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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form
▶ Information about Form 990 and its instructions is at *www.IRS.gov/form990*

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
SHORE HEALTH SYSTEM INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
219 South Washington St
Suite

City or town, state or province, country, and ZIP or foreign postal code
Easton, MD 21601

D Employer identification number
52-0610538

E Telephone number
(410) 822-1000

G Gross receipts $ 242,832,659

F Name and address of principal officer
Kenneth Kozel
219 South Washington St
Easton, MD 21601

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

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

H(c) Group exemption number ▶

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

J Website: ▶ http //umshoreregional org/

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

L Year of formation 1906

M State of legal domicile MD

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
SHORE HEALTH SYSTEM IS A REGIONAL, NOT-FOR-PROFIT NETWORK OF INPATIENT AND OUTPATIENT SERVICES WITH FACILITIES IN TALBOT, DORCHESTER, CAROLINE, AND QUEEN ANNE'S COUNTIES

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	25
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	20
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	2,028
6	Total number of volunteers (estimate if necessary)	6	473
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	7,170,911
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-389,298

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	1,175,085	1,073,363
	9	Program service revenue (Part VIII, line 2g)	224,710,875	231,762,966
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,260,294	9,315,124
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-550,380	-521,968
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	231,595,874	241,629,485
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	106,988,248	103,022,600
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	104,596,660	116,403,380
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	211,584,908	219,425,980
	19	Revenue less expenses Subtract line 18 from line 12	20,010,966	22,203,505
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	343,942,458	370,246,091
	21	Total liabilities (Part X, line 26)	150,297,748	149,049,498
	22	Net assets or fund balances Subtract line 21 from line 20	193,644,710	221,196,593

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

****** | 2015-05-07
Signature of officer | Date

JOANNE HAHEY CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
FRANK GIARDINI				P00532355

Firm's name ▶ GRANT THORNTON LLP | Firm's EIN ▶

Firm's address ▶ 2001 MARKET STREET SUITE 700
PHILADELPHIA, PA 19103 | Phone no (410) 822-1000

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 or note to any line in this Part III . . . . ☑

1 Briefly describe the organization's mission

TO EXCEL IN QUALITY CARE AND PATIENT SATISFACTION

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 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 $ 191,343,025 including grants of $) (Revenue $ 224,798,077)

SEE SCHEDULE O

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** ▶ 191,343,025

Part IV Checklist of Required Schedules

		Line	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	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts 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 for escrow or custodial account liability, 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, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	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 and XII 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, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV **Checklist of Required Schedules** *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		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	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, 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 11b 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 or note to any line in this Part V . . . . ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	710			
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	2,028			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			2b	Yes	
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" to line 3b, provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

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

Check if Schedule O contains a response or note to any line 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** 25			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 20			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		**5**		No
6	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**		
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 this 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 ▶ MD

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

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 during the tax year

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

▶ JOANNE HAHEY CFO 219 SOUTH WASHINGTON ST
EASTON, MD 21601 (410) 822-1000

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

Check if Schedule O contains a response or note to any line 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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations

		(D)	(E)	(F)
1b	**Sub-Total** . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . ▶	3,272,400	2,263,600	544,597

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 ▶65

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization 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
MARYLAND EMERGENCY MEDICINE NETWORK, 110 SOUTH PACA ST 6TH FLOOR STE 2 BALTIMORE MD 21201	PHYSICIAN SERVICES	1,912,415
TIDEWATER ANESTHESIA ASSOCIATES PA, PO BOX 1208 EASTON MD 21601	PHYSICIAN SERVICES	1,449,996
INNOVATIVE HEALTH SERVICES, PO BOX 778 EASTON MD 21601	Management Fees	921,339
LABCORP OF AMERICA, PO BOX 12140 BURLINGTON NC 27217	LAB SERVICES	780,469
Sodexo Co, PO Box 536922 ATLANTA GA 30353	Cafeteria Services	1,763,872

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 ▶32

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . .

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations . . . 1d	783,615				
	e	Government grants (contributions) 1e	280,491				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	9,257				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . ▶		1,073,363			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	621500	229,405,913	222,363,755	7,042,158	
	b	OTHER OPERATING REVENUE	900099	2,357,053	2,357,053		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . ▶		231,762,966			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . ▶		4,118,556			4,118,556
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . ▶		0			

		(i) Real	(ii) Personal
6a	Gross rents	690,815	
b	Less rental expenses	1,203,174	
c	Rental income or (loss)	-512,359	0

			(A)	(B)	(C)	(D)
6d	Net rental income or (loss) . . . . ▶		-512,359			-512,359

		(i) Securities	(ii) Other
7a	Gross amount from sales of assets other than inventory	4,980,937	215,631
b	Less cost or other basis and sales expenses		
c	Gain or (loss)	4,980,937	215,631

				(A)	(B)	(C)	(D)
7d	Net gain or (loss) . . . . ▶			5,196,568	82,878	132,753	4,980,937
8a	Gross income from fundraising events (not including $ ____________ of contributions reported on line 1c) See Part IV, line 18 . .	a					
b	Less direct expenses . . .	b					
c	Net income or (loss) from fundraising events . . ▶			0			
9a	Gross income from gaming activities See Part IV, line 19 . . .	a					
b	Less direct expenses . . .	b					
c	Net income or (loss) from gaming activities . . . ▶			0			
10a	Gross sales of inventory, less returns and allowances .	a					
b	Less cost of goods sold . .	b					
c	Net income or (loss) from sales of inventory . . ▶			0			
	Miscellaneous Revenue		Business Code				
11a	W/O SHORE HEALTH ENTERPRISES STOCK		900099	-4,000		-4,000	
b	PHYSICIAN LOAN INTEREST		900099	25,102	25,102		
c	CONTRIBUTIONS		900099	-30,711	-30,711		
d	All other revenue						
e	**Total.** Add lines 11a–11d . . . . ▶			-9,609			
12	**Total revenue.** See Instructions . . . . . ▶			241,629,485	224,798,077	7,170,911	8,587,134

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)

Check if Schedule O contains a response or note to any line 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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
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	2,194,128	1,865,009	329,119	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	76,172,542	68,485,218	7,687,324	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,191,949	3,808,963	382,986	
9 Other employee benefits	14,486,829	13,128,605	1,358,224	
10 Payroll taxes	5,977,152	5,212,100	765,052	
11 Fees for services (non-employees)				
a Management	0			
b Legal	559,459		559,459	
c Accounting	2,625,851		2,625,851	
d Lobbying	19,397	19,397		
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	25,397,763	20,897,331	4,500,432	
12 Advertising and promotion	976,210	976,210		
13 Office expenses	2,219,404	1,864,852	354,552	
14 Information technology	7,204,771	192,134	7,012,637	
15 Royalties . .	0			
16 Occupancy	5,907,625	5,907,625		
17 Travel	201,898	140,265	61,633	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	3,440,042	2,924,036	516,006	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	14,032,143	13,163,257	868,886	
23 Insurance	0			
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a BAD DEBT	11,979,040	11,979,040		
b MEDICAL SUPPLIES	31,412,643	31,412,643		
c RECRUITMENT	1,027,302	879,942	147,360	
d EXPENDITURES FOR FUND PURPOSES	565,024	565,024		
e All other expenses	8,834,808	7,921,374	913,434	
25 **Total functional expenses.** Add lines 1 through 24e	219,425,980	191,343,025	28,082,955	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		13,479,877	1	13,656,840
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		30,068,915	3	19,564,821
	4	Accounts receivable, net		0	4	0
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		3,921,181	8	3,611,118
	9	Prepaid expenses and deferred charges		986,346	9	1,454,899
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 303,499,609			
	b	Less accumulated depreciation	10b 172,767,808	127,155,804	10c	130,731,801
	11	Investments—publicly traded securities		30,412,563	11	27,769,433
	12	Investments—other securities See Part IV, line 11		30,054,000	12	41,330,000
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		107,863,772	15	132,127,179
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		343,942,458	16	370,246,091
Liabilities	17	Accounts payable and accrued expenses		28,938,870	17	32,115,008
	18	Grants payable		0	18	0
	19	Deferred revenue		3,034	19	3,034
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		13,949,388	23	12,371,947
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		107,406,456	25	104,559,509
	26	**Total liabilities.** Add lines 17 through 25		150,297,748	26	149,049,498
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		165,187,364	27	189,472,551
	28	Temporarily restricted net assets		14,600,816	28	17,750,159
	29	Permanently restricted net assets		13,856,530	29	13,973,883
		Organizations that do not follow SFAS 117 (ASC 958), 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		193,644,710	33	221,196,593
	34	Total liabilities and net assets/fund balances		343,942,458	34	370,246,091

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	241,629,485
2	Total expenses (must equal Part IX, column (A), line 25)	2	219,425,980
3	Revenue less expenses Subtract line 2 from line 1	3	22,203,505
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	193,644,710
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	5,348,378
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	221,196,593

Part XII Financial Statements and Reporting

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

Additional Data

Software ID:
Software Version:
EIN: 52-0610538
Name: SHORE HEALTH SYSTEM INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
Robert Chrencık UMMS Presıdent/CEO	1 0 49 0	X						0	1,735,933	246,647
John Dıllon Board Chaırman	1 0 5 0	X		X				0	0	0
Rıchard Loeffler Board Vıce Chaırman	1 0 4 0	X		X				0	0	0
Charles Capute Board Member	1 0 5 0	X						0	0	0
Martha Russell Board Treasurer	1 0 4 0	X		X				0	0	0
Stuart Bounds Board Secretary	1 0 4 0	X		X				0	0	0
Judıth Cooper Board Member	1 0 4 0	X						0	0	0
Charles Lea Jr Board Member	1 0 4 0	X						0	0	0
Marlene Feldman Board Member	1 0 4 0	X						0	0	0
Mıchael Joyce MD Board Member	1 0 4 0	X						0	0	0
Keıth McMahan Board Member	1 0 5 0	X						0	0	0
Davıd Mıllıgan Board Member	1 0 4 0	X						0	0	0
Neıl Mufson Board Member	1 0 4 0	X						0	0	0
John Ashworth III Board Member	1 0 49 0	X						0	527,667	20,501
James Peterson Board Member	1 0 4 0	X						0	0	0
Robert Swam Board Member	1 0 4 0	X						0	0	0
Walter Zajac VP of Fınance & Budget	30 0 20 0	X		X				259,952	0	17,608
Kenneth Kozel Presıdent/CEO	32 0 18 0	X		X				493,731	0	84,119
Deborah Davıs MD Board Member	1 0 4 0	X						0	0	0
Joseph J Cıotola MD Board Member	1 0 4 0	X						0	0	0
Edwın Fry Board Member	1 0 4 0	X						0	0	0
Wayne L Gardner Sr Board Member	1 0 4 0	X						0	0	0
C Danıel Saunders Esq Board Member	1 0 4 0	X						0	0	0
Wıllıam J Washıngton Board Member	1 0 4 0	X						0	0	0
JoAnne Hahey CFO (STARTED 4/24/2014)	32 0 18 0	X		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 (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
Ludwig Eglseder III BOARD MEMBER	1 0 4 0	X						52,000	0	0
Gerard Walsh Former Interim CEO	45 0 5 0				X			379,500	0	18,117
Michael Tooke MD CMO	50 0 0 0				X			297,566	0	13,884
Christopher Parker SVP- Pat Care/CNO	48 0 2 0				X			314,030	0	19,586
Jonathan Cook VP/Physican Services	40 0 10 0				X			206,488	0	34,925
Michael Zimmerman VP/HR	50 0 0 0					X		180,757	0	12,942
Michael Silgen VP/Strat Plan & Bus Develop	50 0 0 0					X		298,108	0	7,435
John Sawyer Lead Medical Physicist	40 0 0 0					X		179,160	0	11,141
Francis G Lee VP-Philanthropy	1 0 39 0					X		190,224	0	32,170
Patti Willis VP Ext Relations & Comm	40 0 0 0					X		228,512	0	17,283
Phyllis Matthai FORMER BOARD ASST SECRETARY	0 0 0 0						X	44,583	0	8,239
Joseph Ross Former President/CEO	0 0 0 0						X	147,789	0	0

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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.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SHORE HEALTH SYSTEM INC

Employer identification number
52-0610538

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

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

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

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

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

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

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

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

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

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

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

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

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) | 14 |

15 Public support percentage for 2012 Schedule A, Part II, line 14 | 15 |

16a **33 1/3% support test—2013.** 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—2012.** If the organization did not check a 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—2013.** 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—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test	

Return Reference	Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization
SHORE HEALTH SYSTEM INC

Employer identification number
52-0610538

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

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

2 Political expenditures ▶ $

3 Volunteer hours

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

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

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

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

4a Was a correction made? ☐ **Yes** ☐ **No**

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	**(a)** Filing organization's totals	**(b)** Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		

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

	(a)	(b)
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	**(a)** 2010	**(b)** 2011	**(c)** 2012	**(d)** 2013	**(e)** Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities?	Yes		19,397
j Total Add lines 1c through 1i			19,397
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Return Reference	Explanation
Other Activities	Schedule C, Part II-B, Line 1i THE ORGANIZATION DOES NOT ENGAGE IN ANY DIRECT LOBBYING ACTIVITIES THE ORGANIZATION PAYS MEMBERSHIP DUES TO THE MARYLAND HOSPITAL ASSOCIATION (MHA) AND THE AMERICAN HOSPITAL ASSOCIATION (AHA) and AMERICAN MEDICAL REHABILITATION PROVIDERS ASSOCIATION (AMRPA) MHA, AHA AND AMRPA ENGAGE IN MANY SUPPORT ACTIVITIES INCLUDING LOBBYING AND ADVOCATING FOR THEIR MEMBER HOSPITALS THE MHA, AHA, and AMRPA REPORTED THAT 6 22%, 23 65%, and 37 0% RESPECTIVELY OF MEMBER DUES WERE USED FOR LOBBYING PURPOSES AND AS SUCH, THE ORGANIZATION HAS REPORTED THIS AMOUNT ON SCHEDULE C PART II-B LINE 1I AS LOBBYING ACTIVITIES

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SHORE HEALTH SYSTEM INC

Employer identification number
52-0610538

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

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

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

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

			Held at the End of the 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, and not on a historic structure listed in the National Register	2d	

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

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

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

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

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

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

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items

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

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

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

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

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

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

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 XIII 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 XIII Check here if the explanation has been provided in Part XIII . . . . ☐

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	2,404,542	2,404,542	2,404,542	2,404,542	2,404,542
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	2,404,542	2,404,542	2,404,542	2,404,542	2,404,542

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ▶

b Permanent endowment ▶ 100 000 %

c Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

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		

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		13,072,555		13,072,555
b Buildings		134,775,367	56,819,737	77,955,630
c Leasehold improvements				
d Equipment		151,694,495	112,359,473	39,335,022
e Other		3,957,192	3,588,598	368,594
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				130,731,801

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. 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		
(3) Other (A) ALTERNATIVE INVESTMENTS	41,330,000	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	41,330,000	

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	**(b)** Book value
(1) ASSETS WHOSE USE IS LIMITED	28,785,866
(2) OTHER RECEIVABLES	16,089,283
(3) ASSETS OF RELATED ORGANIZATION	74,781,815
(4) OTHER ASSETS	11,824,440
(5) CURRENT POSITION	645,775
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	132,127,179

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 **(a)** Description of liability	**(b)** Book value
Federal income taxes	0
ADVANCES FROM 3RD PARTY PAYORS	5,367,836
OTHER LIABILITIES	14,902,464
DUE TO UMMS	84,289,209
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	104,559,509

2. Liability for uncertain tax positions In Part XIII, 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 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

Part XI **Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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 XIII)	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 XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

Part XII **Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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 XIII)	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 XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

Part XIII **Supplemental Information**

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

Return Reference	Explanation
Intended Uses of Endowment Funds	Schedule D, Part V, Line 4 ENDOWMENT FUNDS ARE USED TO SUPPORT THE HEALTHCARE MISSION OF SHORE HEALTH SYSTEM INVESTMENT EARNINGS ON THE ENDOWMENT FUND ARE TRANSFERED TO RESTRICTED AND UNRESTRICTED FUNDS IN SUPPORT OF THE ORGANIZATION'S TAX EXEMPT MISSION
Liability for Uncertain Tax Position (ASC 740)	Schedule D, Part X, Line 2 THE ORGANIZATION IS A SUBSIDIARY OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (THE CORPORATION) THE CORPORATION ADOPTED THE PROVISIONS OF ASC 740, ACCOUNTING FOR UNCERTAINTY IN THE INCOME TAXES (FIN 48) ON JULY 1, 2007 THE FOOTNOTE RELATED TO ASC 740 IN THE CORPORATION'S AUDITED FINANCIAL STATEMENTS IS AS FOLLOWS THE CORPORATION FOLLOWS A THRESHOLD OF MORE-LIKELY-THAN-NOT FOR RECOGNITION AND DERECOGNITION OF TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN MANAGEMENT DOES NOT BELIEVE THAT THERE ARE ANY UNRECOGNIZED TAX BENEFITS THAT SHOULD BE RECOGNIZED

Part XIII Supplemental Information ***(continued)***

Return Reference	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.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SHORE HEALTH SYSTEM INC

Employer identification number
52-0610538

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other ____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 500 %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			5,375,018		5,375,018	2 450 %
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			5,375,018		5,375,018	2 450 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,391,010	36,919	1,354,091	0 620 %
f Health professions education (from Worksheet 5)			633,801		633,801	0 290 %
g Subsidized health services (from Worksheet 6)			5,864,318	9,021	5,855,297	2 670 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			410,556		410,556	0 190 %
j **Total.** Other Benefits			8,299,685	45,940	8,253,745	3 770 %
k **Total.** Add lines 7d and 7j			13,674,703	45,940	13,628,763	6 220 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development			5,299		5,299	
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building			29,287		29,287	0 010 %
7	Community health improvement advocacy			3,129		3,129	
8	Workforce development			53,244		53,244	0 020 %
9	Other						
10	**Total**			90,959		90,959	0 030 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?			1 Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	7,792,554		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	111,319,242
6	Enter Medicare allowable costs of care relating to payments on line 5	6	85,445,816
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	25,873,426

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

			Yes	No
9a	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 (owned 10% or more by officers, directors, trustees, key employees, and physicians—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					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
2

Name, address, primary website address, and state license number		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group THE MEMORIAL HOSPITAL AT EASTON

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
	Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report 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 the community health 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 CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		No
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url)			
b	☑ Other website (list url)			
c	☐ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

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

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that			
Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 500 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	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** ☐ Residency **i** ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply) **a** ☑ The policy was posted on the hospital facility's website **b** ☑ The policy was attached to 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 on admission to the hospital facility **f** ☑ The policy was available upon request **g** ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP **a** ☐ Reporting to credit agency **b** ☐ Lawsuits **c** ☐ Liens on residences **d** ☐ Body attachments **e** ☐ Other similar actions (describe in Section C)			
17 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 individual's eligibility under the facility's FAP?	**17**		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 Section C)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19 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?	**19**	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)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

		Yes	No
20 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 its 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)			
21 During the tax year, did the hospital facility charge any FAP-eligible individual 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?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**		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 or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group DORCHESTER GENERAL HOSPITAL

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 2

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report 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 the community health 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 CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		No
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url)			
b	☑ Other website (list url)			
c	☐ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used	**10**	Yes	
11 Used FPG to determine eligibility for providing *discounted* care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 500 % If "No," explain in Part VI the criteria the hospital facility used	**11**	Yes	
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	**12**	Yes	
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	**14**	Yes	
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to 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 on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 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 individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	**17**		No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19 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?	**19**	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)

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 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 its 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)

		Yes	No
21 During the tax year, did the hospital facility charge any FAP-eligible individual 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? . . . . If "Yes," explain in Part VI	**21**		No
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . If "Yes," explain in Part VI	**22**		No

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

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

Section D. Other Health Care 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 health care facilities did the organization operate during the tax year? **11**

	Name and address	Type of Facility (describe)
1	See Additional Data Table	
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
Criteria for Free or Discounted Care	Schedule H, Part I, Line 3c SHORE HEALTH SYSTEM WILL PROVIDE FINANCIAL ASSISTANCE TO PERSONS WHO HAVE HEALTHCARE NEEDS AND ARE UNINSURED, UNDERINSURED, INELIGIBLE FOR A GOVERNMENT PROGRAM, OR OTHERWISE UNABLE TO PAY FOR MEDICALLY NECESSARY CARE BASED ON THEIR INDIVIDUAL FINANCIAL SITUATION, FOR RELATED SYSTEM HOSPITALS, FINANCIAL ASSISTANCE IS BASED ON INDIGENCE OR HIGH MEDICAL EXPENSE FOR PATIENTS WHO MEET SPECIFIED FINANCIAL CRITERIA, REQUEST ASSISTANCE, AND PROVIDE ADEQUATE EVIDENCE OF SUCH NEED AND ELIGIBILITY ELIGIBILITY INCLUDES INCOME, PRESUMPTIVE FINANCIAL ASSISTANCE ELIGIBILITY, AND MEDICAL HARDSHIP CRITERIA, WHICH MAY INCLUDE ASSET CONSIDERATION

Form and Line Reference	Explanation
Related Organization Report	Schedule H, Part I, Line 6a SHORE HEALTH SYSTEM, IS AN AFFILIATE OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM THE COMMUNITY BENEFIT REPORT IS PREPARED SEPARATELY

Form and Line Reference	Explanation
Cost Attributable to a Physical Clinic	Schedule H, Part I, Line 7g SUBSIDIZED COSTS ARE NOT ATTRIBUTED TO A PHYSICIAN CLINIC, BUT ANESTHESIA AND EMERGENCY HOSPITAL SERVICES

Form and Line Reference	Explanation
Costing Methodology	SCHEDULE H, PART I, LINE 7B, COLUMNS (C) THROUGH (F) MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO ADDITIONALLY, NET REVENUES FOR MEDICAID SHOULD REFLECT THE FULL IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT SCHEDULE H, LINE 7A, COLUMN (D), LINE 7F, COLUMN (C), LINE 7F, COLUMN (D) MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE

Form and Line Reference	Explanation
Community Building Activities	Schedule H, Part II Through a variety of community building activities, UM Shore Regional Health promotes health and wellness in the community it serves These activities include active engagement and collaboration with local Health Departments, Chambers of Commerce, and organizations that work to improve the quality of life for the residents of the Mid-Shore (Talbot, Caroline, Dorchester, Queen Anne's, and Kent Counties) Because local action is essential to public health progress, UM Shore Regional Health is a key stakeholder in the Mid-Shore Health Improvement Coalition, a partnership of public sector agencies, health care providers and community-based partners The coalition was formed in December 2011 in response to a Statewide Health Improvement Process (SHIP) In addition to providing the coalition with leadership, a variety of clinical and non-clinical UM SRH associates serve on various coalition workgroups The work of the coalition began by reviewing and prioritizing objectives identified by the Maryland Department of Health and Mental Hygiene's (DHMH) State Health Improvement Process (SHIP) SHIP, launched in September 2011, focuses on improving the health of Maryland residents in six vision areas Healthy Babies, Healthy Social Environments, Safe Physical Environments, Infectious Disease, Chronic Disease and Health Care Access Under SHIP's umbrella, the coalition develops and implements strategies that will improve local public health The coalition decided to focus on three health priorities (1) adolescent obesity, (2) adolescent tobacco use, and (3) diabetes related emergency department visits The coalition formulated an action plan that articulates specific goals and strategies for the three health priorities Through coalition workgroups and committees, representatives from the Mid-Shore collaborate to assess local health needs and services, share data and other resources, explore evidence-based health practices, and acquire support to enhance and initiate health programs that impact targeted populations and communities The coalition plans to effectively leverage and utilize new and existing resources to measurably improve the health status of the residents of the Mid-Shore In addition to being an integral part of the Mid-Shore Health Improvement Coalition, UM SRH continues to maintain open communication with the Health Departments of Talbot, Caroline, Dorchester, Queen Anne's, and Kent Counties, Mid-Shore Mental Health System, Choptank Community Health System, local government and schools UM SRH's community outreach programs can be found in County schools, senior centers, community centers and churches throughout the Mid-Shore UM SRH's director of community outreach participates in committees and advisory councils, promoting continuous dialogue between the medical center and community stakeholders This provides opportunities for new ideas and programs to be exchanged, allowing UM SRH to maximize community outreach efforts UM SRH seeks insight from community members attending educational programs through its outreach events Program participants are asked to complete a brief survey evaluation, providing feedback and comments about the program they attended, as well as providing suggestions for future program topics

Form and Line Reference	Explanation
METHODOLOGY USED BY THE ORGANIZATION TO ESTIMATE BAD DEBT EXPENSE	SCHEDULE H, PART III, LINES 2 AND 3 IN MARYLAND, THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) STARTED SETTING HOSPITAL RATES IN 1974 AT THAT TIME, THE HSCRC APPROVED RATES APPLIED ONLY TO COMMERCIAL INSURERS IN 1977, THE HSCRC NEGOTIATED A WAIVER FROM MEDICARE HOSPITAL PAYMENT RULES FOR MARYLAND HOSPITALS TO BRING THE FEDERAL MEDICARE PAYMENTS UNDER HSCRC CONTROL MEDICARE REIMBURSES MARYLAND HOSPITALS ACCORDING TO RATES ESTABLISHED BYTHE HSCRC AS LONG AS THE STATE CONTINUES TO MEET A TWO-PART TEST THIS TWO-PART WAIVER TEST ALLOWS MEDICARE TO PARTICIPATE IN THE MARYLAND SYSTEM AS LONG AS TWO CONDITIONS ARE MET - ALL OTHER PAYERS PARTICIPATING IN THE SYSTEM PAY HSCRC SET RATES, AND - THE RATE OF GROWTH IN MEDICARE PAYMENTS TO MARYLAND HOSPITALS FROM 1981 TO THE PRESENT IS NOT GREATER THAN THE RATE OF GROWTH IN MEDICARE PAYMENTS TO HOSPITALS NATIONALLY OVER THE SAME TIME FRAME BAD DEBT EXPENSE FOOTNOTE ON AUDITED FINANCIAL STATEMENTS Schedule H, Part III, Line 4 For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for bad debts, allowance for contractual adjustments, provision for bad debts, and contractual adjustments on accounts for which third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of the amounts due unlikely For receivables associated with self-pay patients or balances remaining after third-party coverage has already paid, the Corporation records a significant provision for bad debts in the period of service on the basis of its historical collections, which indicates that many patients ultimately do not pay the portion of their bill for which they are financially responsible The difference between the discounted rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for Bad Debts allowance for Bad Debts

Form and Line Reference	Explanation
Medicare Cost Report	Schedule H, Part III, Line 8 ALLOWABLE COSTS ARE ESTIMATED RATIO OF COST TO CHARGE APPLIED TO GROSS CHARGES

Form and Line Reference	Explanation
Collection Practices	Schedule H, Part III, Line 9b IT IS THE POLICY OF SHORE HEALTH SYSTEM TO WORK WITH OUR PATIENTS TO IDENTIFY AVAILABLE RESOURCES TO PAY FOR THEIR CARE ALL PATIENTS PRESENTING AS SELF PAY AND REQUESTING CHARITY RELIEF FROM THEIR BILL WILL BE SCREENED AT ALL POINTS OF ENTRY, FOR POSSIBLE COVERAGE THROUGH STATE PROGRAMS AND A PROBABLE DETERMINATION FOR COVERAGE FOR EITHER MEDICAL ASSISTANCE OR FINANCIAL ASSISTANCE (CHARITY CARE) FROM THE HOSPITAL IS IMMEDIATELY GIVEN TO THE PATIENT THE PROCESS IS RESOURCE INTENSIVE AND TIME CONSUMING FOR PATIENTS AND THE HOSPITAL, HOWEVER, IF PATIENTS QUALIFY FOR ONE OF THESE PROGRAMS, THEN THEY WILL HAVE HEALTH BENEFITS THAT THEY WILL CARRY WITH THEM BEYOND THEIR CURRENT HOSPITAL BILLS, AND ALLOW THEM TO ACCESS PREVENTIVE CARE SERVICES AS WELL SHORE HEALTH SYSTEM WORKS WITH A BUSINESS PARTNER WHO WILL WORK WITH OUR PATIENTS TO ASSIST THEM WITH THE STATE ASSISTANCE PROGRAMS, WHICH IS FREE TO OUR PATIENTS IF A PATIENT DOES NOT QUALIFY FOR MEDICAID OR ANOTHER PROGRAM, SHORE HEALTH SYSTEM OFFERS OUR FINANCIAL ASSISTANCE PROGRAM SHORE HEALTH SYSTEM POSTS NOTICES OF OUR POLICY IN CONSPICUOUS PLACES THROUGHOUT THE HOSPITALS, HAS INFORMATION WITHIN OUR HOSPITAL BILLING BROCHURE, EDUCATES ALL NEW EMPLOYEES THOROUGHLY ON THE PROCESS DURING ORIENTATION, AND DOES A YEARLY RE-EDUCATION TO ALL EXISTING STAFF ALL STAFF HAVE COPIES OF THE FINANCIAL ASSISTANCE APPLICATION, BOTH IN ENGLISH AND SPANISH, TO SUPPLY TO PATIENTS WHO WE DEEM, AFTER SCREENING, TO HAVE A NEED FOR ASSISTANCE SHORE HEALTH SYSTEM HAS A DEDICATED FINANCIAL ASSISTANCE LIAISON TO WORK WITH OUR PATIENTS TO ASSIST THEM WITH THIS PROCESS AND EXPEDITE THE DECISION PROCESS

Form and Line Reference	Explanation
Community Health Care Needs Assessment	Schedule H, Part VI, Line 2 UM SHORE REGIONAL HEALTH (SHS) IN COLLABORATION WITH CHESTER R IVER HOSPITAL SYSTEM (CRHS) CONDUCTED A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) FOR THE F IVE COUNTIES OF MARYLAND'S MID-SHORE TALBOT, CAROLINE, QUEEN ANNE'S, DORCHESTER, AND KENT THE HEALTH NEEDS OF OUR COMMUNITY WERE IDENTIFIED THROUGH A PROCESS WHICH INCLUDED COLLE CTING AND ANALYZING PRIMARY AND SECONDARY DATA SHORE HEALTH SYSTEM, MEMORIAL HOSPITAL AT EASTON AND DORCHESTER GENERAL HOSPITAL STARTED THE PROCESS OF THE COMMUNITY HEALTH NEEDS A SSESSMENT (CHNA) ON 7/1/2012 AND COMPLETED THE PROCESS ON 5/22/2013 THE PLAN WAS PRESENTE D AND APPROVED BY THE BOARD OF DIRECTORS ON MAY 22, 2013 IN PARTICULAR, THE CHNA INCLUDES PRIMARY DATA FROM TALBOT, CAROLINE, DORCHESTER, KENT, QUEEN ANNE'S HEALTH DEPARTMENTS AND THE COMMUNITY AT LARGE ADDITIONALLY, SHORE HEALTH, IS A PARTICIPATING MEMBER OF THE MID- SHORE SHIP COALITION, WHERE WE ARE PARTNERING WITH OTHER COMMUNITY STAKEHOLDERS INVESTED I N IMPROVING THE COMMUNITY'S OVERALL HEALTH MEMBERS OF THE MID-SHORE SHIP COALITION INCLUD E COMMUNITY LEADERS, COUNTY GOVERNMENT REPRESENTATIVES, LOCAL NON-PROFIT ORGANIZATIONS, LO CAL HEALTH PROVIDERS, AND MEMBERS OF THE BUSINESS COMMUNITY FEEDBACK FROM CUSTOMERS INCLU DES DATA COLLECTED FROM SURVEYS, ADVISORY GROUPS AND FROM OUR COMMUNITY OUTREACH AND EDUCA TION SESSIONS SECONDARY DATA RESOURCES REFERENCED TO IDENTIFY COMMUNITY HEALTH NEEDS INCL UDE COUNTY HEALTH RANKINGS (HTTP //WWW COUNTYHEALTHRANKINGS ORG), MARYLAND DEPARTMENT OF H EALTH AND MENTAL HYGIENE'S STATE HEALTH IMPROVEMENT PROCESS (SHIP) (HTTP //DHMH MARYLAND GO V/SHIP/), THE MARYLAND CHARTBOOK OF MINORITY HEALTH AND MINORITY HEALTH DISPARITIES (HTTP //DHMH MARYLAND GOV/MHHD/DOCUMENTS/2NDRESOURCE_2009 PDF) SHORE REGIONAL HEALTH PARTICIPAT ES ON THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) COMMUNITY BENEFITS WORKGROUP TO STU DY DEMOGRAPHICS, ASSESS COMMUNITY HEALTH DISPARITIES, INVENTORY RESOURCES AND ESTABLISH CO MMUNITY BENEFIT GOALS FOR BOTH UM SHORE REGIONAL HEALTH AND UMMS UM SHORE REGIONAL HEALTH CONSULTED WITH COMMUNITY PARTNERS AND ORGANIZATIONS TO DISCUSS COMMUNITY NEEDS RELATED TO HEALTH IMPROVEMENT AND ACCESS TO CARE THE FOLLOWING LIST OF PARTNER AGENCIES MEETS ON A MONTHLY BASIS AS MEMBERS OF THE MID-SHORE SHIP COALITION - CHOPTANK COMMUNITY HEALTH SYST EMS - CAROLINE COUNTY MINORITY OUTREACH TECHNICAL ASSISTANCE - TALBOT COUNTY LOCAL MANAGEM ENT BOARD - PARTNERSHIP FOR DRUG FREE DORCHESTER - CAROLINE COUNTY COMMUNITY REPRESENTATIV E - EASTERN SHORE AREA HEALTH EDUCATION CENTER - KENT COUNTY MINORITY OUTREACH TECHNICAL A SSISTANCE - YMCA OF THE CHESAPEAKE - UNIVERSITY OF MD EXTENSION - KENT COUNTY LOCAL MANAGE MENT BOARD - KENT COUNTY DEPARTMENT OF JUVENILE SERVICES - COALITION AGAINST TOBACCO USE - MT OLIVE AME CHURCH - MID SHORE CORE SERVICE AGENCY - ASSOCIATED BLACK CHARITIES - QUEEN ANNE COUNTY HOUSING AND FAMILY SERVICES - QUEEN ANNE COUNTY HEALTH DEPARTMENT - DORCHESTE R COUNTY HEALTH DEPARTMENT - TALBOT COUNTY HEALTH DEPARTMENT - CAROLINE COUNTY HEALTH DEPA RTMENT - EASTON MEMORIAL HOSPITAL - CHESTER RIVER HOSPITAL - MID-SHORE MENTAL HEALTH SYSTE MS SHORE HEALTH AND CHESTER RIVER HEALTH HOSTED A SERIES OF COMMUNITY LISTENING FORUMS TO GATHER COMMUNITY INPUT FOR A REGIONALIZATION STUDY THAT EXPLORES THE BENEFITS OF A REGIONA L APPROACH TO PROVIDING HEALTH CARE FOR CAROLINE, DORCHESTER, KENT, QUEEN ANNE'S AND TALBO T COUNTIES IN ADDITION, SHORE HEALTH MEETS QUARTERLY WITH MEMBERS OF THE LOCAL HEALTH DEP ARTMENTS AND COMMUNITY LEADERS, INCLUDING - CHOPTANK COMMUNITY HEALTH SYSTEM JOSEPH SHEE HAN - HEALTH DEPARTMENTS HEALTH OFFICERS - MID SHORE MENTAL HEALTH SYSTEMS HOLLY IRELAND - EASTERN SHORE HOSPITAL CENTER RANDY BRADFORD IN ADDITION, THE FOLLOWING AGENCIES/ORGAN IZATIONS ARE REFERENCED IN GATHERING INFORMATION AND DATA - MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE - MARYLAND DEPARTMENT OF PLANNING - MARYLAND VITAL STATISTICS ADMINIST RATION - HEALTHSTREAM, INC - COUNTY HEALTH RANKINGS - MID SHORE COMPREHENSIVE ECONOMIC DE VELOPMENT STRATEGY CEDS OUR CHNA IDENTIFIED THE FOLLOWING LIST OF PRIORITIES FOR OUR COMMU NITY - DIABETES - HEART DISEASE - CANCER - BEHAVIORAL HEALTH - ACCESS TO CARE SEVERAL ADD ITIONAL TOPIC AREAS WERE IDENTIFIED BY THE CHNA STEERING COMMITTEE INCLUDING SAFE HOUSING , TRANSPORTATION, AND SUBSTANCE ABUSE THE UNMET NEEDS NOT ADDRESSED BY SHS AND CRHS WILL CONTINUE TO BE ADDRESSED BY KEY GOVERNMENTAL AGENCIES AND EXISTING COMMUNITY- BASED ORGANI ZATIONS WHILE SHS AND CRHS WILL FOCUS THE MAJORITY OF OUR EFFORTS ON THE IDENTIFIED PRIOR ITIES OUTLINED IN THE CHNA ACTION PLAN, WE WILL REVIEW THE COMPLETE SET OF NEEDS IDENTIFIE D IN THE CHNA FOR FUTURE COLLABORATION AND WORK THESE AREAS, WHILE STILL IMPORTANT TO THE HEALTH OF THE COMMUNITY, WILL BE MET THROUGH OTHER HEALTH CARE ORGANIZATIONS WITH OUR ASS ISTANCE AS AVAILABLE SHORE HEALTH SYSTEM, MEMORIAL HOSPITAL AT EASTON AND DORCHESTER GENE RAL HOSPITAL, PUBLICIZED THE CHNA VIA A A WEBSIT

Form and Line Reference	Explanation
Community Health Care Needs Assessment	E HTTP //WWW SHOREHEALTH ORG/PDFS/2013-COMMUNITY-HEALTH-ACTION-PLAN PDF B MADE AVAILABLE ON REQUEST AT THE HOSPITAL FACILITY SHORE HEALTH SYSTEM, MEMORIAL HOSPITAL AT EASTON AND DORCHESTER GENERAL HOSPITAL, CONDUCTED ITS CHNA WITH THE FOLLOWING OTHER FACILITIES SHORE HEALTH SYSTEM (SHS) IN COLLABORATION WITH CHESTER RIVER HOSPITAL SYSTEM (CRHS) CONDUCTED A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) FOR THE FIVE COUNTIES OF MARYLAND'S MID-SHORE TALBOT, CAROLINE, QUEEN ANNE'S, DORCHESTER, AND KENT

Form and Line Reference	Explanation
Eligibility Education	Schedule H, Part VI, Line 3 It is the policy of UM Shore Regional Health to work with our patients to identify available resources to pay for their care All patients presenting as self pay and requesting charity relief from their bill will be screened at all points of entry, for possible coverage through state programs and a probable determination for coverage for either Medical Assistance or Financial Assistance (charity care) from the hospital is immediately given to the patient The process is resource intensive and time consuming for patients and the hospital, however, if patients qualify for one of these programs, then they will have health benefits that they will carry with them beyond their current hospital bills, and allow them to access preventive care services as well UM Shore Regional Health works with a business partner who will work with our patients to assist them with the state assistance programs, which is free to our patients If a patient does not qualify for Medicaid or another program, UM Shore Regional Health offers our financial assistance program UM Shore Regional Health posts notices of our policy in conspicuous places throughout the hospitals- including the emergency department, has information within our hospital billing brochure, educates all new employees thoroughly on the process during orientation, and does a yearly re- education to all existing staff All staff have copies of the financial assistance application, both in English and Spanish, to supply to patients who we deem, after screening, to have a need for assistance UM Shore Regional Health has a dedicated Financial Assistance Liaison to work with our patients to assist them with this process and expedite the decision process Shore Health notifies patients of availability of financial assistance funds prior to service during our calls to patients, through signage at all of our registration locations, through our patient billing brochure and through our discussions with patients during registration In addition, the information sheet is mailed to patients with all statements and/or handed to them if needed Notices are sent regarding our Hill Burton program (services at reduced cost) yearly as well - Shore Health prepares its FAP in a culturally sensitive manner, at a reading comprehension level appropriate to the CBSA's population, and in Spanish - Shore Health posts its FAP and financial assistance contact information in admissions areas, emergency rooms, and other areas of facilities in which eligible patients are likely to present, - Shore Health provides a copy of the FAP and financial assistance contact information to patients or their families as part of the intake process, - Shore Health provides a copy of the FAP and financial assistance contact information to patients with discharge materials - A copy of Shore Health's FAP along with financial assistance contact information, is provided in patient bills, and/or - Shore Health discusses with patients or their families the availability of various government benefits, such as Medicaid or state programs, and assists patients with qualification for such programs, where applicable - An abbreviated statement referencing Shore Health's financial assistance policy, including a phone number to call for more information, is run annually in the local newspaper (Star Democrat)

Form and Line Reference	Explanation
Description of Community Served	Schedule H, Part VI, Line 4 UM SHORE REGIONAL HEALTH'S SERVICE AREA IS DEFINED AS THE MARY LAND COUNTIES OF CAROLINE, DORCHESTER, TALBOT (PRIMARY SERVICE AREA), QUEEN ANNE'S AND KEN T (SECONDARY SERVICE AREA) THE FIVE COUNTIES OF THE MID-SHORE COMPRISE 20% OF THE LANDMAS S OF THE STATE OF MARYLAND AND 2% OF THE POPULATION THE POPULATION OF THE FIVE COUNTIES I S JUST OVER 170,000 THE ENTIRE REGION HAS OVER 4,400 EMPLOYERS WITH NEARLY 45,000 WORKERS ONLY 50 OF THOSE EMPLOYERS EMPLOY 100 OR MORE WORKERS ALMOST 85% OF EMPLOYERS IN THIS R URAL REGION ARE MANUFACTURING FIRMS, WHICH REQUIRE WORKERS WITH HIGH-LEVEL TECHNOLOGY SKIL LS AS WELL AS LOW-SKILLED WORKERS (- 9 62% ADULTS HAVE LESS THAN A 9TH GRADE EDUCATION A ND ANOTHER 9 62% HAVE AN EDUCATION AT THE 9TH -12TH GRADE LEVEL BUT DO NOT HAVE A HIGH SCH OOL DIPLOMA) THE SERVICE INDUSTRY IS GROWING RAPIDLY AS THE LOCAL POPULATION SHIFTS TO IN CLUDE MORE SENIOR ADULTS WHO RETIRE TO THIS BEAUTIFUL AREA OF THE STATE ALTHOUGH THE SEAF OOD INDUSTRY CONTINUES TO BE IMPORTANT TO THE REGION IT IS FAST BECOMING AN ENDANGERED SPE CIES THE MID-SHORE HAS A HIGHER PERCENTAGE OF POPULATION AGED 65 AND OLDER AS COMPARED TO MARYLAND OVERALL TALBOT COUNTY HAS A 23 7 % RATE FOR THIS AGE GROUP THIS CONCENTRATION IS DUE MAINLY TO INFLUX OF RETIREES THE MID SHORE REGION HAS 26,203 MINORITY PERSONS, REP RESENTING 25 3% OF THE TOTAL POPULATION WHILE STEADY PROGRESS IS BEING MADE, THE MID-SHOR E ECONOMY STILL FACES A MYRIAD OF CHALLENGES THAT INCLUDE LIMITED ACCESS TO AFFORDABLE HIG H SPEED BROADBAND SERVICES, A SHORTAGE OF AFFORDABLE HOUSING, AN INADEQUATE SUPPLY OF SKIL LED WORKERS, LOW PER CAPITA INCOME, AND MORE LAYOFFS IN THE MANUFACTURING SECTOR (SOURCE MID SHORE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY CEDS) IN TERMS OF HEALTHCARE, LARGE DISPARITIES EXIST BETWEEN BLACKS AND WHITES AS REPORTED BY THE OFFICE OF MINORITY HEALTH A ND HEALTH DISPARITIES, DHMH FOR EMERGENCY DEPARTMENT (ED) VISIT RATES FOR DIABETES, ASTHM A AND HYPERTENSION, THE BLACK RATES ARE TYPICALLY 3- TO 5 FOLD HIGHER THAN WHITE RATES AD ULTS AT HEALTHY WEIGHT METRIC IS LOWER (WORSE) FOR BLACKS IN ALL THREE COUNTIES WHERE BLAC K DATA COULD BE REPORTED HEART DISEASE MORTALITY BLACK RATES ARE VARIOUSLY HIGHER OR LOWE R COMPARED TO WHITE RATES IN INDIVIDUAL COUNTIES IN CAROLINE, THE BLACK RATE IS LOWER THA N THE WHITE RATES NOT BECAUSE THE BLACK RATE IS PARTICULARLY LOW, BUT BECAUSE THE WHITE RA TE IS UNUSUALLY HIGH FOR CANCER MORTALITY, BLACK RATES EXCEED WHITE RATES IN DORCHESTER, KENT, QUEEN ANNE'S AND TALBOT IN CAROLINE, BLACK RATES ARE LOWER, AGAIN BECAUSE OF A RATH ER HIGH WHITE RATE THE BLACK RATES AND WHITE RATES ARE BELOW THE STATE HEALTH IMPROVEMENT PROCESS (SHIP) GOALS (SOURCE HTTP //WWW DHMH MARYLAND GOV/SHIP) COUNTY HEALTH RANKINGS FOR THE MID-SHORE COUNTIES ALSO REVEAL THE LARGE DISPARITIES BETWEEN COUNTIES FOR HEALTH OUTCOMES IN THE SERVICE AREA OVERALL, QUEEN ANNE'S COUNTY RANKS 4TH, TALBOT COUNTY RANKS 6TH, DORCHESTER RANKS 21ST, CAROLINE RANKS 23RD (OUT OF 24 COUNTIES INCLUDING BALTIMORE CI TY) IN HEALTH OUTCOMES THAT INDICATE THE OVERALL HEALTH OF THE COUNTY (SOURCE HTTP //WWW C OUNTYHEALTHRANKINGS ORG/MARYLAND/ANNE-ARUNDEL/2013) MEMORIAL HOSPITAL AT EATON'S PRIMARY SERVICE AREA 21601,21613, 21629,21632,21655,21639,21643 DORCHESTER GENERAL HOSPITAL'S PRI MARY SERVICE AREA 21613,21643,21631 COMMUNITY BENEFIT SERVICE AREA (CBSA) TARGET POPULAT ION 170,000 TALBOT COUNTY MALE 47 7%, FEMALE 52 3% WHITE, NOT HISPANIC (NH) 81 4% BLAC K, NH 12 8% HISPANIC 5 5% ASIAN, NH 1 2% AMERICAN INDIAN, NH 0 2% MEDIAN AGE 43 3 MED IAN HOUSEHOLD INCOME $62,739 DORCHESTER COUNTY MALE 47 7%, FEMALE 52 3% WHITE, NOT HISP ANIC (NH) 67 6% BLACK, NH 27 7% HISPANIC 3 5% ASIAN, NH 0 9% AMERICAN INDIAN, NH 0 3% MEDIAN AGE 40 7 MEDIAN HOUSEHOLD INCOME $46,710 CAROLINE COUNTY MALE 48 8%, FEMALE 51 2% WHITE, NOT HISPANIC (NH) 79 8% BLACK, NH 13 9% HISPANIC 5 5% ASIAN, NH 0 6 AMERICA N INDIAN, NH 0 4 MEDIAN AGE 37 MEDIAN HOUSEHOLD INCOME $59,689 QUEEN ANNE'S COUNTY MALE 49 7%, FEMALE 50 3% WHITE, NOT HISPANIC (NH) 88 7% BLACK, NH 6 9% HISPANIC 3 0% ASIA N, NH 1 0% AMERICAN INDIAN, NH 0 3 MEDIAN AGE 38 8 MEDIAN HOUSEHOLD INCOME $83,958 (SO URCE HTTP //DHMH MARYLAND GOV/SHIP) PERCENTAGE OF HOUSEHOLDS WITH INCOMES BELOW THE FEDER AL POVERTY GUIDELINES WITHIN THE CBSA TALBOT 7 7%, DORCHESTER 15 0%, CAROLINE 11 8%, QUEE N ANNE'S 6 3% (SOURCE HTTP //QUICKFACTS CENSUS GOV/QFD/STATES/24/24041 HTML) PERCENTAGE O F UNINSURED PEOPLE BY COUNTY WITHIN THE CBSA TALBOT 10 5%, DORCHESTER 11 87%, CAROLINE 14 58%, QUEEN ANNE'S 10 3% (SOURCE HTTP //WWW SEEDCO ORG) PERCENTAGE OF MEDICAID RECIPIENTS BY COUNTY WITHIN THE CBSA TALBOT 12 63%, DORCHESTER 23 30%, CAROLINE 22 17%, QUEEN ANNE' S 12 08% LIFE EXPECTANCY BY COUNTY WITHIN THE CBSA TALBOT COUNTY ALL RACES 80 5, WHITE 8 1 2, BLACK 77 1 DORCHESTER COUNTY ALL RACES 77 6, WHITE 79 1, BLACK 73 7 CAROLINE COUNTY ALL RACES 76 5, WHITE 76 8, BLACK 74 7 QUEEN ANNE

Form and Line Reference	Explanation
Description of Community Served	'S COUNTY ALL RACES 79 7, WHITE 80 0, BLACK 75 2 (SOURCE HTTP //DHMH MARYLAND GOV) MORTA LITY RATES BY COUNTY WITHIN THE CBSA (AGE - ADJUSTED RATES PER 100,000 POPULATION) TALBOT COUNTY ALL RACES 1086 1, WHITE 1118 0, BLACK 1015 8 DORCHESTER COUNTY ALL RACES 1106 0, WHITE 1163 3, BLACK 1008 4 CAROLINE COUNTY ALL RACES 942 9, WHITE 955 3, BLACK 980 6 QUE EN ANNE'S COUNTY ALL RACES 800 6, WHITE 800 3, BLACK 1077 9 (SOURCE MARYLAND VITAL STATI STICS ANNUAL REPORT 2011, VITAL STATISTICS ADMINISTRATION, MARYLAND DHMH) PROPORTION OF CO UNTY RESTAURANTS THAT ARE FAST FOOD RESTAURANTS TALBOT COUNTY 37% DORCHESTER COUNTY 60% CAROLINE COUNTY 58% QUEEN ANNE'S COUNTY 45% LIMITED ACCESS TO HEALTHY FOOD (PERCENTAGES OF THE POPULATION WHO ARE LOW INCOME AND DO NOT LIVE CLOSE TO A GROCERY STORE) TALBOT CO UNTY 2% DORCHESTER COUNTY 3% CAROLINE COUNTY 2% QUEEN ANNE'S COUNTY 3% (SOURCE URL H TTP //WWW COUNTYHEALTHRANKINGS ORG/MARYLAND/2013) QUALITY OF HOUSING TOTAL HOUSING UNITS TALBOT COUNTY 19,645 DORCHESTER COUNTY 16,574 CAROLINE COUNTY 13,469 QUEEN ANNE'S COUN TY 20,303 HOME OWNERSHIP RATE TALBOT COUNTY 72 6% DORCHESTER COUNTY 69 8% CAROLINE COU NTY 74 2% QUEEN ANNE'S COUNTY 86 0% CAROLINE COUNTY THERE IS A LACK OF SECTION 8 RENTAL ASSISTANCE HOUSING IN CAROLINE COUNTY AT THE PRESENT TIME, ONLY ABOUT ONE- THIRD OF THE DEMAND HAS BEEN FILLED DORCHESTER COUNTY HOUSING IN DORCHESTER COUNTY, EVEN THOUGH RELAT IVELY LOW-PRICED, IS NOT NECESSARILY MORE AFFORDABLE DUE TO THE RELATIVELY LOW INCOME OF C OUNTY RESIDENTS COMPARED TO THE SURROUNDING COUNTIES, THE HOUSING STOCK IS OLDER, FEWER H OMES ARE OWNER- OCCUPIED, MORE HOUSEHOLDS ARE LOW TO MODERATE INCOME, AND MORE HOUSING LAC KS COMPLETE PLUMBING THE LACK OF MOVE-UP HOUSING IN THE COUNTY IS SEEN AS A DETERRENT TO ATTRACTING BUSINESS DORCHESTER COUNTY HAS A RELATIVELY WEAK HOUSING MARKET LINKED TO THE WEAK ECONOMY IN ADDITION, THE DISPROPORTIONATE AMOUNT OF THE COUNTY'S ELDERLY POPULATION DICTATES THE NEED FOR MORE MODEST PRICED HOMES FOR THE PERSONS IN THIS AGE CATEGORY COUNT Y-WIDE, JUST OVER 31 5 PERCENT OF HOUSING WAS RENTER OCCUPIED IN 2010 WITH A RENTER RATE F OR INCORPORATED TOWNS NEARING 50 PERCENT IN 2010, 18 3 PERCENT OF THE COUNTY'S HOUSING UN ITS WERE VACANT THIS IS A MUCH HIGHER PERCENTAGE THAN FOR ADJOINING COUNTIES PROBLEMS AS SOCIATED WITH DORCHESTER COUNTY HOUSING INCLUDE THE FOLLOWING - HIGH HOUSING COSTS COMPAR ED TO INCOME - SIGNIFICANT NUMBER OF HOMES IN POOR PHYSICAL CONDITION - OWNER OCCUPANCY LE VEL FOR HOUSING UNITS IN CAMBRIDGE AT LESS THAN 50 PERCENT - MARKET DEMAND FOR RURAL SUBDI VISIONS COUPLED WITH DISINCENTIVES FOR HOUSING DEVELOPMENTS IN TOWNS ARE RESULTING IN INCR EASING HOUSING DEVELOPMENT IN THE UNINCORPORATED AREA OF THE COUNTY TALBOT COUNTY THE HO USING ISSUES IN TALBOT COUNTY ARE COMPLEX PRIMARILY BECAUSE OF THE EXTREME DISPARITY OF IN COME LEVELS IN THE COUNTY LIMITED ENTREPRENEURIAL AND JOB OPPORTUNITIES KEEP THE MODERATE INCOME WAGE EARNERS FROM HOME OWNERSHIP HABITAT FOR HUMANITY AND NEW EASTON TOWN COUNCIL INITIATIVES NOW REQUIRE DEVELOPERS TO ADDRESS LOW TO MODERATE INCOME, AFFORDABLE HOME OWN ERSHIP OPPORTUNITIES AS PART OF ANY NEW HOUSING DEVELOPMENT STRATEGY THE NET EFFECT WILL NOT BE KNOWN FOR SEVERAL YEARS THERE IS NO SHORTAGE OF HIGH END HOUSING OPTIONS MIDDLE I NCOME AFFORDABLE HOUSING REMAINS A COUNTY WIDE ISSUE TALBOT COUNTY HAD THE FOURTH SMALLES T NUMBER OF PERSONS PER HOUSEHOLD IN THE STATE IN 2000 (2 32) HOWEVER 40% OF PUBLIC HOUSIN G REMAINS INEXPLICABLY VACANT RENTAL PROPERTY IS EXORBITANT AND OFTEN REQUIRES UNRELATED FAMILIES TO SHARE SPACE APARTMENTS REPRESENT 85% OF THE RENTAL PROPERTY FAILURE OF CODE ENFORCEMENT ALLOWS RENTALS TO REMAIN IN A STATE OF DISREPAIR MUCH OF THE SUBSTANDARD HOUS ING IS IN SMALL RURAL POCKETS THE TALBOT COUNTY HOUSING ROUNDTABLE, A COALITION OF ORGANI ZATIONS AND INDIVIDUALS FORMED TO ASSESS AND RECOMMEND AFFORDABLE HOUSING POLICY FOR TALBO T COUNTY, AND THE LOCAL AND COUNTY COUNC

Form and Line Reference	Explanation
Promoting the Health of the Community	Schedule H, Part VI, Line 5 The analysis of local data indicated that diabetes, heart dise ase, cancer, behavioral health and access to care were all health improvement priorities f or the Mid-Shore After careful review of County health data, the Mid-Shore SHIP Coalition prioritized the potential health improvement areas and decided to focus the Coalition's e fforts on three areas (1) adolescent obesity, (2) adolescent tobacco use, and (3) diabete s related emergency department visits The Coalition is committed to examining what eviden ce-based initiatives can improve the county's health in these three areas related to racia l, ethnic and other demographic and geographic-related health disparities Maryland's Stat e Health Improvement Process (SHIP) provides a framework for continual progress toward a h ealthier Maryland Maryland's State Heath Improvement Process (SHIP) began with national, state and local data being reviewed and analyzed by the Maryland Department of Health and Mental Hygiene (DHMH) Office of Population Health as well as by the 5 Departments of Healt h (Talbot, Caroline, Dorchester, Queen Anne's, Kent) It has three main components accoun tability, local action and public engagement SHIP includes 39 measures that provide a fra mework to improve the health of Maryland residents Twenty-eight of the measures have been identified as critical racial/ethnic health disparities Each measure has a data source a nd a target, and where possible, can be assessed at the county level UM SRH's priorities are aligned with the Maryland State Health Improvement Process vision areas and those obje ctives outlined by the local health improvement coalition UM SRH's Priorities 1 Chronic Diseases (Obesity, Heart Disease, Diabetes and Cancer) 2 Wellness and Access 3 Reducing ED visits due to chronic disease 4 Access to Care Several additional topic areas were id entified by the CHNA Steering Committee including safe housing, transportation, and subst ance abuse The unmet needs not addressed by UM SRH will continue to be addressed by key g overnmental agencies and existing community- based organizations While UM SRH will focus the majority of our efforts on the identified priorities outlined in the CHNA Action Plan, we will review the complete set of needs identified in the CHNA for future collaboration and work These areas, while still important to the health of the community, will be met t hrough other health care organizations with our assistance as available Initiative 1 Iden tified Need Reduce emergency department visits due to diabetes, hypertension Hospital In itiative Shore Wellness Partners (SWP) Primary Objective of Initiative/Metrics that will be Used to Evaluate the Results Shore Well Partners is a unique program that provides a c ontinuum of care, focusing on preventive care to improve the ability of patients and famil ies to work together to reduce emergency department visits and readmissions The program i s designed for at-risk families and individuals who do not have sufficient resources and a re not eligible for other in-home services Wellness Partners helps patients with disease management and life skills so that they can continue to live in their own homes The servi ce is provided by Shore Health System at no charge for those who qualify Objectives - Ma naging physical health problems - Connection with other community services - Dietary educa tion - Home safety evaluations - Safe medicine use - Education on specific illness and tre atments - Emotional support - Monitoring client progress through home visits or phone call s Single of Multi-Year Initiative Time Period Multi-year initiative beginning in 2011 Ke y Partners and/or Hospitals in Initiative Development and/or Implementation Members of th e Shore Wellness Partners team include advanced practice nurses and medical social workers These specialists work with patients, caregivers, and primary care providers (sometimes care is provided in the patient's home) Shore Wellness Partners is a partner in the HEZ f or Dorchester and Caroline Counties Detailed information for the HEZ model, Competent Car e Connections can be found at http //dhmh org Evaluation Dates July 1, 2013 through June 30 2014 Evaluation of Outcomes (1) # of referrals to service ,(2) # of patients on ser vice with Shore Wellness Partners, (3) Comparison of ALL CAUSE readmissions for FY14 Outco mes (process and impact measures included) Number of referrals = 305 Number of active pat ients=232 There was a 52% reduction in hospital admissions for clients on service with SWP for 0-6 months, which represented 84% of the SWP clients in FY 2014 This admission reduc tion is similar to the Glendening-Napoli, Dowling, Pulvion, Baillargeon and Raimer (2012) study that found a 53% decrease in hospital admissions Based on FY 2014 history, there wa s an 8% mean ED visit and a 30% mean hospital visit rate decrease for clients with SWP gre ater than 6 months FY14 satisfaction survey, whic

Form and Line Reference	Explanation
Promoting the Health of the Community	h had a 29% response rate, SWP clients were highly satisfied with the program One hundred percent of the clients surveyed rated the program 10 on a 0 - 10 scale with 0 being the w orst service possible and 10 representing the best service possible Medication management , vital signs monitoring, and emotional support were highly rated aspects of the program Continuation of Initiative Yes, Expansion of SWP as part of the HEZ grant Total Cost of I nitiative $467,268 (includes staff salary and supplies Does not include indirect overhead) Direct offsetting revenue from Restricted Grants HEZ Grant $35,289 $485,341(includes st aff salary and supplies Does not include indirect overhead) Initiative 2 Identified Need Cardiovascular Disease, Critical Care Access to emergency medications prevents terminal ou tcomes for patients (Advanced Cardiac Life Support) Hospital Initiative (A) Anti-thrombos is Clinic, (B) EMS Medication Programs Primary Objective of Initiative/Metrics that will be Used to Evaluate the Results A) Provide anticoagulated patients (no charge) with clos e monitoring, educational resources and dedicated expertise to prevent adverse outcomes, r eduction of hospital encounters related to over anticoagulation or under anticoagulation B) Shore Regional Health provide emergency management medications to the local Ambulance S ervices so that Advanced Cardiac Life Support may be initiated in the field Key Partners and/or Hospitals in Initiative Development and/or Implementation A) Shore Health Pharmacy Services B) Shore Health Pharmacy, EMS Single of Multi-Year Initiative Time Period Multi -year initiative How were the outcomes evaluated? 1 # of patients enrolled 2 Time to th erapeutic international normalized ratio (INR) 3 % of time with therapeutic INR's 4 # un expected Adverse Events associated with oral anticoagulation Outcomes (process and impact measures included) Clinic manages greater than 1,000 patients UMC at Easton 11,684 patien t encounters UMC at Easton average # of patients served, 932 Average time to therapeutic I NR is 4 3 days (national average is 5 8 days) 76 15% patients were maintained with therape utic range >90% time (national average is 58%) 4 7% incidence of Major Hemorrhagic Events (Literature reports rate of 5-8 1%) UMC at Chestertown 4,285 encounters UMC at Chestertown average # of patients served, 259 Average time to therapeutic INR is 4 5 days (national a verage is 5 8 days) 68 9% patients were maintained with therapeutic range >90% time (natio nal average is 58%) 2 5% adverse events Continuation of Initiatives Yes Cost of Initiati ve UMC at Easton $185,918, UMC at Chestertown $100,509(includes staff salary and supplies Does not include indirect overhead) Initiative 3 Identified Need Critical Care Access t o emergency medications prevents terminal outcomes for patients Hospital Initiative EMS M edication Programs Primary Objective Shore Regional Health provides emergency management medications to the local Ambulance Services so that Advanced Cardiac Life Support that may be initiated in the field Single or Multi-Year Initiative Time Period Multi-year/ongoing Key Partners in Development and/or Implementation Shore Regional Health Pharmacy, Local EMS units and the State of Maryland Institute for Emergency Medical Services System How we re the outcomes evaluated? Decrease death and disability related to critical illnesses whe re early intervention is possible and proven to be of benefit - UMC at Easton and Dorchest er # of patients served, 10,000 - UMC at Chestertown # of patients served, 2,500 Outcomes (Include process and impact measures) Early interventions by EMS, served 12,500 persons Successful field resuscitation and treatment of patients through early intervention as enc ountered by local EMS services Providing access to emergency medication is an essential c omponent of the early intervention protocols Continuation of Initiative The initiative is continuing Total Cost of Initiative UM

Form and Line Reference	Explanation
Affiliated Health Care System Roles	Schedule H, Part VI, Line 6 THE UNIVERSITY OF MARYLAND MEDICAL CENTER IS AN 800-BED TEACHING HOSPITALIN BALTIMORE AND THE FLAGSHIP INSTITUTION OF THE 12-HOSPITAL UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) AS A NATIONAL AND REGIONAL REFERRAL CENTER FOR TRAUMA, CANCER CARE, NEUROCARE, CARDIAC CARE, WOMEN'S AND CHILDREN'S HEALTH AND PHYSICAL REHABILITATION, UMMC TREATS PATIENTS WHO ARE REFERRED NATIONALLY AND REGIONALLY FOR EXPERTISE IN TIME-SENSITIVE CRITICAL CARE MEDICINE UMMC ALSO HAS ONE OF THE LARGEST SOLID ORGAN TRANSPLANT PROGRAMS IN THE COUNTRY, PERFORMING MORE THAN 400 ABDOMINAL AND THORACIC TRANSPLANTS A YEAR ALL PHYSICIANS ON STAFF AT THE MEDICAL CENTER ARE FACULTY PHYSICIANS OF THE UNIVERSITY OF MARYLAND SCHOOL OF MEDICINE AS PART OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM, THE MEDICAL CENTER PARTICIPATES IN THE UMMS COMMUNITY HEALTH OUTREACH AND ADVOCACY TEAM TO VALIDATE DATA AND INFORMATION FROM OTHER UMMS HOSPITALS AND COLLABORATE ON LARGE SYSTEM-WIDE EVENTS AND INITIATIVES SEVERAL UMMS-SPONSORED EVENTS THAT THE MEDICAL CENTER PARTNERS WITH OTHER UMMS' HOSPITALS INCLUDE SPRING INTO GOOD HEALTH, FROM THE HEART, AND TAKE A LOVED ONE TO THE DOCTOR TODAY THE UMMC RETAINS ITS STRATEGIC COMMUNITY OUTREACH PRIORITIES WHILE COLLABORATING WITH OTHER UMMS HOSPITALS THE MEDICAL CENTER ESPECIALLY COLLABORATES WITH THE BALTIMORE-BASED HOSPITALS (UNIVERSITY OF MARYLAND MIDTOWN CAMPUS, FORMERLY MARYLAND GENERAL, MT WASHINGTON PEDIATRICHOSPITAL, AND UNIVERSITY OF MARYLAND REHABILITATION AND ORTHOPEDIC INSTITUTE, FORMERLY KERNAN HOSPITAL) SEVERAL MEMBERS OF THE UMMC COMMUNITY OUTREACH TEAM ARE MEMBERS OF THE UMMS COMMUNITY ADVOCACY AND UMMS COMMUNITY BENEFITS TEAMS INFORMATION AND COLLABORATIVE OPPORTUNITIES ARE DISCUSSED IN ALL FORUMS IN MOST INSTANCES, THE UMMC PROVIDES CLINICAL EXPERTISE IN MANY SPECIALTY FIELDS AS WELL STAFF SUPPORT AND RESOURCES FOR LARGER SYSTEM-WIDE PROGRAMMING WHILE RETAINING FOCUS ON OUR KEY COMMUNITY STRATEGIC PRIORITIES

Form and Line Reference	Explanation
Community Benefit Report State Filings	Schedule H, Part VI, Line 7 Maryland

Additional Data

Software ID:
Software Version:
EIN: 52-0610538
Name: SHORE HEALTH SYSTEM INC

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
THE MEMORIAL HOSPITAL AT EASTON	
DORCHESTER GENERAL HOSPITAL	Schedule H, Part V, Section B Line 3 - Communication with local health departments, Public School Systems, church leaders, committees, advisory boards, and community workgroups active in identifying regional health care needs Line 7 - Environmental Health needs requiring expertise and resources beyond the capabilities of the system Mental Health and Mental Disorders is addressed through another organization (Mid Shore Mental Health Systems, Inc) Line 20d - Calculates an Approved % of Financial Assistance based on income and % of Federal Poverty Level Income The patient is billed the charges less the % of Financial Assistance determined Line 22 - Gross charges for services are always charged at the same rate without discrimination Gross charges for services are always billed, any adjustment such as financial assistance is applied to result in the balance due for payment

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly
> Recognized as a Hospital Facility

Section D. Other Health Care 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 health care facilities did the organization operate during the tax year?
____

Name and address	Type of Facility (describe)
Requard Cancer Center 509 Idlewild Avenue Easton, MD 21601	Oncology Services
Digestive Disease Center 5111 Idlewild Avenue Easton, MD 21601	Oncology Services
Diagnostic Center 10 Martin Court Easton, MD 21601	Oncology Services
Shore Health System Surgery Center 6 Caulk Lane Easton, MD 21601	Oncology Services
Centreville Diagnostic Center 2540 Centerville Road Centreville, MD 21617	Oncology Services
Sunburst Center Route 50 Cambridge, MD 21613	Oncology Services
Integrative Medicine 607 Dutchmans Lane Easton, MD 21601	Oncology Services
Shoreworks Bryn Street Cambridge, MD 21658	Oncology Services
Queen Anne Emergency Center 115 Shoreway Drive Queenstown, MD 21658	Oncology Services
Denton Diagnostic Center 920 Market Street Denton, MD 21601	Oncology Services
The Shore Medical Pavilion 125 Shoreway Drive Queenstown, MD 21658	Oncology Services

Schedule J (Form 990)

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.

Department of the Treasury
Internal Revenue Service

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SHORE HEALTH SYSTEM INC

Employer identification number
52-0610538

Part I Questions Regarding Compensation

	Question	Line	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 ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☑ Health or social club dues or initiation fees ☐ 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 or provision of all of 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 directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☑ Compensation committee ☑ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☑ Compensation survey or study ☑ 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**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	**4c**		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III	**5b**		No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III	**6b**		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title		**(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 as deferred in prior Form 990
		(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Return Reference	Explanation
Health or social club dues or initiation fees	Schedule J, Part I, Line 1a UMMS executives receive a benefit package which may be used towards health club dues or other health maintenance programs such benefits are capped at $7,000 or $3,000 depending on job title as described in the program documents
Severance or Change of Control Payments	Schedule J, Part I, Line 4a Joseph Ross received severance payments totaling $147,789
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b DURING THE FISCAL YEAR ENDED JUNE 30, 2014, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM(UMMS) SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THE INDIVIDUALS LISTED BELOW HAVE NOT VESTED IN THE PLAN THEREFORE, THE ACCRUED CONTRIBUTION TO THE PLAN FOR THE FISCAL YEAR IS REPORTED ON SCHEDULE J, PART II, COLUMN C, RETIREMENT AND OTHER DEFERRED COMPENSATION - ROBERT CHRENCIK - MICHAEL SILGEN - JONATHAN COOK - Kenneth Kozel DURING THE FISCAL YEAR ENDED JUNE 30, 2014, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THE INDIVIDUALS LISTED BELOW HAVE VESTED IN THE PLAN IN A PRIOR YEAR THEREFORE, THE CONTRIBUTIONS TO THE PLAN FOR THE FISCAL YEAR ARE REPORTED AS TAXABLE COMPENSATION AND REPORTED ON SCHEDULE J, PART II, COLUMN B(III), OTHER REPORTABLE COMPENSATION - MICHAEL ZIMMERMAN - Patti willis - JOSEPH P ROSS (Term 4/1/11) - John Ashworth - WALTER ZAJAC - GERARD WALSH CHRISTOPHER PARKER DURING THE FISCAL YEAR ENDED JUNE 30, 2014, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THE INDIVIDUAL LISTED BELOW HAS VESTED IN THE PLAN IN THE REPORTING TAX YEAR THEREFORE, THE FULL VALUE OF THE PLAN, INCLUDING ANY CONTRIBUTIONS TO THE PLAN FOR THE CURRENT FISCAL YEAR, IS REPORTED AS TAXABLE COMPENSATION AND REPORTED ON SCHEDULE J, PART II, LINE B(III), OTHER REPORTABLE COMPENSATION PRIOR YEAR CONTRIBUTIONS TO THE PLAN WERE PREVIOUSLY REPORTED ON FORM 990 AND ARE INDICATED ON SCHEDULE J, PART II, COLUMN (F) MICHAEL TOOKE MD
Non-fixed payments	Schedule J, Part I, Line 7 Bonuses paid are based on a number of variables including but not limited to individual goal achievements as well as organization operation achievements The final determination of the bonus amount is determined and approved by the Board as part of the overall compensation review of the officers and key employees

Additional Data

Software ID:
Software Version:
EIN: 52-0610538
Name: SHORE HEALTH SYSTEM INC

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

(A) Name		(B)(i) Base Compensation	(B)(ii) Bonus & incentive compensation	(B)(iii) Other 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
Robert Chrencik UMMS President/CEO	(i)	0	0	0	0	0	0	0
	(ii)	1,173,854	543,595	18,484	236,346	10,301	1,982,580	0
John Ashworth III Board Member	(i)	0	0	0	0	0	0	0
	(ii)	370,396	91,000	66,271	10,200	10,301	548,168	0
Gerard Walsh Former Interim CEO	(i)	266,092	75,295	38,113	10,200	7,917	397,617	0
	(ii)	0	0	0	0	0	0	0
Walter Zajac VP of Finance & Budget	(i)	193,240	39,834	26,878	7,967	9,641	277,560	0
	(ii)	0	0	0	0	0	0	0
Phyllis Matthai FORMER BOARD ASST SECRETARY	(i)	38,586	5,881	116	2,809	5,430	52,822	0
	(ii)	0	0	0	0	0	0	0
Kenneth Kozel President/CEO	(i)	369,119	101,250	23,362	71,250	12,869	577,850	0
	(ii)	0	0	0	0	0	0	0
Michael Tooke MD CMO	(i)	186,835	80,133	30,598	7,617	6,267	311,450	0
	(ii)	0	0	0	0	0	0	0
Christopher Parker SVP- Pat Care/CNO	(i)	207,881	65,416	40,733	8,722	10,864	333,616	0
	(ii)	0	0	0	0	0	0	0
Michael Zimmerman VP/HR	(i)	121,962	41,820	16,975	5,022	7,920	193,699	0
	(ii)	0	0	0	0	0	0	0
Jonathan Cook VP/Physican Services	(i)	162,717	40,747	3,024	22,071	12,854	241,413	0
	(ii)	0	0	0	0	0	0	0
Michael Silgen VP/Strat Plan & Bus Develop	(i)	115,605	32,536	149,967	4,624	2,811	305,543	57,950
	(ii)	0	0	0	0	0	0	0
John Sawyer Lead Medical Physicist	(i)	178,793	0	367	10,713	428	190,301	0
	(ii)	0	0	0	0	0	0	0
Francis G Lee VP-Philanthropy	(i)	150,811	32,550	6,863	20,150	12,020	222,394	0
	(ii)	0	0	0	0	0	0	0
Patti Willis VP Ext Relations & Comm	(i)	154,321	48,139	26,052	6,419	10,864	245,795	0
	(ii)	0	0	0	0	0	0	0
Joseph Ross Former President/CEO	(i)	0	0	147,789	0	0	147,789	0
	(ii)	0	0	0	0	0	0	0

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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, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶Information about Schedule L (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SHORE HEALTH SYSTEM INC

Employer identification number
52-0610538

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) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by 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-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III **Grants or Assistance Benefitting Interested Persons.**
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose 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) BONNIE ZAJAC	WALTER ZAJAC-SPOUSE	74,282	COMPENSATION FOR FYE 2014		No
(2) KARYN WALSH	GERARD WALSH-SPOUSE	24,075	COMPENSATION FOR FYE 2014		No
(3) JOSHUA ZIMMERMAN	MICHAEL ZIMMERMAN-SON	32,422	COMPENSATION FOR FYE 2014		No
(4) RONALD MEAKER	CHRISTOPHER PARKER-SPOUSE	30,567	COMPENSATION FOR FYE 2014		No
(5) Wayne L Gardner Sr	BEST CARE AMBULANCE	185,679	PAYMENT TO COMPANY		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SHORE HEALTH SYSTEM INC

Employer identification number
52-0610538

Return Reference	Explanation
NOTE REGARDING REORGANIZATION	EFFECTIVE JULY 1, 2013, THE OPERATIONS OF SHORE HEALTH AND CHESTER RIVER WERE COMBINED AND RENAMED SHORE REGIONAL HEALTH THIS WAS ACCOMPLISHED THROUGH MERGING CERTAIN ENTITIES WITHIN THE SYSTEMS PROGRAM SERVICE ACCOMPLISHMENTS FORM 990, PART III, LINE 4A SHORE HEALTH SYSTEM, INC IS A 191 LICENSED BED COMMUNITY HOSPITAL PROVIDING A FULL RANGE OF INPATIENT AND OUTPATIENT CLINICAL SERVICES TO THE MARYLAND MID-SHORE AREA, INCLUDING GENERAL HOSPITAL, EMERGENCY, AND SPECIALIZED SERVICES AS WELL AS OUTPATIENT CENTERS FOR PRIMARY CARE, DIAGNOSTICS, TREATMENT, EDUCATION, AND REHABILITATION THE SYSTEM OFFERS FREE EDUCATION PROGRAMS AND SERVICES TO PROMOTE HEALTH AWARENESS IN THE COMMUNITY DURING FY 2014, THE SYSTEM PROVIDED CARE FOR 11,474 INPATIENTS RESULTING IN 46,020 DAYS OF PATIENT CARE, TREATED 70,423 PATIENTS IN THE ER, AND PERFORMED 9,073 SURGERIES IN THE OR THE SYSTEM'S ANCILLARY SERVICE DEPARTMENTS REALIZED 507,862 OUTPATIENT ENCOUNTERS HOME HEALTH/HOSPICE SERVICES WERE PROVIDED TO 1,713 PATIENTS IN 27,724 NURSING VISITS THE SYSTEMS MISSION STATEMENT IS "TO EXCEL IN QUALITY CARE AND PATIENT SATISFACTION" ITS STRATEGIC PRINCIPLE IS "EXCEPTIONAL CARE, EVERY DAY", AND ITS VALUES STATEMENT IS "EVERY INTERACTION WITH ANOTHER IS AN OPPORTUNITY TO CARE" AS A PART OF ITS MISSION, THE SYSTEM PROVIDES CHARITY CARE TO PATIENTS UNABLE TO PAY, PROVIDING $10 2 MILLION OF CHARITY CARE IN FY 2014 Members or Stockholders Form 990, Part VI, Line 6 University of Maryland medical system corporation (UMMS) is the sole member of Shore Health System, Inc UMMS may elect one or more board members of the governing body and all decisions of the governing body must be approved by UMMS

Return Reference	Explanation
Form 990 Review Process	Form 990, Part VI, Line 11b The I R S form 990 is prepared and reviewed by the accounting firm of Grant Thornton Accounting personnel in finance shared services at the university of Maryland medical system gather the information needed to complete the return and input the data into the Grant Thornton tax organizer When all data has been entered, the information is submitted to Grant Thornton for importation into their tax software At this point, Grant Thornton staff members review the data, ask for additional information if needed and prepare the tax return Each return is reviewed at several levels at Grant Thornton including the tax partner After their review process, a draft return is sent to the accounting staff at UMMS for an in-house review Upon completion of the in-house review, Grant Thornton is instructed to make any necessary changes and to prepare the final tax return The final return undergoes another review by the accounting staff at finance shared services and is also reviewed by the accounting manager, the director of financial reporting, the vice president of finance and the CFO, who signs the return Prior to filing the I R S Form 990, the organization's board chairman, treasurer, audit committee chairman, executive committee chairman or other member of the board with similar authority will review the I R S Form 990 At the discretion of the reviewing board member, such member will bring any issues or questions related to the completed I R S Form 990 to the attention of the board Notwithstanding the above, a board resolution is not required for the filing of the organization's I R S form 990 Each board member is provided with a copy of the final I R S Form 990 before filing

Return Reference	Explanation
Conflict of Interest Policy Monitoring & Enforcement	Form 990, Part VI, Line 12c THE ORGANIZATION'S OFFICERS, DIRECTORS, EMPLOYEES AND MEDICAL STAFF MEMBERS, AS APPLICABLE, SHALL DISCLOSE CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS OF INTEREST BETWEEN THEIR PERSONAL INTERESTS AND THE INTERESTS OF THE ORGANIZATION, OR ANY ENTITY CONTROLLED BY OR OWNED IN SUBSTANTIAL PART BY THE ORGANIZATION A QUESTIONNAIRE WHICH DISCLOSES POTENTIAL CONFLICTS OF INTEREST IS DISTRIBUTED ANNUALLY TO ALL OFFICERS, DIRECTORS AND KEY EMPLOYEES THE GENERAL COUNSEL OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (UMMSC) REVIEWS THE RESPONSES FOR UMMSC AND JAMES LAWRENCE KERNAN HOSPITAL THE CEO OR CFO OF EACH OF THE OTHER ENTITIES IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM REVIEWS THE RESPONSES FOR THOSE ENTITIES THE GENERAL COUNSEL, IN CONSULTATION WITH THE AUDIT COMMITTEE, IF NECESSARY, WOULD DETERMINE IF A CONFLICT OF INTEREST EXISTED FOR UMMSC OR JAMES LAWRENCE KERNAN HOSPITAL WITH RESPECT TO THE OTHER ENTITIES IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM, THE GENERAL COUNSEL MAY BE CALLED FOR CONSULT IF SO, THE GENERAL COUNSEL MAY CONSULT THE AUDIT COMMITTEE, IF NECESSARY WHENEVER A CONFLICT OR POTENTIAL CONFLICT OF INTEREST EXISTS, THE NATURE OF THE CONFLICT OR POTENTIAL CONFLICT OF INTEREST MUST BE DISCLOSED IN WRITING TO THE ORGANIZATION'S BOARD, BOARD COMMITTEE, AN OFFICER OF THE ORGANIZATION OR OTHER APPROPRIATE EXECUTIVE SUCH INDIVIDUAL HAVING A POTENTIAL CONFLICT OF INTEREST SHALL PLAY NO ROLE ON BEHALF OF THE ORGANIZATION, OR ANY ORGANIZATION CONTROLLED OR SUBSTANTIALLY OWNED, IN ANY TRANSACTION IN WHICH A CONFLICT EXISTS ALL INVITATIONS FOR BIDS, PROPOSALS OR SOLICITATIONS FOR OFFERS INCLUDE THE FOLLOWING PROVISION ANY VENDOR, SUPPLIER OR CONTRACTOR MUST DISCLOSE ANY ACTUAL OR POTENTIAL TRANSACTION WITH ANY ORGANIZATION OFFICER, DIRECTOR, EMPLOYEE OR MEMBER OF THE MEDICAL STAFF, INCLUDING FAMILY MEMBERS WITHIN FIVE DAYS OF THE TRANSACTION FAILURE TO COMPLY WITH THIS PROVISION IS A MATERIAL BREACH OF AGREEMENT IN ADDITION, A BOARD DISCLOSURE REPORT IS FILED WITH THE MARYLAND HEALTH SERVICES COST REVIEW COMMISSION ON AN ANNUAL BASIS SHOWING ANY BUSINESS TRANSACTIONS BETWEEN THE BOARD MEMBERS AND THE ORGANIZATION

Return Reference	Explanation
Process for Determining Compensation	Form 990, Part VI, Line 15a AND 15B THE ORGANIZATION DETERMINES THE EXECUTIVE COMPENSATION PAID TO ITS EXECUTIVES IN THE FOLLOWING MANNER PRESCRIBED IN THE IRS REGULATIONS EXECUTIVE COMPENSATION PACKAGES ARE DETERMINED BY A COMMITTEE OF THE BOARD THAT IS COMPOSED ENTIRELY OF BOARD MEMBERS WHO HAVE NO CONFLICT OF INTEREST THE COMMITTEE ACQUIRES CREDIBLE COMPARABILITY MARKET DATA CONCERNING THE COMPENSATION PACKAGES OF SIMILARLY SITUATED EXECUTIVES THE COMMITTEE CAREFULLY REVIEWS THAT DATA, THE EXECUTIVE'S PERFORMANCE AND THE PROPOSED COMPENSATION PACKAGES DURING THE DECISION MAKING PROCESS THE COMMITTEE MEMORIALIZES ITS DELIBERATIONS IN DETAILED MINUTES REVIEWED AND ADOPTED AT THE NEXT-FOLLOWING MEETING THE COMMITTEE SEEKS AN OPINION OF COUNSEL THAT IT HAS MET THE REQUIREMENTS OF THE IRS INTERMEDIATE SANCTIONS REGULATIONS THIS PROCESS IS USED TO DETERMINE THE COMPENSATION PACKAGES FOR ALL MANAGEMENT EMPLOYEES FROM THE VICE PRESIDENT LEVEL AND UP

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

Return Reference	Explanation
HOURS NARRATIVE	Form 990, Part VII, Section A, Column B THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) IS A MULTI-ENTITY HEALTH CARE SYSTEM THAT INCLUDES 11 ACUTE CARE HOSPITALS, 1 ACUTE CARE HOSPITAL OWNED IN A JOINT VENTURE ARRANGEMENT AND VARIOUS SUPPORTING ENTITIES A NUMBER OF INDIVIDUALS PROVIDE SERVICES TO VARIOUS ENTITIES WITHIN THE SYSTEM IN GENERAL, THE OFFICERS AND KEY EMPLOYEES OF UMMS AVERAGE IN EXCESS OF 40 HOURS PER WEEK SERVING THE DIFFERENT ENTITIES THAT COMPRISE UMMS

Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 9 Change in Beneficial Interest $9,274,491 Change in Investment of Sub $205,080 Bond Swap Term W/O $(323,454) Equity Trf $(12,003,881) Donated Capital $9,400,000 Swap Costs $(1,206,862) Rounding-Audited Stmts $3,004 ------------------ Total $5,348,378

Return Reference	Explanation
TAX EXEMPT BONDS	PART IV, LINE 24A Pursuant to a Master Loan Agreement dated June 20, 1991 (The "Master Loan Agreement"), as Amended, The University Of Maryland Medical System Corporation (The "Corporation") and several of its subsidiaries have issued debt through the Maryland Health and Higher Education Facility Authority (the "Authority") As Security for the performance of the bond obligation under the Master Loan Agreement, The Authority maintains a security interest in the revenue of the obligors The Master Loan Agreement contains certain restrictive covenants These covenants require that rates and charges be set at certain levels, limit incurrence of additional debt, require compliance with certain operating ratios and restrict the disposition of assets The obligated group under the Master Loan Agreement includes the Corporation, The James Lawrence Kernan Hospital, Inc , Maryland General Hospital, Inc , Baltimore Washington Medical Center, Inc , Shore Health System, Inc , Chester River Hospital Center, Inc , Civista Medical Center, Inc , University of Maryland St Joseph Medical Center, LLC and the University of Maryland Medical System Foundation, Inc Each member of the obligated Group is jointly and severally liable for the repayment of the obligations under the Master Loan Agreement of the Corporation's $1,457,870,000 of outstanding Authority Bonds on June 30, 2014 All of the bonds were issued in the name of the University of Maryland Medical System Corporation and are reported on Schedule K of its Form 990

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION PHYSICIAN EXPENSES TOTAL FEES 7884652

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION OTHER SERVICES TOTAL FEES 2899797

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION CORPORATE OFFICE EXPENSE ALLOC TOTAL FEES 2141444

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION BAD DEBT COLLECTION TOTAL FEES 2329519

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION OTHER EXPENSES TOTAL FEES 10142351

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SHORE HEALTH SYSTEM INC

Employer identification number
52-0610538

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
See Additional Data Table							

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
See Additional Data Table									

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

			Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule				
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 or **(iv)** rent from a controlled entity	1a	Yes	
b	Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c	Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d	Loans or loan guarantees to or for related organization(s)	1d		No
e	Loans or loan guarantees by related organization(s)	1e	Yes	
f	Dividends from related organization(s)	1f		No
g	Sale of assets to related organization(s)	1g		No
h	Purchase of assets from related organization(s)	1h		No
i	Exchange of assets with related organization(s)	1i		No
j	Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k	Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l	Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m	Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o	Sharing of paid employees with related organization(s)	1o	Yes	
p	Reimbursement paid to related organization(s) for expenses	1p	Yes	
q	Reimbursement paid by related organization(s) for expenses	1q	Yes	
r	Other transfer of cash or property to related organization(s)	1r	Yes	
s	Other transfer of cash or property from related organization(s)	1s		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 related organization	**(b)** Transaction type (a-s)	**(c)** Amount involved	**(d)** Method of determining amount involved
(1) SHORE CLNICAL FOUNDATION	a	74,353	FMV
(2) DORCHESTER GENERAL HOSPITAL FOUNDATION	c	143,976	FMV
(3) MEMORIAL HOSPITAL FOUNDATION	c	639,639	FMV
(4) CARE HEALTH SERVICES	n	452,808	FMV
(5) MEMORIAL HOSPITAL FOUNDATION	n	329,394	FMV
(6) SHORE CLINICAL FOUNDATION	n	658,176	FMV

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	

Part VII **Supplemental Information**

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 52-0610538
Name: SHORE HEALTH SYSTEM INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
(1) Baltimore Washington Emergency Phys Inc 301 Hospital Drive Glen Burnie, MD 21061 52-1756326	Healthcare	MD	501(c)(3)	11A	BWMS		No
(1) Baltimore Washington Healthcare Services 301 Hospital Drive Glen Burnie, MD 21061 52-1830243	Healthcare	MD	501(c)(3)	11A	BWMS		No
(2) Baltimore Washington Medical Center Inc 301 Hospital Drive Glen Burnie, MD 21061 52-0689917	Healthcare	MD	501(c)(3)	3	BWMS		No
(3) Baltimore Washington Medical SystemInc 301 Hospital Drive Glen Burnie, MD 21061 52-1830242	Healthcare	MD	501(c)(3)	11A	UMMSC		No
(4) BW Medical Center Foundation Inc 301 Hospital Drive Glen Burnie, MD 21061 52-1813656	Fundraising	MD	501(c)(3)	11C	BWMS		No
(5) North Arundel Development Corporation 301 Hospital Drive Glen Burnie, MD 21061 52-1318404	Real Estate	MD	501(c)(2)		NCC		No
(6) North County Corporation 301 Hospital Drive Glen Burnie, MD 21061 52-1591355	Real Estate	MD	501(c)(2)		BWMS		No
(7) Shipleys Choice Medical Park Inc 22 South Greene Street Baltimore, MD 21201 04-3643849	Real Estate	MD	501(c)(2)		NCC		No
(8) Chester River Health Foundation Inc 100 Brown Street Chestertown, MD 21620 52-1338861	Fundraising	MD	501(c)(3)	8	CRHS		No
(9) Univ of MD Shore Regional HealthInc 100 Brown Street Chestertown, MD 21620 52-2046500	Healthcare	MD	501(c)(3)	11A	UMMSC		No
(10) Chester River Hospital Center 100 Brown Street Chestertown, MD 21620 52-0679694	Healthcare	MD	501(c)(3)	3	CRHS		No
(11) Chester River Manor Inc 200 Morgnec Road Chestertown, MD 21620 52-6070333	Healthcare	MD	501(c)(3)	9	CRHS		No
(12) Maryland General Clinical Practice Group 827 Linden Avenue Baltimore, MD 21201 52-1566211	Healthcare	MD	501(c)(3)	11b	MGHS		No
(13) Maryland General Comm Health Foundation 827 Linden Avenue Baltimore, MD 21201 52-2147532	Fundraising	MD	501(c)(3)	11c	MGHS		No
(14) University of Maryland Midtown Health I 827 Linden Avenue Baltimore, MD 21201 52-1175337	Healthcare	MD	501(c)(3)	11b	UMMSC		No
(15) Maryland General Hospital Inc 827 Linden Avenue Baltimore, MD 21201 52-0591667	Healthcare	MD	501(c)(3)	3	MGHS		No
(16) Care Health Services Inc 219 South Washington Street Easton, MD 21601 52-1510269	Healthcare	MD	501(c)(3)	9	SHS	Yes	
(17) Dorchester General Hospital Foundation 219 South Washington Street Easton, MD 21601 52-1703242	Fundraising	MD	501(c)(3)	11	SHS	Yes	
(18) Memorial Hospital Foundation Inc 219 South Washington Street Easton, MD 21601 52-1282080	Fundraising	MD	501(c)(3)	11A	SHS	Yes	
(19) Shore Clinical Foundation Inc 219 South Washington Street Easton, MD 21601 52-1874111	Healthcare	MD	501(c)(3)	3	SHS	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
(21) James Lawrence Kernan Hosp Endow Fd 2200 Kernan Drive Baltimore, MD 21207 23-7360743	Fundraising	MD	501(c)(3)	11B	UMMSC		No
(1) James Lawrence Kernan Hospital Inc 2200 Kernan Drive Baltimore, MD 21207 52-0591639	Healthcare	MD	501(c)(3)	3	UMMSC		No
(2) UMMS Foundation Inc 22 South Greene Street Baltimore, MD 21201 52-2238893	Fundraising	MD	501(c)(3)	11A	UMMSC		No
(3) University of MD Medical System Corp 22 South Greene Street Baltimore, MD 21201 52-1362793	Healthcare	MD	501(c)(3)	3	UMMSC		No
(4) University of Maryland Charles Regional PO Box 1070 La Plata, MD 20646 52-2155576	Healthcare	MD	501(c)(3)	11c	UMMSC		No
(5) Civista Medical Center Inc PO Box 1070 La Plata, MD 20646 52-0445374	Healthcare	MD	501(c)(3)	3	CIVHS		No
(6) Charles Regional Medical Center Foundati PO Box 1070 La Plata, MD 20646 52-1414564	Fundraising	MD	501(c)(3)	11A	CIVHS		No
(7) Charles Regional Medical Center Auxiliar PO Box 1070 La Plata, MD 20646 52-1131193	Fundraising	MD	501(c)(3)	11A	CIVHS		No
(8) Univ of MD St Joseph Foundation Inc 7601 Osler Drive Towson, MD 21204 52-1681044	Fundraising	MD	501(c)(3)	11A	UMMSC		No
(9) Harford Memorial Hospital Inc 520 Upper Chesapeake Dr Bel Air, MD 21014 52-0591484	Healthcare	MD	501(c)(3)	3	UMUCHS		No
(10) UCH Legacy Funding Corporation 520 Upper Chesapeake Dr Bel Air, MD 21014 52-0882914	Fundraising	MD	501(c)(3)	11A	UMUCHS		No
(11) UM Upper Chesapeake Health System Inc 520 Upper Chesapeake Dr Bel Air, MD 21014 52-1398513	Healthcare	MD	501(c)(3)	11c, III-FI	UMUCHS		No
(12) Upper Chesapeake Health Foundation Inc 520 Upper Chesapeake Dr Bel Air, MD 21014 52-1398507	Fundraising	MD	501(c)(3)	11A	UMUCHS		No
(13) Upper Chesapeake Medical Center Inc 520 Upper Chesapeake Dr Bel Air, MD 21014 52-1253920	Healthcare	MD	501(c)(3)	3	UMUCHS		No
(14) Upper Chesapeake Medical Services Inc 520 Upper Chesapeake Dr Bel Air, MD 21014 52-1501734	Healthcare	MD	501(c)(3)	9	UMUCHS		No
(15) Upper Chesapeake Properties Inc 520 Upper Chesapeake Dr Bel Air, MD 21014 52-1907237	Real Estate	MD	501(c)(2)		UMUCHS		No
(16) Upper Ches Residential Hospice House In 520 Upper Chesapeake Dr Bel Air, MD 21014 26-0737028	Hospice	MD	501(c)(3)	7	UMUCHS		No
(17) Upper ChesapeakeSt Joseph Home Care I 520 Upper Chesapeake Dr Bel Air, MD 21014 52-1229742	Home Care	MD	501(c)(3)	9	UMUCHS		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) Disproprtionate allocations? No	(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner? Yes	(j) General or Managing Partner? No	(k) Percentage ownership
Arundel Physicians Associates LLC 301 Hospital Drive Glen Burnie, MD 21061 52-2000762	Healthcare	MD	NA					No			No	
Baltimore Washington Imaging LLC 301 Hospital Drive Glen Burnie, MD 21061 20-0806027	Healthcare	MD	NA					No			No	
Central Maryland Radiology Oncology LLC 10710 Charter Drive Columbia, MD 21044 27-0879418	Healthcare	MD	NA					No			No	
Innovative Health LLC 29165 Canvasback Drive Suite 100 Easton, MD 21601 52-1997287	Billing	MD	SHS	related	665,000	326,500		No			No	50 000 %
NAHSunrise of Severna Park LLC 301 Hospital Drive Glen Burnie, MD 21061 54-1810729	Healthcare	MD	NA					No			No	
North Arundel Senior Living LLC 301 Hospital Drive Glen Burnie, MD 21061 54-1810728	Healthcare	MD	NA					No			No	
Shipley's Imaging Center LLC 22 South Greene Street Baltimore, MD 21201 52-2040338	Healthcare	MD	NA					No			No	
Universitycare LLC 22 South Greene Street Baltimore, MD 21201 52-1914892	Healthcare	MD	NA					No			No	
O'Dea Medical Arts Limited Partnership 7601 Osler Drive Towson, MD 21204 52-1682964	Rental	MD	NA					No			No	
Advanced Imaging at St Joseph Medical C 7601 Osler Drive Towson, MD 21204 52-1958002	Healthcare	MD	NA					No			No	
UCHSUMMS Real Estate Trust 520 Upper Chesapeake Dr Bel Air, MD 21014 27-6803540	Hold Land	MD	NA					No			No	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) Section 512(b)(13) controlled entity? No
Arundel Physicians Associates Inc 301 Hospital Drive Glen Burnie, MD 21061 52-1992649	Healthcare	MD	NA	C Corp					No
Baltimore Washington Health Enterprises 301 Hospital Drive Glen Burnie, MD 21061 52-1936656	Healthcare	MD	NA	C Corp					No
BW Professional Services Inc 301 Hospital Drive Glen Burnie, MD 21061 52-1655640	Healthcare	MD	NA	C Corp					No
Univ of Maryland Charles Regional Care P PO Box 1070 La Plata, MD 20646 52-2176314	Healthcare	MD	NA	C Corp					No
University Midtown Prof Center A Condo 827 Linden Avenue Baltimore, MD 21201 52-1891126	Real Estate	MD	NA	C Corp					No
Shore Health Enterprises Inc 219 South Washington Street Easton, MD 21601 52-1363201	Real Estate	MD	NA	C Corp			100 000 %		No
NA Executive Building Condo Assn Inc 301 Hospital Drive Glen Burnie, MD 21061	Real Estate	MD	NA	C Corp					No
Terrapin Insurance Company 98-0129232	Insurance	CJ	NA	C Corp					No
UMMS Self Insurance Trust 22 South Greene Street Baltimore, MD 21201 52-6315433	Insurance	MD	NA	Trust					No
Upper Chesapeake Insurance Company Ltd PO Box 1109 Grand Cayman, Grand Cayman Isla CJ 98-0468438	Captive Insurance	CJ	NA	Ltd					No
Upper Chesapeake Health Ventures Inc 520 Upper Chesapeake Dr Bel Air, MD 21014 52-2031264	Healthcare	MD	NA	C Corp					No
Upper Chesapeake Medical Center Land Con 520 Upper Chesapeake Dr Bel Air, MD 21014 77-0674478	Real Estate	MD	NA	C Corp					No
Upper Chesapeake Medical Office Building 520 Upper Chesapeake Dr Bel Air, MD 21014 52-1946829	Real Estate	MD	NA	C Corp					No
Upper Chesapeake Mgmt Svcs Org Inc 520 Upper Chesapeake Dr Bel Air, MD 21014 52-1946025	Management Svcs	MD	NA	C Corp					No

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
SHORE CLNICAL FOUNDATION	a	74,353	FMV
DORCHESTER GENERAL HOSPITAL FOUNDATION	c	143,976	FMV
MEMORIAL HOSPITAL FOUNDATION	c	639,639	FMV
CARE HEALTH SERVICES	n	452,808	FMV
MEMORIAL HOSPITAL FOUNDATION	n	329,394	FMV
SHORE CLINICAL FOUNDATION	n	658,176	FMV

KPMG

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements and Schedules

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Table of Contents

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

Independent Auditors' Report

The Board of Directors
University of Maryland Medical System Corporation:

We have audited the accompanying consolidated financial statements of the University of Maryland Medical System Corporation and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Maryland Medical System Corporation and Subsidiaries as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information in Schedules 1-8 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with 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 taken as a whole.

KPMG LLP

October 28, 2014

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

Assets		**2014**	**2013**
Current assets			
Cash and cash equivalents	$	287,722	252,205
Assets limited as to use, current portion		52,498	46,343
Accounts receivable			
Patient accounts receivable, less allowance for doubtful accounts of $210,958 and $160,675 as of June 30, 2013 and 2012, respectively		358,045	340,780
Other		58,428	40,760
Inventories		56,552	41,021
Prepaid expenses and other current assets		27,503	14,313
Total current assets		840,748	735,422
Investments		534,807	463,476
Assets limited as to use, less current portion		890,358	567,780
Property and equipment, net		2,031,234	1,707,676
Investments in joint ventures		83,072	192,045
Other assets		219,019	147,698
Total assets	$	4,599,238	3,814,097
Liabilities and Net Assets			
Current liabilities			
Trade accounts payable	$	261,865	239,832
Accrued payroll and benefits		222,163	181,409
Advances from third-party payors		123,612	115,992
Lines of credit		117,000	95,000
Short-term financing		150,000	—
Other current liabilities		105,275	93,383
Long-term debt subject to short-term remarketing arrangements		77,574	19,123
Current portion of long-term debt		32,624	38,802
Total current liabilities		1,090,113	783,541
Long-term debt, less current portion and amount subject to short-term remarketing arrangements		1,436,246	1,304,046
Other long-term liabilities		267,601	207,685
Interest rate swap liabilities		175,947	145,504
Total liabilities		2,969,907	2,440,776
Net assets			
Unrestricted		1,351,895	1,264,433
Temporarily restricted		241,386	74,877
Permanently restricted		36,050	34,011
Total net assets		1,629,331	1,373,321
Total liabilities and net assets	$	4,599,238	3,814,097

See accompanying notes to consolidated financial statements

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended June 30, 2014 and 2013

(In thousands)

		2014	2013
Unrestricted revenues, gains and other support:			
Patient service revenue (net of contractual adjustments)	$	3,142,505	2,615,590
Provision for bad debts		(225,671)	(153,457)
Net patient service revenue		2,916,834	2,462,133
Other operating revenue:			
State support		3,000	3,000
Other revenue		107,012	106,313
Total unrestricted revenues, gains and other support		3,026,846	2,571,446
Operating expenses:			
Salaries, wages and benefits		1,490,684	1,295,416
Expendable supplies		583,898	470,739
Purchased services		471,680	414,180
Contracted services		208,748	211,021
Depreciation and amortization		169,117	144,671
Interest expense		54,519	49,199
Total operating expenses		2,978,646	2,585,226
Operating income (loss)		48,200	(13,780)
Nonoperating income and expenses, net:			
Contributions		17,475	7,474
Inherent contribution – Upper Chesapeake		114,436	—
Equity in net income of joint ventures		9,548	16,279
Investment income		21,055	17,248
Change in fair value of investments		50,994	29,567
Change in fair value of undesignated interest rate swaps		(3,420)	69,206
Change in fair value of debt instrument		—	(2,917)
Loss on early extinguishment of debt		—	(3,397)
Other nonoperating losses, net		(32,401)	(35,482)
Excess of revenues over expenses	$	225,887	84,198

See accompanying notes to consolidated financial statements.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2014 and 2013

(In thousands)

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Balance at June 30, 2012	$ 1,125,068	67,140	34,694	1,226,902
Excess of revenues over expenses	84,198	—	—	84,198
Acquisition of SJMC Foundation	4,737	4,416	350	9,503
Investment gains, net	—	3,658	71	3,729
State support for capital	—	17,253	—	17,253
Contributions, net	—	8,596	280	8,876
Net assets released from restrictions used for operations and nonoperating activities	—	(2,067)	—	(2,067)
Net assets released from restrictions used for purchase of property and equipment	24,081	(24,081)	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	(342)	(110)	(452)
Change in ownership interest of joint ventures	1,170	243	—	1,413
Change in fair value of designated interest rate swaps	3,046	—	—	3,046
Change in funded status of defined benefit pension plans	19,822	—	—	19,822
Asset reclassifications at request of donor	1,519	(245)	(1,274)	—
Other	792	306	—	1,098
Increase (decrease) in net assets	139,365	7,737	(683)	146,419
Balance at June 30, 2013	1,264,433	74,877	34,011	1,373,321
Excess of revenues over expenses	225,887	—	—	225,887
Contribution to/economic interest in UCH Legacy Funding Corporation	(150,000)	150,000	—	—
Inherent contribution – Upper Chesapeake	—	6,877	1,276	8,153
Investment gains, net	—	4,775	111	4,886
State support for capital	—	443	—	443
Contributions, net	—	6,552	764	7,316
Net assets released from restrictions used for operations and nonoperating activities	—	(4,793)	—	(4,793)
Net assets released from restrictions used for purchase of property and equipment	2,913	(2,913)	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	4,421	6	4,427
Change in ownership interest of joint ventures	1,115	(244)	—	871
Amortization of accumulated loss of discontinued designated interest rate swap	1,857	—	—	1,857
Change in funded status of defined benefit pension plans	8,011	—	—	8,011
Asset reclassifications at request of donor	(1,485)	1,603	(118)	—
Other	(836)	(212)	—	(1,048)
Increase (decrease) in net assets	87,462	166,509	2,039	256,010
Balance at June 30, 2014	$ 1,351,895	241,386	36,050	1,629,331

See accompanying notes to consolidated financial statements

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

		2014	2013
Cash flows from operating activities:			
Increase in net assets	$	256,010	146,419
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation and amortization		169,097	144,671
Provision for bad debts		225,671	153,457
Amortization of bond premium and deferred financing costs		1,460	1,192
Net realized gains and change in fair value of investments		(63,131)	(42,082)
Loss on early extinguishment of debt		—	3,397
Change in fair value of debt instrument		—	2,917
Equity in net income of joint ventures		(9,548)	(16,279)
(Increase) decrease in economic and beneficial interests in net assets of related organizations		(154,427)	452
Change in fair value of interest rate swaps		3,420	(72,252)
Change in funded status of defined benefit pension plans		(8,011)	(19,822)
Inherent contribution related to Upper Chesapeake acquisition		(122,589)	—
Restricted contributions, grants and other support		(7,316)	(29,858)
Change in operating assets and liabilities:			
Patient accounts receivable		(200,755)	(204,485)
Other receivables, prepaid expenses, other current assets and other assets		(24,505)	(12,336)
Inventories		(6,583)	(5,649)
Trade accounts payable, accrued payroll and benefits, other current liabilities and other long-term liabilities		42,984	59,786
Advances from third-party payors		138	(3,931)
Net cash provided by operating activities		101,915	105,597
Cash flows from investing activities:			
Purchases and sales of investments and assets limited as to use, net		(18,814)	(98,350)
Purchases of alternative investments		(56,615)	—
Sales of alternative investments		12,799	—
Transfer of funds to UCHS Legacy Funding Corporation		(150,000)	—
Acquisition of St. Joseph Medical System		—	(206,300)
Addition of cash from Upper Chesapeake		46,203	—
Purchases of property and equipment		(202,254)	(213,971)
Distributions from joint ventures		4,170	3,646
Cash received from (paid to) swap counter party for collateral related to interest rate swaps, net		—	121,802
Net cash used in investing activities		(364,511)	(393,173)

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

		2014	2013
Cash flows from financing activities:			
Proceeds from long-term debt	$	6,200	597,709
Repayment of long-term debt and capital leases		(37,403)	(356,283)
Short-term financing		150,000	—
Draws (repayments) on lines of credit, net		22,000	(7,000)
Payment of debt issuance costs		—	(4,412)
Restricted contributions from UCH Legacy Funding Corporation		150,000	—
Restricted contributions, grants and other support		7,316	29,858
Net cash provided by financing activities		298,113	259,872
Net (decrease) increase in cash and cash equivalents		35,517	(27,704)
Cash and cash equivalents, beginning of year		252,205	279,909
Cash and cash equivalents, end of year	$	287,722	252,205
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest, net of amounts capitalized	$	50,547	44,630
Amount included in accounts payable for construction in progress		32,556	35,088
Supplemental disclosures of noncash information:			
Capital leases	$	14,529	—

See accompanying notes to consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The University of Maryland Medical System Corporation (the Corporation or UMMS) is a private, not-for-profit corporation providing comprehensive healthcare services through an integrated regional network of hospitals and related clinical enterprises. UMMS was created in 1984 when its founding hospital was privatized by the State of Maryland. Over its 30 year history, UMMS evolved into a multi-hospital system with academic, community and specialty service missions reaching primarily across Maryland. In continuing partnership with the University of Maryland School of Medicine, UMMS operates healthcare programs that improve the physical and mental health of thousands of people each day.

The accompanying consolidated financial statements include the accounts of the Corporation, its wholly owned subsidiaries, and entities controlled by the Corporation. In addition, the Corporation maintains equity interests in various unconsolidated joint ventures, which are described in note 4. The significant operating divisions of the Corporation are described in further detail below.

All material intercompany balances and transactions have been eliminated in consolidation.

Recent Acquisitions & Divestitures

On December 6, 2013, UMMS completed a full acquisition and became the sole corporate member of Upper Chesapeake. Prior to December 2013, UMMS owned a 49% interest in a joint venture that included the majority of the operating assets and revenues of Upper Chesapeake. For this period, UMMS' investment in Upper Chesapeake was accounted for as a noncontrolling joint venture interest and a component of UMMS' nonoperating income.

The Corporation established St. Joseph and subsequently purchased substantially all of the assets of the former St. Joseph Medical Center on December 1, 2012.

During the year ended June 30, 2013, the Corporation completed the closure of University Specialty.

Certain of these events are more fully described below.

University of Maryland Medical Center (Medical Center)

The University of Maryland Medical Center, which is a major component of UMMS, is an 816-bed academic medical center located in Baltimore. The Medical Center has served as the teaching hospital of the School of Medicine of the University System of Maryland, Baltimore since 1823. While the Corporation is not affiliated with the University System of Maryland, clinical faculty members of the School of Medicine serve as medical staff of the Medical Center.

The Medical Center is comprised of two operating divisions: University Hospital, which includes the Greenebaum Cancer Center, and Shock Trauma Center. University Hospital, which generates approximately 80% of the Medical Center's admissions and patient days, is a tertiary teaching hospital providing over 70 clinical services and programs. The Greenebaum Cancer Center specializes in the treatment of cancer patients and is a site for clinical cancer research. The Shock

Trauma Center, which specializes in emergency treatment of patients suffering severe trauma, generates approximately 20% of admissions and patient days.

The Medical Center's operations include UniversityCARE, LLC (UCARE), a physician hospital organization of which the Corporation has a majority ownership interest and therefore consolidates, and 36 South Paca Street, LLC, a wholly owned subsidiary of the Corporation that operates a residential apartment building.

The Corporation has certain agreements with various departments of the University of Maryland School of Medicine concerning the provision of professional and administrative services to the Corporation and its patients. Total expense under these agreements in the years ended June 30, 2014 and 2013 was approximately $146,313,000 and $135,161,000, respectively.

University of Maryland Rehabilitation and Orthopaedic Institute (ROI)

ROI is comprised of a medical/surgical and rehabilitation hospital in Baltimore with 134 licensed beds, including 88 rehabilitation beds, 36 chronic care beds, 10 medical/surgical beds, and off-site physical therapy facilities.

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

University of Maryland Medical Center Midtown Campus (Midtown)

Midtown is located in Baltimore city and is comprised of Midtown Hospital, a 208-bed acute care hospital; a wholly owned subsidiary providing primary care; and a noncontrolling 20% interest in a managed care organization providing services primarily to Medicaid patients. Midtown was previously called Maryland General Health Systems (Maryland General).

Baltimore Washington Medical System, Inc. (Baltimore Washington)

Baltimore Washington is located in Anne Arundel County, a suburb of Baltimore city, and is a health system comprised of Baltimore Washington Medical Center, a 319-bed acute care hospital providing a broad range of services, and several wholly owned subsidiaries providing emergency physician and other services.

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

(Continued)

Shore Regional Health System (Shore Regional)

Shore Regional is a three-hospital health system located on the Eastern Shore of Maryland. Shore Health owns and operates Memorial Hospital, a 132-bed acute care hospital providing inpatient and outpatient services in Easton, Maryland; Dorchester Hospital, a 41-bed acute care hospital providing inpatient and outpatient services in Cambridge, Maryland; Chester River Hospital Center (CRHC), a 41-bed acute care hospital providing inpatient and outpatient services to the residents of Kent and Queen Anne's counties; Shore Emergency Center at Queenstown (Shore Emergency Center), a free-standing emergency center; Memorial Hospital Foundation (Memorial Foundation), a nonprofit corporation established to solicit donations for the benefit of Memorial Hospital; Chester River Health Foundation (Chester River Foundation), a nonprofit corporation established to solicit donations for the benefit of Chester River; and several other subsidiaries providing various outpatient and home care services.

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

Through June 30, 2013, the operations of Memorial Hospital and Dorchester Hospital were referred to as Shore Health. Effective July 1, 2013, the operations of Shore Health and Chester River were combined and renamed Shore Regional.

Charles Regional Health System, Inc. (Charles Regional)

Charles Regional Health System is comprised of a 121-bed acute care hospital and other community healthcare resources providing inpatient and outpatient services to the residents of Charles County in Southern Maryland. Charles Regional was previously called Civista Health (Civista).

University of Maryland St. Joseph Health System, LLC (St. Joseph)

St. Joseph owns and operates University of Maryland St. Joseph Medical Center (UMSJMC), a 232-bed, Catholic acute care hospital located in Towson, Maryland, as well as other subsidiaries providing inpatient and outpatient services to the residents of Baltimore County.

St. Joseph, a wholly owned subsidiary of the Corporation, acquired substantially all the assets of the former St. Joseph Medical Center, as well as ownership interests in certain of its related affiliates, on December 1, 2012 (the Purchase Date).

The acquisition was completed pursuant to an Asset Purchase Agreement (the Purchase Agreement) with the sellers, under which the stated purchase price was $206,300,000. The purchase price included $47,000,000 that was placed into escrow by the Corporation as a contingent component of the purchase. The Corporation expects it is more likely than not that this contingency will be payable to the seller, and has accounted for it as a component of the purchase price and fair value of the assets acquired.

Under the Purchase Agreement, purchased assets include the former St. Joseph Medical Center hospital facility, land and improvements, furniture, fixtures and equipment, joint venture interests, and other assets, liabilities, and records necessary to continue operations at the facility, but exclude certain assets such as cash, investments, and accounts receivable as of the Purchase Date. Under the terms of the Purchase Agreement, UMMS did not assume any liabilities or financial obligations associated with any acquired assets or the business operations at St. Joseph Medical Center that existed at the time of, or occurred prior to, the Purchase Date, including but not limited to accounts payable, liabilities for benefit and pension plans, financial obligations to any governmental authority and claims or litigation relating to acts or omissions that occurred prior to the Purchase Date.

The acquisition was accounted for under the purchase accounting method for business combinations and the financial position and results of operations of St. Joseph were consolidated by the Corporation beginning on December 1, 2012. Included in other nonoperating losses as of June 30, 2013, is $6,920,000 of acquisition costs incurred by the Corporation as a result of the purchase.

The following table summarizes the estimated fair value of assets acquired at December 1, 2012 (the acquisition date):

Property, plant and equipment	$	182,170,000
Investments in joint ventures		14,627,000
Interest in net assets of St. Joseph Medical Center Foundation, Inc.		9,503,000
Total assets	$	206,300,000

Included in investments in joint ventures is an interest in O'Dea Medical Arts Limited Partnership (O'Dea). O'Dea has been consolidated with the Corporation due to control.

The following table summarizes the Corporation's pro forma consolidated results as though the acquisition date occurred at July 1:

		2013
Operating revenues	$	2,697,750
Net operating income		(33,349)
Changes in net assets:		
Unrestricted	$	114,126
Temporarily restricted		7,305
Permanently restricted		(3,154)
Total changes in net assets	$	118,277

University of Maryland Upper Chesapeake Health System (Upper Chesapeake)

Upper Chesapeake is a health system located in Harford County, Maryland. Upper Chesapeake's healthcare delivery system includes two acute care hospitals, Upper Chesapeake Medical Center

(181 beds) and Harford Memorial Hospital (89 beds); a physician practice; a captive insurance company; a land holding company; and Upper Chesapeake Health Foundation.

The Corporation became the sole corporate member of Upper Chesapeake Health System and all of its subsidiaries on December 6, 2013, and beginning on that date the financial position and results of operations of Upper Chesapeake were consolidated. Prior to December 6, 2013, the Corporation held a 49% interest in UCHS/UMMS Venture, LLC, which owned substantially all of Upper Chesapeake's operating entities, and consequently the Corporation had treated that ownership interest as a joint venture (see note 4).

To effect the full merger on December 6, 2013, the Corporation contributed $150,000,000 to UCH Legacy Funding Corporation, a noncontrolled entity formed for the sole purpose of supporting the capital and operating needs of Upper Chesapeake. The Corporation has recorded a $150,000,000 economic interest in UCH Legacy Funding Corporation, which is included as a component of assets limited as to use.

The acquisition was accounted for under the purchase accounting method for business combinations. Accordingly, the Corporation's nonoperating income/loss for the period ended June 30, 2014 includes an inherent contribution of Upper Chesapeake's unrestricted net assets of $114,436,000, and $876,000 of acquisition costs incurred. The Corporation's statement of changes in net assets for the period ended June 30, 2014 includes an inherent contribution of $8,153,000 representing Upper Chesapeake's temporarily and permanently restricted net assets on the date of acquisition.

The following table summarizes the estimated fair value of assets acquired and liabilities assumed at December 6, 2013 (the acquisition date):

Assets:		
Current assets	$	117,079
Property and equipment		254,732
Goodwill		44,204
Other long-term assets		140,992
Total assets	$	557,007
Liabilities:		
Current liabilities	$	59,660
Long-term liabilities		272,052
Total liabilities		331,712
Net assets:		
Unrestricted		217,142
Temporarily restricted		6,877
Permanently restricted		1,276
Total net assets		225,295
Total liabilities and net assets	$	557,007

The following table summarizes the Corporation's pro forma consolidated results as though the acquisition date occurred at July 1:

		2014	2013
Operating revenues	$	3,193,454	2,738,054
Net operating income		49,609	20,550
Changes in net assets:			
Unrestricted	$	125,817	118,959
Temporarily restricted		9,632	164,662
Permanently restricted		763	593
Total changes in net assets	$	136,212	284,214

University of Maryland Medical System Foundation, Inc.

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

(b) *Basis of Presentation*

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

(c) *Cash Equivalents*

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

(d) *Investments and Assets Limited as to Use*

The Corporation's investment portfolio is classified as trading, and is reported in the consolidated balance sheets at its fair value, based on quoted market prices, at June 30, 2014 and 2013. Unrealized holding gains and losses on trading securities with readily determinable market values are included in nonoperating income. Investment income, including realized gains and losses, is included in nonoperating income in the accompanying consolidated statements of operations.

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

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

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

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

(e) *Inventories*

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

(f) ***Economic Interests in Financially Interrelated Organizations***

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

(g) ***Property and Equipment***

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

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

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

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

(h) ***Deferred Financing Costs***

Costs incurred related to the issuance of long-term debt, which are included in other assets, are deferred and are amortized over the life of the related debt agreements or the related letter of credit agreements using the effective interest method.

(i) ***Goodwill***

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually. A qualitative assessment of whether it is more likely than not that the fair value of the reporting unit is less than its carrying value is performed, which determines whether a quantitative goodwill impairment test is necessary. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

No impairment loss was recorded in 2014 or 2013.

(j) Impairment of Long-Lived Assets

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

No impairment loss was recorded in 2014 or 2013.

(k) Investments in Joint Ventures

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

(l) Self-Insurance

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

(m) Net Assets

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

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

Patient service revenue for the Medical Center, ROI, Midtown, Baltimore Washington, Shore Regional, Charles Regional, St. Joseph, and Upper Chesapeake reflects actual charges to patients based on rates established by the State of Maryland Health Services Cost Review Commission (HSCRC) in effect during the period in which the services are rendered, net of contractual adjustments. Contractual adjustments represent the difference between amounts billed as patient service revenue and amounts allowed by third-party payors. Such adjustments include discounts on charges as permitted by the HSCRC. See note 18 for further discussion on the HSCRC and regulated rates.

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

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

For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for bad debts, allowance for contractual adjustments, provision for bad debts, and contractual adjustments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients or with balances remaining after the third-party coverage has already paid, the Corporation records a significant provision for bad debts in the period of service on the basis of its historical collections, which indicates that many patients ultimately do not pay the portion of their bill for which they are financially responsible. The difference between the discounted rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for bad debts. The change in the allowance for bad debts was as follows during the years ended June 30:

		2014	2013
Beginning bad debt allowance	$	(160,675)	(158,201)
Addition of Upper Chesapeake allowance as of the acquisition date		21,837	—
Plus provision for bad debt		(225,671)	(153,457)
Less bad debt write-offs		153,551	150,983
Ending bad debt allowance	$	(210,958)	(160,675)

The change in the allowance for bad debts during 2014 is attributable to the addition on Upper Chesapeake, increased patient volumes in 2014, and trends experienced in the collection of the related patient receivables.

The Health Information Technology for Economic and Clinical Health (HITECH) Act was signed into law in February 2009. In the context of the HITECH Act, certain healthcare entities must implement a certified Electronic Health Record (EHR) in an effort to promote the adoption and "meaningful use" of health information technology (HIT). The HITECH Act includes significant monetary incentives meant to encourage the adaptation of an EHR system. During the years ended June 30, 2014 and 2013, the Corporation recognized "meaningful use" incentive payments totaling $8,486,000 and $20,261,000, respectively, which are included in other operating revenue in the consolidated statements of operations.

(o) Charity Care

The Corporation is committed to providing quality healthcare to all, regardless of their ability to pay. Patients who meet the criteria of its charity care policy receive services without charge or at amounts less than its established rates. The criteria for charity care consider the household income in relation to the federal poverty guidelines. The Corporation provides services at no charge for patients with adjusted gross income equal to or less than 200% of the federal poverty guidelines. For uninsured patients with adjusted gross income greater than 200% of the federal poverty guidelines, a sliding scale discount is applied. Income and asset information obtained from patient credit reporting data are used to determine patients' ability to pay. The Corporation maintains records to identify and monitor the level of charity care it furnished under its charity care policy. The charity care policies of the new affiliates are generally consistent with that of the Corporation's policy.

Due to the complexity of the eligibility process, the Corporation provides eligibility services to patients free of charge to assist in the qualification process. These eligibility services include, but are not limited to, the following:

- Financial assistance brochures and other information are posted at each point of service. When patients have questions or concerns, they are encouraged to call a toll-free number to reach customer service representatives during the business day. Financial assistance programs are published on the Corporation's website and included on the statements provided to patients.
- The Corporation offers assistance to patients in completing the applications for Medicaid or other government payment assistance programs, or applying for care under the Corporation's charity care policy, if applicable. The Corporation also employs an external firm to assist in the eligibility process.
- Any patient, whether covered by insurance or not, may meet with a UMMS representative and receive financial counseling from UMMS' dedicated financial assistance unit.

The Corporation recognizes that a large number of uninsured and insured patients meet the charity care guidelines but do not respond to the Corporation's attempts to obtain necessary financial information. In these instances, the Corporation uses credit reporting data to properly classify these unpaid balances as charity care as opposed to bad debt expense. Utilization of income and asset information and credit reporting data indicate the vast majority of amounts reported as provision for bad debts represent amounts due from patients that would otherwise qualify for charity benefits but do not respond to the Corporation's attempts to obtain the necessary financial information. In these cases, reasonable collection efforts are pursued, but yield few collections. Amounts determined to meet the criteria under the charity care policy are not reported as net patient service revenue.

The amounts reported as charity care represent the cost of rendering such services. Costs incurred are estimated based on the cost-to-charge ratio for each hospital and applied to charity care charges. The Corporation estimates the total direct and indirect costs to provide charity care were $83,486,000 and $97,656,000 for the years ended June 30, 2014 and 2013, respectively.

(p) *Nonoperating Income and Expenses, Net*

Other activities that are largely unrelated to the Corporation's primary mission are recorded as nonoperating income and expenses, and include investment income, equity in the net income of joint ventures, general donations and fund-raising activities, gains on acquisitions, changes in fair value of investments, changes in fair value of interest rate swaps, and loss on early extinguishment of debt.

(q) *Derivative Financial Instruments*

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

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

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

The Corporation formally documents all hedge relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. On the date the derivative contract is entered into, the Corporation may designate the derivative as either a hedge of the fair value of a recognized or forecasted liability (fair value hedge) or a hedge of the variability of cash flows to be received or paid related to a recognized liability (cash flow hedge), provided the derivative instrument meets certain criteria related to its effectiveness. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific liabilities on the consolidated balance sheets. The Corporation also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

All derivative instruments are reported as other assets or other long-term liabilities in the consolidated balance sheets and measured at fair value. Derivatives not designated as hedges or not meeting effectiveness criteria are carried at fair value with changes in the fair value recognized in other nonoperating income and expenses.

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

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

(r) Excess of Revenue over Expenses

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

(s) Income Taxes

The Corporation and most of its subsidiaries are not-for-profit corporations formed under the laws of the State of Maryland, organized for charitable purposes and recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code pursuant to Section 501(a) of the Code. The effect of the taxable status of its for-profit subsidiaries is not material to the consolidated financial statements. There were no income taxes paid on unrelated business activities in the year ended June 30, 2014 or 2013. The Corporation has net operating losses on unrelated business activities of approximately $45,051,000 as of June 30, 2014, which expire at various dates through 2031. The Corporation's deferred tax assets of approximately $18,020,000 at June 30, 2014 are fully reserved as they are not expected to be utilized.

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

(t) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the promise becomes unconditional. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Such amounts are classified as other revenue or transfers and additions to property and equipment.

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

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

(u) Fair Value Measurements

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

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

Pension plan asset portfolio – The Corporation applies Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)*, to its pension plan asset portfolio. The guidance permits, as a practical expedient, fair value of investments within its scope to be estimated using the net asset value or its equivalent. The alternative investments classified within Level 3 of the fair value hierarchy have been recorded using the Net Asset Value (NAV).

Long-term debt – The fair value of the long-term debt issued through the Maryland Health and Higher Educational Facilities Authority (Authority or MHHEFA), based on quoted market prices, at June 30, 2014 and 2013, was approximately $1,514,615,000 and $1,291,397,000, respectively. The carrying amounts of other long-term debt reported in note 7 and on the consolidated balance sheets approximate the related fair values.

The Corporation discloses it financial assets, financial liabilities and fair value measurements of nonfinancial items according to the fair value hierarchy required by GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

As of June 30, 2014 and 2013, the Level 2 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

(i) Cash Equivalents

The fair value of investments in cash equivalent securities, with maturities within three months of the date of purchase, is determined using techniques that are consistent with the market approach. Significant observable inputs include reported trades and observable broker/dealer quotes.

(ii) U.S. Government and Agency Securities

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

(iii) Corporate Bonds

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

(iv) Collateralized Corporate Obligations

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

(v) Derivative Liabilities

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

(v) Fair Value Option

Under the Fair Value Option Subsections of Accounting Standards Codification (ASC) Subtopic 825-10, *Financial Instruments – Overall*, the Corporation has the irrevocable option to report most financial assets and liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. See note 7 to the consolidated financial statements.

(w) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(x) Use of Estimates

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

(Continued)

(2) Investments and Assets Limited as to Use

The carrying values of assets limited as to use were as follows at June 30 (in thousands):

		2014	2013
Investments held for collateral	$	96,370	66,644
Debt service and reserve funds		82,782	74,772
Construction funds – held by trustee		46,314	75,340
Board designated funds		222,136	110,003
Construction funds – held by the corporation		98,820	88,469
Self-insurance trust funds		151,380	111,454
Funds restricted by donors		53,510	50,324
Economic and beneficial interests in the net assets of related organizations (note 12)		191,544	37,117
Total assets limited as to use		942,856	614,123
Less amounts available for current liabilities		(52,498)	(46,343)
Total assets limited as to use, less current portion	$	890,358	567,780

The carrying values of assets limited as to use were as follows at June 30, 2014 (in thousands):

		Investments held for collateral	Debt service and reserve funds	Construction funds	Board designated funds	Self-insurance trust funds	Funds restricted by donors	Economic and beneficial interests	Total
Cash and cash equivalents	$	4,219	39,005	89,330	25,357	9,838	5,558	—	173,307
Corporate bonds		—	—	3,637	52,907	2,449	8,193	—	67,186
Collateralized corporate obligations		—	—	866	689	—	34	—	1,589
U.S. government and agency securities		92,151	43,777	26,734	5,664	23	72	—	168,421
Common stocks including mutual funds		—	—	11,811	82,130	—	22,571	—	116,512
Alternative investments		—	—	12,756	55,389	—	17,082	—	85,227
Assets held by other organizations		—	—	—	—	139,070	—	191,544	330,614
Total assets limited as to use	$	96,370	82,782	145,134	222,136	151,380	53,510	191,544	942,856

The carrying values of assets limited as to use were as follows at June 30, 2013 (in thousands):

		Investments held for collateral	Debt service and reserve funds	Construction funds	Board designated funds	Self-insurance trust funds	Funds restricted by donors	Economic and beneficial interests	Total
Cash and cash equivalents	$	—	17,906	62,599	8,406	367	6,412	—	95,690
Corporate bonds		—	—	3,256	9,550	2,838	7,810	—	23,454
Collateralized corporate obligations		—	—	1,020	1,056	—	46	—	2,122
U.S. government and agency securities		66,644	56,866	61,325	1,725	132	76	—	186,768
Common stocks including mutual funds		—	—	17,127	39,643	—	22,348	—	79,118
Alternative investments		—	—	18,482	49,623	—	13,632	—	81,737
Assets held by other organizations		—	—	—	—	108,117	—	37,117	145,234
Total assets limited as to use	$	66,644	74,772	163,809	110,003	111,454	50,324	37,117	614,123

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

The carrying values of investments not limited as to use were as follows at June 30 (in thousands):

		2014	2013
Cash and cash equivalents	$	38,047	7,035
Corporate bonds		54,424	32,426
Collateralized corporate obligations		11,847	9,014
U.S. government and agency securities		53,766	68,638
Common stocks		175,757	165,409
Alternative investments		200,966	180,954
	$	534,807	463,476

Investments at June 30, 2013 included $150,000,000 of funds for potential future commitments in accordance with the Affiliation Agreement with Upper Chesapeake Health System as discussed in note 4.

Alternative investments include hedge fund, private equity, and commingled investment funds, which are valued using the equity method of accounting. Substantially all of these investments are subject to 30 day notice requirements for redemption.

The following table presents investments and assets limited as to use that are measured at fair value on a recurring basis at June 30, 2014 (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and cash equivalents	$ 38,047	—	—	38,047
Corporate bonds	37,753	16,671	—	54,424
Collateralized corporate obligations	—	11,847	—	11,847
U S government and agency securities	47,668	6,098	—	53,766
Common and preferred stocks, including mutual funds	175,757	—	—	175,757
	299,225	34,616	—	333,841
Assets limited as to use				
Cash and cash equivalents	112,022	61,285	—	173,307
Corporate bonds	62,501	4,685	—	67,186
Collateralized corporate obligations	—	1,589	—	1,589
U S government and agency securities	105,949	62,472	—	168,421
Common and preferred stocks, including mutual funds	116,512	—	—	116,512
Investments held by other organizations	—	330,614	—	330,614
	396,984	460,645	—	857,629
	$ 696,209	495,261	—	1,191,470

The following table presents investments and assets limited as to use that are measured at fair value on a recurring basis at June 30, 2013 (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and cash equivalents	$ 7,035	—	—	7,035
Corporate bonds	21,410	11,016	—	32,426
Collateralized corporate obligations	—	9,014	—	9,014
U S government and agency securities	62,252	6,386	—	68,638
Common and preferred stocks, including mutual funds	165,409	—	—	165,409
	256,106	26,416	—	282,522
Assets limited as to use				
Cash and cash equivalents	62,501	33,189	—	95,690
Corporate bonds	18,023	5,431	—	23,454
Collateralized corporate obligations	—	2,122	—	2,122
U S government and agency securities	68,766	118,002	—	186,768
Common and preferred stocks, including mutual funds	79,118	—	—	79,118
Investments held by other organizations	—	145,234	—	145,234
	228,408	303,978	—	532,386
	$ 484,514	330,394	—	814,908

Changes to Level 1 and Level 2 securities between June 30, 2014 and 2013 were the result of strategic investments and reinvestments, interest income earnings, the addition of Upper Chesapeake investments, and changes in the fair value of investments.

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

		2014	2013
Dividends and interest, net of fees	$	13,804	8,462
Net realized gains		9,276	9,924
Change in fair value of trading securities		53,855	32,158
Total investment return	$	76,935	50,544

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

		2014	2013
Nonoperating investment income	$	21,055	17,248
Change in fair value of unrestricted investments		50,994	29,567
Investment gains on restricted net assets		4,886	3,729
Total investment return	$	76,935	50,544

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

(3) Property and Equipment

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

		2014	2013
Land	$	134,174	105,418
Buildings		1,461,645	1,249,769
Building and leasehold improvements		645,454	586,814
Equipment		1,263,671	1,122,742
Construction in progress		191,201	150,288
		3,696,145	3,215,031
Less accumulated depreciation and amortization		(1,664,911)	(1,507,355)
	$	2,031,234	1,707,676

Interest cost capitalized was $1,031,000 for the year ended June 30, 2014. There was no interest cost capitalized for the year ended June 30, 2013.

Remaining commitments on construction projects were approximately $28,592,000 at June 30, 2014.

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

Depreciation expense was $169,117,000 and $144,671,000, for the years ended June 30, 2014 and 2013, respectively.

(4) Investments in Joint Ventures

The Corporation has investments of $83,072,000 and $192,045,000 at June 30, 2014 and 2013, respectively, in the following unconsolidated joint ventures:

		Ownership percentage	
Joint venture	**Business purpose**	**FY2014**	**FY2013**
Shipley's Imaging Center, LLC	Freestanding imaging center	50%	50%
Maryland Care, Inc.	Managed care organization	20	25
Innovative Health Services, LLC	Third-party insurance claims processor	50	50
NAH/Sunrise of Severna Park, LLC	Senior living facility	50	50
Terrapin Insurance Company (Terrapin)	Healthcare professional liability insurance company	50	50
Mt. Washington Pediatric Hospital, Inc. (Mt. Washington)	Healthcare services	50	50
UCHS/UMMS Venture, LLC	Healthcare services	*	49
Central Maryland Radiation Oncology Center LLC	Healthcare services	50	50
Chesapeake-Potomac Healthcare Alliance	Healthcare services	33	33
Civista Ambulatory Surgery Center, Inc.	Ambulatory surgical services	50	50
NRH/CPT/St. Mary's/ Civista Regional Rehab, LLC	Medical rehabilitative and therapy services	15	15
Freestate Healthcare Insurance Company, LTD	Healthcare professional liability insurance company	—	17

Joint venture	Business purpose	Ownership percentage FY2014	FY2013
Maryland eCare, LLC	Remote monitoring technology	14%	14%
MRI at St. Joseph Medical Center, LLC	Healthcare services	51	51
SJMC-RA, LLC	Healthcare services	*	49
Advanced/Upper Chesapeake Health Center, LLC	Imaging Center	10	—

* *UMMS acquired all of the remaining ownership interest of UCHS/UMMS Venture and SJMC-RA during the year ended June 30, 2014. The operations of these entities are fully consolidated as of the date of full ownership.*

The Corporation recorded equity in net earnings of $9,548,000 and $16,279,000 related to these joint ventures for the years ended June 30, 2014 and 2013, respectively.

In 2009, the Corporation entered into a Membership Interest Purchase Agreement and an Affiliation Agreement with Upper Chesapeake Health System, Inc. (UCHS), a healthcare system located in Harford County, Maryland, whereby the Corporation held a 49% interest in the Upper Chesapeake Health System/University of Maryland Medical System Venture, LLC (UCHS/UMMS Venture, LLC) at June 30, 2013. As described in note 1(a), the Corporation assumed the remaining 51% interest in UCHS/UMMS Venture, LLC on December 6, 2013. UCHS/UMMS Venture, LLC is included within UCHS in the consolidated financial statements.

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

		2014				
		Mt. Washington	Terrapin	UCHS/UMMS Venture, LLC	Others	Total
Current assets	$	26.988	19.024	—	241.920	287.932
Noncurrent assets		73.937	168.976	—	98.893	341.806
Total assets	$	100.925	188.000	—	340.813	629.738
Current liabilities	$	14.252	925	—	207.974	223.151
Noncurrent liabilities		8.588	185.125	—	12.075	205.788
Net assets		78.085	1.950	—	120.764	200.799
Total liabilities and net assets	$	100.925	188.000	—	340.813	629.738

		2014				
		Mt. Washington	Terrapin	UCHS/UMMS Venture, LLC *	Others	Total
Total operating revenue	$	55.422	37.503	166.608	804.404	1.063.937
Total operating expenses		(50.878)	(45.401)	(165.176)	(794.193)	(1.055.648)
Total nonoperating gains/(losses). net		4.015	7.898	8.255	450	20.618
Contributions from owners		—	—	125	4.854	4.979
Other changes in net assets. net		1.432	—	(1.717)	(4.128)	(4.413)
Increase in net assets	$	9.991	—	8.095	11.387	29.473

* Activity from July 1. 2013 through December 6. 2013

		2013				
		Mt. Washington	Terrapin	UCHS/UMMS Venture, LLC	Others	Total
Current assets	$	24.380	10.056	86.871	184.665	305.972
Noncurrent assets		65.494	148.845	336.380	94.458	645.177
Total assets	$	89.874	158.901	423.251	279.123	951.149
Current liabilities	$	13.155	2.920	55.288	164.676	236.039
Noncurrent liabilities		8.625	154.031	234.987	(8.880)	388.763
Net assets		68.094	1.950	132.976	123.327	326.347
Total liabilities and net assets	$	89.874	158.901	423.251	279.123	951.149
Total operating revenue	$	54.019	32.314	356.417	761.042	1.203.792
Total operating expenses		(48.625)	(39.129)	(348.711)	(740.852)	(1.177.317)
Total nonoperating gains/(losses). net		2.188	6.815	11.364	(2.942)	17.425
Distributions to owners		—	—	—	(10.582)	(10.582)
Other changes in net assets. net		3.705	—	5.481	(12.992)	(3.806)
Increase in net assets	$	11.287	—	24.551	(6.326)	29.512

(5) Leases

The Corporation rents various equipment and facility space. Rent expense under these operating leases for the years ended June 30, 2014 and 2013 was approximately $24,523,000 and $23,461,000, respectively.

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

2015	$	15,185
2016		10,272
2017		7,953
2018		5,616
2019		5,432
Thereafter		10,668
	$	55,126

The Corporation rents property used for administration under a 99-year lease. The lease was recorded as a capital lease, and the Corporation recorded assets at their respective fair values of $3,770,000 and $29,230,000 for land and buildings, respectively. The lease includes an option for the Corporation to purchase the property during the period from April 20, 2017 to February 28, 2021 for a purchase price of not less than $37,000,000 but not more than $45,000,000 as determined by appraisals. In addition, the lease agreement includes a put option exercisable through February 28, 2021, whereby the lessor may require the Corporation to purchase the building for $37,000,000. As of June 30, 2014 and 2013, amounts of $35,924,000 and $35,567,000, respectively, representing obligations under the lease, have been recorded in other current liabilities.

As of June 30, 2014, amounts of $1,870,000 and $17,776,000 representing obligations under all other capital leases are included in other current liabilities and other long-term liabilities, respectively.

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

		2014	2013
Land	$	3,770	3,770
Buildings		29,230	29,230
Equipment		37,051	17,798
		70,051	50,798
Less accumulated amortization		(23,012)	(18,674)
	$	47,039	32,124

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, are as follows as of June 30, 2014 (in thousands):

2015	$	5,805
2016		5,606
2017		41,839
2018		2,061
2019		1,674
Thereafter		16,764
Total minimum lease payments		73,749
Less amounts representing interest		(18,179)
Present value of net minimum lease payments	$	55,570

(6) Lines of Credit

Lines of credit outstanding are as follows as of the years ended June 30 (in thousands):

2014						
Line number	**Interest rate calculation**	**Interest rate as of June 30, 2014**	**Date of expiration**		**Total available**	**Outstanding amount**
1	1-mo LIBOR + 0.80%	—%	12/31/2013 *	$	—	—
2	1-mo LIBOR + 2.20%	2.32	Annually renewing		20,000	—
3	1, 2 or 3 month LIBOR + 0.75%	0.87	7/1/2015		20,000	20,000
4	1-mo LIBOR + 0.20%	0.92	3/31/2015		10,000	—
5	1-mo LIBOR + 2.20%	2.32	Annually renewing		5,000	—
6	Prime + 0.50%	3.75	5/31/2015		12,000	12,000
7	Prime, LIBOR (1, 2, 3 or 6 month) or LIBOR w/daily reset	3.25	1/14/2015		10,000	—
8	1-mo LIBOR + 0.75%	0.87	11/15/2014		60,000	60,000
9	1-mo LIBOR + 0.85%	0.97	1/29/2015		25,000	25,000
	Total lines of credit			$	162,000	117,000

* Line terminated in FY 14

2013

Line number	Interest rate calculation	Interest rate as of June 30, 2014	Date of expiration	Total available	Outstanding amount
1	1-mo LIBOR + 0.80%	0.99%	12/31/2013	$ 25,000	25,000
2	1-mo LIBOR + 2.20%	2.39	Annually renewing	20,000	10,000
3	1,2 or 3 month LIBOR + 0.75%	0.94	7/1/2014	20,000	20,000
4	1-mo LIBOR + 0.20%	0.99	12/31/2013	10,000	10,000
5	1-mo LIBOR + 2.20%	2.39	Annually renewing	5,000	—
6	Prime + 0.50%	3.75	5/31/2014	12,000	12,000
7	Prime, LIBOR (1, 2, 3 or 6 month) or LIBOR w/daily reset	3.25	1/16/2014	10,000	10,000
8	1-mo LIBOR + 0.70%	0.89	4/2/2014	60,000	8,000
	Total lines of credit			$ 162,000	95,000

(7) Long-Term Debt and Other Borrowings

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

	Interest rate	Payable in fiscal year(s)	2014	2013
MHHEFA project revenue bonds				
Corporation issue, payments due annually on July 1				
Series 2013 Bonds	2.00%–5.00%	2013–2043	$ 356,935	362,335
Series 2012A-D Bonds	Variable rate	2013–2041	215,335	216,335
Series 2010 Bonds	2.50%–5.25%	2010–2040	221,070	226,485
Series 2008D/E Bonds	Variable rate	2026–2042	105,000	105,000
Series 2008F Bonds	4.00%–5.25%	2009–2024	60,260	65,055
Series 2007A Bonds	Variable rate	2008–2035	92,735	95,065
Series 2006A Bonds	4.50%–5.00%	2026–2042	45,000	45,000
Series 2005 Bonds	4.00%–5.50%	2006–2032	122,725	125,825
Series 1991B Bonds	7.00%	1992–2023	24,760	26,085
Upper Chesapeake issue, payments due annually on January 1				
Series 2011B/C Bonds	Variable rate	2013–2040	113,590	—
Series 2011A Bonds	Variable rate	2012–2043	49,065	—
Series 2008C Bonds	5.25%–6.05%	2009-2038	50,535	—

	Interest rate	Payable in fiscal year(s)	2014	2013
Other long-term debt				
North Arundel Senior Living, LLC Mortgage	4 75%	Monthly, 2,021	$ 10,617	10,342
Charles County Government loan payable	3 05	Monthly, 2004–2021	7,516	8,599
Community Bank note payable	4 50	Monthly, 2014–2024	5,740	—
Grandbridge Real Estate Capital mortgaged promissory note payable	5 70	Monthly, 2012–2014	—	4,215
O'Dea Medical Arts L P mortgage	4 66%	2009–2019	9,283	9,272
Term loans	1 62%–3 95%	2009–2022	34,574	38,591
Other loans and notes payable	3 25%–7 00%	Monthly, 1991 – 2025	3,142	3,657
			1,527,882	1,341,861
Less current portion of long-term debt			32,624	38,802
Less long-term debt subject to short-term remarketing agreements			77,574	19,123
			1,417,684	1,283,936
Plus unamortized premiums and discounts, net			18,562	20,110
			$ 1,436,246	1,304,046

Pursuant to an Amended and Restated Master Loan Agreement dated August 1, 2012 (UMMS Master Loan Agreement), the Corporation and several of its subsidiaries have issued debt through MHHEFA. As security for the performance of the bond obligation under the Master Loan Agreement, the Authority maintains a security interest in the revenue of the obligors. The UMMS Master Loan Agreement contains certain restrictive covenants. These covenants require that rates and charges be set at certain levels, limit incurrence of additional debt, require compliance with certain operating ratios and restrict the disposition of assets.

The Obligated Group under the UMMS Master Loan Agreement includes the Medical Center, ROI, Midtown, Baltimore Washington Medical Center, Shore Health (Memorial Hospital and Dorchester General), CRHC, Charles Regional Medical Center, UMSJMC, UCMC, HMH, and the UMMS Foundation. Each member of the Obligated Group is jointly and severally liable for the repayment of the obligations under the UMMS Master Loan Agreement.

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

In August 2012, the Corporation refunded $40,755,000 of the Series 2007 Bonds and $175,000,000 of the Series 2008 Bonds. The refunding was completed using the proceeds of a new $216,335,000 variable-rate MHHEFA bond issue (the Series 2012A-D Bonds).

In April 2013, the Corporation issued a new fixed-rate MHHEFA bond issue (the Series 2013 Bonds) in the amount of $362,335,000. The Series 2013 Bonds were issued to finance the following (in thousands):

Purchase of substantially all of the assets of St. Joseph Medical Center (see note 1(a))	$	206,300
Information Technology and capital construction projects		68,200
Refunding of existing debt:		
Civista MHHEFA Series 2005		56,100
UMMS MHHEFA Series 2004B		25,200
Shore Health MHHEFA Series 1998		17,200
Chester River MHHEFA bonds and other loans		14,400
Subtotal		387,400
Less proceeds of original issue premium		(18,100)
Less amounts pledged to refunded bonds, net of financing costs		(6,965)
	$	362,335

The unamortized portion of issuance costs on the debt refunded by the Series 2013 Bonds was expensed as a loss on early extinguishment of debt during the year ended June 30, 2013. In addition, the Corporation had previously recorded a fair value decrease to the Charles Regional Series 2005 Bonds as a result of having elected to record that debt instrument at its fair value under ASC Subtopic 825-10. During fiscal year 2013, the Corporation continued to record changes in the fair value of the Charles Regional Series 2005 Bonds until the refunding occurred, at which time the remaining fair value change of $2,793,000 was expensed as a component of the loss on early extinguishment of debt.

On October 1, 2011, Upper Chesapeake entered into a Financing Agreement with MHHEFA and a lender for up to $50,000,000 of tax exempt Revenue Bonds, Series 2011A – UCHS Issue. The bonds are designated to support a capital project on the campus of UCMC, and bond proceeds are drawn upon as construction progresses. There was $50,000,000 drawn on the Series 2011A bonds as of June 30, 2014. The Series 2011A – UCHS Issue bonds bear interest at 3.67% through October 31, 2021, and thereafter at LIBOR plus an applicable spread which is based on prevailing bond rates for similarly rated bonds. Principal payments on the Series 2011A – UCHS Issue bonds are due in annual installments on January 1 ranging from $935,000 in 2014 to $2,695,000 in 2043 with a mandatory purchase in 2021 at its par amount, unless the bank and Obligated Group agree to an extension.

On December 1, 2011, MHHEFA issued $59,225,000 of tax exempt Revenue Bonds, Series 2011B – UCHS Issue on behalf of Upper Chesapeake. Bond proceeds were loaned to the Upper Chesapeake pursuant to a First Supplemental Indenture of Trust and Supplemental Loan Agreement. The Series 2011B – UCHS Issue bonds bear interest at LIBOR plus 1.15%, subject to prevailing rates on bond spreads. The bond proceeds were used to refund the Series 2008B – UCHS Issue and a portion of the Series 2008A – UCHS Issue. Principal payments on the Series 2011B – UCHS Issue bonds are due in monthly installments ranging from $90,000 in 2014 to $430,000 in 2040 with a mandatory purchase in 2021 at its par value, unless the bank and the Obligated Group agree to an extension.

On December 1, 2011, MHHEFA issued $59,225 of tax exempt Revenue Bonds, Series 2011C – UCHS Issue on behalf of the Upper Chesapeake. Bond proceeds were loaned to the Upper Chesapeake pursuant to a First Supplemental Indenture of Trust and Supplemental Loan Agreement. The Series 2011C – UCHS Issue bonds bear interest at LIBOR plus 0.95%, subject to prevailing rates on bond spreads. The bond proceeds were used to refund the Series 2008A – UCHS Issue. Principal payments on the Series 2011C – UCHS Issue bonds are due in monthly installments ranging from $90,000 in 2014 to $410,000 in 2039 with a mandatory purchase in 2017 at its par value, unless the bank and the Obligated Group agree to an extension.

The payment of principal and interest on the Corporation's issue Series 2005 Bonds is insured under a financial guaranty insurance policy. This policy insured the payment of principal, sinking fund installments and interest on the corresponding bonds. The insurance policy required the Obligated Group to adhere to the same covenants as those in the UMMS Master Loan Agreement.

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

2015	$	32,624
2016		33,829
2017		34,921
2018		45,840
2019		43,036
Thereafter		1,337,632
	$	1,527,882

The Corporation's Series 2007A and 2008D-E are variable rate demand bonds requiring remarketing agents to purchase and remarket any bonds tendered before the stated maturity date. The reimbursement obligations with respect to the letters of credit are evidenced and secured by the respective bonds. To provide liquidity support for the timely payment of any bonds that are not successfully remarketed, the Corporation has entered into letter of credit agreements with three banking institutions. These agreements have terms that expire in 2015 through 2017. If the bonds are not successfully remarketed, the Corporation is required to pay an interest rate specified in the letter of credit agreement, and the principal repayment of bonds may be accelerated to require repayment in periods ranging from 20 to 60 months from the date of the failed remarketing. The Corporation has reflected the amount of its long-term debt that is subject to these short-term remarketing arrangements as a separate component of current liabilities in its consolidated balance sheets. In the event that bonds are not remarketed, the Corporation maintains available letters of credit and has the ability to access other sources to obtain the necessary liquidity to comply with accelerated repayment terms. All variable rate demand bonds were successfully remarketed as of June 30, 2014.

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

2015	$	110,198
2016		98,977
2017		130,924
2018		54,640
2019		41,776
Thereafter		1,091,367
	$	1,527,882

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

	2014	2013
Series 2011A Bonds – UCHS Issue*	3.67%	—%
Series 2011B Bonds – UCHS Issue*	1.27	—
Series 2011C Bonds – UCHS Issue*	0.96	—
Series 2008D Bonds	0.06	0.03
Series 2008E Bonds	0.03	0.05
Series 2007A Bonds	0.05	0.07
Series 2012A Bonds	1.16	1.18
Series 2012B Bonds	0.86	0.88
Series 2012C Bonds	1.17	1.21
Series 2012D Bonds	1.10	0.96

* Acquired with Upper Chesapeake acquisition on December 6, 2013.

Term loans outstanding are as follows at June 30 (in thousands):

	Interest rate	Interest rate	Payable in fiscal year(s)	2014	2013
Term loan 1 payable monthly beginning February 2012	1-mo LIBOR + 2 75%	2 87%	2012–2018	$ 18.916	21.141
Term loan 2 payable monthly beginning March 2012	Fixed rate	3 95	2012–2022	10.000	10.800
Term loan 3 payable monthly beginning January 2012	Fixed rate	1 66	2012–2017	712	996
Term loan 4 payable monthly beginning April 2012	Fixed rate	1 62	2012–2017	719	981
Term loan 5 payable monthly beginning February 2010	1-mo LIBOR + 1 75%	1 86	2010–2019	3.506	3.731
Term loan 6 payable monthly beginning October 2012	Fixed rate	1 46	2013–2018	594	776
Term loan 7 payable monthly beginning November 2012	Fixed rate	2 91	2013–2018	127	166
Sub total – term loans (included in Long-term debt)				34.574	38.591
Term loan 8 (Current liabilities) lump sum payment December 2014	1-mo LIBOR + 0 65%	0 77	2.015	150.000	—
Total term loans				$ 184.574	38.591

On December 3, 2013, the Corporation entered into a term loan in the amount of $150,000,000 as a bridge financing related to the acquisition of Upper Chesapeake. The term loan is payable on December 2, 2014, and as such has been classified as a current liability in the consolidated balance sheets. The Corporation intends to refinance this obligation prior to its maturity date.

(8) Interest Rate Risk Management

The Corporation uses a combination of fixed and variable rate debt to finance capital needs. The Corporation maintains an interest rate risk-management strategy that uses interest rate swaps to minimize significant, unanticipated earnings fluctuations that may arise from volatility in interest rates.

At June 30, 2014 and 2013, the Corporation's notional values of outstanding interest rate swaps were $801,160,000 and $606,899,000, respectively, the details of which were as follows:

	Notional amount	Pay rate	Maturity date	Mark to market	Qualifies for hedge accounting treatment?
As of June 30, 2014					
Swap #1	$ 90,200	3 59%	7/1/2031	$ (14,889)	No
Swap #2	84,000	3 93	7/1/2041	(24,983)	No
Swap #3	21,000	4 24	7/1/2041	(7,348)	No
Swap #4	38,350	3 99	7/1/2034	(8,317)	No
Swap #5	28,060	3 54	7/1/2031	(4,481)	No
Swap #6	196,000	3 93	7/1/2041	(58,299)	No
Swap #7	49,000	4 24	7/1/2041	(17,147)	No
Swap #8	89,450	4 00	7/1/2034	(19,485)	No
Swap #9	4,690	3 63	7/1/2032	(582)	No
Swap #10	111,525	3 92	1/1/2038	(27,077)	No
Swap #11	88,885	0 51	1/1/2038	(1,350)	No
				(183,958)	
			Valuation adjustments	8,011	
Total	$ 801,160			$ (175,947)	

	Notional amount	Pay rate	Maturity date	Mark to market	Qualifies for hedge accounting treatment?
As of June 30, 2013					
Swap #1	$ 92,349	3 59%	7/1/2031	$ (14,839)	No
Swap #2	84,000	3 93	7/1/2041	(23,896)	No
Swap #3	21,000	4 24	7/1/2041	(7,090)	No
Swap #4	39,225	3 99	7/1/2034	(8,422)	No
Swap #5	28,730	3 54	7/1/2031	(4,454)	No
Swap #6	196,000	3 93	7/1/2041	(55,764)	No
Swap #7	49,000	4 24	7/1/2041	(16,545)	No
Swap #8	91,550	4 00	7/1/2034	(19,735)	No
Swap #9	5,045	3 63	7/1/2032	(647)	No
				(151,392)	
			Valuation adjustments	5,888	
Total	$ 606,899			$ (145,504)	

The mark-to-market values of the Corporation's interest rate swaps include a valuation adjustment representing the creditworthiness of the counterparties to the swaps.

On January 1, 2013, in accordance with ASC 815, *Derivatives and Hedging*, the Corporation elected to discontinue the cash flow hedging relationship for Swap #8. As of that date, the accumulated losses included in unrestricted net assets, will be reclassified into earnings over the life of the Series 2007 bonds. For the years ended June 30, 2014 and 2013, $1,857,000 and $938,000, respectively were reclassified from other changes in net assets into change in fair value of undesignated interest rate swaps. The accumulated losses included in unrestricted net assets were ($23,227,000) and ($25,084,000) at June 30, 2014 and 2013, respectively.

Other than Swap #8 during the period July 1, 2012 through December 31, 2012 as discussed above, the Corporation's interest rate swaps, do not qualify for hedge accounting treatment. The Corporation recorded a net nonoperating gain (loss) on changes in the fair value of nonqualifying interest rate swaps of ($5,277,000) and $70,144,000 for the years ended June 30, 2014 and 2013, respectively.

The swap agreements are included in the consolidated balance sheets at their fair value of $175,947,000 and $145,504,000 as of June 30, 2014 and 2013, respectively, an amount that is based on observable inputs other than quoted market prices in active markets for identical liabilities (Level 2 in the fair value hierarchy).

On December 6, 2013, in connection with the transaction discussed in note 1, the interest rate swap agreement for Upper Chesapeake was revised into a new agreement with the same terms and original confirmation between UMMS and the swap counterparty. The new agreement requires collateral postings by Upper Chesapeake, which is guaranteed by the Corporation. The Corporation posted collateral on behalf of Upper Chesapeake in the amount of $27,077,022 as of June 30, 2014.

The Corporation is subject to a collateral posting requirement with two of its swap counterparties. Collateral posting requirements are based on the Corporation's long-term debt credit ratings, as well as the net liability position of total interest rate swap agreements outstanding with that counterparty. The amount of such posted collateral was $66,765,072 and $65,047,000 at June 30, 2014 and 2013, respectively.

As of June 30, 2014 and 2013, the Corporation met its collateral posting requirement through the use of collateralized investments, which were selected and purchased by the Corporation and subsequently transferred to the custody of the swap counterparty. The amount of posted investments that is required to meet the collateral requirement is computed daily, and is accounted for as a component of the Corporation's assets limited as to use on the accompanying consolidated balance sheets as of that date. Any excess investment value is considered a component of the Corporation's unrestricted investment portfolio, and is included in investments on the accompanying consolidated balance sheets as of that date.

(9) Other Liabilities

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

		2014	2013
Professional and general malpractice liabilities	$	215,173	181,275
Capital lease obligations		55,570	37,529
Accrued pension obligations		24,751	26,584
Accrued interest payable		22,698	16,963
Other miscellaneous		54,684	38,717
Total other liabilities		372,876	301,068
Less current portion		(105,275)	(93,383)
Other long-term liabilities	$	267,601	207,685

Other miscellaneous liabilities primarily consist of unearned revenue and patient credit balance liabilities.

(10) Retirement Plans

Employees of the Corporation are included in various retirement plans established by the Corporation, the Medical Center, ROI, Midtown, Baltimore Washington, Shore Regional, Charles Regional, and Upper Chesapeake. Participation by employees in their specific plan(s) has evolved based upon the organization by which they were first employed and the elections that they made at the times when their original employers became part of the Corporation. Following is a brief description of each of the retirement plans in which employees of the Corporation participate.

(a) Defined Benefit Plans

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

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

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

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

Civista Health Inc Retirement Plan and Trust – A noncontributory defined benefit pension plan covering employees that have worked at least one thousand hours per year during three or more plan years. Plan benefits are accumulated based upon a combination of years of service and percent of annual compensation. Charles Regional makes annual contributions to the plan based upon amounts required to be funded under provisions of ERISA.

Upper Chesapeake Health System, Inc Pension Plan and Trust – A noncontributory defined benefit pension plan covering substantially all employees of the various affiliates of Upper Chesapeake who have completed six months of employment and attained the age of twenty and a half years. Upper Chesapeake makes annual contributions to the plan equal to the minimum funding requirements pursuant to ERISA regulations. On December 31, 2005, Upper Chesapeake froze the defined benefit pension plan.

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

The following table sets forth the combined benefit obligations and assets of the defined benefit plans at June 30 (in thousands):

		2014	2013
Change in projected benefit obligations:			
Benefit obligations at beginning of year	$	165,157	171,632
Addition of Upper Chesapeake obligation		71,539	—
Plan amendment		—	(123)
Settlements		(1,325)	(2,609)
Service cost		3,731	3,963
Interest cost		13,120	7,647
Actuarial loss		18,766	(9,260)
Benefit payments		(14,501)	(6,093)
Projected benefit obligations at end of year	$	256,487	165,157

(Continued)

		2014	2013
Change in plan assets:			
Fair value of plan assets at beginning of year	$	138,573	124,002
Addition of Upper Chesapeake assets		61,836	—
Actual return on plan assets		29,465	11,960
Settlements		(1,325)	(2,609)
Employer contributions		13,433	11,313
Benefit payments		(8,764)	(6,093)
Fair value of plan assets at end of year	$	233,218	138,573
Accumulated benefit obligation at end of year	$	248,545	158,832

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

		2014	2013
Funded status, end of period:			
Fair value of plan assets	$	233,218	138,573
Projected benefit obligations		256,487	165,157
Net funded status	$	(23,269)	(26,584)
Amounts recognized in consolidated balance sheets at June 30:			
Pension asset	$	1,482	—
Accrued pension obligation		(24,751)	(26,584)
	$	(23,269)	(26,584)
Amounts recognized in unrestricted net assets at June 30:			
Net actuarial loss	$	(77,451)	(53,337)
Prior service cost		(985)	(1,135)
Fair value of plan assets at end of year	$	(78,436)	(54,472)

The estimated amounts that will be amortized from unrestricted net assets into net periodic pension cost in fiscal 2015 are as follows:

Net actuarial loss	$	5,528
Prior service cost		163
	$	5,691

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

		2014	2013
Service cost	$	3,731	3,963
Interest cost		13,120	7,647
Expected return on plan assets		(17,580)	(9,328)
Prior service cost recognized		174	163
Recognized gains or losses		8,978	7,644
Net periodic pension cost	$	8,423	10,089

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

	2014	2013
Discount rate	4.40%–5.37%	4.97%–5.24%
Rate of compensation increase (for nonfrozen plan)	2.50%–4.50%	2.50%–4.50%

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

	2014	2013
Discount rate	4.48%–5.37%	4.32%–4.67%
Expected long-term return on plan assets	7.25%–7.50%	7.50%
Rate of compensation increase (for nonfrozen plan)	2.50%–4.50%	2.50%–4.50%

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

The Corporation's pension plans' target allocation and weighted average asset allocations at the measurement date of June 30, 2014 and 2013, by asset category, are as follows:

Asset category	Target allocation	Percentage of plan assets as of June 30	
		2014	2013
Cash and cash equivalents	4%	7%	5%
Fixed income securities	37	37	30
Equity securities	34	43	44
Global asset allocation	15	8	13
Hedge funds	10	5	8
		100%	100%

Equity and fixed income securities include investments in hedge fund of funds that are categorized in accordance with each fund's respective investment holdings.

The table below presents the Corporation's combined investable assets of the defined benefit pension plans as of June 30, 2014 aggregated by the three level valuation hierarchy as described in note 1(u):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 6,082	11,107	—	17,189
Corporate bonds	26,568	—	—	26,568
Gov't & agency bonds	15,001	—	—	15,001
Fixed income mutual funds	21,022	—	—	21,022
Common and preferred stocks	30,138	—	—	30,138
Equity mutual funds	59,209	—	—	59,209
Other mutual funds	10,908	—	—	10,908
Alternative investments	—	33,229	19,954	53,183
	$ 168,928	44,336	19,954	233,218

The table below presents the Corporation's combined investable assets of the defined benefit pension plans as of June 30, 2013, aggregated by the three level valuation hierarchy as described in note 1(u):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ —	7,182	—	7,182
Fixed income mutual funds	35,141	—	—	35,141
Common and preferred stocks	10,337	—	—	10,337
Equity mutual funds	43,584	—	—	43,584
Other mutual funds	10,655	—	—	10,655
Alternative investments	—	13,933	17,741	31,674
	$ 99,717	21,115	17,741	138,573

Changes to Level 1 and Level 2 inputs between June 30, 2014 and 2013 were the result of strategic investments and reinvestments, interest income earnings, and changes in the fair value of investments.

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

	Hedge funds
Balance as of June 30, 2012	$ 10,152
Additions/purchases	7,660
Withdrawals/sales	(371)
Net change in value	300
Balance as of June 30, 2013	17,741
Additions/purchases	385
Withdrawals/sales	(168)
Net change in value	1,996
Balance as of June 30, 2014	$ 19,954

The following summarizes the redemption terms for the hedge fund-of-funds vehicles alternative investments held as of June 30, 2014:

	Fund 1	Fund 2
Redemption timing:		
Redemption frequency	Monthly	Quarterly
Required notice	20 days	70 days
Gates:		
Potential gate holdback	None	None
Potential gate release timeframe	N/A	N/A

The Corporation expects to contribute $11,896,000 to its defined benefit pension plans for the fiscal year ending June 30, 2015.

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

2015	$	10,987
2016		11,246
2017		13,008
2018		13,411
2019		13,216
2020–2024		84,092

The expected benefits to be paid are based on the same assumptions used to measure the Corporation's benefit obligation at June 30, 2014.

(b) Defined Contribution Plans

Corporation Pension Plan – A noncontributory defined contribution plan for all eligible Corporation employees not participating in the ROI Plan or the Midtown Plan described below. Contributions to this plan by the Corporation are determined as a fixed percentage of total employees' base compensation.

Corporation Salary Reduction 403(b) Plan – A contributory benefit plan covering substantially all employees not participating in the ROI Plan or the Midtown Plan described below. Employees are immediately eligible for elective deferrals of compensation as contributions to the plan.

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

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

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

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

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

Charles Regional Retirement Savings Plan – A contributory benefit plan covering substantially all full-time employees of Charles Regional. Employees are eligible for matching contributions after three years of service as defined in the plan.

Upper Chesapeake Retirement Plan – A defined contribution benefit plan which allows employees of Upper Chesapeake to contribute amounts tax-deferred up to certain limits allowable under IRS guidelines. Upper Chesapeake is required to match up to 100% of employee contributions up to 4% of employees' salaries, based on years of service. Upper Chesapeake is also required to make a contribution of 1% of each employee's salary for all employees who work more than 1,000 hours annually. Additional contributions are required to be made by Upper Chesapeake for employees aged fifty and older, who have completed ten years of service. Employees vest in amounts contributed by Upper Chesapeake ratably over a five-year period.

Total annual retirement costs incurred by the Corporation for the previously discussed defined contribution plans were $35,016,000 and $34,516,000 for the years ended June 30, 2014 and 2013, respectively. Such amounts are included in salaries, wages and benefits in the accompanying consolidated statements of operations.

(11) Temporarily and Permanently Restricted Net Assets

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

		2014	2013
Facility construction and renovations, research, education, and other	$	49,842	37,760
Economic and beneficial interests in the net assets of related organizations		191,544	37,117
	$	241,386	74,877

Net assets were released from donor restrictions during the years ended June 30, 2014 and 2013 by expending funds satisfying the restricted purposes or by occurrence of other events specified by donors as follows (in thousands):

		2014	2013
Purchases of equipment and construction costs	$	2,913	24,081
Research, education, uncompensated care, and other		4,793	2,067
	$	7,706	26,148

Included in net assets released from donor restrictions for research, professional education, faculty support, uncompensated care and other is $3,173,000 and $1,638,000 for the years ended June 30, 2014 and 2013, respectively, related to nonoperating activities of the UMMS Foundation.

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

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

(a) Interpretation of Relevant Law

The Corporation has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Corporation and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Corporation

(7) The investment policies of the Corporation.

Endowment net assets are as follows (in thousands):

	June 30, 2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	13,480	36,050	49,530

	June 30, 2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	9,480	34,011	43,491

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Corporation to retain as a fund of perpetual duration. The Corporation does not have any donor-restricted endowment funds that are below the level that the donor or MUPMIFA requires.

(c) Investment Strategies

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

To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation employs a diversified asset allocation structure to achieve its long-term return objectives within prudent risk constraints.

The Corporation monitors the endowment funds' returns and appropriates average returns for use. In establishing this practice, the Corporation considered the long-term expected return on its endowment. This is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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

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

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

		2014	2013
Economic interests in:			
UCH Legacy Funding Corporation	$	150,000	—
The James Lawrence Kernan Hospital Endowment Fund, Incorporated		31,809	28,660
Baltimore Washington Medical Center Foundation, Inc.		6,600	5,607
Total economic interests		188,409	34,267
Beneficial interest in the net assets of Dorchester General Hospital Foundation, Inc.		3,135	2,850
	$	191,544	37,117

The UCH Legacy Funding Corporation was formed in December 2013 to hold funds restricted for the benefit of Upper Chesapeake.

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

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

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

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

		2014	2013
Current assets	$	2,770	2,140
Noncurrent assets		189,361	35,631
Total assets	$	192,131	37,771
Current liabilities	$	103	101
Noncurrent liabilities		484	553
Net assets		191,544	37,117
Total liabilities and net assets	$	192,131	37,771
Total operating revenue	$	7,570	(1,000)
Total operating expense		(3,775)	1,043
Other changes in net assets		150,632	(495)
Total increase (decrease) in net assets	$	154,427	(452)

(13) State Support

In each of the years ended June 30, 2014 and 2013, the Corporation received $3,000,000 in support for the Shock Trauma Center operations from the state of Maryland.

The state of Maryland appropriates funds for construction costs incurred, equipment purchases made, and other capital support. The Corporation recognizes this support as the funds are expended for the intended projects. The Corporation expended and recorded $443,000 and $17,253,000 during the year ended June 30, 2014 and 2013, respectively.

(14) Functional Expenses

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

		2014	2013
Healthcare services	$	2,632,935	2,228,069
General and administrative		345,711	357,157
	$	2,978,646	2,585,226

(15) Insurance

The Corporation maintains self-insurance programs for professional and general liability risks, employee health, employee long-term disability, and workers' compensation. Estimated liabilities have been recorded based on actuarial estimation of reported and incurred but not reported claims. The accrued liabilities for these programs as of June 30, 2014 and 2013 were as follows (in thousands):

		2014	2013
Professional and general malpractice liabilities	$	215,173	181,275
Employee health		24,105	20,068
Employee long-term disability		12,962	10,038
Workers' compensation		16,937	12,420
Total self-insured liabilities		269,177	223,801
Less current portion		(62,667)	(48,111)
	$	206,510	175,690

The Corporation provides for and funds the present value of the costs for professional and general liability claims and insurance coverage related to the projected liability from asserted and unasserted incidents, which the Corporation believes may ultimately result in a loss. These accrued malpractice losses are discounted using a discount rate of 2.5%. In management's opinion, these accruals provide an adequate and appropriate loss reserve. The professional and general malpractice liabilities presented above include $125,206,000 and $114,355,000 as of June 30, 2014 and 2013, respectively, for which related insurance receivables have been recorded.

The Corporation and each of its affiliates are self-insured for professional and general liability claims up to the limits of $1.0 million on individual claims and $3.0 million in the aggregate on an annual basis. For amounts in excess of these limits, the risk of loss has been transferred to the Terrapin Insurance Company (Terrapin), an unconsolidated joint venture. Terrapin provides insurance for claims in excess of $1 million individually and $3 million in the aggregate up to $100 million individually and $100 million in the aggregate under claims made policies between the Corporation and Terrapin. For claims in excess of Terrapin's coverage limits, if any, the Corporation retains the risk of loss.

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

Total malpractice insurance expense for the Corporation during the years ended June 30, 2014 and 2013 was approximately $50,835,000 and $44,234,000, respectively.

(16) Business and Credit Concentrations

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

The Corporation maintains cash accounts with highly rated financial institutions which generally exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits, and as such, management does not believe the Corporation is subject to any significant credit risks related to this practice.

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

	2014	2013
Medicare	22%	25%
Medicaid	28	27
Commercial insurance and HMOs	17	17
Blue Cross	11	12
Self-pay and others	22	19
	100%	100%

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

	2014	2013
Medicare	38%	36%
Medicaid	20	23
Commercial insurance and HMOs	21	17
Blue Cross	14	16
Self-pay and others	7	8
	100%	100%

(17) Certain Significant Risks and Uncertainties

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

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

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

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

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

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

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

The general healthcare industry environment is increasingly uncertain, especially with respect to the impact of Federal healthcare reform legislation, which was passed in 2010 and largely upheld by the U.S. Supreme Court in June 2012. Potential impacts of ongoing healthcare industry transformation include, but are not limited to (1) significant capital investments in healthcare information technology, (2) continuing volatility in the state and federal government reimbursement programs, (3) lack of clarity related to the health benefit exchange framework mandated by reform legislation, including important open questions regarding exchange reimbursement levels, and impact on the healthcare "demand curve" as the previously uninsured enter the insurance system, and (4) effective management of multiple major regulatory mandates, including the transition to ICD-10. This Federal healthcare reform legislation does not affect the consolidated financial statements for the year ended June 30, 2014.

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

For the year ended June 30, 2013, patient service revenue for hospital services was regulated by the HSCRC and recorded at rates established by the HSCRC which were adjusted annually to account for compliance with approved rates, annual inflation and changes in cost and volume. The Medical Center, ROI, Midtown, Baltimore Washington, Charles Regional and St. Joseph had Charge Per Episode (CPE) agreements with the HSCRC. The CPE agreements established a prospectively approved average charge per inpatient episode based upon an estimated case mix index. The agreement allowed the hospitals to adjust approved unit rates, within certain limits, to achieve the average CPE target. The HSCRC allowed for certain corridors related to the approved rates such that variances within those corridors did not adversely impact the hospitals. Outpatient services were charged using the established HSCRC unit rates.

On July 3, 2014, the Health System and the Health Services Cost Review Commission (HSCRC) agreed to implement the Global Budget Revenue (GBR) methodology, effective July 1, 2013 for the following hospitals: Medical Center, ROI, Midtown, Baltimore Washington, Charles Regional, St. Joseph, Shore Emergency Center, and Upper Chesapeake. The agreements will continue through June 30, 2014 and on July 1, 2014, and each year thereafter, the agreements will renew for a one year period unless it is canceled by the HSCRC or by the Corporation. The GBR model is a revenue constraint and quality improvement system designed by the HSCRC to provide hospitals with strong financial incentives to manage their resources efficiently and effectively in order to slow the rate of increase in health care costs and improve health care delivery processes and outcomes. The GBR model is consistent with the Corporation's mission to provide the highest value of care possible to its patients and the communities it serves.

The GBR agreements establish a prospective, fixed revenue base "GBR cap" for the upcoming year. This includes both inpatient and outpatient regulated services. Under GBR, a hospital's revenue for all HSCRC regulated services is predetermined for the upcoming year, regardless of changes in volume, service mix intensity, or mix of inpatient or outpatient services that occurred during the year. The GBR agreement allows the Corporation to adjust unit rates, within certain limits, to achieve the overall revenue base for the Corporation at year end. Any overcharge or undercharge versus the GBR cap is prospectively added to the subsequent year's GBR cap. Although the GBR cap does not adjust for changes in volume or service mix, the GBR cap is adjusted annually for inflation, and for changes in payor mix and uncompensated care. Beginning on July 1, 2014 and each year thereafter, the Corporation will receive an annual adjustment to its cap for the change in population in the Corporation's service areas. GBR is designed to encourage hospitals to operate efficiently by reducing utilization and managing patients in the appropriate care delivery setting.

For the years ended June 30, 2014 and 2013, Memorial Hospital, Dorchester Hospital, and CRHC continued their participation in Total Patient Revenue (TPR) agreements with the HSCRC. The TPR agreements establish an approved aggregate inpatient and outpatient revenue for regulated services to provide care for the patient population in the geographic region without regard for patient acuity or volumes. GBR and TPR are generally the same concept.

The HSCRC utilizes a bad debt pool into which each of the regulated hospitals in Maryland participates. The funds in the bad debt pool are distributed to the hospitals that exceed the state average based upon the amount of uncompensated care delivered to patients during the year. For the years ended June 30, 2014 and 2013, the Corporation recognized a net distribution from the pool of $45,805,000 and $52,352,000, respectively, which is recorded as net patient service revenue.

(19) Subsequent Events

The corporation evaluated all events and transactions that occurred after June 30, 2014 and through October 28, 2014. The Corporation did not have any material recognizable subsequent events during the period.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2014

(In thousands)

Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Shore Regional	Charles Regional	St. Joseph Health	Upper Chesapeake	UMMS Foundation	ECARE	Eliminations	Consolidated total
Current assets:												
Cash and cash equivalents	$ 120,849	25,636	20,459	20,960	19,979	22,881	5,245	51,713	—	—	—	287,722
Assets limited as to use, current portion	45,943	—	993	1,140	910	912	477	2,123	—	—	—	52,498
Accounts receivable:												
Patient accounts receivable, less allowance for doubtful accounts of $210,958	160,184	16,193	27,654	40,403	28,682	9,041	36,201	39,687	—	—	—	358,045
Other	161,893	1,681	2,727	2,707	17,934	2,013	(74,901)	—	—	237	(55,863)	58,428
Inventories	24,692	1,188	2,969	7,708	4,014	1,587	4,932	9,462	—	—	—	56,552
Prepaid expenses and other current assets	6,003	10	142	1,889	1,723	266	2,592	13,332	1,500	46	—	27,503
Total current assets	519,564	44,708	54,944	74,807	73,242	36,700	(25,454)	116,317	1,500	283	(55,863)	840,748
Investments	361,916	13,700	—	73,089	52,718	22,708	10,676	—	—	—	—	534,807
Assets limited as to use, less current portion:												
Investments held for collateral	60,418	—	—	8,000	—	—	—	27,952	—	—	—	96,370
Debt service funds	33,781	—	—	—	—	—	—	4,055	—	—	—	37,836
Construction funds	58,392	12,554	1,603	28,278	9,715	4,729	29,863	—	—	—	—	145,134
Board designated and escrow funds	—	—	—	—	75,336	5,364	—	117,696	23,740	—	—	222,136
Self-insurance trust funds	54,750	—	21,055	21,930	24,426	6,880	5,900	8,887	—	—	—	143,828
Funds restricted by donor	—	—	1,175	—	29,157	—	785	—	22,393	—	—	53,510
Economic and beneficial interests in the net assets of related organizations	202,189	34,003	111	6,602	3,134	—	9,503	—	—	—	(63,998)	191,544
	409,530	46,557	23,944	64,810	141,768	16,973	46,051	158,590	46,133	—	(63,998)	890,358
Property and equipment, net	896,440	45,433	102,074	252,204	165,945	90,903	211,436	263,556	—	3,243	—	2,031,234
Investments in joint ventures and other assets	657,514	—	28,236	17,790	11,426	5,383	12,504	217,872	6,894	—	(655,528)	302,091
Total assets	$ 2,844,964	150,398	209,198	482,700	445,099	172,667	255,213	756,335	54,527	3,526	(775,389)	4,599,238

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2014

(In thousands)

Liabilities and Net Assets		University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Shore Regional	Charles Regional	St. Joseph Health	Upper Chesapeake	UMMS Foundation	ECARE	Eliminations	Consolidated total
Current liabilities:													
Trade accounts payable	$	144 766	5 779	13 612	23 519	20 434	8 974	27 119	16 789	32	841	—	261 865
Accrued payroll and benefits		97 157	4 962	12 753	25 134	25 091	5 590	26 818	24 658	—	—	—	222 163
Advances from third-party payors		71 498	3 880	8 757	9 965	6 187	3 449	12 066	7 810	—	—	—	123 612
Lines of credit		105 000	—	—	—	—	12 000		—	—	—	—	117 000
Short-term financing		150 000	—	—	—	—	—	—	—	—	—	—	150 000
Other current liabilities		85 579	11 863	15 231	(1 337)	4 549	3 378	4 040	32 617	—	5 218	(55 863)	105 275
Long-term debt subject to short-term remarketing arrangements		77 574	—	—	—	—	—	—	—	—	—	—	77 574
Current portion of long-term debt		13 249	463	866	3 618	3 196	2 688	4 363	4 181	—	—	—	32 624
Total current liabilities		744 823	26 947	51 219	60 899	59 457	36 079	74 406	86 055	32	6 059	(55 863)	1 090 113
Long-term debt, less current portion		558 828	22 003	35 094	193 650	98 184	66 145	253 825	208 517	—	—	—	1 436 246
Other long-term liabilities		119 466	415	26 139	36 286	19 745	15 491	7 715	42 344	—	—	—	267 601
Interest rate swap liabilities		148 097	—	—	—	—	—	—	27 850	—	—	—	175 947
Total liabilities		1 571 214	49 365	112 452	290 835	177 386	117 715	335 946	364 766	32	6 059	(55 863)	2 969 907
Net assets:													
Unrestricted		1 049 321	66 897	95 466	185 263	232 805	54 859	(86 233)	233 396	28 935	(2 533)	(506 275)	1 351 895
Temporarily restricted		222 740	34 136	1 286	6 602	19 656	93	5 100	156 897	6 851	—	(211 975)	241 386
Permanently restricted		1 689	—	—	—	15 252	—	400	1 276	18 709	—	(1 276)	36 050
Total net assets		1 273 750	101 033	96 746	191 865	267 713	54 952	(80 733)	391 569	54 495	(2 533)	(719 526)	1 629 331
Total liabilities and net assets	$	2 844 964	150 398	209 198	482 700	445 099	172 667	255 213	756 335	54 527	3 526	(775 389)	4 599 238

See accompanying independent auditors' report.

Schedule 1-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Medical Center & Affiliates (UMMC)

June 30, 2014

(In thousands)

Assets	University of Maryland Medical Center	University Specialty	36 South Paca	University CARE	Eliminations	University of Maryland consolidated total
Current assets						
Cash and cash equivalents	$ 119,021	178	1,107	543	—	120,849
Assets limited as to use, current portion	45,943	—	—	—	—	45,943
Accounts receivable						
Patient accounts receivable, less allowance for doubtful accounts of $95,235	160,127	—	—	57	—	160,184
Other	165,030	—	96	87	(3,320)	161,893
Inventories	24,653	—	—	39	—	24,692
Prepaid expenses and other current assets	5,967	—	—	36	—	6,003
Total current assets	520,741	178	1,203	762	(3,320)	519,564
Investments	361,916	—	—	—	—	361,916
Assets limited as to use, less current portion						
Investment held for collateral	60,418	—	—	—	—	60,418
Debt service funds	33,781	—	—	—	—	33,781
Construction funds	58,392	—	—	—	—	58,392
Board designated and escrow funds	—	—	—	—	—	—
Self-insurance trust funds	54,750	—	—	—	—	54,750
Funds restricted by donor	—	—	—	—	—	—
Economic interests in the net assets of related organizations	202,189	—	—	—	—	202,189
	409,530	—	—	—	—	409,530
Property and equipment, net	887,175	—	9,265	—	—	896,440
Investments in joint ventures and other assets	663,332	—	3,277	—	(9,095)	657,514
Total assets	$ 2,842,694	178	13,745	762	(12,415)	2,844,964

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Medical Center & Affiliates (UMMC)

June 30, 2014

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	University Specialty	36 South Paca	University CARE	Eliminations	University of Maryland consolidated total
Current liabilities						
Trade accounts payable	$ 142,885	472	192	1,217	—	144,766
Accrued payroll and benefits	96,947	148		62	—	97,157
Advances from third-party payors	71,498	—	—	—	—	71,498
Lines of credit	105,000	—	—	—	—	105,000
Short-term financing	150,000	—	—	—	—	150,000
Other current liabilities	84,899	77	3,500	423	(3,320)	85,579
Long-term debt subject to short-term remarketing arrangements	77,574	—	—	—	—	77,574
Current portion of long-term debt	13,249	—	—	—	—	13,249
Total current liabilities	742,052	697	3,692	1,702	(3,320)	744,823
Long-term debt, less current portion	558,828	—	—	—	—	558,828
Other long-term liabilities	119,445	—	21	—	—	119,466
Interest rate swaps	148,097	—	—	—	—	148,097
Total liabilities	1,568,422	697	3,713	1,702	(3,320)	1,571,214
Net assets						
Unrestricted	1,049,843	(519)	10,032	(940)	(9,095)	1,049,321
Temporarily restricted	222,740	—	—	—	—	222,740
Permanently restricted	1,689	—	—	—	—	1,689
Total net assets	1,274,272	(519)	10,032	(940)	(9,095)	1,273,750
Total liabilities and net assets	$ 2,842,694	178	13,745	762	(12,415)	2,844,964

See accompanying independent auditors' report

Schedule 1-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Midtown Health, Inc (Midtown)

June 30, 2014

(In thousands)

Assets	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Current assets					
Cash and cash equivalents	$ 160	20,163	136	—	20,459
Assets limited as to use, current portion	—	993	—	—	993
Accounts receivable					
Patient accounts receivable, less allowance for doubtful accounts of $14,561	—	26,931	723	—	27,654
Other	(22)	3,593	(844)	—	2,727
Inventories	—	2,969	—	—	2,969
Prepaid expenses and other current assets	—	142	—	—	142
Total current assets	138	54,791	15	—	54,944
Investments	—	—	—	—	—
Assets limited as to use, less current portion					
Debt service funds	—	—	—	—	—
Construction funds	—	1,603	—	—	1,603
Board designated and escrow funds	—	—	—	—	—
Self-insurance trust funds	—	21,055	—	—	21,055
Funds restricted by donor	—	1,175	—	—	1,175
Economic interests in the net assets of related organizations	—	111	—	—	111
	—	23,944	—	—	23,944
Property and equipment, net	1,821	100,253	—	—	102,074
Investments in joint ventures and other assets	16,277	11,959	—	—	28,236
Total assets	$ 18,236	190,947	15	—	209,198

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Midtown Health, Inc (Midtown)

June 30, 2014

(In thousands)

Liabilities and Net Assets	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Current liabilities					
Trade accounts payable	$ 22	13,582	8	—	13,612
Accrued payroll and benefits	—	12,753	—	—	12,753
Advances from third-party payors	—	8,757	—	—	8,757
Lines of credit	—	—	—	—	—
Other current liabilities	—	15,231	—	—	15,231
Current portion of long-term debt	186	680	—	—	866
Total current liabilities	208	51,003	8	—	51,219
Long-term debt, less current portion	781	34,313	—	—	35,094
Other long-term liabilities	1	26,138	—	—	26,139
Total liabilities	990	111,454	8	—	112,452
Net assets					
Unrestricted	17,246	78,207	7	—	95,460
Temporarily restricted	—	1,286	—	—	1,286
Permanently restricted	—	—	—	—	—
Total net assets	17,246	79,493	7	—	96,746
Total liabilities and net assets	$ 18,236	190,947	15	—	209,198

See accompanying independent auditors' report

Schedule 1-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

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

June 30, 2014

(In thousands)

Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Shipley's	Eliminations	BWMS consolidated total
Current assets								
Cash and cash equivalents	$ —	18,281	1,281	308	571	519	—	20,960
Assets limited as to use, current portion	—	1,140	—	—	—	—	—	1,140
Accounts receivable								
Patient accounts receivable, less allowance for doubtful accounts of $52,699	—	33,312	3,260	3,831	—	—	—	40,403
Other	—	701	—	2,047	(34)	(7)	—	2,707
Inventories	—	7,708	—	—	—	—	—	7,708
Prepaid expenses and other current assets	—	1,530	22	343	6	(12)	—	1,889
Total current assets	—	62,672	4,563	6,529	543	500	—	74,807
Investments	—	73,089	—	—	—	—	—	73,089
Assets limited as to use, less current portion								
Investment held for collateral	—	8,000	—	—	—	—	—	8,000
Debt service funds	—	—	—	—	—	—	—	—
Construction funds	—	28,278	—	—	—	—	—	28,278
Board designated and escrow funds	—	—	—	—	—	—	—	—
Self-insurance trust funds	—	21,930	—	—	—	—	—	21,930
Funds restricted by donor	—	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	6,602	—	—	—	—	—	6,602
	—	64,810	—	—	—	—	—	64,810
Property and equipment, net	—	223,802	—	10,083	12,015	6,304	—	252,204
Investments in joint ventures and other assets	175,622	15,157	—	2,613	2	17	(175,621)	17,790
Total assets	$ 175,622	439,530	4,563	19,225	12,560	6,821	(175,621)	482,700

(Continued)

Schedule 1-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

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

June 30, 2014

(In thousands)

Liabilities and Net Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Shipley's	Eliminations	BWMS consolidated total
Current liabilities								
Trade accounts payable	$ 18	19,564	434	3,438	66	(1)	—	23,519
Accrued payroll and benefits	1,323	22,799	788	224	—	—	—	25,134
Advances from third-party payors	—	9,965	—	—	—	—	—	9,965
Lines of credit	—	—	—	—	—	—	—	—
Other current liabilities	(18,538)	26,675	(7,537)	1,068	342	(3,347)	—	(1,337)
Current portion of long-term debt	—	3,296	—	97	225	—	—	3,618
Total current liabilities	(17,197)	82,299	(6,315)	4,827	633	(3,348)	—	60,899
Long-term debt, less current portion	—	179,849	—	10,520	3,281	—	—	193,650
Other long-term liabilities	—	36,286	—	—	—	—	—	36,286
Total liabilities	(17,197)	298,434	(6,315)	15,347	3,914	(3,348)	—	290,835
Net assets								
Unrestricted	192,819	134,494	10,878	3,878	8,646	10,169	(175,621)	185,263
Temporarily restricted	—	6,602	—	—	—	—	—	6,602
Permanently restricted	—	—	—	—	—	—	—	—
Total net assets	192,819	141,096	10,878	3,878	8,646	10,169	(175,621)	191,865
Total liabilities and net assets	$ 175,622	439,530	4,563	19,225	12,560	6,821	(175,621)	482,700

See accompanying independent auditors' report

Schedule 1-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Regional Health (Shore Regional)

June 30 2014

(In thousands)

Assets	Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Chester River Consolidated Total	Eliminations	SHS consolidated total
Current assets								
Cash and cash equivalents	$ 13 657	—	197	—	229	5 896	—	19 979
Assets limited as to use current portion	645	—	—	—	—	265	—	910
Accounts receivable								
Patient accounts receivable less allowance for doubtful accounts of $10 707	19 565	—	735	—	2 471	5 911	—	28 682
Other	16 090	(41)	2 606	—	43	(764)	—	17 934
Inventories	3 611	—	—	—	—	403	—	4 014
Prepaid expenses and other current assets	1 455	25	11	—	77	155	—	1 723
Total current assets	55 023	(16)	3 549	—	2 820	11 866	—	73 242
Investments	44 099	1 016	—	—	—	7 603	—	52 718
Assets limited as to use less current portion								
Debt service funds	—	—	—	—	—	—	—	—
Construction funds	5 078	—	—	—	—	4 637	—	9 715
Board designated and escrow funds	25 000	44 749	—	—	—	5 587	—	75 336
Self-insurance trust funds	19 157	—	—	—	—	5 269	—	24 426
Funds restricted by donor	4 550	22 708	—	—	—	1 899	—	29 157
Economic and beneficial interests in the net assets of related organizations	74 782	—	—	—	—	6 343	(77 991)	3 134
	128 567	67 457	—	—	—	23 735	(77 991)	141 768
Property and equipment net	130 732	3 489	480	—	1 498	29 746	—	165 945
Investments in joint ventures and other assets	11 824	20	—	—	—	3 917	(4 335)	11 426
Total assets	$ 370 245	71 966	4 029	—	4 318	76 867	(82 326)	445 099

(Continued)

Schedule 1-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Regional Health (Shore Regional)

June 30, 2014

(In thousands)

Liabilities and Net Assets		Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Chester River Consolidated Total	Eliminations	SHS consolidated total
Current liabilities									
Trade accounts payable	$	14 238	26	112	—	688	5 370	—	20 434
Accrued payroll and benefits		17 877	20	277	—	2 541	4 376	—	25 091
Advances from third-party payors		5 368	—	—	—	—	819	—	6 187
Lines of credit		—	—	—	—	—	—	—	—
Other current liabilities		2 526	272	1	—	392	1 358	—	4 549
Current portion of long-term debt		3 084	—	—	—	—	112	—	3 196
Total current liabilities		43 093	318	390	—	3 621	12 035	—	59 457
Long-term debt less current portion		93 421	—	—	—	—	4 763	—	98 184
Other long-term liabilities		12 535	—	—	—	—	7 210	—	19 745
Total liabilities		149 049	318	390	—	3 621	24 008	—	177 386
Net assets									
Unrestricted		189 472	47 972	3 639	—	697	46 560	(55 535)	232 805
Temporarily restricted		17 750	12 701	—	—	—	3 743	(14 538)	19 656
Permanently restricted		13 974	10 975	—	—	—	2 556	(12 253)	15 252
Total net assets		221 196	71 648	3 639	—	697	52 859	(82 326)	267 713
Total liabilities and net assets	$	370 245	71 966	4 029	—	4 318	76 867	(82 326)	445 099

See accompanying independent auditors' report

Schedule 1-e

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc. (CRHS) a subsidiary of Shore Regional Health

June 30, 2014

(In thousands)

Assets	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Chester River consolidated total
Current assets:					
Cash and cash equivalents	$ 4,575	608	713	—	5,896
Assets limited as to use, current portion	265	—	—	—	265
Accounts receivable:					
Patient accounts receivable, less allowance for doubtful accounts of $3,823	5,108	545	258	—	5,911
Other	(1,087)	301	(33)	55	(764)
Inventories	403	—	—	—	403
Prepaid expenses and other current assets	104	51	—	—	155
Total current assets	9,368	1,505	938	55	11,866
Investments	4,737	—	1,450	1,416	7,603
Assets limited as to use, less current portion:					
Debt service funds	—	—	—	—	—
Construction funds	4,637	—	—	—	4,637
Board designated and escrow funds	5,000	—	—	587	5,587
Self-insurance trust funds	5,185	84	—	—	5,269
Funds restricted by donor	70	—	—	1,829	1,899
Economic interests in the net assets of related organizations	5,834	67	442	—	6,343
	20,726	151	442	2,416	23,735
Property and equipment, net	27,444	2,075	227	—	29,746
Investments in joint ventures and other assets	1,454	—	—	2,463	3,917
Total assets	$ 63,729	3,731	3,057	6,350	76,867

(Continued)

Schedule 1-e

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc. (CRHS) a subsidiary of Shore Regional Health

June 30, 2014

(In thousands)

Liabilities and Net Assets	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Chester River consolidated total
Current liabilities:					
Trade accounts payable	$ 4,636	652	77	5	5,370
Accrued payroll and benefits	3,448	715	213	—	4,376
Advances from third-party payors	734	85	—	—	819
Lines of credit					—
Other current liabilities	1,351	2	3	2	1,358
Current portion of long-term debt	82	30	—	—	112
Total current liabilities	10,251	1,484	293	7	12,035
Long-term debt, less current portion	4,702	61	—	—	4,763
Other long-term liabilities	6,900	310	—	—	7,210
Total liabilities	21,853	1,855	293	7	24,008
Net assets:					
Unrestricted	38,744	1,828	2,760	3,228	46,560
Temporarily restricted	1,854	48	4	1,837	3,743
Permanently restricted	1,278	—	—	1,278	2,556
Total net assets	41,876	1,876	2,764	6,343	52,859
Total liabilities and net assets	$ 63,729	3,731	3,057	6,350	76,867

See accompanying independent auditors' report.

Schedule 1-f

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Charles Regional Health (Charles Regional)

June 30, 2014

(In thousands)

Assets	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Eliminations	Charles Regional consolidated total
Current assets						
Cash and cash equivalents	$ 79	21,246	701	855	—	22,881
Assets limited as to use, current portion	—	912	—	—	—	912
Accounts receivable						
Patient accounts receivable, less allowance for doubtful accounts of $6,267	—	7,988	1,053	—	—	9,041
Other	(7,762)	13,707	(3,876)	(56)	—	2,013
Inventories	—	1,587	—	—	—	1,587
Prepaid expenses and other current assets	—	206	27	33	—	266
Total current assets	(7,683)	45,646	(2,095)	832	—	36,700
Investments	—	20,458	—	2,250	—	22,708
Assets limited as to use, less current portion						
Debt service funds	—	—	—	—	—	—
Construction funds	—	4,729	—	—	—	4,729
Board designated and escrow funds	5,364	—	—	—	—	5,364
Self-insurance trust funds	—	6,880	—	—	—	6,880
Funds restricted by donor	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	5,147	(205)	—	(4,942)	—
	5,364	16,756	(205)	—	(4,942)	16,973
Property and equipment, net	16,054	70,840	1,266	2,743	—	90,903
Investments in joint ventures and other assets	904	4,476	3	—	—	5,383
Total assets	$ 14,639	158,176	(1,031)	5,825	(4,942)	172,667

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Charles Regional Health System, Inc (Charles Regional)

June 30, 2014

(In thousands)

Liabilities and Net Assets	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Eliminations	Charles Regional consolidated total
Current liabilities						
Trade accounts payable	$ 1	8,643	298	32	—	8,974
Accrued payroll and benefits	—	5,307	283	—	—	5,590
Advances from third-party payors	—	3,449	—	—	—	3,449
Lines of credit	—	12,000	—	—	—	12,000
Other current liabilities	2,001	1,377	—	—	—	3,378
Current portion of long-term debt	658	2,007	—	23	—	2,688
Total current liabilities	2,660	32,783	581	55	—	36,079
Long-term debt, less current portion	6,060	59,257	—	828	—	66,145
Other long-term liabilities	—	15,491	—	—	—	15,491
Total liabilities	8,720	107,531	581	883	—	117,715
Net assets						
Unrestricted	5,919	50,552	(1,612)	4,849	(4,849)	54,859
Temporarily restricted	—	93	—	93	(93)	93
Permanently restricted	—	—	—	—	—	—
Total net assets	5,919	50,645	(1,612)	4,942	(4,942)	54,952
Total liabilities and net assets	$ 14,639	158,176	(1,031)	5,825	(4,942)	172,667

See accompanying independent auditors' report

Schedule 1-g

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland St. Joseph Health System (SJHS)

June 30, 2014

(In thousands)

Assets	St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	Eliminations	St. Joseph consolidated total
Current assets:								
Cash and cash equivalents	$ 2,870	(18)	—	—	2,185	208	—	5,245
Assets limited as to use, current portion	477	—	—	—	—	—	—	477
Accounts receivable:								
Patient accounts receivable, less allowance for doubtful accounts of $10,516	30,718	3,304	—	2,179	—	—	—	36,201
Other	(34,976)	(21,430)	(4,198)	(13,919)	257	(635)	—	(74,901)
Inventories	4,904	—	—	28	—	—	—	4,932
Prepaid expenses and other current assets	1,438	479	345	172	8	150	—	2,592
Total current assets	5,431	(17,665)	(3,853)	(11,540)	2,450	(277)	—	(25,454)
Investments	—	—	—	—	—	10,676	—	10,676
Assets limited as to use, less current portion:								
Debt service funds	—	—	—	—	—	—	—	—
Construction funds	29,863	—	—	—	—	—	—	29,863
Board designated and escrow funds	—	—	—	—	—	—	—	—
Self-insurance trust funds	5,900	—	—	—	—	—	—	5,900
Funds restricted by donor	—	—	—	—	—	785	—	785
Economic interests in the net assets of related organizations	9,503	—	—	—	—	—	—	9,503
	45,266	—	—	—	—	785	—	46,051
Property and equipment, net	197,626	572	—	655	12,583	—	—	211,436
Investments in joint ventures and other assets	9,521	—	3,148	2,846	—	192	(3,203)	12,504
Total assets	$ 257,844	(17,093)	(705)	(8,039)	15,033	11,376	(3,203)	255,213

(Continued)

Schedule 1-g

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland St. Joseph Health System (SJHS)

June 30, 2014

(In thousands)

Liabilities and Net Assets		St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	Eliminations	St. Joseph consolidated total
Current liabilities:									
Trade accounts payable	$	25,301	1,214	373	164	53	14	—	27,119
Accrued payroll and benefits		21,118	2,665	—	3,035	—	—	—	26,818
Advances from third-party payors		12,066	—	—	—	—	—	—	12,066
Lines of credit		—	—	—	—	—	—	—	—
Other current liabilities		3,239	238	—	293	197	73	—	4,040
Current portion of long-term debt		4,363	—	—	—	—	—	—	4,363
Total current liabilities		66,087	4,117	373	3,492	250	87	—	74,406
Long-term debt, less current portion		244,542	—	—	—	9,283	—	—	253,825
Other long-term liabilities		6,995	—	—	720	—	—	—	7,715
Total liabilities		317,624	4,117	373	4,212	9,533	87	—	335,946
Net assets:									
Unrestricted		(59,781)	(21,210)	(1,078)	(12,251)	5,500	5,790	(3,203)	(86,233)
Temporarily restricted		1	—	—	—	—	5,099	—	5,100
Permanently restricted		—	—	—	—	—	400	—	400
Total net assets		(59,780)	(21,210)	(1,078)	(12,251)	5,500	11,289	(3,203)	(80,733)
Total liabilities and net assets	$	257,844	(17,093)	(705)	(8,039)	15,033	11,376	(3,203)	255,213

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Upper Chesapeake Health System (UCHS)

June 30, 2014

(In thousands)

Assets		Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Current assets:														
Cash and cash equivalents	$	30,553	20,838	20	—	258	8	36	—	—	—	—	—	51,713
Assets limited as to use, current portion		1,783	340	—		—	—	—	—	—	—	—	—	2,123
Accounts receivable:														
Patient accounts receivable, less allowance for doubtful accounts of $16,881		25,526	9,278	—	—	4,883	—	—	—	—	—	—	—	39,687
Other		—	—	—	—	—	—	—	—	—	—	—	—	—
Inventories		5,976	3,187	—	—	299	—	—	—	—	—	—	—	9,462
Prepaid expenses and other current assets		1,005	2,041	14	—	911	2	8,019	58	—	1,282	—	—	13,332
Total current assets		64,843	35,684	34	—	6,351	10	8,055	58	—	1,282	—	—	116,317
Investments		—	—	—	—	—	—	—	—	—	—	—	—	—
Assets limited as to use, less current portion:														
Investments held for swap collateral		27,952	—	—	—	—	—	—	—	—	—	—	—	27,952
Debt service funds		3,407	648	—	—	—	—	—	—	—	—	—	—	4,055
Construction funds		—	—	—	—	—	—	—	—	—	—	—	—	—
Board designated and escrow funds		41,568	58,666	—	—	—	475	16,987	—	—	—	—	—	117,696
Self-insurance trust funds		—	—	—	—	—	—	—	—	—	8,887	—	—	8,887
Funds restricted by donor		—	—	—	—	—	—	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations		—	—	—	—	—	—	—	—	—	—	—	—	—
		72,927	59,314	—	—	—	475	16,987	—	—	8,887	—	—	158,590
Property and equipment, net		222,298	30,713	105	568	1,555	2,666	6	2,320	—	—	3,325	—	263,556
Investments in joint ventures and other assets		212,597	6,926	—	3,393	—	—	217	—	—	6,129	—	(11,390)	217,872
Total assets	$	572,665	132,637	139	3,961	7,906	3,151	25,265	2,378	—	16,298	3,325	(11,390)	756,335

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Upper Chesapeake Health System (UCHS)

June 30, 2014

(In thousands)

Liabilities and Net Assets		Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Current liabilities:														
Trade accounts payable	$	8,077	5,857	—	—	2,728	—	—	105	—	22	—	—	16,789
Accrued payroll and benefits		17,017	6,111	—	—	300	—	—	1,230	—	—	—	—	24,658
Advances from third-party payors		5,983	1,827	—	—	—	—	—	—	—	—	—	—	7,810
Other current liabilities		(25,681)	35,435	20	1,784	4,811	393	8,019	3,742	—	644	3,385	65	32,617
Current portion of long-term debt		3,667	514	—	—	—	—	—		—	—	—	—	4,181
Total current liabilities		9,063	49,744	20	1,784	7,839	393	8,019	5,077	—	666	3,385	65	86,055
Long-term debt, less current portion		182,850	25,667	—	—	—	—	—	—	—	—	—	—	208,517
Other long-term liabilities		26,728	1,178	—	—	—	—	—	1	—	14,437	—	—	42,344
Interest rate swaps		27,850	—	—	—	—	—	—	—	—	—	—	—	27,850
Total liabilities		246,491	76,589	20	1,784	7,839	393	8,019	5,078	—	15,103	3,385	65	364,766
Net assets:														
Unrestricted		164,784	56,048	119	2,177	67	2,283	9,548	(2,700)	—	1,195	(60)	(65)	233,396
Temporarily restricted		161,390	—	—	—	—	475	6,422	—	—	—	—	(11,390)	156,897
Permanently restricted		—	—			—	—	1,276	—	—	—	—	—	1,276
Total net assets		326,174	56,048	119	2,177	67	2,758	17,246	(2,700)	—	1,195	(60)	(11,455)	391,569
Total liabilities and net assets	$	572,665	132,637	139	3,961	7,906	3,151	25,265	2,378	—	16,298	3,325	(11,390)	756,335

See accompanying independent auditors' report.

Schedule 2

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30 2013

(In thousands)

Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Shore Regional: Shore Health	Shore Regional: Chester River	Charles Regional	St Joseph Health	UMMS Foundation	Shipley's	ECARE	Eliminations	Consolidated total
Current assets													
Cash and cash equivalents	$ 143 939	6 887	6 911	38 267	14 256	5 909	28 806	6 398	—	832	—	—	252 205
Assets limited as to use current portion	42 900	—	1 001	985	624	573	—	260	—	—	—	—	46 343
Accounts receivable													
Patient accounts receivable less allowance for doubtful accounts of $160 675	156 721	14 671	27 860	44 359	32 967	5 974	12 108	46 120	—	—	—	—	340 780
Other	179 820	12 472	727	332	6 943	445	1 533	(61 555)	(1 200)	3 433	208	(102 398)	40 760
Inventories	20 225	1 054	2 691	6 743	3 921	405	1 459	4 523	—	—	—	—	41 021
Prepaid expenses and other current assets	7 071	—	127	2 008	1 753	40	554	1 260	1 500	—	—	—	14 313
Total current assets	550 676	33 084	39 317	92 694	60 464	13 346	44 460	(2 994)	300	4 265	208	(102 398)	735 422
Investments	346 659	12 038	—	51 744	35 467	5 727	1 621	10 220	—	—	—	—	463 476
Assets limited as to use less current portion													
Investments held for collateral	58 642	—	—	8 000	—	—	—	—	—	—	—	—	66 642
Debt service funds	34 236	—	—	—	—	—	—	—	—	—	—	—	34 236
Construction funds	79 575	14 001	1 603	13 394	5 078	1 127	962	48 069	—	—	—	—	163 809
Board designated and escrow funds	—	—	—	—	62 957	5 000	3 580	—	38 467	—	—	—	110 004
Self insurance trust funds	40 043	—	24 607	19 439	16 275	3 476	—	1 808	—	—	—	—	105 648
Funds restricted by donor	—	—	1 140	—	25 740	1 775	—	—	21 670	—	—	—	50 325
Economic and beneficial interests in the net assets of related organizations	65 452	30 490	222	5 607	2 850	—	—	9 503	—	—	—	(77 008)	37 116
	277 948	44 491	27 572	46 440	112 900	11 378	4 542	59 380	60 137	—	—	(77 008)	567 780
Property and equipment net	845 193	45 132	104 396	259 662	133 048	26 346	96 092	189 418	—	6 471	1 918	—	1 707 676
Investments in joint ventures and other assets	536 349	—	27 061	19 148	7 851	4 051	11 377	14 848	7 118	—	—	(288 060)	339 743
Total assets	$ 2 556 825	136 745	198 346	469 688	349 730	60 848	158 092	270 872	67 555	10 736	2 126	(467 466)	3 814 097

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2013

(In thousands)

Liabilities and Net Assets		University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Shore Regional: Shore Health	Shore Regional: Chester River	Charles Regional	St. Joseph Health	UMMS Foundation	Shipley's	ECARE	Eliminations	Consolidated total
Current liabilities:														
Trade accounts payable	$	145,463	8,093	15,266	21,788	14,374	6,045	7,511	20,643	50	409	190	—	239,832
Accrued payroll and benefits		89,822	5,222	14,757	23,359	19,585	4,719	5,137	18,808	—	—	—	—	181,409
Advances from third-party payors		77,290	3,037	6,803	8,659	5,627	887	3,235	10,454	—	—	—	—	115,992
Lines of credit		83,000	—	—	—	—	—	12,000	—	—	—	—	—	95,000
Other current liabilities		165,414	1,860	8,677	9,698	3,127	(2,892)	4,528	2,547	—	—	2,822	(102,398)	93,383
Long-term debt subject to short-term remarketing arrangements		19,123	—	—	—	—	—	—	—	—	—	—	—	19,123
Current portion of long-term debt		14,616	463	778	3,802	3,021	112	2,376	13,634	—	—	—	—	38,802
Total current liabilities		594,728	18,675	46,281	67,306	45,734	8,871	34,787	66,086	50	409	3,012	(102,398)	783,541
Long-term debt, less current portion		631,391	22,393	35,960	196,747	96,505	5,048	67,141	248,861	—	—	—	—	1,304,046
Other long-term liabilities		108,965	415	25,223	34,679	13,846	8,322	12,100	4,135	—	—	—	—	207,685
Interest rate swap liabilities		145,504	—	—	—	—	—	—	—	—	—	—	—	145,504
Total liabilities		1,480,588	41,483	107,464	298,732	156,085	22,241	114,028	319,082	50	409	3,012	(102,398)	2,440,776
Net assets:														
Unrestricted		996,454	64,638	89,520	165,349	165,187	36,832	43,854	(52,667)	42,899	10,327	(886)	(297,074)	1,264,433
Temporarily restricted		79,370	30,624	1,362	5,607	14,601	387	210	4,107	6,603	—	—	(67,994)	74,877
Permanently restricted		413	—	—	—	13,857	1,388	—	350	18,003	—	—	—	34,011
Total net assets		1,076,237	95,262	90,882	170,956	193,645	38,607	44,064	(48,210)	67,505	10,327	(886)	(365,068)	1,373,321
Total liabilities and net assets	$	2,556,825	136,745	198,346	469,688	349,730	60,848	158,092	270,872	67,555	10,736	2,126	(467,466)	3,814,097

See accompanying independent auditors' report.

Schedule 2-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Medical Center & Affiliates (UMMC)

June 30, 2013

(In thousands)

Assets	University of Maryland Medical Center	University Specialty	36 South Paca	University CARE	Eliminations	University of Maryland consolidated total
Current assets						
Cash and cash equivalents	$ 142,414	196	1,128	201	—	143,939
Assets limited as to use, current portion	42,900	—	—	—	—	42,900
Accounts receivable						
Patient accounts receivable, less allowance for doubtful accounts of $86,794	156,593	—	—	128	—	156,721
Other	194,804	600	169	163	(15,916)	179,820
Inventories	20,186	—	—	39	—	20,225
Prepaid expenses and other current assets	7,015	—	—	56	—	7,071
Total current assets	563,912	796	1,297	587	(15,916)	550,676
Investments	346,659	—	—	—	—	346,659
Assets limited as to use, less current portion						
Investment held for collateral	58,642	—	—	—	—	58,642
Debt service funds	34,236	—	—	—	—	34,236
Construction funds	79,575	—	—	—	—	79,575
Board designated and escrow funds	—	—	—	—	—	—
Self-insurance trust funds	40,043	—	—	—	—	40,043
Funds restricted by donor	—	—	—	—	—	—
Economic interests in the net assets of related organizations	65,347	105	—	—	—	65,452
	277,843	105	—	—	—	277,948
Property and equipment, net	835,770	—	9,423	—	—	845,193
Investments in joint ventures and other assets	521,903	—	3,277	—	11,169	536,349
Total assets	$ 2,546,087	901	13,997	587	(4,747)	2,556,825

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland Medical Center & Affiliates (UMMC)

June 30, 2013

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	University Specialty	36 South Paca	University CARE	Eliminations	University of Maryland consolidated total
Current liabilities						
Trade accounts payable	$ 142,190	1,912	160	1,201	—	145,463
Accrued payroll and benefits	88,879	827	—	116	—	89,822
Advances from third-party payors	72,725	4,565	—	—	—	77,290
Lines of credit	83,000	—	—	—	—	83,000
Other current liabilities	163,631	14,035	3,244	420	(15,916)	165,414
Long-term debt subject to short-term remarketing arrangements	19,123	—	—	—	—	19,123
Current portion of long-term debt	14,616	—	—	—	—	14,616
Total current liabilities	584,164	21,339	3,404	1,737	(15,916)	594,728
Long-term debt, less current portion	631,325	66	—	—	—	631,391
Other long-term liabilities	108,965	—	—	—	—	108,965
Interest rate swaps	145,504	—	—	—	—	145,504
Total liabilities	1,469,958	21,405	3,404	1,737	(15,916)	1,480,588
Net assets						
Unrestricted	996,451	(20,609)	10,593	(1,150)	11,169	996,454
Temporarily restricted	79,265	105	—	—	—	79,370
Permanently restricted	413	—	—	—	—	413
Total net assets	1,076,129	(20,504)	10,593	(1,150)	11,169	1,076,237
Total liabilities and net assets	$ 2,546,087	901	13,997	587	(4,747)	2,556,825

See accompanying independent auditors' report

Schedule 2-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Midtown Health, Inc (Midtown)

June 30, 2013

(In thousands)

Assets	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Current assets					
Cash and cash equivalents	$ 285	6,522	104	—	6,911
Assets limited as to use, current portion	—	1,001	—	—	1,001
Accounts receivable					
Patient accounts receivable, less allowance for doubtful accounts of $9,316	—	26,988	872	—	27,860
Other	(34)	1,722	(961)	—	727
Inventories	—	2,691	—	—	2,691
Prepaid expenses and other current assets	—	127	—	—	127
Total current assets	251	39,051	15	—	39,317
Investments	—	—	—	—	—
Assets limited as to use, less current portion					
Debt service funds	—	—	—	—	—
Construction funds	—	1,603	—	—	1,603
Board designated and escrow funds	—	—	—	—	—
Self-insurance trust funds	—	24,607	—	—	24,607
Funds restricted by donor	—	1,140	—	—	1,140
Economic interests in the net assets of related organizations	—	222	—	—	222
	—	27,572	—	—	27,572
Property and equipment, net	2,227	102,169	—	—	104,396
Investments in joint ventures and other assets	18,267	8,794	—	—	27,061
Total assets	$ 20,745	177,586	15	—	198,346

(Continued)

Schedule 2-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Midtown Health, Inc (Midtown)

June 30, 2013

(In thousands)

Liabilities and Net Assets	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Current liabilities					
Trade accounts payable	$ 8	15,250	8	—	15,266
Accrued payroll and benefits	—	14,757	—	—	14,757
Advances from third-party payors	—	6,803	—	—	6,803
Lines of credit	—	—	—	—	—
Other current liabilities	—	8,677	—	—	8,677
Current portion of long-term debt	174	604	—	—	778
Total current liabilities	182	46,091	8	—	46,281
Long-term debt, less current portion	967	34,993	—	—	35,960
Other long-term liabilities	1	25,222	—	—	25,223
Total liabilities	1,150	106,306	8	—	107,464
Net assets					
Unrestricted	19,595	69,918	7	—	89,520
Temporarily restricted	—	1,362	—	—	1,362
Permanently restricted	—	—	—	—	—
Total net assets	19,595	71,280	7	—	90,882
Total liabilities and net assets	$ 20,745	177,586	15	—	198,346

See accompanying independent auditors' report

Schedule 2-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

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

June 30, 2013

(In thousands)

Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS consolidated total
Current assets							
Cash and cash equivalents	$ —	37,209	730	38	290	—	38,267
Assets limited as to use, current portion	—	985	—	—	—	—	985
Accounts receivable							
Patient accounts receivable, less allowance for doubtful accounts of $40,646	—	38,987	3,552	1,820	—	—	44,359
Other	27,033	332	5,683	—	(713)	(32,003)	332
Inventories	—	6,743	—	—	—	—	6,743
Prepaid expenses and other current assets	—	1,447	22	533	6	—	2,008
Total current assets	27,033	85,703	9,987	2,391	(417)	(32,003)	92,694
Investments	—	51,744	—	—	—	—	51,744
Assets limited as to use, less current portion							
Investment held for collateral	—	8,000	—	—	—	—	8,000
Debt service funds	—	—	—	—	—	—	—
Construction funds	—	13,394	—	—	—	—	13,394
Board designated and escrow funds	—	—	—	—	—	—	—
Self-insurance trust funds	—	19,439	—	—	—	—	19,439
Funds restricted by donor	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	5,607	—	—	—	—	5,607
	—	46,440	—	—	—	—	46,440
Property and equipment, net	—	236,734	—	10,400	12,528	—	259,662
Investments in joint ventures and other assets	144,848	11,735	—	2,248	—	(139,683)	19,148
Total assets	$ 171,881	432,356	9,987	15,039	12,111	(171,686)	469,688

(Continued)

Schedule 2-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

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

June 30, 2013

(In thousands)

Liabilities and Net Assets	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS consolidated total
Current liabilities							
Trade accounts payable	$ 18	20,374	579	744	73	—	21,788
Accrued payroll and benefits	906	21,672	617	137	27	—	23,359
Advances from third-party payors	—	8,659	—	—	—	—	8,659
Lines of credit	—	—	—	—	—	—	—
Other current liabilities	—	40,634	—	1,067	—	(32,003)	9,698
Current portion of long-term debt	—	3,161	—	416	225	—	3,802
Total current liabilities	924	94,500	1,196	2,364	325	(32,003)	67,306
Long-term debt, less current portion	—	183,145	—	10,096	3,506	—	196,747
Other long-term liabilities	—	33,981	—	698	—	—	34,679
Total liabilities	924	311,626	1,196	13,158	3,831	(32,003)	298,732
Net assets							
Unrestricted	170,957	115,123	8,791	1,881	8,280	(139,683)	165,349
Temporarily restricted	—	5,607	—	—	—	—	5,607
Permanently restricted	—	—	—	—	—	—	—
Total net assets	170,957	120,730	8,791	1,881	8,280	(139,683)	170,956
Total liabilities and net assets	$ 171,881	432,356	9,987	15,039	12,111	(171,686)	469,688

See accompanying independent auditors' report

Schedule 2-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Regional Health (Shore Regional)

June 30, 2013

(In thousands)

Assets	Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Eliminations	SHS consolidated total
Current assets							
Cash and cash equivalents	$ 13,480	—	357	16	403	—	14,256
Assets limited as to use, current portion	624	—	—	—	—	—	624
Accounts receivable							
Patient accounts receivable, less allowance for doubtful accounts of $3,986	30,069	—	722	—	2,176	—	32,967
Other	4,283	1	2,490	(13)	182	—	6,943
Inventories	3,921	—	—	—	—	—	3,921
Prepaid expenses and other current assets	986	24	11	—	732	—	1,753
Total current assets	53,363	25	3,580	3	3,493	—	60,464
Investments	35,467	—	—	—	—	—	35,467
Assets limited as to use, less current portion							
Debt service funds	—	—	—	—	—	—	—
Construction funds	5,078	—	—	—	—	—	5,078
Board designated and escrow funds	25,000	37,957	—	—	—	—	62,957
Self-insurance trust funds	16,275	—	—	—	—	—	16,275
Funds restricted by donor	4,137	21,603	—	—	—	—	25,740
Economic and beneficial interests in the net assets of related organizations	65,507	—	—	—	—	(62,657)	2,850
	115,997	59,560	—	—	—	(62,657)	112,900
Property and equipment, net	127,156	3,584	554	—	1,754	—	133,048
Investments in joint ventures and other assets	11,959	21	—	—	—	(4,129)	7,851
Total assets	$ 343,942	63,190	4,134	3	5,247	(66,786)	349,730

(Continued)

Schedule 2-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Shore Regional Health (Shore Regional)

June 30, 2013

(In thousands)

Liabilities and Net Assets		Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Eliminations	SHS consolidated total
Current liabilities								
Trade accounts payable	$	11,913	15	113	—	2,333	—	14,374
Accrued payroll and benefits		17,025	18	359	—	2,183	—	19,585
Advances from third-party payors		5,627	—		—	—	—	5,627
Lines of credit		—	—	—	—	—	—	—
Other current liabilities		2,370	490	77	—	190	—	3,127
Current portion of long-term debt		3,021	—	—	—	—	—	3,021
Total current liabilities		39,956	523	549	—	4,706	—	45,734
Long-term debt, less current portion		96,505	—	—	—	—	—	96,505
Other long-term liabilities		13,836	10	—	—	—	—	13,846
Total liabilities		150,297	533	549	—	4,706	—	156,085
Net assets								
Unrestricted		165,187	41,366	3,585	3	541	(45,495)	165,187
Temporarily restricted		14,601	10,427	—	—	—	(10,427)	14,601
Permanently restricted		13,857	10,864	—	—	—	(10,864)	13,857
Total net assets		193,645	62,657	3,585	3	541	(66,786)	193,645
Total liabilities and net assets	$	343,942	63,190	4,134	3	5,247	(66,786)	349,730

See accompanying independent auditors' report

Schedule 2-e

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc (CRHS) a subsidiary of Shore Regional Health

June 30, 2013

(In thousands)

Assets	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS consolidated total
Current assets						
Cash and cash equivalents	$ 2,313	1,152	725	1,719	—	5,909
Assets limited as to use, current portion	573	—	—	—	—	573
Accounts receivable						
Patient accounts receivable, less allowance for doubtful accounts of $1,357	5,063	621	290	—	—	5,974
Other	411	17	1	16	—	445
Inventories	405	—	—	—	—	405
Prepaid expenses and other current assets	—	40	—	—	—	40
Total current assets	8,765	1,830	1,016	1,735	—	13,346
Investments	3,792	—	1,221	714	—	5,727
Assets limited as to use, less current portion						
Debt service funds	—	—	—	—	—	—
Construction funds	1,127	—	—	—	—	1,127
Board designated and escrow funds	5,000	—	—	—	—	5,000
Self-insurance trust funds	3,392	84	—	—	—	3,476
Funds restricted by donor	44	—	73	1,658	—	1,775
Economic interests in the net assets of related organizations	5,886	83	432	—	(6,401)	—
	15,449	167	505	1,658	(6,401)	11,378
Property and equipment, net	24,145	1,954	247	—	—	26,346
Investments in joint ventures and other assets	1,588	—	—	2,463	—	4,051
Total assets	$ 53,739	3,951	2,989	6,570	(6,401)	60,848

(Continued)

Schedule 2-e

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Chester River Health System, Inc (CRHS) a subsidiary of Shore Regional Health

June 30, 2013

(In thousands)

Liabilities and Net Assets	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS consolidated total
Current liabilities						
Trade accounts payable	$ 5,267	651	84	43	—	6,045
Accrued payroll and benefits	3,840	641	238	—	—	4,719
Advances from third-party payors	751	136	—	—	—	887
Lines of credit	—	—	—	—	—	—
Other current liabilities	(3,009)	71	16	30	—	(2,892)
Current portion of long-term debt	82	30	—	—	—	112
Total current liabilities	6,931	1,529	338	73	—	8,871
Long-term debt, less current portion	4,783	265	—	—	—	5,048
Other long-term liabilities	8,161	138	—	23	—	8,322
Total liabilities	19,875	1,932	338	96	—	22,241
Net assets						
Unrestricted	32,161	2,019	2,579	4,814	(4,741)	36,832
Temporarily restricted	332	—	55	289	(289)	387
Permanently restricted	1,371	—	17	1,371	(1,371)	1,388
Total net assets	33,864	2,019	2,651	6,474	(6,401)	38,607
Total liabilities and net assets	$ 53,739	3,951	2,989	6,570	(6,401)	60,848

See accompanying independent auditors' report

Schedule 2-f

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Charles Regional Health System, Inc (Charles Regional)

June 30, 2013

(In thousands)

Assets	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Eliminations	Charles Regional consolidated total
Current assets						
Cash and cash equivalents	$ 62	28,125	137	482	—	28,806
Assets limited as to use, current portion	—	—	—	—	—	—
Accounts receivable						
Patient accounts receivable, less allowance for doubtful accounts of $7,147	—	11,705	403	—	—	12,108
Other	(10,667)	17,022	(5,216)	394	—	1,533
Inventories	—	1,459	—	—	—	1,459
Prepaid expenses and other current assets	—	460	66	28	—	554
Total current assets	(10,605)	58,771	(4,610)	904	—	44,460
Investments	—	—	—	1,621	—	1,621
Assets limited as to use, less current portion						
Debt service funds	—	—	—	—	—	—
Construction funds	—	962	—	—	—	962
Board designated and escrow funds	3,485	—	—	95	—	3,580
Self-insurance trust funds	—	—	—	—	—	—
Funds restricted by donor	—	—	—	—	—	—
Economic interests in the net assets of related organizations	—	—	—	—	—	—
	3,485	962	—	95	—	4,542
Property and equipment, net	14,621	69,010	9,584	2,877	—	96,092
Investments in joint ventures and other assets	905	14,663	383	—	(4,574)	11,377
Total assets	$ 8,406	143,406	5,357	5,497	(4,574)	158,092

(Continued)

Schedule 2-f

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – Charles Regional Health System, Inc (Charles Regional)

June 30, 2013

(In thousands)

Liabilities and Net Assets	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Eliminations	Charles Regional consolidated total
Current liabilities						
Trade accounts payable	$ 3	7,136	328	44	—	7,511
Accrued payroll and benefits	—	4,978	159	—	—	5,137
Advances from third-party payors	—	3,235	—	—	—	3,235
Lines of credit	—	12,000	—	—	—	12,000
Other current liabilities	3,278	1,250	—	—	—	4,528
Current portion of long-term debt	130	1,966	258	22	—	2,376
Total current liabilities	3,411	30,565	745	66	—	34,787
Long-term debt, less current portion	978	61,349	3,957	857	—	67,141
Other long-term liabilities	—	12,100	—	—	—	12,100
Total liabilities	4,389	104,014	4,702	923	—	114,028
Net assets						
Unrestricted	4,017	39,182	655	4,364	(4,364)	43,854
Temporarily restricted	—	210	—	210	(210)	210
Permanently restricted	—	—	—	—	—	—
Total net assets	4,017	39,392	655	4,574	(4,574)	44,064
Total liabilities and net assets	$ 8,406	143,406	5,357	5,497	(4,574)	158,092

See accompanying independent auditors' report

Schedule 2-g

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland St. Joseph Health System (SJHS)

June 30, 2013

(In thousands)

Assets	St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	Eliminations	St. Joseph consolidated total
Current assets								
Cash and cash equivalents	$ (8,333)	(20)	49	12,776	1,750	176	—	6,398
Assets limited as to use, current portion	260	—	—	—	—	—	—	260
Accounts receivable								
Patient accounts receivable, less allowance for doubtful accounts of $6,754	40,360	2,791	—	2,969	—	—	—	46,120
Other	(27,966)	(6,175)	(3,365)	(22,840)	77	(1,286)	—	(61,555)
Inventories	4,496	—	—	27	—	—	—	4,523
Prepaid expenses and other current assets	735	344	165	—	10	6	—	1,260
Total current assets	9,552	(3,060)	(3,151)	(7,068)	1,837	(1,104)	—	(2,994)
Investments	—	—	—	—	—	10,220	—	10,220
Assets limited as to use, less current portion								
Debt service funds	—	—	—	—	—	—	—	—
Construction funds	48,069	—	—	—	—	—	—	48,069
Board designated and escrow funds	—	—	—	—	—	—	—	—
Self-insurance trust funds	1,808	—	—	—	—	—	—	1,808
Funds restricted by donor	—	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	9,503	—	—	—	—	—	—	9,503
	59,380	—	—	—	—	—	—	59,380
Property and equipment, net	175,707	603	—	324	12,784	—	—	189,418
Investments in joint ventures and other assets	11,931	—	3,203	2,846	—	71	(3,203)	14,848
Total assets	$ 256,570	(2,457)	52	(3,898)	14,621	9,187	(3,203)	270,872

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division – University of Maryland St. Joseph Health System (SJHS)

June 30, 2013

(In thousands)

Liabilities and Net Assets		St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	Eliminations	St. Joseph consolidated total
Current liabilities:									
Trade accounts payable	$	17,679	1,114	357	1,327	145	21	—	20,643
Accrued payroll and benefits		15,085	2,859	—	864	—	—	—	18,808
Advances from third-party payors		10,454	—	—	—	—	—	—	10,454
Lines of credit		—	—	—	—	—	—	—	—
Other current liabilities		2,003	72	—	—	403	69	—	2,547
Current portion of long-term debt		4,362	—	—	—	9,272	—	—	13,634
Total current liabilities		49,583	4,045	357	2,191	9,820	90	—	66,086
Long-term debt, less current portion		248,861	—	—	—	—	—	—	248,861
Other long-term liabilities		3,775	—	—	360	—	—	—	4,135
Total liabilities		302,219	4,045	357	2,551	9,820	90	—	319,082
Net assets:									
Unrestricted		(45,650)	(6,502)	(305)	(6,449)	4,801	4,641	(3,203)	(52,667)
Temporarily restricted		1	—	—	—	—	4,106	—	4,107
Permanently restricted		—	—	—	—	—	350	—	350
Total net assets		(45,649)	(6,502)	(305)	(6,449)	4,801	9,097	(3,203)	(48,210)
Total liabilities and net assets	$	256,570	(2,457)	52	(3,898)	14,621	9,187	(3,203)	270,872

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Operations Information by Division

Year ended June 30, 2014

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Shore Regional	Charles Regional
Unrestricted revenues, gains and other support						
Patient Service Revenue (net of contractual adjustments)	$ 1,357,791	108,350	207,823	415,668	318,581	132,411
Provision for bad debts	(86,664)	(8,878)	(26,864)	(44,480)	(16,820)	(9,410)
Net patient service revenue	1,271,127	99,472	180,959	371,188	301,761	123,001
Other operating revenue						
State support	3,000	—	—	—	—	—
Other revenue	72,582	3,797	2,455	9,032	3,840	1,525
Total unrestricted revenue, gains and other support	1,346,709	103,269	183,414	380,220	305,601	124,526
Operating expenses						
Salaries, wages and benefits	634,409	51,421	90,109	191,161	160,931	58,768
Expendable supplies	294,803	16,730	20,129	67,470	41,428	19,429
Purchased services	140,201	20,540	33,146	66,379	62,609	26,075
Contracted services	130,802	8,648	23,237	12,095	13,039	3,805
Depreciation and amortization	78,760	4,617	12,183	24,147	17,822	4,332
Interest expense	26,661	780	1,306	6,932	3,616	2,701
Total operating expenses	1,305,636	102,736	180,110	368,184	299,445	115,110
Operating income (loss)	41,073	533	3,304	12,036	6,156	9,416
Nonoperating income and expenses, net						
Change in fair value of undesignated interest rate swaps	(4,450)	—	—	—	—	—
Other nonoperating gains and losses						
Contributions	8,705	—	—	—	1,353	—
Equity in net income of joint ventures	8,440	—	(100)	—	216	68
Inherent contribution – UCHS	114,436	—	—	—	—	—
Investment income	8,187	373	16	1,312	6,616	19
Change in fair value of investments	30,708	1,310	—	5,119	9,422	94
Other nonoperating gains and losses	(12,202)	(414)	(615)	(3,616)	(2,457)	(1,366)
Total other nonoperating gains and losses	158,274	1,269	(699)	2,815	15,150	(1,185)
Excess (deficiency) of revenues over expenses	194,897	1,802	2,605	14,851	21,306	8,231
Net assets released from restrictions used for purchase of property and equipment	—	443	1,093	—	1,260	117
Change in unrealized gains on investments	—	—	—	—	—	—
Contribution to economic interest in UCH Legacy Funding Corporation	(150,000)	—	—	—	—	—
Change in ownership interest of joint ventures	1,115	—	—	—	—	—
Capital transfers (to) from affiliate	4,090	—	1,633	5,163	9,400	4,868
Amortization of accumulated loss of discontinued designated interest rate swap	1,857	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	—	607	(102)	726	(1,615)
Asset reclassifications at request of donor	—	—	—	—	(1,585)	—
Other	908	14	2	2	(319)	(596)
Increase (decrease) in unrestricted net assets	$ 52,867	2,259	5,940	19,914	30,788	11,005

	St. Joseph Health	UCHS	UMMS Foundation	ECARE	Eliminations	Consolidated total
Unrestricted revenues, gains and other support						
Patient Service Revenue (net of contractual adjustments)	370,036	232,656	—	—	(811)	3,142,505
Provision for bad debts	(19,567)	(12,988)	—	—	—	(225,671)
Net patient service revenue	350,469	219,668	—	—	(811)	2,916,834
Other operating revenue						
State support	—	—	—	—	—	3,000
Other revenue	4,400	7,617	—	2,861	(1,097)	107,012
Total unrestricted revenue, gains and other support	354,869	227,285	—	2,861	(1,908)	3,026,846
Operating expenses						
Salaries, wages and benefits	184,408	119,477	—	—	—	1,490,684
Expendable supplies	80,103	43,793	—	13	—	583,898
Purchased services	88,989	30,859	—	4,190	(1,308)	471,680
Contracted services	7,832	9,290	—	—	—	208,748
Depreciation and amortization	13,928	13,023	—	305	—	169,117
Interest expense	9,235	3,288	—	—	—	54,519
Total operating expenses	384,495	219,730	—	4,508	(1,308)	2,978,646
Operating income (loss)	(29,626)	7,555	—	(1,647)	(600)	48,200
Nonoperating income and expenses, net						
Change in fair value of undesignated interest rate swaps	—	1,030	—	—	—	(3,420)
Other nonoperating gains and losses						
Contributions	900	—	6,517	—	—	17,475
Equity in net income of joint ventures	924	—	—	—	—	9,548
Inherent contribution – UCHS	—	—	—	—	—	114,436
Investment income	(1,613)	2,160	3,985	—	—	21,055
Change in fair value of investments	973	1,786	1,582	—	—	50,994
Other nonoperating gains and losses	(5,279)	(2,947)	(3,505)	—	—	(32,401)
Total other nonoperating gains and losses	(4,095)	999	8,579	—	—	181,107
Excess (deficiency) of revenues over expenses	(33,721)	9,584	8,579	(1,647)	(600)	225,887
Net assets released from restrictions used for purchase of property and equipment	—	—	—	—	—	2,913
Change in unrealized gains on investments	—	—	—	—	—	—
Contribution to economic interest in UCH Legacy Funding Corporation	—	—	—	—	—	(150,000)
Change in ownership interest of joint ventures	—	—	—	—	—	1,115
Capital transfers (to) from affiliate	—	—	(22,654)	—	(2,500)	—
Amortization of accumulated loss of discontinued designated interest rate swap	—	—	—	—	—	1,857
Change in funded status of defined benefit pension plans	—	8,395	—	—	—	8,011
Asset reclassifications at request of donor	—	—	100	—	—	(1,485)
Other	155	(1,013)	11	—	—	(836)
Increase (decrease) in unrestricted net assets	(33,566)	16,966	(13,964)	(1,647)	(3,100)	87,462

See accompanying independent auditors' report.

Schedule 3-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland Medical Center & Affiliates (UMMC)

Year ended June 30 2014

(In thousands)

	University of Maryland Medical Center							
	University Hospital	Shock Trauma Center	Subtotal	University Specialty	36 South Paca	University CARE	Eliminations	University of Maryland consolidated total
Unrestricted revenues gains and other support								
Patient service revenue (net of contractual adjustments)	$ 1 146 727	208 603	1 355 330	—	—	2 461	—	1 357 791
Provision for bad debts	(49 649)	(37 219)	(86 868)	426	—	(222)	—	(86 664)
Net patient service revenue	1 097 078	171 384	1 268 462	426	—	2 239	—	1 271 127
Other operating revenue								
State support	—	3 000	3 000	—	—	—	—	3 000
Other revenue	69 359	126	69 485	2	1 211	2 127	(243)	72 582
Total unrestricted revenue gains and other support	1 166 437	174 510	1 340 947	428	1 211	4 366	(243)	1 346 709
Operating expenses								
Salaries wages and benefits	572 431	58 654	631 085	—	154	2 977	193	634 409
Expendable supplies	267 855	26 677	294 532	2	16	253	—	294 803
Purchased services	90 047	46 250	136 297	25	866	4 233	(1 220)	140 201
Contracted services	119 075	11 727	130 802	—	—	—	—	130 802
Depreciation and amortization	66 388	12 086	78 474	(106)	392	—	—	78 760
Interest expense	26 318	—	26 318	—	343	—	—	26 661
Total operating expenses	1 142 114	155 394	1 297 508	(79)	1 771	7 463	(1 027)	1 305 636
Operating income (loss)	24 323	19 116	43 439	507	(560)	(3 097)	784	41 073

(Continued)

Schedule 3-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland Medical Center & Affiliates (UMMC)

Year ended June 30, 2014

(In thousands)

	University of Maryland Medical Center: University Hospital	University of Maryland Medical Center: Shock Trauma Center	University of Maryland Medical Center: Subtotal	University Specialty	36 South Paca	University CARE	Eliminations	University of Maryland consolidated total
Nonoperating income and expenses, net:								
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate							—	
swaps	(4,450)	—	(4,450)	—	—	—	—	(4,450)
Other nonoperating gains and losses:								
Contributions	8,705	—	8,705	—	—	—	—	8,705
Equity in net income of joint ventures	5,876	—	5,876	—	—	—	2,564	8,440
Inherent contribution – UCHS	114,436	—	114,436	—	—	—	—	114,436
Investment income	6,676	1,500	8,176	11	—	—	—	8,187
Change in fair value of investments	30,708	—	30,708	—	—	—	—	30,708
Other nonoperating gains and losses	(12,512)	—	(12,512)	—	—	—	310	(12,202)
Total other nonoperating gains and losses	153,889	1,500	155,389	11	—	—	2,874	158,274
Excess (deficiency) of revenues over expenses	173,762	20,616	194,378	518	(560)	(3,097)	3,658	194,897
Net assets released from restrictions used for purchase of property and equipment	—	—	—	—	—	—	—	—
Change in unrealized gains on investments	—	—	—	—	—	—	—	—
Contribution to/economic interest in UCH Legacy Funding Corporation	(150,000)	—	(150,000)	—	—	—	—	(150,000)
Change in ownership interest of joint ventures	2,158	—	2,158	—	—	—	(1,043)	1,115
Capital transfers (to) from affiliate	4,090	—	4,090	—	—	3,307	(3,307)	4,090
Amortization of accumulated loss of discontinued designated interest rate swap	1,857	—	1,857	—	—	—	—	1,857
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	—	—
Other	909	—	909	19,572	(1)	—	(19,572)	908
Increase (decrease) in unrestricted net assets	$ 32,776	20,616	53,392	20,090	(561)	210	(20,264)	52,867

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Midtown Health, Inc (Midtown)

Year ended June 30, 2014

(In thousands)

	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Unrestricted revenues, gains and other support					
Patient service revenue (net of contractual adjustments)	$ —	206,188	7,491	(5,856)	207,823
Provision for bad debts	—	(25,203)	(1,661)	—	(26,864)
Net patient service revenue	—	180,985	5,830	(5,856)	180,959
Other operating revenue					
State support	—	—	—	—	—
Other revenue	860	1,562	33	—	2,455
Total unrestricted revenue, gains and other support	860	182,547	5,863	(5,856)	183,414
Operating expenses					
Salaries, wages and benefits	—	90,109	—	—	90,109
Expendable supplies	—	20,129	—	—	20,129
Purchased services	741	32,398	7	—	33,146
Contracted services	—	23,237	5,856	(5,856)	23,237
Depreciation and amortization	421	11,762	—	—	12,183
Interest expense	72	1,234	—	—	1,306
Total operating expenses	1,234	178,869	5,863	(5,856)	180,110
Operating income (loss)	(374)	3,678	—	—	3,304

(Continued)

Schedule 3-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Midtown Health, Inc (Midtown)

Year ended June 30, 2014

(In thousands)

	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Nonoperating income and expenses, net					
Loss on early extinguishment of debt	$ —	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—
Other nonoperating gains and losses					
Contributions	—	—	—	—	—
Equity in net income of joint ventures	(100)	—	—	—	(100)
Investment income	—	16	—	—	16
Change in fair value of investments	—	—	—	—	—
Other nonoperating gains and losses	—	(615)	—	—	(615)
Total other nonoperating gains and losses	(100)	(599)	—	—	(699)
Excess of revenues over expenses	(474)	3,079	—	—	2,605
Net assets released from restrictions used for purchase of property and equipment	—	1,093	—	—	1,093
Change in unrealized gains on investments	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—
Capital transfers (to) from affiliate	(1,875)	3,508	—	—	1,633
Change in fair value of designated interest rate swaps	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	607	—	—	607
Other	—	2	—	—	2
Increase in unrestricted net assets	$ (2,349)	8,289	—	—	5,940

See accompanying independent auditors' report

Schedule 3-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

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

Year ended June 30, 2014

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Shipley's	Eliminations	BWMS consolidated total
Unrestricted revenues, gains and other support								
Patient service revenue (net of contractual adjustments)	$ —	359 664	35 397	23 281	—	—	(2 674)	415 668
Provision for bad debts	—	(27 697)	(16 599)	(184)	—	—	—	(44 480)
Net patient service revenue	—	331 967	18 798	23 097	—	—	(2 674)	371 188
Other operating revenue								
State support	—	—	—	—	—	—	—	—
Other revenue	3 606	3 433	—	3 435	2 299	515	(4 256)	9 032
Total unrestricted revenue, gains and other support	3 606	335 400	18 798	26 532	2 299	515	(6 930)	380 220
Operating expenses								
Salaries, wages and benefits	3 542	160 741	11 023	15 855	—	—	—	191 161
Expendable supplies	1	61 394	2	5 949	122	2	—	67 470
Purchased services	63	59 665	5 685	6 351	1 145	400	(6 930)	66 379
Contracted services	—	8 649	—	3 446	—	—	—	12 095
Depreciation and amortization	—	22 234	—	1 059	583	271	—	24 147
Interest expense	—	6 348	—	498	86	—	—	6 932
Total operating expenses	3 606	319 031	16 710	33 158	1 936	673	(6 930)	368 184
Operating income (loss)	—	16 369	2 088	(6 626)	363	(158)	—	12 036

(Continued)

Schedule 3-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

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

Year ended June 30, 2014

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Shipley's	Eliminations	BWMS consolidated total
Nonoperating income and expenses, net:								
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—	—
Other nonoperating gains and losses:								
Contributions	—	—	—	—	—	—	—	—
Equity in net income of joint ventures	15 805	—	—	—	—	—	(15 805)	—
Investment income	—	1 312	—	—	—	—	—	1 312
Change in fair value of investments	—	5 119	—	—	—	—	—	5 119
Other nonoperating gains and losses	—	(3 328)	—	(288)	—	—	—	(3 616)
Total other nonoperating gains and losses	15 805	3 103	—	(288)	—	—	(15 805)	2 815
Excess (deficiency) of revenues over expenses	15 805	19 472	2 088	(6 914)	363	(158)	(15 805)	14 851
Net assets released from restrictions used for purchase of property and equipment	—	—	—	—	—	—	—	—
Change in unrealized gains on investments	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	995	—	—	—	—	—	(995)	—
Change in ownership interest of joint ventures	—	—	—	—	—	10 327	(10 327)	—
Capital transfers (to) from affiliate	5 163	—	—	8 911	—	—	(8 911)	5 163
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	(102)	(102)	—	—	—	—	102	(102)
Other	1	1	(1)	—	3	—	(2)	2
Increase (decrease) in unrestricted net assets	$ 21 862	19 371	2 087	1 997	366	10 169	(35 938)	19 914

See accompanying independent auditors' report

Schedule 3-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Operations Information by Division for Shore Regional Health (Shore Regional)

Year ended June 30, 2014

(In thousands)

	Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Chester River Consolidated Total	Eliminations	SHS consolidated total
Unrestricted revenues, gains and other support								
Patient service revenue (net of contractual adjustments)	$ 229 404	—	5 298	—	15 986	67 893	—	318 581
Provision for bad debts	(11 979)	—	(70)	—	—	(4 771)	—	(16 820)
Net patient service revenue	217 425	—	5 228	—	15 986	63 122	—	301 761
Other operating revenue								
State support	—	—	—	—	—	—	—	—
Other revenue	3 080	—	279	—	846	345	(710)	3 840
Total unrestricted revenue, gains and other support	220 505	—	5 507	—	16 832	63 467	(710)	305 601
Operating expenses								
Salaries, wages and benefits	105 002	—	4 266	—	21 930	29 733	—	160 931
Expendable supplies	33 684	—	200	—	1 320	6 224	—	41 428
Purchased services	43 976	—	912	—	4 626	13 328	(233)	62 609
Contracted services	7 951	—	2	—	533	5 195	(642)	13 039
Depreciation and amortization	14 032	—	75	—	340	3 375	—	17 822
Interest expense	3 442	—		—	—	174	—	3 616
Total operating expenses	208 087	—	5 455	—	28 749	58 029	(875)	299 445
Operating income (loss)	12 418	—	52	—	(11 917)	5 438	165	6 156

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Shore Regional Health (Shore Regional)

Year ended June 30, 2014

(In thousands)

	Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Chester River Consolidated Total	Eliminations	SHS consolidated total
Nonoperating income and expenses, net								
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—	—
Other nonoperating gains and losses								
Contributions	(31)	1,270	—	—	—	114	—	1,353
Equity in net income of joint ventures	216	—	—	—	—	—	—	216
Investment income (loss)	3,696	1,562	1			1,357	—	6,616
Change in fair value of investments	4,939	4,483	—	—	—	—	—	9,422
Other nonoperating gains and losses	(1,180)	(710)	—	—	—	(402)	(165)	(2,457)
Total other nonoperating gains and losses	7,640	6,605	1	—	—	1,069	(165)	15,150
Excess (deficiency) of revenues over expenses	20,058	6,605	53	—	(11,917)	6,507	—	21,306
Net assets released from restrictions used for purchase of property and equipment	343	—	—	—	69	848	—	1,260
Change in unrealized gains on investments	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	(5,194)	—	—	—	12,004	(1,513)	(5,297)	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—	—
Capital transfers (to) from affiliate	9,400	—	—	—	—	—	—	9,400
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	—	—	—	—	726	—	726
Asset reclassifications at request of donor	—	—	—	—	—	(1,585)	—	(1,585)
Other	(322)	1	1	(3)		4	—	(319)
Increase (decrease) in unrestricted net assets	$ 24,285	6,606	54	(3)	156	4,987	(5,297)	30,788

See accompanying independent auditors' report.

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UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc (CRHS) a subsidiary of Shore Regional Health

Year ended June 30, 2014

(In thousands)

	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Chester River consolidated total
Unrestricted revenues, gains and other support					
Patient service revenue (net of contractual allowances)	$ 57,310	8,030	2,553	—	67,893
Provision for bad debts	(4,661)	(50)	(60)	—	(4,771)
Net patient service revenue	52,649	7,980	2,493	—	63,122
Other operating revenue					
State support	—	—	—	—	—
Other revenue	284	3	57	1	345
Total unrestricted revenue, gains and other support	52,933	7,983	2,550	1	63,467
Operating expenses					
Salaries, wages and benefits	23,193	4,502	2,038	—	29,733
Expendable supplies	5,393	779	52	—	6,224
Purchased services	10,317	2,579	432	—	13,328
Contracted services	5,187	8	—	—	5,195
Depreciation and amortization	3,098	238	39	—	3,375
Interest expense	166	8	—	—	174
Total operating expenses	47,354	8,114	2,561	—	58,029
Operating income	5,579	(131)	(11)	1	5,438

(Continued)

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UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc (CRHS) a subsidiary of Shore Regional Health

Year ended June 30, 2014

(In thousands)

	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Chester River consolidated total
Nonoperating income and expenses, net					
Loss on early extinguishment of debt	$ —	—	—	—	—
Other nonoperating gains and losses					
Contributions	—	—	—	114	114
Equity in net income of joint ventures	—	—	—	—	—
Investment income	1,041	—	157	159	1,357
Change in fair value of investments	—	—	—	—	—
Other nonoperating gains and losses	(72)	—	28	(358)	(402)
Total other nonoperating gains and losses	969	—	185	(85)	1,069
Excess of revenues over expenses	6,548	(131)	174	(84)	6,507
Net assets released from restrictions used for purchase of property and equipment	848	—	—	—	848
Change in unrealized gains on investments	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	(1,455)	(64)	6	—	(1,513)
Change in ownership interest of joint ventures	—	—	—	—	—
Capital transfers (to) from affiliate	—	—	—	—	—
Change in fair value of designated interest rate swaps	—	—	—	—	—
Change in funded status of defined benefit pension plans	726	—	—	—	726
Asset reclassifications at request of donor	—	—	—	(1,585)	(1,585)
Other	(84)	4	1	83	4
Increase in unrestricted net assets	$ 6,583	(191)	181	(1,586)	4,987

See accompanying independent auditors' report

Schedule 3-f

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Charles Regional Health (Charles Regional)

Year ended June 30, 2014

(In thousands)

	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Eliminations	Charles Regional consolidated total
Unrestricted revenues, gains and other support						
Patient service revenue (net of contractual adjustments)	$ —	128,305	4,106	—	—	132,411
Provision for bad debts	—	(9,064)	(346)	—	—	(9,410)
Net patient service revenue	—	119,241	3,760	—	—	123,001
Other operating revenue						
State support	—	—	—	—	—	—
Other revenue	860	511	511	—	(357)	1,525
Total unrestricted revenue, gains and other support	860	119,752	4,271	—	(357)	124,526
Operating expenses						
Salaries, wages and benefits	—	55,138	3,630	—	—	58,768
Expendable supplies	1	19,213	215	—	—	19,429
Purchased services	172	24,357	1,644	—	(98)	26,075
Contracted services	—	4,064	—	—	(259)	3,805
Depreciation and amortization	403	3,694	235	—	—	4,332
Interest expense	310	2,289	102	—	—	2,701
Total operating expenses	886	108,755	5,826	—	(357)	115,110
Operating income	(26)	10,997	(1,555)	—	—	9,416

(Continued)

Schedule 3-f

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Charles Regional Health (Charles Regional)

Year ended June 30, 2014

(In thousands)

	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Eliminations	Charles Regional consolidated total
Nonoperating income and expenses, net						
Loss on early extinguishment of debt	$ —	—	—	—	—	—
Other nonoperating gains and losses						
Contributions	—	—	—	—	—	—
Equity in net income of joint ventures	—	68	—	—	—	68
Investment income	—	19	—	—	—	19
Change in fair value of investments	—	94	—	—	—	94
Other nonoperating gains and losses	—	(1,009)	—	—	(357)	(1,366)
Total other nonoperating gains and losses	—	(828)	—	—	(357)	(1,185)
Excess of revenues over expenses	(26)	10,169	(1,555)	—	(357)	8,231
Net assets released from restrictions used for purchase of property and equipment	—	117	—	—	—	117
Change in unrealized gains on investments	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—
Capital transfers (to) from affiliate	—	4,868	—	—	—	4,868
Change in fair value of designated interest rate swaps	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	(1,615)	—	—	—	(1,615)
Other	1,928	(2,169)	(712)	485	(128)	(596)
Increase in unrestricted net assets	$ 1,902	11,370	(2,267)	485	(485)	11,005

See accompanying independent auditors' report

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UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland St. Joseph Health System (SJHS)

Year ended June 30, 2014

(In thousands)

	St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	Eliminations	St. Joseph consolidated total
Unrestricted revenues, gains and other support:								
Patient service revenue (net of contractual adjustments)	$ 314,749	30,128	—	25,159	—	—	—	370,036
Provision for bad debts	(15,690)	(2,279)	—	(1,598)	—	—	—	(19,567)
Net patient service revenue	299,059	27,849	—	23,561	—	—	—	350,469
Other operating revenue:								
State support	—	—	—	—	—	—	—	—
Other revenue	3,156	6,485	1,340	—	2,595	—	(9,176)	4,400
Total unrestricted revenue, gains and other support	302,215	34,334	1,340	23,561	2,595	—	(9,176)	354,869
Operating expenses:								
Salaries, wages and benefits	128,340	38,165	—	17,903	—	—	—	184,408
Expendable supplies	79,055	881	—	167	—	—	—	80,103
Purchased services	67,220	9,904	2,113	11,197	1,338	—	(2,783)	88,989
Contracted services	14,180	45	—	—	—	—	(6,393)	7,832
Depreciation and amortization	13,286	109	—	100	433	—	—	13,928
Interest expense	8,852	—	—	—	383	—	—	9,235
Total operating expenses	310,933	49,104	2,113	29,367	2,154	—	(9,176)	384,495
Operating income (loss)	(8,718)	(14,770)	(773)	(5,806)	441	—	—	(29,626)

(Continued)

Schedule 3-g

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland St. Joseph Health System (SJHS)

Year ended June 30, 2014

(In thousands)

	St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	Eliminations	St. Joseph consolidated total
Nonoperating income and expenses, net:								
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—	—
Other nonoperating gains and losses:								
Contributions	—	—	—	—	—	900	—	900
Equity in net income of joint ventures	924	—	—	—	—	—	—	924
Investment income	(2,824)	—	—	—	2	1,209	—	(1,613)
Change in fair value of investments	973	—	—	—	—	—	—	973
Other nonoperating gains and losses	(4,486)	63	—	—	40	(896)	—	(5,279)
Total other nonoperating gains and losses	(5,413)	63	—	—	42	1,213	—	(4,095)
Excess (deficiency) of revenues over expenses	(14,131)	(14,707)	(773)	(5,806)	483	1,213	—	(33,721)
Net assets released from restrictions used for purchase of property and equipment	—	—	—	—	—	—	—	—
Change in unrealized gains on investments	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—	—
Capital transfers (to) from affiliate	—	—	—	—	—	—	—	—
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	—	—
Other	—	(1)	—	4	216	(64)	—	155
Increase (decrease) in unrestricted net assets	$ (14,131)	(14,708)	(773)	(5,802)	699	1,149	—	(33,566)

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Operations Information by Division for Upper Chesapeake Health System (UCHS)

Year ended June 30, 2014

(In thousands)

		Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co.	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Unrestricted revenues, gains and other support														
Patient service revenue (net of contractual adjustments)	$	153,663	54,856	—	—	23,927	210	—	—	—	—	—	—	232,656
Provision for bad debts		(7,016)	(4,469)	—	—	(1,482)	(21)	—	—	—	—	—	—	(12,988)
Net patient service revenue		146,647	50,387	—	—	22,445	189	—	—	—	—	—	—	219,668
Other operating revenue														
State support		—	—	—	—	—	—	—	—	—	—	—	—	—
Other revenue		3,825	1,515	—	217	2,366	317	1,245	8,208	—	2,665	—	(12,741)	7,617
Total unrestricted revenue, gains and other support		150,472	51,902	—	217	24,811	506	1,245	8,208	—	2,665	—	(12,741)	227,285
Operating expenses														
Salaries, wages and benefits		65,600	27,728	—	—	18,877	361	480	6,431	—	—	—	—	119,477
Expendable supplies		35,593	5,635	—	—	2,466	30	20	49	—	—	—	—	43,793
Purchased services		22,744	8,691	320	62	5,188	67	275	1,462	—	2,665	3	(10,618)	30,859
Contracted services		5,037	2,041	—	—	4,335	—	—	—	—	—	—	(2,123)	9,290
Depreciation and amortization		9,807	2,420	15	—	388	87	—	306	—	—	—	—	13,023
Interest expense		2,532	752	—	—	4	—	—	—	—	—	—	—	3,288
Total operating expenses		141,313	47,267	335	62	31,258	545	775	8,248	—	2,665	3	(12,741)	219,730
Operating income (loss)		9,159	4,635	(335)	155	(6,447)	(39)	470	(40)	—	—	(3)	—	7,555

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Upper Chesapeake Health System (UCHS)

Year ended June 30, 2014

(In thousands)

	Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Nonoperating income and expenses, net:													
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of undesignated interest rate swaps	1,030	—	—	—	—	—	—	—	—	—	—	—	1,030
Other nonoperating gains and losses:													
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity in net income of joint ventures	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment income	308	925	—	—	4	—	923	—	—	—	—	—	2,160
Change in fair value of investments	—	1,786	—	—	—	—	—	—	—	—	—	—	1,786
Other nonoperating gains and losses	(2,626)	—	—	—	—	—	—	(321)	—	—	—	—	(2,947)
Total other nonoperating gains and losses	(2,318)	2,711	—	—	4	—	923	(321)	—	—	—	—	999
Excess (deficiency) of revenues over expenses	7,871	7,346	(335)	155	(6,443)	(39)	1,393	(361)	—	—	(3)	—	9,584
Net assets released from restrictions used for purchase of property and equipment	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital transfers (to) from affiliate	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	8,395	—	—	—	—	—	—	—	—	—	—	—	8,395
Other	(1,013)	—	—	—	—	—	—	—	—	—	—	—	(1,013)
Increase (decrease) in unrestricted net assets	$ 15,253	7,346	(335)	155	(6,443)	(39)	1,393	(361)	—	—	(3)	—	16,966

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division

Year ended June 30, 2013

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Shore Regional: Shore Health	Shore Regional: Chester River	Charles Regional	St. Joseph Health	UMMS Foundation	Shipley's	ECARE	Eliminations	Consolidated total
Unrestricted revenues, gains and other support:													
Patient Service Revenue (net of contractual adjustments)	$ 1,329,661	102,474	199,078	373,965	241,242	64,256	121,159	184,764	—	—	—	(1,009)	2,615,590
Provision for bad debts	(86,698)	(4,600)	(15,759)	(24,197)	(6,427)	(2,656)	(4,987)	(8,133)	—	—	—	—	(153,457)
Net patient service revenue	1,242,963	97,874	183,319	349,768	234,815	61,600	116,172	176,631	—	—	—	(1,009)	2,462,133
Other operating revenue:													
State support	3,000	—	—	—	—	—	—	—	—	—	—	—	3,000
Other revenue	82,559	2,471	2,392	8,542	4,494	367	1,758	4,672	—	705	415	(2,062)	106,313
Total unrestricted revenue, gains and other support	1,328,522	100,345	185,711	358,310	239,309	61,967	117,930	181,303	—	705	415	(3,071)	2,571,446
Operating expenses:													
Salaries, wages and benefits	614,986	53,836	97,609	195,223	134,290	32,634	58,277	108,561	—	—	—	—	1,295,416
Expendable supplies	270,481	16,163	21,058	61,568	33,038	7,067	19,207	42,144	—	—	13	—	470,739
Purchased services	171,383	18,992	26,549	63,729	46,294	12,980	21,198	57,519	—	426	1,288	(6,178)	414,180
Contracted services	122,151	8,068	31,039	11,287	11,767	6,152	3,861	13,003	—	—	—	3,693	211,021
Depreciation and amortization	73,083	3,862	11,702	25,254	13,754	3,304	4,499	9,015	—	198	—	—	144,671
Interest expense	28,564	712	1,426	7,791	3,486	214	3,122	3,884	—	—	—	—	49,199
Total operating expenses	1,280,648	101,633	189,383	364,852	242,629	62,351	110,164	234,126	—	624	1,301	(2,485)	2,585,226
Operating income (loss)	47,874	(1,288)	(3,672)	(6,542)	(3,320)	(384)	7,766	(52,823)	—	81	(886)	(586)	(13,780)
Nonoperating income and expenses, net:													
Loss on early extinguishment of debt	(111)	(22)	(35)	(187)	(86)	—	(2,956)	—	—	—	—	—	(3,397)
Change in fair value of undesignated interest rate swaps	69,206	—	—	—	—	—	—	—	—	—	—	—	69,206
Other nonoperating gains and losses:													
Contributions	—	—	—	—	96	1,046	25	42	6,265	—	—	—	7,474
Equity in net income of joint ventures	12,114	—	1,793	42	—	—	440	1,971	—	—	—	(81)	16,279
Investment income	10,756	116	57	1,098	922	964	99	527	2,709	—	—	—	17,248
Change in fair value of investments	15,335	906	224	3,337	9,772	(203)	196	(615)	615	—	—	—	29,567
Change in fair value of financial instrument	—	—	—	—	—	—	(2,917)	—	—	—	—	—	(2,917)
Other nonoperating gains and losses	(12,421)	(95)	(678)	(4,530)	(2,703)	(388)	(97)	(8,387)	(6,183)	—	—	—	(35,482)
Total other nonoperating gains and losses	25,784	927	1,396	(53)	8,087	1,419	(2,254)	(6,462)	3,406	—	—	(81)	32,169
Excess (deficiency) of revenues over expenses	142,753	(383)	(2,311)	(6,782)	4,681	1,035	2,556	(59,285)	3,406	81	(886)	(667)	84,198
Acquisition of St. Joseph Foundation	—	—	—	—	—	—	—	4,737	—	—	—	—	4,737
Net assets released from restrictions used for purchase of property and equipment	16,503	4,030	2,143	641	580	—	(146)	330	—	—	—	—	24,081
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	1,170	—	—	—	—	—	—	—	—	—	—	—	1,170
Capital transfers (to) from affiliate	(12,801)	—	8,537	—	(36)	4,300	2,500	—	—	—	—	(2,500)	—
Change in fair value of designated interest rate swaps	3,046	—	—	—	—	—	—	—	—	—	—	—	3,046
Change in funded status of defined benefit pension plans	—	—	9,922	3,340	—	2,934	3,626	—	—	—	—	—	19,822
Other	205,936	—	(16)	1	(609)	4	(385)	1,551	1,516	—	—	(205,687)	2,311
Increase (decrease) in unrestricted net assets	$ 356,607	3,647	18,275	(2,800)	4,616	8,273	8,151	(52,667)	4,922	81	(886)	(208,854)	139,365

See accompanying independent auditors' report.

Schedule 4-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION
AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland Medical Center & Affiliates (UMMC)

Year ended June 30 2013

(In thousands)

	University of Maryland Medical Center							
	University Hospital	Shock Trauma Center	Subtotal	University Specialty	36 South Paca	University CARE	Eliminations	University of Maryland consolidated total
Unrestricted revenues gains and other support								
Patient service revenue (net of contractual adjustments)	$ 1 127 771	197 320	1 325 091	1 238	—	3 332	—	1 329 661
Provision for bad debts	(48 601)	(39 288)	(87 889)	1 496	—	(305)	—	(86 698)
Net patient service revenue	1 079 170	158 032	1 237 202	2 734	—	3 027	—	1 242 963
Other operating revenue								
State support	—	3 000	3 000	—	—	—	—	3 000
Other revenue	79 165	91	79 256	35	1 180	2 332	(244)	82 559
Total unrestricted revenue gains and other support	1 158 335	161 123	1 319 458	2 769	1 180	5 359	(244)	1 328 522
Operating expenses								
Salaries wages and benefits	554 856	55 882	610 738	556	181	3 327	184	614 986
Expendable supplies	242 009	28 124	270 133	56	5	287	—	270 481
Purchased services	121 829	42 899	164 728	1 839	853	5 127	(1 164)	171 383
Contracted services	110 751	11 400	122 151	—	—	—	—	122 151
Depreciation and amortization	65 974	6 289	72 263	428	392	—	—	73 083
Interest expense	28 390	—	28 390	1	173	—	—	28 564
Total operating expenses	1 123 809	144 594	1 268 403	2 880	1 604	8 741	(980)	1 280 648
Operating income (loss)	34 526	16 529	51 055	(111)	(424)	(3 382)	736	47 874

(Continued)

Schedule 4-a

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland Medical Center & Affiliates (UMMC)

Year ended June 30, 2013

(In thousands)

	University of Maryland Medical Center							
	University Hospital	Shock Trauma Center	Subtotal	University Specialty	36 South Paca	University CARE	Eliminations	University of Maryland consolidated total
Nonoperating income and expenses, net:								
Loss on early extinguishment of debt	$ (111)	—	(111)	—	—	—	—	(111)
Change in fair value of undesignated interest rate swaps	69 206	—	69 206	—	—	—	—	69 206
Other nonoperating gains and losses:								
Contributions	—	—	—	—	—	—	—	—
Equity in net income of joint ventures	9 045	—	9 045	—	—	—	3 069	12 114
Investment income	9 945	791	10 736	20	—	—	—	10 756
Change in fair value of investments	14 626	709	15 335	—	—	—	—	15 335
Other nonoperating gains and losses	(12 421)	—	(12 421)	—	—	—	—	(12 421)
Total other nonoperating gains and losses	21 195	1 500	22 695	20	—	—	3 069	25 784
Excess (deficiency) of revenues over expenses	124 816	18 029	142 845	(91)	(424)	(3 382)	3 805	142 753
Net assets released from restrictions used for purchase of property and equipment	16 503	—	16 503	—	—	—	—	16 503
Change in unrealized gains on investments	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	1 170	—	1 170	—	—	—	—	1 170
Capital transfers (to) from affiliate	(12 801)	—	(12 801)	—	—	2 526	(2 526)	(12 801)
Change in fair value of designated interest rate swaps	3 046	—	3 046	—	—	—	—	3 046
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	—	—
Other	205 842	—	205 842	(1)	1	—	94	205 936
Increase (decrease) in unrestricted net assets	$ 338 576	18 029	356 605	(92)	(423)	(856)	1 373	356 607

See accompanying independent auditors' report

Schedule 4-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Midtown Health, Inc (Midtown)

Year ended June 30, 2013

(In thousands)

		UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Unrestricted revenues, gains and other support						
Patient service revenue (net of contractual adjustments)	$	—	197,494	8,292	(6,708)	199,078
Provision for bad debts		—	(14,141)	(1,618)	—	(15,759)
Net patient service revenue		—	183,353	6,674	(6,708)	183,319
Other operating revenue						
State support		—	—	—	—	—
Other revenue		873	1,483	36	—	2,392
Total unrestricted revenue, gains and other support		873	184,836	6,710	(6,708)	185,711
Operating expenses						
Salaries, wages and benefits		—	97,609	—	—	97,609
Expendable supplies		—	21,058	—	—	21,058
Purchased services		750	25,797	2	—	26,549
Contracted services		—	31,039	6,708	(6,708)	31,039
Depreciation and amortization		459	11,243	—	—	11,702
Interest expense		83	1,343	—	—	1,426
Total operating expenses		1,292	188,089	6,710	(6,708)	189,383
Operating income (loss)		(419)	(3,253)	—	—	(3,672)

(Continued)

Schedule 4-b

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Midtown Health, Inc (Midtown)

Year ended June 30, 2013

(In thousands)

	UM Midtown Health Systems, Inc.	UMMC Midtown Campus	UM Midtown Clin. Prac. Group	Eliminations	Midtown consolidated total
Nonoperating income and expenses, net					
Loss on early extinguishment of debt	$ —	(35)	—	—	(35)
Change in fair value of undesignated interest rate swaps	—	—	—	—	—
Other nonoperating gains and losses					
Contributions	—	—	—	—	—
Equity in net income of joint ventures	1,793	—	—	—	1,793
Investment income	—	57	—	—	57
Change in fair value of investments	—	224	—	—	224
Other nonoperating gains and losses	—	(678)	—	—	(678)
Total other nonoperating gains and losses	1,793	(397)	—	—	1,396
Excess of revenues over expenses	1,374	(3,685)	—	—	(2,311)
Net assets released from restrictions used for purchase of property and equipment	—	2,143	—	—	2,143
Change in unrealized gains on investments	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—
Capital transfers (to) from affiliate	1,000	7,537	—	—	8,537
Change in fair value of designated interest rate swaps	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	9,922	—	—	9,922
Other	—	(16)	—	—	(16)
Increase in unrestricted net assets	$ 2,374	15,901	—	—	18,275

See accompanying independent auditors' report

Schedule 4-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

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

Year ended June 30, 2013

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS consolidated total
Unrestricted revenues, gains and other support							
Patient service revenue (net of contractual adjustments)	$ —	329,657	33,594	13,035	—	(2,321)	373,965
Provision for bad debts	—	(11,135)	(13,062)	—	—	—	(24,197)
Net patient service revenue	—	318,522	20,532	13,035	—	(2,321)	349,768
Other operating revenue							
State support	—	—	—	—	—	—	—
Other revenue	3,573	4,066	—	4,210	2,234	(5,541)	8,542
Total unrestricted revenue, gains and other support	3,573	322,588	20,532	17,245	2,234	(7,862)	358,310
Operating expenses							
Salaries, wages and benefits	3,565	168,709	11,492	11,457	—	—	195,223
Expendable supplies	—	60,662	—	906	—	—	61,568
Purchased services	8	58,982	6,078	5,230	1,293	(7,862)	63,729
Contracted services	—	8,156	—	3,131	—	—	11,287
Depreciation and amortization	—	23,467	—	1,068	719	—	25,254
Interest expense	—	7,021	—	680	90	—	7,791
Total operating expenses	3,573	326,997	17,570	22,472	2,102	(7,862)	364,852
Operating income (loss)	—	(4,409)	2,962	(5,227)	132	—	(6,542)

(Continued)

Schedule 4-c

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

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

Year ended June 30, 2013

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS consolidated total
Nonoperating income and expenses, net							
Loss on early extinguishment of debt	$ —	(187)	—	—	—	—	(187)
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—
Other nonoperating gains and losses							
Contributions	—	—	—	—	—	—	—
Equity in net income of joint ventures	42	—	—	—	—	—	42
Investment income	(6,822)	1,087	—	12	—	6,821	1,098
Change in fair value of investments	—	3,337	—	—	—	—	3,337
Other nonoperating gains and losses	—	(4,208)	—	(322)	—	—	(4,530)
Total other nonoperating gains and losses	(6,780)	216	—	(310)	—	6,821	(53)
Excess (deficiency) of revenues over expenses	(6,780)	(4,380)	2,962	(5,537)	132	6,821	(6,782)
Net assets released from restrictions used for purchase of property and equipment	641	641	—	—	—	(641)	641
Change in unrealized gains on investments	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	(359)	—	—	—	—	359	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—
Capital transfers (to) from affiliate	—	—	—	5,756	—	(5,756)	—
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	3,340	3,340	—	—	—	(3,340)	3,340
Other	—	(1)	—	—	—	2	1
Increase (decrease) in unrestricted net assets	$ (3,158)	(400)	2,962	219	132	(2,555)	(2,800)

See accompanying independent auditors' report

Schedule 4-d

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Shore Regional Health (Shore Regional)

Year ended June 30, 2013

(In thousands)

	Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Eliminations	SHS consolidated total
Unrestricted revenues, gains and other support							
Patient service revenue (net of contractual adjustments)	$ 222,399	—	5,522	—	13,321	—	241,242
Provision for bad debts	(6,353)	—	(74)	—	—	—	(6,427)
Net patient service revenue	216,046	—	5,448	—	13,321	—	234,815
Other operating revenue							
State support	—	—	—	—	—	—	—
Other revenue	2,978	—	16	58	1,590	(148)	4,494
Total unrestricted revenue, gains and other support	219,024	—	5,464	58	14,911	(148)	239,309
Operating expenses							
Salaries, wages and benefits	109,160	—	5,060	—	20,070	—	134,290
Expendable supplies	31,487	—	228	—	1,323	—	33,038
Purchased services	41,346	—	830	23	4,398	(303)	46,294
Contracted services	6,249	—	—	—	5,518	—	11,767
Depreciation and amortization	14,182	—	51	(772)	293	—	13,754
Interest expense	3,486	—	—	63	—	(63)	3,486
Total operating expenses	205,910	—	6,169	(686)	31,602	(366)	242,629
Operating income (loss)	13,114	—	(705)	744	(16,691)	218	(3,320)

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Shore Regional Health (Shore Regional)

Year ended June 30, 2013

(In thousands)

	Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Eliminations	SHS consolidated total
Nonoperating income and expenses, net							
Loss on early extinguishment of debt	$ (86)	—	—	—	—	—	(86)
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—
Other nonoperating gains and losses							
Contributions	25	59	12	—	—	—	96
Equity in net income of joint ventures	—	—	—	—	—	—	—
Investment income (loss)	651	333	1	—	—	(63)	922
Change in fair value of investments	5,597	4,175	—	—	—	—	9,772
Other nonoperating gains and losses	(1,758)	(790)	—	—	—	(155)	(2,703)
Total other nonoperating gains and losses	4,515	3,777	13	—	—	(218)	8,087
Excess (deficiency) of revenues over expenses	17,543	3,777	(692)	744	(16,691)	—	4,681
Net assets released from restrictions used for purchase of property and equipment	580	—	—	—	—	—	580
Change in unrealized gains on investments	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—
Capital transfers (to) from affiliate	(12,433)	(291)	—	—	12,688	—	(36)
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	—
Net losses from nonconsolidated subsidiaries	—	—	—	—	—	—	—
Other	(1,074)	(1)	—	—	—	466	(609)
Increase (decrease) in unrestricted net assets	$ 4,616	3,485	(692)	744	(4,003)	466	4,616

See accompanying independent auditors' report

Schedule 4-e

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc (CRHS) a subsidiary of Shore Regional Health

Year ended June 30, 2013

(In thousands)

	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS consolidated total
Unrestricted revenues, gains and other support						
Patient service revenue (net of contractual allowances)	$ 53,929	7,582	2,745	—	—	64,256
Provision for bad debts	(2,553)	(42)	(61)	—	—	(2,656)
Net patient service revenue	51,376	7,540	2,684	—	—	61,600
Other operating revenue						
State support	—	—	—	—	—	—
Other revenue	304	8	55	—	—	367
Total unrestricted revenue, gains and other support	51,680	7,548	2,739	—	—	61,967
Operating expenses						
Salaries, wages and benefits	26,253	4,318	2,063	—	—	32,634
Expendable supplies	6,190	799	78	—	—	7,067
Purchased services	10,073	2,498	409	—	—	12,980
Contracted services	6,144	8	—	—	—	6,152
Depreciation and amortization	3,000	249	55	—	—	3,304
Interest expense	206	8	—	—	—	214
Total operating expenses	51,866	7,880	2,605	—	—	62,351
Operating income	(186)	(332)	134	—	—	(384)

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Chester River Health System, Inc (CRHS) a subsidiary of Shore Regional Health

Year ended June 30, 2013

(In thousands)

	Chester River Hospital Center	Chester River Manor	Chester River Home Care and Hospice	Chester River Health Foundation	Eliminations	CRHS consolidated total
Nonoperating income and expenses, net						
Loss on early extinguishment of debt	$ —	—	—	—	—	—
Other nonoperating gains and losses						
Contributions	—	—	—	1,046	—	1,046
Equity in net income of joint ventures	—	—	—	—	—	—
Investment income	897	—	19	48	—	964
Change in fair value of investments	(266)	—	66	(3)	—	(203)
Other nonoperating gains and losses	621	60	22	(366)	(725)	(388)
Total other nonoperating gains and losses	1,252	60	107	725	(725)	1,419
Excess of revenues over expenses	1,066	(272)	241	725	(725)	1,035
Net assets released from restrictions used for purchase of property and equipment	—	—	—	—	—	—
Change in unrealized gains on investments	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—
Capital transfers (to) from affiliate	4,300	—	—	—	—	4,300
Change in fair value of designated interest rate swaps	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	2,934	—	—	—	—	2,934
Other	(98)	19	—	(21)	104	4
Increase in unrestricted net assets	$ 8,202	(253)	241	704	(621)	8,273

See accompanying independent auditors' report

Schedule 4-f

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Charles Regional Health (Charles Regional)

Year ended June 30, 2013

(In thousands)

	Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Eliminations	Charles Regional consolidated total
Unrestricted revenues, gains and other support						
Patient service revenue (net of contractual adjustments)	$ —	118,309	2,850	—	—	121,159
Provision for bad debts	—	(4,922)	(65)	—	—	(4,987)
Net patient service revenue	—	113,387	2,785	—	—	116,172
Other operating revenue						
State support	—	—	—	—	—	—
Other revenue	2,046	529	861	—	(1,678)	1,758
Total unrestricted revenue, gains and other support	2,046	113,916	3,646	—	(1,678)	117,930
Operating expenses						
Salaries, wages and benefits	—	55,984	2,293	—	—	58,277
Expendable supplies	—	18,953	254	—	—	19,207
Purchased services	3,071	18,137	1,395	—	(1,405)	21,198
Contracted services	—	4,107	27	—	(273)	3,861
Depreciation and amortization	199	3,932	368	—	—	4,499
Interest expense	69	2,802	251	—	—	3,122
Total operating expenses	3,339	103,915	4,588	—	(1,678)	110,164
Operating income	(1,293)	10,001	(942)	—	—	7,766

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for Charles Regional Health (Charles Regional)

Year ended June 30, 2013

(In thousands)

		Charles Regional Health, Inc.	Charles Regional Medical Center, Inc.	Charles Regional Care Partners, Inc. and Subsidiary	Charles Regional Health Foundation, Inc.	Eliminations	Charles Regional consolidated total
Nonoperating income and expenses, net							
Loss on early extinguishment of debt	$	—	(2,956)	—	—	—	(2,956)
Other nonoperating gains and losses							
Contributions		—	28	—	(3)	—	25
Equity in net income of joint ventures		—	411	29	—	—	440
Investment income		28	40	—	31	—	99
Change in fair value of investments		—	(7)	—	203	—	196
Change in fair value of financial instrument		—	(2,917)	—	—	—	(2,917)
Other nonoperating gains and losses		—	134	—	270	(501)	(97)
Total other nonoperating gains and losses		28	(2,311)	29	501	(501)	(2,254)
Excess of revenues over expenses		(1,265)	4,734	(913)	501	(501)	2,556
Net assets released from restrictions used for purchase of property and equipment		—	(146)	—	—	—	(146)
Change in unrealized gains on investments		—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations		—	—	—	—	—	—
Change in ownership interest of joint ventures		—	—	—	—	—	—
Capital transfers (to) from affiliate		2,500	—	—	—	—	2,500
Change in fair value of designated interest rate swaps		—	—	—	—	—	—
Change in funded status of defined benefit pension plans		—	3,626	—	—	—	3,626
Other		(583)	197	1	(18)	18	(385)
Increase in unrestricted net assets	$	652	8,411	(912)	483	(483)	8,151

See accompanying independent auditors' report

Schedule 4-g

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland St. Joseph Health System (SJHS)

Year ended June 30, 2013

(In thousands)

		St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	Eliminations	St. Joseph consolidated total
Unrestricted revenues, gains and other support									
Patient service revenue (net of contractual adjustments)	$	146,993	13,386	—	24,385	—	—	—	184,764
Provision for bad debts		(5,066)	(1,161)	—	(1,906)	—	—	—	(8,133)
Net patient service revenue		141,927	12,225	—	22,479	—	—	—	176,631
Other operating revenue									
State support		—	—	—	—	—	—	—	—
Other revenue		1,752	2,675	757	—	1,450	—	(1,962)	4,672
Total unrestricted revenue, gains and other support		143,679	14,900	757	22,479	1,450	—	(1,962)	181,303
Operating expenses									
Salaries, wages and benefits		76,046	16,863	—	15,652	—	—	—	108,561
Expendable supplies		41,850	290	—	4	—	—	—	42,144
Purchased services		38,666	4,159	1,063	13,189	825	—	(383)	57,519
Contracted services		14,557	25	—	—	—	—	(1,579)	13,003
Depreciation and amortization		8,647	68	—	83	217	—	—	9,015
Interest expense		3,544	—	—	—	340	—	—	3,884
Total operating expenses		183,310	21,405	1,063	28,928	1,382	—	(1,962)	234,126
Operating income (loss)		(39,631)	(6,505)	(306)	(6,449)	68	—	—	(52,823)

(Continued)

Schedule 4-g

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Consolidating Operations Information by Division for University of Maryland St. Joseph Health System (SJHS)

Year ended June 30, 2013

(In thousands)

	St. Joseph Medical Center	St. Joseph Medical Group	St. Joseph Properties	St. Joseph Orthopaedics	O'Dea Medical Arts	St. Joseph Foundation	Eliminations	St. Joseph consolidated total
Nonoperating income and expenses, net:								
Loss on early extinguishment of debt	$ —	—	—	—	—	—	—	—
Other nonoperating gains and losses:								
Contributions	—	—	—	—	—	42	—	42
Equity in net income of joint ventures	1,971	—	—	—	—	—	—	1,971
Investment income	—	—	—	—	—	527	—	527
Change in fair value of investments	—	—	—	—	—	(615)	—	(615)
Other nonoperating gains and losses	(8,150)	—	—	—	125	(362)	—	(8,387)
Total other nonoperating gains and losses	(6,179)	—	—	—	125	(408)	—	(6,462)
Excess (deficiency) of revenues over expenses	(45,810)	(6,505)	(306)	(6,449)	193	(408)	—	(59,285)
Acquisition of St. Joseph Foundation	—	—	—	—	—	4,737	—	4,737
Net assets released from restrictions used for purchase of property and equipment	330	—	—	—	—	—	—	330
Change in unrealized gains on investments	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—	—
Capital transfers (to) from affiliate	—	—	—	—	—	—	—	—
Change in fair value of designated interest rate swaps	—	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	—	—
Other	93	3	1	—	1,403	51	—	1,551
Increase (decrease) in unrestricted net assets	$ (45,387)	(6,502)	(305)	(6,449)	1,596	4,380	—	(52,667)

See accompanying independent auditors' report.

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2014

(In thousands)

Assets		University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
Current assets:													
Cash and cash equivalents	$	119 021	23 036	20 163	18 281	13 657	4 575	21 246	2 870	51 391	—	—	274 240
Assets limited as to use, current portion		45 943	—	993	1 140	645	265	912	477	2 123	—	—	52 498
Accounts receivable:													
Patient accounts receivable, less allowance for doubtful accounts of $182 900		160 127	16 202	26 931	33 312	19 565	5 108	7 988	30 718	34 804	—	—	334 755
Other		165 030	1 681	3 593	701	16 090	(1 087)	13 707	(34 976)	—	—	(67 754)	96 985
Inventories		24 653	1 188	2 969	7 708	3 611	403	1 587	4 904	9 163	—	—	56 186
Prepaid expenses and other current assets		5 967	10	142	1 530	1 455	104	206	1 438	3 046	1 500	—	15 398
Total current assets		520 741	42 117	54 791	62 672	55 023	9 368	45 646	5 431	100 527	1 500	(67 754)	830 062
Investments		361 916	13 700	—	73 089	44 099	4 737	20 458	—	—	—	—	517 999
Assets limited as to use, less current portion:													
Investments held for collateral		60 418	—	—	8 000	—	—	—	—	27 952	—	—	96 370
Debt service funds		33 781	—	1 603	—	—	—	—	—	4 055	—	—	39 439
Construction funds		58 392	15 154	—	28 278	5 078	4 637	4 729	29 863	—	—	—	146 131
Board designated and escrow funds		—	—	—	—	25 000	5 000	—	—	100 234	23 740	—	153 974
Self-insurance trust funds		54 750	—	21 055	21 930	19 157	5 185	6 880	5 900	—	—	—	134 857
Funds restricted by donor		—	—	1 175	—	4 550	70	—	—	—	22 393	—	28 188
Economic interests in the net assets of related organizations		202 189	34 003	111	6 602	74 782	5 834	5 147	9 503	—	—	(63 998)	274 173
		409 530	49 157	23 944	64 810	128 567	20 726	16 756	45 266	132 241	46 133	(63 998)	873 132
Property and equipment, net		887 175	45 430	100 253	223 802	130 732	27 444	70 840	197 626	253 011	—	—	1 936 313
Investments in joint ventures and other assets		663 332	—	11 959	15 157	11 824	1 454	4 476	9 521	219 523	6 894	(655 528)	288 612
Total assets	$	2 842 694	150 404	190 947	439 530	370 245	63 729	158 176	257 844	705 302	54 527	(787 280)	4 446 118

* Includes both Upper Chesapeake Medical Center & Harford Memorial Hospital

(Continued)

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2014

(In thousands)

Liabilities and Net Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
Current liabilities:												
Trade accounts payable	$ 142,885	5,762	13,582	19,564	14,238	4,636	8,643	25,301	13,934	32	—	248,577
Accrued payroll and benefits	96,947	4,857	12,753	22,799	17,877	3,448	5,307	21,118	23,128	—	—	208,234
Advances from third-party payors	71,498	3,880	8,757	9,965	5,368	734	3,449	12,066	7,810	—	—	123,527
Lines of credit	105,000	—	—	—	—	—	12,000	—	—	—	—	117,000
Short-term financing	150,000	—	—	—	—	—	—	—	—	—	—	150,000
Other current liabilities	84,899	6,449	15,231	26,675	2,526	1,351	1,377	3,239	9,754	—	(67,754)	83,747
Long-term debt subject to short-term remarketing arrangements	77,574	—	—	—	—	—	—	—	—	—	—	77,574
Current portion of long-term debt	13,249	463	680	3,296	3,084	82	2,007	4,363	4,181	—	—	31,405
Total current liabilities	742,052	21,411	51,003	82,299	43,093	10,251	32,783	66,087	58,807	32	(67,754)	1,040,064
Long-term debt, less current portion	558,828	22,003	34,313	179,849	93,421	4,702	59,257	244,542	208,517	—	—	1,405,432
Other long-term liabilities	119,445	415	26,138	36,286	12,535	6,900	15,491	6,995	27,906	—	—	252,111
Interest rate swap liabilities	148,097	—	—	—	—	—	—	—	27,850	—	—	175,947
Total liabilities	1,568,422	43,829	111,454	298,434	149,049	21,853	107,531	317,624	323,080	32	(67,754)	2,873,554
Net assets:												
Unrestricted	1,049,843	72,572	78,207	134,494	189,472	38,744	50,552	(59,781)	220,832	28,935	(506,275)	1,297,595
Temporarily restricted	222,740	34,003	1,286	6,602	17,750	1,854	93	1	161,390	6,851	(211,975)	240,595
Permanently restricted	1,689	—	—	—	13,974	1,278	—	—	—	18,709	(1,276)	34,374
Total net assets	1,274,272	106,575	79,493	141,096	221,196	41,876	50,645	(59,780)	382,222	54,495	(719,526)	1,572,564
Total liabilities and net assets	$ 2,842,694	150,404	190,947	439,530	370,245	63,729	158,176	257,844	705,302	54,527	(787,280)	4,446,118

* Includes both Upper Chesapeake Medical Center & Harford Memorial Hospital

See accompanying independent auditors' report.

Schedule 6

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30 2013

(In thousands)

Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc	Shore Health System, Inc	Chester River Medical Center	Charles Regional Medical Center	St Joseph Medical Center	UMMS Foundation	Eliminations	Obligated group total
Current assets											
Cash and cash equivalents	$ 142 414	6 887	6 522	37 209	13 480	2 313	28 125	(8 333)	—	—	228 617
Assets limited as to use current portion	42 900	—	1 001	985	624	573	—	260	—	—	46 343
Accounts receivable											
Patient accounts receivable less allowance for doubtful accounts of $137 700	156 593	14 631	26 988	38 987	30 069	5 063	11 705	40 360	—	—	324 396
Other	194 804	17 699	1 722	332	4 283	411	17 022	(27 966)	(1 200)	(102 398)	104 709
Inventories	20 186	1 054	2 691	6 743	3 921	405	1 459	4 496	—	—	40 955
Prepaid expenses and other current assets	7 015	—	127	1 447	986	—	460	735	1 500	—	12 270
Total current assets	563 912	40 271	39 051	85 703	53 363	8 765	58 771	9 552	300	(102 398)	757 290
Investments	346 659	12 038	—	51 744	35 467	3 792	—	—	—	—	449 700
Assets limited as to use less current portion											
Investments held for collateral	58 642	—	—	8 000	—	—	—	—	—	—	66 642
Debt service funds	34 236	—	—	—	—	—	—	—	—	—	34 236
Construction funds	79 575	14 001	1 603	13 394	5 078	1 127	962	48 069	—	—	163 809
Board designated and escrow funds	—	—	—	—	25 000	5 000	—	—	38 467	—	68 467
Self-insurance trust funds	40 043	—	24 607	19 439	16 275	3 392	—	1 808	—	—	105 564
Funds restricted by donor	—	—	1 140	—	4 137	44	—	—	21 670	—	26 991
Economic interests in the net assets of related organizations	65 347	30 490	222	5 607	65 507	5 886	—	9 503	—	(77 008)	105 554
	277 843	44 491	27 572	46 440	115 997	15 449	962	59 380	60 137	(77 008)	571 263
Property and equipment net	835 770	45 127	102 169	236 734	127 156	24 145	69 010	175 707	—	—	1 615 818
Investments in joint ventures and other assets	521 903	—	8 794	11 735	11 959	1 588	14 663	11 931	7 118	(277 733)	311 958
Total assets	$ 2 546 087	141 927	177 586	432 356	343 942	53 739	143 406	256 570	67 555	(457 139)	3 706 029

(Continued)

Schedule 6

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Balance Sheet Information – Obligated Group

June 30, 2013

(In thousands)

Liabilities and Net Assets		University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc	Shore Health System, Inc	Chester River Medical Center	Charles Regional Medical Center	St Joseph Medical Center	UMMS Foundation	Eliminations	Obligated group total
Current liabilities												
Trade accounts payable	$	142,190	8,069	15,250	20,374	11,913	5,267	7,136	17,679	50	—	227,928
Accrued payroll and benefits		88,879	5,117	14,757	21,672	17,025	3,840	4,978	15,085	—	—	171,353
Advances from third-party payors		72,725	3,037	6,803	8,659	5,627	751	3,235	10,454	—	—	111,291
Lines of credit		83,000	—	—	—	—	—	12,000	—	—	—	95,000
Other current liabilities		163,631	1,860	8,677	40,634	2,370	(3,009)	1,250	2,003	—	(102,398)	115,018
Long-term debt subject to short-term remarketing arrangements		19,123	—	—	—	—	—	—	—	—	—	19,123
Current portion of long-term debt		14,616	463	604	3,161	3,021	82	1,966	4,362	—	—	28,275
Total current liabilities		584,164	18,546	46,091	94,500	39,956	6,931	30,565	49,583	50	(102,398)	767,988
Long-term debt, less current portion		631,325	22,393	34,993	183,145	96,505	4,783	61,349	248,861	—	—	1,283,354
Other long-term liabilities		108,965	415	25,222	33,981	13,836	8,161	12,100	3,775	—	—	206,455
Interest rate swap liabilities		145,504	—	—	—	—	—	—	—	—	—	145,504
Total liabilities		1,469,958	41,354	106,306	311,626	150,297	19,875	104,014	302,219	50	(102,398)	2,403,301
Net assets												
Unrestricted		996,451	70,083	69,918	115,123	165,187	32,161	39,182	(45,650)	42,899	(286,747)	1,198,607
Temporarily restricted		79,265	30,490	1,362	5,607	14,601	332	210	1	6,603	(67,994)	70,477
Permanently restricted		413	—	—	—	13,857	1,371	—	—	18,003	—	33,644
Total net assets		1,076,129	100,573	71,280	120,730	193,645	33,864	39,392	(45,649)	67,505	(354,741)	1,302,728
Total liabilities and net assets	$	2,546,087	141,927	177,586	432,356	343,942	53,739	143,406	256,570	67,555	(457,139)	3,706,029

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Operations Information – Obligated Group

Year ended June 30, 2014

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center	Shore Health System: Memorial Hospital	Shore Health System: Dorchester General	Shore Health System: QAEC	Shore Health System: Subtotal	Chester River Hospital Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
Unrestricted revenues, gains and other support															
Patient service revenue (net of contractual adjustments)	$ 1,355,330	107,626	206,158	389,664	175,910	49,049	4,445	229,404	87,310	128,305	314,749	208,519	—	(811)	2,966,284
Provision for bad debts	(86,868)	(8,765)	(25,203)	(27,697)	(8,438)	(3,353)	(188)	(11,979)	(4,661)	(9,064)	(15,660)	(11,455)	—	—	(201,412)
Net patient service revenue	1,268,462	98,861	180,955	361,967	167,472	45,696	4,257	217,425	82,649	119,241	299,089	197,064	—	(811)	2,764,872
Other operating revenue															
State support	3,000	—	—	—	—	—	—	—	—	—	—	—	—	—	3,000
Other revenue	69,485	3,796	1,862	3,433	2,656	414	16	3,086	284	511	3,129	5,310	—	(1,097)	89,550
Total unrestricted revenue, gains and other support	1,340,947	102,657	182,817	365,400	170,128	46,110	4,273	220,808	82,933	119,752	302,218	202,374	—	(1,908)	2,857,422
Operating expenses															
Salaries, wages, and benefits	631,068	80,791	90,109	160,741	79,457	22,301	3,244	105,002	23,193	88,138	128,340	93,328	—	—	1,337,727
Expendable supplies	294,552	16,731	20,129	61,394	29,302	3,889	463	33,654	8,393	19,213	79,088	41,228	—	—	871,389
Purchased services	136,297	20,327	32,398	89,668	34,111	8,612	1,253	43,976	10,317	24,387	67,220	31,438	—	(1,308)	424,684
Contracted services	130,802	8,648	23,267	8,649	4,582	2,442	957	7,981	8,187	4,064	14,180	7,078	—	—	209,796
Depreciation and amortization	78,474	4,618	11,762	22,234	10,613	2,269	1,150	14,032	3,098	3,694	13,286	12,227	—	—	163,422
Interest expense	26,318	780	1,234	6,348	2,734	191	517	3,442	166	2,259	8,882	3,284	—	—	82,713
Total operating expenses	1,297,808	101,892	178,869	349,031	160,829	39,674	7,884	208,387	77,054	108,788	310,933	188,580	—	(1,308)	2,759,701
Operating income (loss)	43,139	765	3,678	16,369	9,299	6,436	(3,611)	12,418	5,879	10,997	(8,715)	13,794	—	(600)	97,721
Nonoperating income and expenses, net															
Change in fair value of undesignated interest rate swaps	(4,456)	—	—	—	—	—	—	—	—	—	—	1,030	—	—	(3,426)
Other nonoperating gains and losses															
Contributions	8,705	—	—	—	(31)	—	—	(31)	—	—	—	—	6,817	—	15,491
Equity in net income of joint ventures	5,876	—	—	—	216	—	—	216	—	68	924	—	—	—	7,084
Inherent contribution – UCHS	114,436	—	—	—	—	—	—	—	—	—	—	—	—	—	114,436
Investment income	8,176	373	16	1,312	3,689	6	1	3,696	1,041	19	(2,824)	1,233	3,988	—	17,027
Change in fair value of investments	30,708	1,310		8,119	4,886	47	6	4,939	—	94	973	1,786	1,882	—	46,811
Other nonoperating gains and losses	(12,812)	(414)	(615)	(3,328)	(878)	(265)	(37)	(1,180)	(72)	(1,009)	(4,486)	(2,626)	(3,808)	—	(29,747)
Total other nonoperating gains and losses	155,389	1,269	(599)	6,103	7,882	(212)	(30)	7,640	969	(828)	(5,413)	393	8,879	—	176,862
Excess (deficiency) of revenues over expenses	194,378	2,034	3,079	22,472	17,181	6,224	(3,641)	20,058	6,848	10,169	(14,131)	15,217	8,879	(600)	264,583
Net assets released from restrictions used for purchase of property and equipment	—	443	1,093	—	343	—	—	343	548	117	—	—	—	—	2,544
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contribution to economic interest in UCH Legacy Funding Corporation	(150,000)	—	—	—	(5,194)	—	—	(5,194)	(1,488)	—	—	—	—	—	(156,682)
Change in ownership interest of joint ventures	2,188	—	—	—	—	—	—	—	—	—	—	—	—	—	2,188
Capital transfers (to) from affiliate	4,090	—	3,508	—	9,400	—	—	9,400	—	4,868	—	—	(22,654)	(2,800)	(3,588)
Amortization of accumulated loss of discontinued designated interest rate swap	1,887	—	—	—	—	—	—	—	—	—	—	—	—	—	1,887
Change in funded status of defined benefit pension plans	—	—	607	(102)	—	—	—	—	726	(1,618)	—	8,398	—	—	8,011
Asset reclassifications at request of donor	—	—	—	—	—	—	—	—	—	—	—	—	100	—	100
Other	849	12	2	1	(322)	—	—	(322)	(54)	(2,169)	—	(1,013)	11	600	(2,083)
Increase (decrease) in unrestricted net assets	$ 53,392	2,489	8,289	22,371	21,408	6,224	(3,641)	24,285	6,580	11,376	(14,131)	22,599	(13,664)	(2,800)	117,783

* Includes both Upper Chesapeake Medical Center & Harford Memorial Hospital

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND SUBSIDIARIES

Combining Operations Information – Obligated Group

Year ended June 30 2013

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center	Shore Health System: Memorial Hospital	Shore Health System: Dorchester General	Shore Health System: QAEC	Shore Health System: Subtotal	Chester River Hospital Center	Chalres Regional Medical Center	St Joseph Medical Center	UMMS Foundation	Eliminations	Obligated group total
Unrestricted revenues gains and other support														
Patient service revenue (net of contractual adjustments)	$ 1 325 091	101 611	197 494	329 657	168 514	49 757	4 128	222 399	53 929	118 309	146 993	—	(1 009)	2 494 474
Provision for bad debts	(87 889)	(4 543)	(14 141)	(11 135)	(4 698)	(1 566)	(89)	(6 353)	(2 553)	(4 922)	(5 066)	—	—	(136 602)
Net patient service revenue	1 237 202	97 068	183 353	318 522	163 816	48 191	4 039	216 046	51 376	113 387	141 927	—	(1 009)	2 357 872
Other operating revenue														
State support	3 000	—	—	—	—	—	—	—	—	—	—	—	—	3 000
Other revenue	79 256	2 471	1 483	4 066	2 570	393	15	2 978	304	529	1 752	—	(2 062)	90 777
Total unrestricted revenue gains and other support	1 319 458	99 539	184 836	322 588	166 386	48 584	4 054	219 024	51 680	113 916	143 679	—	(3 071)	2 451 649
Operating expenses														
Salaries wages and benefits	610 738	53 206	97 609	168 709	81 986	23 815	3 359	109 160	26 253	55 984	76 046	—	—	1 197 705
Expendable supplies	270 133	16 150	21 058	60 662	26 156	4 773	558	31 487	6 190	18 953	41 850	—	—	466 483
Purchased services	164 728	18 767	25 797	58 982	30 861	9 605	880	41 346	10 073	18 137	38 666	—	(6 178)	370 318
Contracted services	122 151	8 068	31 039	8 156	3 651	1 514	1 084	6 249	6 144	4 107	14 557	—	3 693	204 164
Depreciation and amortization	72 263	3 860	11 243	23 467	10 772	2 274	1 136	14 182	3 000	3 932	8 647	—	—	140 594
Interest expense	28 390	949	1 343	7 021	2 592	348	546	3 486	206	2 802	3 544	—	—	47 741
Total operating expenses	1 268 403	101 000	188 089	326 997	156 018	42 329	7 563	205 910	51 866	103 915	183 310	—	(2 485)	2 427 005
Operating income (loss)	51 055	(1 461)	(3 253)	(4 409)	10 368	6 255	(3 509)	13 114	(186)	10 001	(39 631)	—	(586)	24 644
Nonoperating income and expenses net														
Loss on early extinguishment of debt	(111)	(22)	(35)	(187)	(86)	—	—	(86)	—	(2 956)	—	—	—	(3 397)
Change in fair value of undesignated interest rate swaps	69 206	—	—	—	—	—	—	—	—	—	—	—	—	69 206
Other nonoperating gains and losses														
Contributions	—	—	—	—	25	—	—	25	—	28	—	6 265	—	6 318
Equity in net income of joint ventures	9 045	—	—	—	—	—	—	—	—	411	1 971	—	—	11 427
Investment income	10 736	116	57	1 087	651	—	—	651	897	40	—	2 709	—	16 293
Change in fair value of investments	15 335	906	224	3 337	5 597	—	—	5 597	(266)	(7)	—	615	—	25 741
Change in fair value of financial instrument	—	—	—	—	—	—	—	—	—	(2 917)	—	—	—	(2 917)
Other nonoperating gains and losses	(12 421)	(129)	(678)	(4 208)	(1 758)	—	—	(1 758)	621	134	(8 150)	(6 183)	—	(32 772)
Total other nonoperating gains and losses	22 695	893	(397)	216	4 515	—	—	4 515	1 252	(2 311)	(6 179)	3 406	—	24 090
Excess (deficiency) of revenues over expenses	142 845	(590)	(3 685)	(4 380)	14 797	6 255	(3 509)	17 543	1 066	4 734	(45 810)	3 406	(586)	114 543
Net assets released from restrictions used for purchase of property and equipment	16 503	4 030	2 143	641	580	—	—	580	—	(146)	330	—	—	24 081
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	1 170	—	—	—	—	—	—	—	—	—	—	—	—	1 170
Capital transfers (to) from affiliate	(12 801)	—	7 537	—	(12 433)	—	—	(12 433)	4 300	—	—	—	(2 500)	(15 897)
Change in fair value of designated interest rate swaps	3 046	—	—	—	—	—	—	—	—	—	—	—	—	3 046
Change in funded status of defined benefit pension plans	—	—	9 922	3 340	—	—	—	—	2 934	3 626	—	—	—	19 822
Net gains from nonconsolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	205 842	2	(16)	(1)	(1 074)	—	—	(1 074)	(98)	197	93	1 516	(205 687)	774
Increase (decrease) in unrestricted net assets	$ 356 605	3 442	15 901	(400)	1 870	6 255	(3 509)	4 616	8 202	8 411	(45 387)	4 922	(208 773)	147 539

See accompanying independent auditors' report