29,051	57,624	17,479	392,235	
JT Sherwood MD	(I) (II)	655,695	103,850	58,226	10,250	20,990	849,011	
J Thomas Ryan MD	(I) (II)	331,286	36,281	116,142	13,150	12,633	509,492	
Glen J Poffenbarger MD	(I) (II)	912,814	56,899	1,710	10,250	21,897	1,003,570	
Fred M Rankin III	(I) (II)	578,778	45,424	251,790	13,150	13,495	902,637	
Eileen L Dohmann	(I) (II)	192,180	14,674	24,218	8,694	1,315	241,081	
Christos Hatjis MD	(I) (II)	520,661	69,401	8,525		13,458	612,045	
Cheryl Springhorn	(I) (II)	137,540	7,726	389	5,766	6,494	157,915	
Cathleen A Yablonski	(I) (II)	185,697	14,599	25,088	3,725	17,331	246,440	

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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

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

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	Economic Development Auth	52-1303430		07-12-2011	30,000,000	Cancer Center Funding		X		X		
B	Industrial Development Authority of City of Fredericksburg	52-1303430	355849AS9	05-10-2007	81,860,000	Refunding of 1996 Bonds		X		X		
C	Voluntary Hospitals of America - 2007 Issue			12-28-2007	14,000,000	Acquisition of property/equipment		X		X		
D	Economic Development Authority of Stafford	54-1244413	852431AQ8	12-01-2006	125,000,000	Build new hospital (SH)		X		X		

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue	30,210,000	86,868,312	14,000,000	132,581,641
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	210,000	583,010	126,000	959,500
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	30,000,000	86,285,302	13,874,000	131,622,141
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2011			

		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		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	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any 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 ▶								
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 ▶								
6	Total of lines 4 and 5								
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 Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☑ Yes ☐ No

Part VI 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

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

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) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) 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) Health Tech Resources	5% trstee own Prtr	695,586	Rental		No
(2) Johnson Commercial Real Estate	100% Trustee Owned	661,477	Ind Contractor Relationsp		No
(3) Stafford Medical Office	Mngmt Contract	1,335,563	Rental, Medical Office Spc		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 M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications	X		3,000	FMV
5	Clothing and household goods	X		1,600	FMV
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous	X	31	90,084	FMV
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory	X	2	42,076	
20	Drugs and medical supplies				FMV
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (_____)				
26	Other ▶ (_____)				
27	Other ▶ (_____)				
28	Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320031652

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

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

Identifier	Return Reference	Explanation
	Reserve Powers	Part VI, Item 7(b)Members of the Mary Washington Healthcare Group all have one sole member, it's parent Mary Washington Healthcare (MWHC) MWHC has reserved certain powers to itself within each of its subsidiaries organizing documents These restrictions include amending the governing documents, budgeting, expenditures over certain thresholds In order to ensure fully integrated operations, the parent and each of the subsidiaries are comprised of identical boards
	Independence	Part I, Item 4 and Part VI, Item 1 (B)Stricter standards than are required have been used for purposes of determining independence of our Board of Trustees For example, physicians on the medical staff are not considered to be independent board members
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	The Audited Financial Statements are posted on the Mary Washington Healthcare for public view
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	Every trustee and executive all the way down to our managerial level is required to disclose any and all possible conflicts of interests The disclosures are made annually and submitted to the MWHC Director of Internal Audit The Director then presents all conflicts to the Audit & Compliance Committee of the Board of Trustees The Chairman of the Audit & Compliance Commmittee reports all conflicts to the full board The conflicts are continually and actively managed Individuals with conflicts disclose their conflicts again when a topic comes up for discussion for which the individual has a conflict The individual then recuses him/herself from any decision related to that topic The conflict of interests policy is reviewed annually by the Board of Trustees
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	Management completes a draft of the Internal Revenue Service (IRS) Form 990 Information Return for the Mary Washington Healthcare Group At that time the review process begins and the return is submitted to the Audit and Compliance Committee of the Board for Review and Acceptance The Form 990 is also made accessible to the Board of Trustees through the Board Website for further review

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493320031652

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

2011

Open to Public Inspection

Name of the organization
Mary Washington Healthcare Group Return

Employer identification number
20-1106426

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MediCorp Properties Management Co LLC 2300 Fall Hill Ave Fredericksburg, VA 22401 26-3433830	Property Management	VA			MPI
(2) MediDoctors Holding Company LLC 2300 Fall Hill Ave Fredericksburg, VA 22401 20-3111550	Holding Company	VA	-226,310	162,953	MWHC Clinical Services Inc
(3) CRNA LLC 2300 Fall Hill Ave Fredericksburg, VA 22401 57-1172752	Medical Services	VA		272,414	MWHC Clinical Services Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Mary Washington Hospital Auxiliary 2300 Fall Hill Ave Ste 509 Fredericksburg, VA 22401 75-2985923	Medical Serv	VA	501(c)(3)	509(A)(3)	MWHC		No
(2) Stafford Hospital Auxiliary 2300 Fall Hill Ave Ste 509 Fredericksburg, VA 22401 26-2704632	Medical Serv	VA	501(c)(3)	509(A)(3)	MWHC		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Mary Washington Eye Care Center 2300 Fall Hill Ave Fredericksburg, VA 22401 27-1248032	Optometry	VA	MWHC Clinical	Related	-298,401	345,384		No			No	60 000 %
(2) Medical Imaging of Fredericksburg 2300 Fall Hill AveSte 509 Fredericksburg, VA 22401 54-1364028	Medical Srv	VA	MWHC Clin	Related	4,013,229	8,882,910		No		Yes		51 000 %
(3) Fredburg Ambulatory Surgery Center 2300 Fall Hill AveSte 509 Fredericksburg, VA 22401 56-2322548	Surgery Ctr	VA	MWHC Clin	Related	2,188,240	4,685,228		No		Yes		71 500 %
(4) Tompkins Martin Medical Plaza 2300 Fall Hill Ave Ste 509 Fredericksburg, VA 22401 54-1632021	Real Estate	VA	MPI	Related	456,999	6,699,030		No		Yes		80 500 %

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) Mary Washington Healthcare Services Inc 2300 Fall Hill Avenue Fredericksburg, VA 22401 54-1244509	Retail Medical	VA	MWHC Clinical	C Corp	-951,932	1,275,933	100 000 %
(2) MWHC Holding Company Inc 2300 Fall Hill Avenue Fredericksburg, VA 22401 54-1725487	Holding Company	VA	MWHC Clinical	C Corp	-801,962	1,349,429	100 000 %

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 related organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from related organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for related organization(s)	**1d**	**No**
e	Loans or loan guarantees by related organization(s)	**1e**	**No**
f	Sale of assets to related organization(s)	**1f**	**No**
g	Purchase of assets from related organization(s)	**1g**	**No**
h	Exchange of assets with related organization(s)	**1h**	**No**
i	Lease of facilities, equipment, or other assets to related organization(s)	**1i**	**Yes**
j	Lease of facilities, equipment, or other assets from related organization(s)	**1j**	**Yes**
k	Performance of services or membership or fundraising solicitations for related organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations by related organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1m**	**No**
n	Sharing of paid employees with related organization(s)	**1n**	**No**
o	Reimbursement paid to related organization(s) for expenses	**1o**	**No**
p	Reimbursement paid by related organization(s) for expenses	**1p**	**No**
q	Other transfer of cash or property to related organization(s)	**1q**	**No**
r	Other transfer of cash or property from related 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) Mary Washington Healthcare Services Inc	I	538,340	Ind Appraisal
(2) Mary Washington Eye Care Center	I	119,331	Ind Appraisal
(3) Medical Imaging of Fredericksburg	I	930,026	Ind Appraisal
(4) Fredburg Ambulatory Surgery Center	I	933,745	Ind Appraisal
(5) Tompkins Martin Medical Plaza	J	1,308,553	Ind Appraisal
(6)			

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

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

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

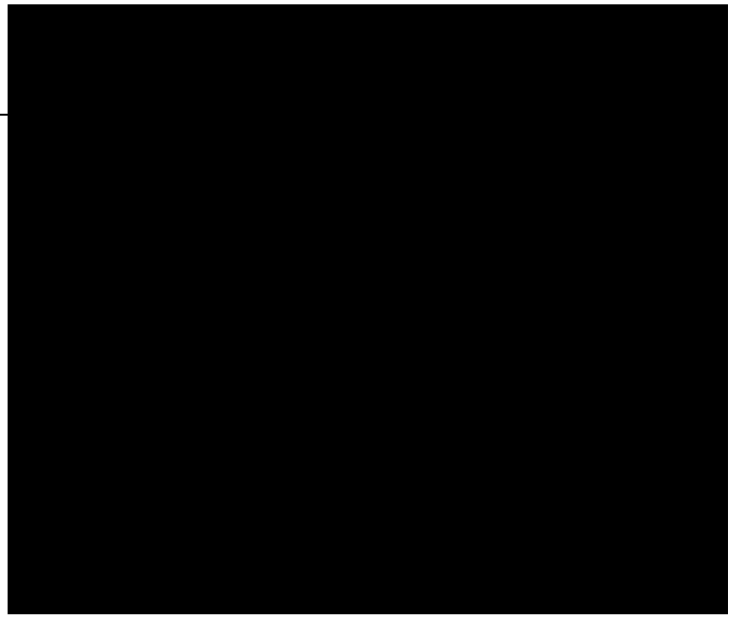
Schedule R (Form 990) 2011

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



Mary Washington Healthcare and Subsidiaries

Consolidated Financial Statements and Other Financial Information

December 31, 2011 and 2010

Contents

COHEN
RUTHERFORD
+ KNIGHT PC
Certified Public Accountants

Report of Independent Auditors

Board of Trustees
Mary Washington Healthcare and Subsidiaries

We have audited the accompanying consolidated balance sheets of Mary Washington Healthcare and Subsidiaries (MWHC) (formerly MediCorp Health System) as of December 31, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MWHC'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 financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mary Washington Healthcare and Subsidiaries as of December 31, 2011 and 2010, and the consolidated results of their operations and changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

As discussed in Note 1 to the consolidated financial statements, MWHC changed its presentation of revenues and provision for doubtful accounts as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Healthcare Entities*

Cohen, Rutherford + Knight, P.C.

April 9, 2012
Bethesda, Maryland

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

Mary Washington Healthcare and Subsidiaries

Consolidated Balance Sheets

	December 31	
	2011	**2010**
Assets		
Current assets		
Cash and cash equivalents	**$ 60,257,843**	$ 44,433,981
Accounts receivable		
Patient accounts receivable, less allowance for uncollectible accounts of $65,456,339 in 2011 and $24,695,993 in 2010 *(Note 10)*	**106,093,931**	85,711,509
Settlements due from third parties	**12,980,012**	2,568,826
Other	**5,101,708**	5,751,777
	124,175,651	94,032,112
Notes receivable	**-**	500,000
Inventories	**9,155,894**	9,293,984
Prepaid expenses and other	**6,797,357**	5,394,842
Total current assets	**200,386,745**	153,654,919
Assets whose use is limited *(Note 2)*		
Internally designated for healthcare programs and capital acquisitions	**102,327,178**	127,577,944
Internally restricted for malpractice claims	**11,438,021**	22,045,700
Externally restricted by donors	**17,332,616**	15,035,527
Externally restricted under bond indenture agreement (held by trustees)	**6,286,683**	6,287,017
	137,384,498	170,946,188
Property, plant and equipment, less accumulated depreciation and amortization of $397,109,921 in 2011 and $360,100,917 in 2010 *(Note 4)*	**343,499,193**	330,814,641
Other assets		
Notes receivable	**5,998,355**	4,433,441
Deferred financing costs, less accumulated amortization of $532,290 in 2011 and $476,156 in 2010	**1,665,497**	1,589,395
Miscellaneous	**5,177,616**	8,388,387
	12,841,468	14,411,223
Total Assets	**$ 694,111,904**	$ 669,826,971

Mary Washington Healthcare and Subsidiaries

Consolidated Balance Sheets - Continued

	December 31	
	2011	**2010**
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 35,922,784**	$ 25,287,518
Employee compensation and professional fees	**34,055,703**	37,609,709
Interest payable	**639,471**	624,542
Pension liability, current portion *(Note 6)*	**2,000,000**	2,000,000
Current maturities of long-term obligations *(Notes 5 and 9)*	**10,150,476**	8,717,897
Total Current Liabilities	**82,768,434**	74,239,666
Long-term obligations, less current maturities *(Notes 5 and 9)*	**298,699,775**	277,558,362
Other liabilities		
Accrued losses on malpractice claims *(Note 7)*	**17,156,309**	16,256,795
Pension liability *(Note 6)*	**50,786,067**	17,336,696
Other	**45,070**	46,613
	67,987,446	33,640,104
Total liabilities	**449,455,655**	385,438,132
Net assets		
Unrestricted - General	**221,299,214**	263,549,881
Unrestricted - Noncontrolling interest	**6,024,419**	5,803,431
Temporarily restricted *(Note 3)*	**16,074,406**	13,777,317
Permanently restricted *(Note 3)*	**1,258,210**	1,258,210
	244,656,249	284,388,839
Total liabilities and net assets	**$ 694,111,904**	$ 669,826,971

See accompanying notes

Mary Washington Healthcare and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

	Year ended December 31	
	2011	**2010**
Unrestricted net assets		
Revenues and other support		
Patient service revenue (net of allowance and discounts)	**$ 636,102,578**	$ 681,554,912
Provision for bad debts	**(71,248,299)**	(95,190,533)
Net patient service revenue	**564,854,279**	586,364,379
Retail and pharmacy sales	**6,636,399**	5,717,862
Rental of facilities	**2,412,393**	2,815,963
Management and personnel services	**4,720,271**	4,295,993
Investment income *(Note 2)*	**3,094,586**	4,620,505
Unrestricted contributions	**1,274,482**	1,060,728
Other	**11,063,710**	12,573,191
	594,056,120	617,448,621
Expenses *(Note 8)*		
Salaries and wages	**238,981,839**	244,568,525
Employee benefits *(Note 6)*	**51,118,925**	60,073,956
Contract personnel	**13,198,551**	13,504,698
Professional fees	**40,366,326**	42,075,566
General and administrative	**14,069,361**	15,910,952
Provisions for depreciation and amortization	**37,235,905**	35,163,642
Interest *(Note 5)*	**13,893,834**	14,053,784
Cost of pharmacy and others	**5,511,533**	4,805,545
Contract services	**39,202,374**	38,037,359
Supplies	**105,941,037**	110,278,539
Utilities	**5,637,230**	5,349,569
Insurance *(Note 7)*	**5,625,386**	4,906,975
Rent	**13,660,758**	12,669,076
Other	**4,387,797**	5,279,174
	588,830,856	606,677,360
Income from operations	**5,225,264**	10,771,261
Nonoperating gains (losses)		
Net appreciation (depreciation) of investments *(Note 2)*	**(4,609,504)**	10,157,530
Other income	**780,833**	475,719
Loss on investments in partnerships and other	**(392,802)**	(468,805)
Excess revenues, gains and other support over expenses and losses	**$ 1,003,791**	$ 20,935,705

(continued)

Mary Washington Healthcare and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets - continued

	Year ended December 31	
	2011	**2010**
Unrestricted net assets - General		
Excess revenues, gains and other support over expenses and losses	**$ 1,003,791**	$ 20,935,705
Other changes in unrestricted net assets		
Noncontrolling interest	**(4,460,492)**	(4,407,964)
Adjustments to net pension liability exclusive of net periodic pension cost *(Note 6)*	**(36,534,581)**	6,551,177
Other	**(2,259,385)**	(2,300,229)
Increase (decrease) in unrestricted net assets	**(42,250,667)**	20,778,689
Unrestricted net assets - Noncontrolling interest		
Contributions	**145,708**	438,953
Distributions	**(4,115,835)**	(4,113,122)
Change in ownership	**(269,377)**	(357,599)
Income	**4,460,492**	4,407,964
Increase in noncontrolling interest	**220,988**	376,196
Temporarily restricted net assets		
Contributions	**3,785,870**	437,960
Investment income *(Note 2)*	**236,643**	631,368
Net assets released from restrictions used in operations	**(122,773)**	(83,335)
Net assets released from restrictions for purchase of property, plant and equipment	**(150,000)**	-
Unrealized gain (loss) on investments *(Note 2)*	**(709,510)**	587,992
Other	**(743,141)**	(755,707)
Increase in temporarily restricted net assets	**2,297,089**	818,278
Permanently restricted net assets		
Transfer to unrestricted net assets	**-**	(91,656)
Decrease in permanently restricted net assets	**-**	(91,656)
Increase (decrease) in net assets	**(39,732,590)**	21,881,507
Net assets at beginning of year	**284,388,839**	262,507,332
Net assets at end of year	**$ 244,656,249**	$ 284,388,839

See accompanying notes

Mary Washington Healthcare and Subsidiaries

Consolidated Statements of Cash Flows

	Year ended December 31	
	2011	**2010**
Cash flows from operating activities and nonoperating gains (losses)		
Increase (decrease) in net assets	**$ (39,732,590)**	$ 21,881,507
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities and nonoperating gains (losses)		
Net (appreciation) depreciation of investments	**4,609,504**	(10,157,530)
Other nonoperating losses	**392,802**	468,805
Other income	**(780,833)**	(475,719)
Provisions for depreciation and amortization	**37,235,905**	35,163,642
Amortization of original issue premium and discount	**(698,986)**	(722,960)
Provision for bad debts	**71,248,299**	95,190,533
(Increase) decrease in		
Accounts receivable	**(90,980,652)**	(104,168,250)
Settlements due from third-party programs	**(10,411,186)**	12,652
Inventories	**138,090**	431,235
Prepaid expenses and other	**(1,402,515)**	(245,426)
Miscellaneous	**2,754,413**	(869,464)
Increase (decrease) in		
Accounts payable and accrued expenses	**10,635,266**	(2,019,800)
Employee compensation and professional fees	**(3,554,006)**	8,345,701
Interest payable	**14,929**	(41,489)
Insurance claims	**899,514**	2,366,531
Pension liability	**33,449,371**	(9,412,338)
Net cash provided by operating activities and nonoperating gains (losses)	**13,817,325**	35,747,630

(continued)

Mary Washington Healthcare and Subsidiaries

Consolidated Statements of Cash Flows – continued

	Year ended December 31	
	2011	**2010**
Cash flows from investing activities		
Change in assets whose use is limited		
Net increase in cash and cash equivalents	**1,375,901**	2,196,026
Purchases of investments	**(32,734,429)**	(64,302,980)
Sales of investments	**62,933,108**	53,940,836
Pledges received	**(2,887,203)**	(293,422)
Payments received on pledges receivable	**264,809**	606,649
Acquisition of property, plant and equipment	**(48,945,725)**	(20,404,652)
Disposal of property, plant and equipment, net	**-**	5,403,350
Changes in notes receivable	**(1,064,914)**	(816,798)
Net cash used in investing activities	**(21,058,453)**	(23,670,991)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	**32,015,700**	-
Repayment of long-term obligations	**(8,742,722)**	(8,948,320)
Increase in deferred financing costs	**(207,988)**	-
Net cash used in financing activities	**23,064,990**	(8,948,320)
Net increase in cash and cash equivalents	**15,823,862**	3,128,319
Cash and cash equivalents at beginning of year	**44,433,981**	41,305,662
Cash and cash equivalents at end of year	**$ 60,257,843**	$ 44,433,981

See accompanying notes

Mary Washington Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

1. Summary of Significant Accounting Policies

Organization

Mary Washington Healthcare (MWHC) is the parent corporation for Mary Washington Hospital, Inc (Mary Washington), Stafford Hospital, LLC (Stafford), Mary Washington Hospital Foundation, Inc (MWH Foundation), Stafford Hospital Foundation, Inc (Stafford Foundation), MediCorp Properties, Inc (Properties), Mary Washington Healthcare Clinical Services, Inc (Clinical Services), Mary Washington Healthcare Services, Inc (Services), Fredericksburg Professional Risk Exchange (ProRex) and MWHC SIR, LLC (SIR) MWHC is a nonstock, tax-exempt, not-for-profit organization Mary Washington, Stafford, MWH Foundation, Stafford Foundation, Properties, and Clinical Services are wholly-controlled, nonstock, tax-exempt, not-for-profit subsidiaries of MWHC Services is a wholly-owned, taxable subsidiary of MWHC ProRex is a majority owned, risk retention group and a taxable subsidiary of MWHC MWHC SIR, LLC is a wholly-owned, taxable subsidiary of MWHC which began operations in 2011 to manage liability risk retained by MWHC

Mission Statement

The primary purpose of MWHC and its subsidiaries is to improve the health of all people within the communities they serve As such, operating revenues include those generated from direct patient care and sundry revenues related to the operation of MWHC's facilities

Operating Indicator

MWHC's excess of revenues, gains and other support over expenses and losses include all unrestricted revenue, gains, expenses and losses for the reporting period except for contributions of long-term assets, discontinued operations and additional adjustments to net pension liability exclusive of net periodic pension cost Realized gains on sales of fixed assets held by Properties are also considered to be operating activities

Other activities that result in gains or losses unrelated to MWHC's primary mission are considered to be nonoperating

1. Summary of Significant Accounting Policies (continued)

Operating Indicator (continued)

Nonoperating gains and losses principally include income and expenses associated with investments in partnerships and joint ventures, as well as the net appreciation (depreciation) on investments and gains (losses) on the sales of fixed assets other than those owned by Properties

Service to the Community

MWHC provides exceptional medical services to the city of Fredericksburg and surrounding counties Established in 1899 and 2009, respectively, Mary Washington (a 442 bed acute care facility) and Stafford (a 100 bed acute care facility) offer comprehensive healthcare and multiple centers of excellence including cardiology and cardiovascular surgery, psychiatry, and women and infant health Mary Washington and Stafford are accredited by the Joint Commission on Accreditation of Healthcare Organizations and licensed by the Commonwealth of Virginia Department of Health and the Department of Mental Health, Mental Retardation and Substance Abuse Services Mary Washington also provides advanced radiation therapy through the Cancer Center of Virginia and home health services through Mary Washington Home Health

Uncompensated Care

It is MWHC's vision to build a healthier community by promoting and providing access to healthcare services to low income residents throughout the city of Fredericksburg and surrounding counties Regardless of the ability to pay, MWHC provides a full spectrum of inpatient and outpatient services to members of their community, including over 10,000 visits per year to the indigent clinic supported by MWHC The indigent clinic is committed to providing access to quality health care services to low-income, uninsured residents in the MWHC service area

MWHC accepts all patients regardless of their ability to pay Patients are classified as eligible for charity care according to MWHC's established policies Amounts determined to qualify as charity care are not pursued for collections, and accordingly are not reported as patient revenue In assessing a patient's inability to pay, MWHC utilizes 200% of the poverty level established by the Federal government MWHC also provides additional discounts on a sliding scale up to 400% of the poverty level Unbilled charges for charity care provided for the years ended December 31, 2011 and 2010 were approximately $61,500,000 and $46,300,000 respectively The costs associated with this care equate to approximately $19,038,000 in 2011 and $16,665,000 in 2010 The cost of uncompensated care includes both direct and indirect costs based on a ratio of cost to charges basis

1. Summary of Significant Accounting Policies (continued)

Service to the Community (continued)

Support for Medical Education Programs

The Foundations award educational scholarships to individuals enrolled in a nursing program or who wish to pursue a career in a health care field MWHC encourages and provides financial support for all employees who wish to increase their healthcare knowledge MWHC also provides financial assistance to employees to attend training to acquire skills and knowledge that will assist in providing healthcare education and/or conduct health fairs that will improve the health status of the community Mary Washington serves as a clinical training site for undergraduate students enrolled in various healthcare programs with colleges and universities throughout Virginia

Other Community Services

MWHC also provides

- funding to community organizations that are health-focused, such as the Lloyd Moss Free Clinic and the Medication Access,
- clinical programs that assist many people who would not otherwise be able to access care,
- health promotion programs and services, such as smoking cessation, blood pressure screenings and wellness programs, and
- social services to assist patients in arranging for non-hospital healthcare services

Basis for Consolidation

The consolidated financial statements include the accounts of MWHC and its wholly controlled (tax-exempt) or owned (taxable) subsidiaries and majority-owned partnerships Significant intercompany accounts and transactions are eliminated in consolidation

1. Summary of Significant Accounting Policies (continued)

Noncontrolling Interest

Noncontrolling interest represents the minority partners' proportionate share of Mary Washington Hospital and University of Virginia Radiosurgery Center, LLC, owned 84% by Mary Washington (90% in 2010), Tompkins-Martin Medical Plaza, L P (TMMP), owned 99% by Properties (80% in 2010), Medical Imaging of Fredericksburg (MIF), owned 51% by Clinical Services, Fredericksburg Ambulatory Surgery Center, LLC (FASC), owned 72% (75% in 2010) by Clinical Services, and Fredericksburg Professional Risk Exchange (ProRex), owned 99% by MWHC (97% in 2010). Mary Washington Eye Care Center owned 60% by Clinical Services

In 2010, Clinical Services sold a portion of its investment in Virginia Urgent Care, LLC (VUC), reducing its ownership to 50% As a result of the reduction in ownership, VUC is no longer consolidated in the financial statements

Use of Estimates

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

Cash Equivalents

MWHC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents Cash and cash equivalents are maintained in commercial banks, for which the aggregate of $250,000 per commercial bank is insured by the Federal Deposit Insurance Corporation (FDIC) MWHC's cash balance routinely exceeds the maximum amount insured by the FDIC MWHC has not experienced any losses related to funds held in excess of the FDIC limit

Allowance for Uncollectible Accounts

The provision for bad debts is based upon management's judgmental assessment of historical and expected net collections considering business and general economic conditions in its service area, trends in healthcare coverage, and other collection indicators Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon its review of accounts receivable payor

1. Summary of Significant Accounting Policies (continued)

Allowance for Uncollectible Accounts (continued)

composition and aging, taking into consideration recent write-off experience by payor category, payor agreement rate changes and other factors The results of these assessments are used to make modifications to the provision for bad debt and to establish an appropriate allowance for uncollectible accounts receivable For self-pay patients, the provision is based on an analysis of past experience related to collection rate of self-pay balances MWHC follows established guidelines for placing certain past-due patient balances with external collection agencies At December 31, 2011 and 2010, the allowance for uncollectible accounts represented approximately 92% of the patients due accounts receivable balance The patient due accounts receivable balance represents the estimated uninsured portion of the accounts receivable

Inventories

Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or market

Assets Whose Use is Limited

Unrestricted resources appropriated or designated by the Board of Trustees for long- term purposes are reported as assets whose use is limited Such long-term purposes include acquisition of capital assets, payment of health and malpractice insurance claims, and a community service fund

Assets whose use is limited also includes resources restricted for debt service under bond indenture agreements, resources restricted for malpractice claims and resources restricted by donors

Assets whose use is limited are carried at fair value The fair value of marketable equity securities held in the investment portfolio are based on quoted market prices Realized and unrealized gains and losses are excluded from income from operations Cost used in the determination of gains and losses on sales of investments is based on the specific cost of the investment sold, adjusted for any other than temporary declines in the value of investments

Property, Plant and Equipment

Property, plant and equipment purchased are reported on the basis of cost Donated items are recorded at fair market value at the date of contribution Depreciation is computed using the straight-line method over the estimated useful lives of the related assets The general range of useful lives estimated for buildings and building improvements is ten to forty years and for equipment is five to twenty-five years

1. Summary of Significant Accounting Policies (continued)

Notes Receivable

Notes receivable include amounts generated from sales of real estate and businesses, as well as the physician loan program, and have maturity dates ranging from one to five years

Deferred Financing Costs

Financing costs incurred in connection with issuance of long-term obligations are deferred and amortized using the effective interest method over the term of the related indebtedness

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations For the years ended December 31, 2011 and 2010, the net change in estimates relative to settlements with third party payors for prior years that resulted in a change in the amounts previously recorded as assets/liabilities increased MWHC's consolidated income from operations by approximately $5,600,000 and $1,399,000, respectively

Revenue from the Medicare and Medicaid programs accounted for approximately 29% and 8%, respectively, of MWHC's net patient service revenue for the year ended December 31, 2011 (27% and 4%, respectively, in 2010) Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

During 2011, all uninsured patients that did not qualify for charity care received a discount that was written-off as a contractual allowance in accordance with new healthcare regulations Previously, these amounts were written-off to the provision for bad debts

1. Summary of Significant Accounting Policies (continued)

Net Patient Care and Resident Services Revenue (continued)

Net patient service revenue for MWHC for the year ended December 31, 2011 includes approximately $134,800,000, $177,800,000 and $51,500,000 (2010 – $133,400,000, $167,700,000 and $27,400,000) for services provided to beneficiaries of Anthem BlueCross and Blue Shield of Virginia (Anthem), the Centers for Medicare and Medicaid Services (Medicare), and the Virginia Medical Assistance Program (Medicaid), respectively, under the provisions of reimbursement arrangements in effect that provide for payments to MWHC at amounts different from its established rates

A summary of the payment arrangements with major third-party payors follows

- *Anthem* Inpatient and outpatient services rendered to Anthem subscribers are reimbursed at prospectively determined discounted rates The prospectively determined rates are not subject to retroactive adjustment

- *Medicare* Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient non-acute services, defined capital costs and certain outpatient services related to Medicare beneficiaries are also paid based on a cost reimbursement methodology Most outpatient services related to Medicare beneficiaries are also paid at prospectively determined rates based on clinical and diagnostic factors Mary Washington and Stafford (the Hospitals) are reimbursed for certain indirect cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospitals and audits thereof by the Medicare fiscal intermediary Mary Washington's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2006 Medicare cost reports for Stafford have been audited through 2009

- *Medicaid* Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge Inpatient non-acute services and certain outpatient services rendered to Medicaid beneficiaries are paid based on a cost reimbursement methodology The Hospitals are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospitals and audits thereof by Medicaid Mary Washington's Medicaid cost reports have been audited by Medicaid through December 31, 2000 Medicaid cost reports for Stafford have not been audited since the facility began operations in 2009

1. Summary of Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by MWHC has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by MWHC in perpetuity

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to MWHC are reported at fair value at the date the promise is received

The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations and changes in net assets as other income Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

Income Taxes

MWHC was recognized as a public charity generally exempt from federal income taxation under 501(c)(3) of the Internal Revenue Code pursuant to a determination letter issued by the IRS in March 1992 MWHC is entitled to rely on this determination as long as there are no substantial changes in its character, purposes, or methods of operation Management has concluded that there have been no such changes, and therefore MWHC's status as a public charity exempt from federal income taxation remains in effect The state in which MWHC operates also provides general exemption from state income taxation for organizations that are exempt from federal income taxation However, MWHC is subject to both federal and state income taxation at corporate tax rates on its unrelated business income Exemption from other state taxes, such as real and personal property taxes, is separately determined Certain entities under MWHC are taxable entities

MWHC had no unrecognized tax benefits or liabilities 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 All required tax filings have been filed on a timely basis

1. Summary of Significant Accounting Policies (continued)

Recent Changes in Accounting Standards

In August 2010, the Financial Accounting Standards Board (FASB) amended the Accounting Standards Codification (ASC) for health care entities to require that cost be used as the measurement basis for charity care disclosures and that cost be identified as the direct and indirect costs of providing the charity care This amendment is effective for fiscal years beginning after December 15, 2010 Also, in August 2010, the FASB amended the ASC for health care entities to clarify that a health care entity should not net insurance recoveries against a related claim liability Additionally, the amount of the claim liability should be determined without considerations of insurance recoveries This amendment is effective for fiscal years and interim periods within those years, beginning after December 15, 2010 Management has adopted these changes in accounting In July 2011, the FASB amended the ASC for healthcare entities to require 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 an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, these entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts This amendment is effective for fiscal years beginning after December 15, 2012 Management has elected to early adopt this amendment The provision for bad debts associated with patient revenue has been reclassified as a deduction from patient services revenue, and the prior year has been reclassified to conform to this presentation

Reclassification

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

Subsequent Events

Subsequent events have been evaluated by management through April 9, 2012, which is the date that the consolidated financial statements were available to be issued

2. Assets Whose Use is Limited

The fair market value of assets whose use is limited at December 31 are summarized as follows

	2011	2010
Internally designated for healthcare programs and capital acquisitions		
Cash and cash equivalents	**$ 7,115,519**	$ 4,934,016
Bonds and other fixed maturity securities	**1,858,993**	885,511
Equity securities	**54,515,327**	76,921,771
Alternative investments	**38,837,339**	44,836,646
	102,327,178	127,577,944
Internally designated for insurance claims		
Cash and cash equivalents	**227,650**	3,367,452
Bonds and other fixed maturity securities	**2,316,002**	5,792,261
Equity securities	**8,894,369**	12,885,987
	11,438,021	22,045,700
Externally restricted by donors		
Cash and cash equivalents	**524,138**	611,421
Pledges receivable	**5,775,892**	2,888,688
Bonds and other fixed maturity securities	**389,114**	799,296
Equity securities	**10,643,472**	10,736,122
	17,332,616	15,035,527
Externally restricted under bond indenture agreement (held by trustee)		
Cash and cash equivalents	**6,286,683**	6,287,017
	$ 137,384,498	$ 170,946,188

2. Assets Whose Use is Limited (continued)

Investment income and gains on assets whose use is limited are comprised of the following for the year ended December 31

	2011	2010
Revenue and other support		
Interest and dividends	**$ 3,094,586**	$ 4,620,505
Nonoperating gains (losses)		
Net appreciation (depreciation) of investments	**(4,609,504)**	10,157,530
	(1,514,918)	14,778,035
Changes in temporarily restricted net assets		
Interest and dividends	**341,803**	369,004
Net appreciation (depreciation) of investments	**(814,670)**	850,356
	(472,867)	1,219,360
	$ (1,987,785)	$ 15,997,395

MWHC's investment portfolio is classified as "trading" As a result, all gains and losses on investments, including realized, unrealized and impairment losses, are reported on the consolidated statements of operations as non-operating gains and losses

Net appreciation (depreciation) of investments includes realized and unrealized gains (losses) on investments

2. Assets Whose Use is Limited (continued)

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 framework for measuring fair value 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, as follows

Level 1 Quoted prices in active markets for identical assets or liabilities Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U S Treasury securities

Level 2 Observable input other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments This category generally includes certain U S government and agency mortgage-backed debt securities, corporate-debt securities, and alternative investments

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

2. Assets Whose Use is Limited (continued)

The following discussion describes the valuation methodologies used for financial assets 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 MWHC's business, its value, or financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of the timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. 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. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

Fair values for MWHC's fixed maturity securities (corporate bonds, government debt securities, and government mortgage and asset backed securities) are based on prices provided by its investment managers, who 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. MWHC's fixed maturity securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

Fair values of equity securities have been determined by MWHC from observable market quotations, when available. Private placement securities and other equity securities where a public quotation is not available are valued by using broker quotes.

MWHC's private equity funds seek to generate investment return and long-term capital growth by investing in assets of primarily equity securities of mid-to large capitalization, domestic and international companies. MWHC purchases units of membership, which are valued based on the underlying investments.

MWHC commingled trust funds is valued by the management of the which obtains prices for financial instruments held in client portfolios using external pricing vendors, independently verified models, valuation software, broker/dealers, and internal fair value procedures.

2. Assets Whose Use is Limited (continued)

MWHC's real estate funds employ an independent valuation consultant to administer valuation program Each of the fund's participating mortgage loans and other real property interests are generally appraised every quarter after the investment is made

MWHC's investments include investments in limited partnerships and other alternative investments, which are made in accordance with MWHC's investment policies The limited partnerships acquire, hold, invest, manage, dispose of, and otherwise deal in and with securities of all kinds and descriptions Publicly traded securities are generally valued by reference to closing market prices on one or more national securities exchange or generally accepted pricing services selected by the fund managers of the limited partnership Securities not valued by such pricing services will be valued upon bid quotations obtained from independent dealers in the securities

In the absence of any independent quotations, securities will be valued by the fund managers on the basis of data obtained from the best available sources Investments in limited partnerships are accounted for under the equity method The equity in earnings or losses from these investments is recorded as a component of investment income in the consolidated statement of operations Although the various fund managers use their professional judgment at estimating the fair value of the alternative investments, there are inherent limitations in any valuation technique Therefore, the value determined by fund managers is not necessarily indicative of the amount that could be realized in a current transaction Future events will also affect the estimates of fair value, and the effect of such events on the estimates of the fair value could be material

2. Assets Whose Use is Limited (continued)

The following tables present MWHC's financial assets that are measured on a recurring basis

	December 31, 2011			
	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	$ 14,153,990	$ -	$ -	$ 14,153,990
Bonds and other debt securities				
Corporate bonds				
Maturity 1 to 10 years	-	1,059,166	-	1,059,166
Maturity > 10 years	-	322,542	-	322,542
International bonds - maturity 1 to 10 years	-	140,666	-	140,666
Government debt securities				
Maturity 1 to 10 years	1,350,935	-	-	1,350,935
Maturity > 10 years	359,712	-	-	359,712
Government mortgage and asset backed securities - maturity > 10 years	-	1,331,088	-	1,331,088
Equity securities				
Mutual funds				
Foreign large value	11,102,625	-	-	11,102,625
Intermediate-Term Bond	14,295,258	505,291	-	14,800,549
World Allocation	8,466,668	-	-	8,466,668
World Bond	10,410,249	-	-	10,410,249
Other	16,590,214	-	-	16,590,214
Common stock				
Basic materials	1,281,216	-	-	1,281,216
Financial	1,154,807	-	-	1,154,807
Healthcare	1,296,258	-	-	1,296,258
Services	2,987,887	-	-	2,987,887
Technology	3,980,497	-	-	3,980,497
Other	1,982,198	-	-	1,982,198
Alternative investments				
Private equity funds	-	-	4,974,939	4,974,939
Commingled trust fund	-	-	7,240,879	7,240,879
Real estate funds	-	-	8,189,748	8,189,748
Fund of funds	-	-	18,431,773	18,431,773
	$ 89,412,514	$ 3,358,753	$ 38,837,339	$ 131,608,606

2. Assets Whose Use is Limited (continued)

	December 31, 2010			
	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	$ 15,199,906	$ -	$ -	$ 15,199,906
Bonds and other debt securities				
Corporate bonds				
Maturity 1 to 10 years	-	1,389,122	-	1,389,122
Maturity > 10 years	-	322,632	-	322,632
Government debt securities				
Maturity 1 to 10 years	3,724,513	-	-	3,724,513
Maturity > 10 years	480,988	-	-	480,988
Government mortgage and asset backed securities - maturity > 10 years	-	1,559,813	-	1,559,813
Equity securities				
Mutual funds				
Foreign large blend	13,721,379	-	-	13,721,379
Intermediate-Term Bond	16,482,284	1,566,259	-	18,048,543
World Allocation	10,827,215	-	-	10,827,215
World Bond	23,700,746	-	-	23,700,746
Other	14,292,427	-	-	14,292,427
Common stock				
Basic materials	2,064,114	-	-	2,064,114
Financial	2,234,074	-	-	2,234,074
Services	5,428,035	-	-	5,428,035
Technology	4,782,679	-	-	4,782,679
Other	5,444,668	-	-	5,444,668
Alternative investments				
Private equity funds	-	-	5,852,961	5,852,961
Commingled trust fund	-	-	7,914,365	7,914,365
Real estate funds	-	-	7,424,151	7,424,151
Fund of funds	-	-	23,645,169	23,645,169
	$ 118,383,028	$ 4,837,826	$ 44,836,646	$ 168,057,500

2. Assets Whose Use is Limited (continued)

The following table presents the activity for the Level 3 funds as of December 31

	2011	2010
Fair value, beginning of year	**$44,836,646**	$ 32,169,405
Purchase of investments	**571,995**	8,184,808
Sales of investments	**(5,344,042)**	(906,817)
Net appreciation (depreciation)	**(1,227,260)**	5,389,250
Fair value, end of year	**$38,837,339**	$ 44,836,646

Transfers are generally made to rebalance the investment portfolio in accordance with MWHC's investment policy Transfers in Level 1 and Level 2 investments were $0 during 2010 Transfers out of Level 1 and 2 were approximately $5,322,000 and $2,248,350, respectively, during 2010 Transfers out of Level 3 were approximately $5,000,000 during 2011

3. Restricted Net Assets

Temporarily restricted net assets are available at December 31 for the following purposes

	2011	**2010**
Healthcare programs and services	**$ 15,083,388**	$ 12,766,016
Acquisition of building and equipment	**129,770**	104,318
Educational seminars, scholarships and other	**861,248**	906,983
	$ 16,074,406	$ 13,777,317

3. Restricted Net Assets (continued)

Permanently restricted net assets ($1,258,210 for December 2010 and 2011) are restricted to investments in perpetuity, the income from which is expendable to support charitable purposes specified by the donors

Current accounting standards require certain disclosures for donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) The Commonwealth of Virginia has adopted UPMIFA In management's opinion, the adoption of UPMIFA had no impact on the accounting for the MWHC's endowment

4. Property, Plant and Equipment

Property, plant and equipment at December 31 consist of the following

	2011	2010
Land and land improvements	**$ 73,916,767**	$ 65,318,704
Buildings	**286,985,538**	274,675,195
Fixed equipment	**85,034,208**	81,974,284
Movable equipment	**287,867,570**	261,575,125
Construction in progress	**6,805,031**	7,372,250
	740,609,114	690,915,558
Less accumulated depreciation and amortization	**397,109,921**	360,100,917
	$ 343,499,193	$ 330,814,641

The estimated cost to complete construction in progress at December 31, 2011 is approximately $11,300,000 This amount relates primarily to the cost of technology upgrades and replacements required for meaningful use, as well as other construction projects and replacement of equipment

5. Long-Term Obligations

Long-term obligations at December 31 consist of the following

	2011	2010
Promissory note payable under the Voluntary Hospitals of America Mid-Atlantic States, Inc Capital Asset Financing Program (the Program) Under this program, tax-exempt hospital revenue bonds were issued through the Industrial Development Authority of the City of Lynchburg, Virginia Interest, which is adjustable monthly, is based upon the interest rate and debt issuance and service costs of the Program The interest rate averaged 6 33% for the year ended December 31, 2011 (6 00% in 2010) Payments, including principal and interest, are due monthly through January 2013	**$ 1,199,290**	$ 2,162,665
Mortgage note payable issued in September 2002 to the Industrial Development Authority of the City of Fredericksburg, Virginia, who in turn issued tax-exempt Revenue Bonds (Series 2002B) The Series 2002B Bonds are comprised of $65,000,000 term bonds The term bonds mature on June 15, 2027 ($21,965,000) and June 15, 2033 ($43,035,000) and bear interest at 5 25% and 5 125%, respectively The Hospital is required to make mandatory annual sinking fund payments ranging from $4,985,000 in 2024 to $8,125,000 in 2033	**65,000,000**	65,000,000

5. Long-Term Obligations (continued)

	2011	2010
Mortgage note payable issued in December 2006 to the Economic Development Authority of Stafford County, Virginia, who in turn issued tax-exempt Hospital Facilities Revenue Bonds (Series 2006) The bonds mature in graduated annual amounts ranging from $560,000 in 2014 to $4,435,000 in 2026 and bear interest at varying rates ranging from 4 0% to 5 25%	**$ 125,000,000**	$ 125,000,000
Mortgage note payable issued in June 2007 to the Economic Development Authority of the City of Fredericksburg, Virginia, who in turn issued Hospital Facilities Revenue and Refunding bonds (Series 2007) The bonds mature in graduated annual amounts ranging from $660,000 in 2007 to $7,600,000 in 2023 and bear interest at varying rates ranging from 5 0% to 5 25%	**69,765,000**	73,895,000
Promissory note payable under the Voluntary Hospitals of America Mid-Atlantic States, Inc Capital Asset Financing Program (the Program) Under this program, tax-exempt hospital revenue bonds were issued through the Industrial Development Authority of the City of Lynchburg, Virginia Interest, which is adjustable monthly, is based upon the interest rate and debt issuance and service costs of the Program Interest only payments are due monthly beginning in January 2008 and continuing through December 2008 Payments including principal and interest began January 2009 and are due monthly through October 2014	**7,109,506**	9,344,452

5. Long-Term Obligations (continued)

	2011	2010
Mortgage note payable issued in July 2011 to the Economic Development Authority of the City of Fredericksburg, Virginia, who in turn issued a Hospital Facilities Revenue Bonds (Series 2011) Interest, which is adjustable monthly, is based upon the LIBOR Rate Interest only payments are due monthly beginning in August 2011 and continuing through August 2013 Payments including principal and interest begin September 2013 and are due monthly through August 2038	**$ 29,297,420**	$ -
Other	**3,183,799**	1,879,920
	300,555,015	277,282,037
Plus Premium on Series 2006 Bonds	**6,087,650**	6,384,961
Plus Premium on Series 2007 Bonds	**2,826,456**	3,263,768
Less Original Issue Discount on Series 2002 Bonds	**(618,870)**	(654,507)
	308,850,251	286,276,259
Current maturities of long-term obligations	**10,150,476**	8,717,897
	$ 298,699,775	$ 277,558,362

Maturities and sinking fund requirements of long-term obligations for each of the next five years and thereafter are approximately 2012 – $10,150,000, 2013 – $9,626,000, 2014 – $8,401,000, 2015 – $6,418,000, 2016 – $6,667,000 and thereafter – $267,598,000

5. Long-Term Obligations (continued)

The Series 2011, 2007, 2006, and 2002B bonds are secured by a pledge of the gross receipts of each member of the Obligated Group (MWHC, Mary Washington, Stafford, MWH Foundation, and Properties) and the related trust indenture contains certain restrictions, including an annual debt service coverage ratio requirement that the income available for debt service (as defined) be not less than 115% of maximum annual debt service (as defined) In the opinion of management, the Obligated Group was in compliance with the provisions of the Master Trust Indenture for the years ended December 31, 2011 and 2010

The Series 2011 bonds also require quarterly and annual maintenance of specified ratios and other financial covenants for the Obligated Group including an annual debt service coverage ratio (as defined) of at least 125%, a debt to capitalization ratio (as defined) no greater than 65%, at least 75 days cash on hand (as defined) and a minimum operating income (as defined) of graduated amounts In the opinion of management, the Obligated Group met all of the requirements except for the minimum operating income for which a waiver was granted by the bondholder

Trusteed funds aggregating approximately $6,287,000 at December 31, 2011 and 2010 are restricted for debt service on the mortgage notes under the terms of the related bond indenture agreements

During the years ended December 31, 2011 and 2010, MWHC paid approximately $13,985,000 and $13,873,000, respectively, for interest

6. Retirement Plans

MWHC sponsors two retirement plans for its Associates The first is a traditional, noncontributory, defined benefit retirement plan (the Plan) The second is a supplemental, defined contribution retirement plan (the Supplemental Plan) Both plans cover substantially all of MWHC's employees and are subject to provisions of the Employee Retirement Income Security Act of 1974 Further details are provided for each Plan

Defined Benefit Plan

Effective December 31, 2003, the Plan was frozen relative to allowing new participants Employees of record as of December 31, 2003 will continue to be eligible for benefits under the Plan Employees hired on or after January 1, 2004 are not eligible to participate in the Plan Effective May 22, 2010, the Plan was frozen relative to all future benefit accruals

Benefits to eligible participants, which are based upon fixed percentages of a participant's average earnings for credited years of services, are paid when an employee reaches retirement age (normally 65) MWHC funding policy is to contribute amounts to the Plan sufficient to meet the minimum funding requirements under the Employee Retirement Income Security Act of 1974, plus such additional amounts as MWHC may determine to be appropriate from time to time

The overall financial objectives of the Plan's assets are to provide funds for the timely payment of Plan obligations and to produce an investment rate of return that minimizes MWHC contributions The primary investment objective of the Plan is to maintain a diverse portfolio with a conservative risk profile To achieve its investment objective, the Plan assets are generally allocated 30% to fixed income investments and 70% to equity investments based on fair value The Plan's investments are also diversified by asset class (e g , equities, bonds, and cash equivalents) and within asset classes (e g , within equities by economic sector, industry, and size) in order to provide assurance that no single security or class of securities will have a disproportionate impact on the Plan

6. Retirement Plans (continued)

Defined Benefit Plan (continued)

The following table sets forth the Plan's funded status as of the measurement date, December 31

	2011	2010
Reconciliation of Benefit Obligation and Plan Assets at December 31:		
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	$ **126,440,301**	$ 122,976,488
Service cost	**-**	1,953,327
Interest cost	**6,851,599**	7,176,712
Actuarial loss	**24,782,339**	14,791,980
Benefits paid	**(3,823,884)**	(3,428,249)
Curtailments	**-**	(17,029,957)
Projected benefit obligation at end of year	$ **154,250,355**	$ 126,440,301
Change in plan assets		
Fair value of plan assets at beginning of year	$ **107,103,605**	$ 94,227,454
Return on plan assets	**(3,815,433)**	11,304,400
Employer contributions	**2,000,000**	5,000,000
Benefits paid	**(3,823,884)**	(3,428,249)
Fair value of plan assets at end of year	$ **101,464,288**	$ 107,103,605
Funded Status Reconciliation and Key Assumptions at December 31:		
Reconciliation of funded status		
Funded status of plan at end of year	$ **(52,786,067)**	$ (19,336,696)
Amounts recognized in the consolidated balance sheets		
Current (liabilities)	$ **(2,000,000)**	$ (2,000,000)
Noncurrent (liabilities)	**(50,786,067)**	(17,336,696)
	$ **(52,786,067)**	$ (19,336,696)

6. Retirement Plans (continued)

Defined Benefit Plan (continued)

	2011	2010
Amounts recognized in accumulated other comprehensive income:		
Accumulated loss	**$ (48,391,115)**	$ (11,856,534)
Accumulated other comprehensive income (AOCI)	**$ (48,391,115)**	$ (11,856,534)
Weighted-average assumptions used to determine projected benefit obligation		
Measurement date	**December 31, 2011**	December 31, 2010
Discount rate	**4.60%**	5.50%
Rate of compensation increase	**N/A**	N/A
Components of net periodic benefit expense		
Service cost	**$ -**	$ 1,953,327
Interest cost	**6,851,599**	7,176,712
Expected rate of return on plan assets	**(7,936,809)**	(6,966,226)
Amortization of prior service cost	**-**	(96,065)
Recognized net actuarial loss	**-**	338,909
Curtailments	**-**	(267,818)
Net periodic benefit expense	**$ (1,085,210)**	$ 2,138,839
Other changes in plan assets and benefit obligations recognized in other comprehensive income		
Prior service cost (credit) due to curtailment	**$ -**	$ 267,818
Net actuarial (gain) loss	**36,534,581**	(6,576,151)
Amortization of prior service cost	**-**	96,065
Amortization of net (gain) or loss	**-**	(338,909)
Total recognized in other comprehensive income	**$ 36,534,581**	$ (6,551,177)
Total recognized in net benefit cost and other comprehensive income	**$ 35,449,371**	$ (4,412,338)
Weighted-average assumptions used to determine net periodic benefit expense		
Measurement date	**December 31, 2011**	December 31, 2010
Discount rate	**5.50%**	6.30%
Expected return on plan assets	**7.50%**	7.50%
Rates of compensation increase	**N/A**	3.00%

6. Retirement Plans (continued)

Defined Benefit Plan (continued)

The Plan's weighted-average asset allocations by asset category at the Plan's measurement date of December 31 are as follows

	2011	2010
Equity securities	**58%**	64%
Debt securities	**19%**	15%
Other (primarily cash and cash equivalents and fund of funds)	**23%**	21%
Total	**100%**	100%

MWHC expects to contribute $2,000,000 to the Plan in 2012

The following benefit payments are expected to be paid during the years ending December 31

2012	$ 4,433,081
2013	4,843,900
2014	5,317,147
2015	5,771,929
2016	6,245,430
Years 2017-2021	38,465,042

The following presents the Plan assets measured at fair value on a recurring basis

	December 31, 2011			
	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	$ 2,794,934	$ -	$ -	$ 2,794,934
Common stock	31,330,544	-	-	31,330,544
Common stock-REIT	976,459	-	-	976,459
Mutual funds	39,674,861	4,695,228	-	44,370,089
Alternative investments-limited partnerships	-	-	21,991,259	21,991,259
	$ 74,776,798	$ 4,695,228	$ 21,991,259	$ 101,463,285

6. Retirement Plans (continued)

Defined Benefit Plan (continued)

	December 31, 2010			
	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	$ 2,780,402	$ -	$ -	$ 2,780,402
Common stock	44,501,957	-	-	44,501,957
Common stock-REIT	104,693	-	-	
Mutual funds	33,212,325	5,917,564	-	39,129,889
Alternative investments-limited partnerships	-	-	20,547,401	20,547,401
	$ 80,599,377	$ 5,917,564	$ 20,547,401	$ 107,064,342

The following table presents the activity for the Level 3 funds as of December 31

	2011	2010
Balance, beginning of year	$ 20,547,401	$ 17,685,967
Purchases	1,000,000	1,500,000
Sales	(463,311)	(1,384)
Unrealized gains	907,169	1,362,818
Balance, end of year	$ 21,991,259	$ 20,547,401

Defined Contribution Plan

The Supplemental Plan covers substantially all employees who are age twenty-one or older The Supplemental Plan was adopted January 1, 1992 and is subject to the provisions of the Employee Retirement Income Security Act of 1974 The Supplemental Plan has received a favorable determination letter from the Internal Revenue Service exempting it from federal income taxation under the Internal Revenue Code

6. Retirement Plans (continued)

Defined Contribution Plan (continued)

Each year, MWHC contributes 50% of the first 6% of base compensation up to a maximum regular matching contribution of 3% of covered compensation for the payroll period that each participant contributes to the Supplemental Plan In addition to the regular matching contribution, MWHC makes a transition matching contribution to certain predetermined participants based on the actuarial factors described in the Supplemental Plan agreement At the Board of Trustees' discretion, additional amounts may be contributed During 2011 and 2010, respectively, MWHC contributed approximately $4,049,000 and $4,022,000 to the Supplemental Plan

As of May 22, 2010, participants are 100% vested in all contributions plus actual earnings thereon MWHC can terminate the Supplemental Plan at any time At such time, participants remain entitled to their vested benefits New participants after May 22, 2010 will vest in the matching contributions and earnings thereon after 3 years of eligible service

Associates hired after January 1, 2004, and who are not eligible for the Plan, may receive an additional 2% in base contributions to the Supplemental Plan Effective May 22, 2010, the Supplemental Plan was amended to allow Associates who no longer earned retirement benefits under the Plan to participate in the Supplemental Retirement Plan The existing 2% additional base contribution under the Supplemental Plan was changed to be based on service using the following scale 2% for 1 – 10 years, 4% for 11 – 19 years, 6% for service greater than 20 years The contribution is made the year after the eligibility requirements are met In 2011 and 2010, respectively, MWHC contributed approximately $4,286,000 and $2,127,000 in base contributions As of May 22, 2010 participants are 100% vested in the base contribution New participants after May 22, 2010 will vest in the base contribution after 3 years of eligible service All service prior to May 22, 2010 will count toward meeting the 3 year requirement

7. Malpractice Insurance

MWHC manages its professional and general liability through a controlled Risk Retention Group and, effective for claims made January 1, 2011 forward, a Self Insured Retention (SIR) Fredericksburg Professional Risk Exchange (ProRex), a subsidiary of MWHC, is a reciprocal insurance company licensed in the State of Vermont For claims reported in 2011 and 2010, ProRex retained risk for MWHC and its subsidiaries of $2,000,000 per claim and $7,000,000 in the aggregate Risks above those limits are covered by a commercial excess insurance policy with a $20,000,000 aggregate limit As noted above, MWHC formed SIR to manage the first $675,000 of each claim made after January 1, 2011 ProRex also retained risk for certain physicians who are also related to the Hospital and who are minority owners in ProRex

MWHC owns 100% of SIR and holds a majority ownership position in ProRex, and their assets, liabilities and operations are consolidated in the accompanying MWHC financial statements SIR has accrued approximately $2,235,000 related to its share of estimated payments to be made for claims filed throughout 2011 as well as for estimated losses on unfiled claims which relate to events occurring in 2011 ProRex has accrued approximately $8,049,000 and $9,523,000 related to its share of estimated payments to be made under its professional liability insurance program for claims filed through December 31, 2011 and 2010, as well as for estimated losses on unfiled claims which relate to events occurring in 2011 and prior years The amount of liability accrued is based on independent actuarial estimates calculated on a discounted basis using a 3 81% interest Assets held by ProRex are restricted by statute from being transferred to another subsidiary or obligated for any other purpose and accordingly are included in assets whose use is limited In addition, MWHC has accrued approximately $3,569,000 and $3,700,000 through December 31, 2011 and 2010, respectively, related to estimated payments to be made under its tail coverage insurance program

8. Functional Expenses

MWHC provides health care and related services to its geographic location. Expenses related to providing these services for the years ended December 31 are as follows:

	2011	2010
Acute care services	**$ 559,657,957**	$ 575,074,565
Long-term care services	**7,279,863**	7,510,466
Fundraising and charitable giving	**623,286**	689,436
Property management	**9,534,383**	9,032,998
Management and general	**11,735,367**	14,369,895
	$ 588,830,856	$ 606,677,360

9. Fair Value of Financial Instruments

The carrying amounts of the MWHC's financial instruments, excluding long-term obligations, approximate their fair values (see Note 2). The fair value of MWHC's long-term obligations is estimated based on the quoted market prices for the same or similar issues or using discounted cash flow analyses.

The carrying amount and fair value of MWHC's long-term obligations at December 31 are as follows:

	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term obligations	**$ 308,850,251**	**$ 267,844,230**	$ 286,276,259	$ 260,236,031

10. Concentration of Credit Risk

The Hospitals and Health Services grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements The mix of net accounts receivable from patients and third-party payors as of December 31 was as follows

	2011	2010
Medicare	**23%**	23%
Medicaid	**7**	8
Anthem	**24**	21
Other commercial	**40**	43
Patients and other	**6**	5
	100%	100%

11. Risks and Uncertainties

MWHC is involved in litigation arising in the ordinary course of business In the opinion of management, after consultation with legal counsel, these matters will be resolved without material adverse effect on MWHC's consolidated financial position

MWHC's investments are exposed to interest rate risk, market risk, performance risk, and liquidity risk 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 These conditions create uncertainty regarding the future valuation of MWHC`s invested funds, its access to capital, and the resulting impact on the future financial position, operations and cash flows of MWHC could be material

12. Lease Obligations

The Hospital leases various equipment and facilities under operating leases expiring at various dates through June 2035 Total rental expense in 2011 and 2010 for all operating leases was approximately $13,661,000 and $12,669,000, respectively The undiscounted future minimum obligations under all non-cancellable operating leases, net of income from subleases for each of the next five years and thereafter are approximately 2012 - $4,491,000, 2013 - $4,315,000, 2014 - $4,312,000, 2015 - $4,298,000, 2016 - $4,100,000 and thereafter - $34,051,000

Other Financial Information

COHEN
RUTHERFORD
+ KNIGHT PC
Certified Public Accountants

Report of Independent Auditors

Board of Trustees
Mary Washington Healthcare and Subsidiaries

The 2011 audited consolidated financial statements of Mary Washington Healthcare and Subsidiaries and our report thereon are presented in the preceding section of this report That audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole The consolidating information presented hereinafter as of and for the year ended December 31, 2011 is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies, and is not a required part of the basic consolidated financial statements Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 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 the auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Cohen, Rutherford + Knight, P.C.

April 9, 2012
Bethesda, Maryland

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

Mary Washington Healthcare and Subsidiaries – Obligated Group

Consolidated Balance Sheet

December 31, 2011

	December 31	
	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	**$ 56,213,871**	$ 41,269,490
Accounts receivable		
Patient accounts receivable, less allowances	**97,283,291**	76,547,355
Settlements due from third parties	**12,980,012**	2,607,954
Due from affiliates	**3,873,469**	8,475,693
Other	**4,304,142**	1,488,466
	118,440,914	89,119,468
Notes receivable	**-**	500,000
Inventories	**8,116,216**	8,251,720
Prepaid expenses and other	**6,180,921**	4,682,261
Total current assets	**188,951,922**	143,822,939
Assets whose use is limited		
Internally designated for healthcare programs and capital acquisitions	**98,457,642**	123,534,128
Externally restricted by donors	**17,238,428**	15,032,550
Externally restricted by bond indenture agreement	**6,286,683**	6,287,017
	121,982,753	144,853,695
Property, plant and equipment	**334,963,598**	322,995,205
Other assets		
Notes receivable	**7,101,981**	4,728,018
Deferred financing costs	**1,665,497**	1,589,395
Miscellaneous	**3,166,811**	6,317,347
Equity in subsidiaries	**17,503,355**	24,162,637
Total assets	**$ 675,335,917**	$ 648,469,236

Mary Washington Healthcare and Subsidiaries – Obligated Group

Consolidated Balance Sheet-Continued

December 31, 2011

	December 31	
	2011	2010
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 34,645,301**	$ 25,537,409
Due to affiliates	**381,690**	1,069,728
Employee compensation and professional fees	**32,348,380**	33,992,010
Interest payable	**610,221**	568,239
Pension liability, current portion	**2,000,000**	2,000,000
Current maturities of long-term obligations	**9,603,443**	8,253,334
Total current liabilities	**79,589,035**	71,420,720
Long-term obligations, less current maturities	**299,446,630**	276,846,521
Other liabilities		
Accrued losses on insurance claims	**6,873,138**	3,421,175
Pension liability	**50,786,067**	17,336,696
Other	**45,070**	46,613
Total liabilities	**436,739,940**	369,071,725
Net assets		
Unrestricted - General	**221,299,214**	263,549,881
Unrestricted - Noncontrolling interest	**(35,853)**	812,103
Temporarily restricted net assets	**16,074,406**	13,777,317
Permanently restricted net assets	**1,258,210**	1,258,210
	238,595,977	279,397,511
Total liabilities and net assets	**$ 675,335,917**	$ 648,469,236

Mary Washington Healthcare and Subsidiaries – Obligated Group

Consolidated Statement of Operations

December 31, 2011

	Year Ended December 31	
	2011	2010
Revenue and other support		
Patient service revenue (net of allowances and discounts)	**$ 545,900,807**	$ 595,136,334
Provision for bad debts	**(66,746,271)**	(90,764,727)
Net patient service revenue	**479,154,536**	504,371,607
Rental of facilities	**6,204,649**	6,321,577
Management and personnel services	**5,362,000**	5,539,023
Investment income	**2,341,380**	3,739,911
Unrestricted contributions	**648,850**	425,421
Other	**7,576,264**	9,410,111
	501,287,679	529,807,650
Expenses		
Salaries and wages	**195,528,102**	200,605,832
Employee benefits	**42,844,408**	51,842,020
Contract personnel	**7,261,434**	5,983,323
Professional fees	**40,955,265**	46,597,025
General and administrative	**11,857,735**	13,151,379
Provision for depreciation and amortization	**35,280,371**	33,385,658
Interest	**13,845,347**	13,982,849
Contract services	**33,255,757**	32,513,171
Supplies	**96,566,170**	101,149,246
Utilities	**5,346,550**	5,045,998
Insurance	**3,895,271**	3,416,493
Rent	**10,382,990**	9,380,335
Other	**3,992,438**	4,779,822
	501,011,838	521,833,151
Income from operations	**275,841**	7,974,499
Nonoperating gains (losses)		
Net appreciation (depreciation) of investments	**(3,932,138)**	8,763,176
Gain on disposal of fixed assets	**88,075**	6,807
Gain (loss) on investments in partnerships and other	**394,147**	(69,509)
Excess of revenues, gains and other support over expenses and losses	**(3,174,075)**	16,674,973