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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except 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
ANNE ARUNDEL MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2001 MEDICAL PARKWAY

City or town, state or province, country, and ZIP or foreign postal code
ANNAPOLIS, MD 21401

D Employer identification number
52-1169362

E Telephone number
(443)481-6554

G Gross receipts $ 492,656,688

F Name and address of principal officer
ROBERT REILLY
2001 MEDICAL PARKWAY
ANNAPOLIS, MD 21401

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: ▶ WWW AAHS ORG

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

L Year of formation 1902

M State of legal domicile MD

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO ENHANCE THE COMPREHENSIVE HEALTH CARE WE PROVIDE TO THE LOCAL AND REGIONAL COMMUNITY WE SERVE

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	17
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	3,672
6	Total number of volunteers (estimate if necessary)	**6**	590
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	7,452,397
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-1,128,337

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	5,037,550	1,982,537
	9 Program service revenue (Part VIII, line 2g)	455,897,486	462,877,567
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	12,081,948	9,988,353
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	20,038,817	17,336,824
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	493,055,801	492,185,281
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	11,117,379	10,581,654
	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)	225,586,346	224,320,749
	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)	239,547,833	237,131,737
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	476,251,558	472,034,140
	19 Revenue less expenses Subtract line 18 from line 12	16,804,243	20,151,141

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	959,419,269	926,527,862
	21 Total liabilities (Part X, line 26)	534,530,069	501,849,202
	22 Net assets or fund balances Subtract line 21 from line 20	424,889,200	424,678,660

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

ROBERT REILLY 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
LORI S BURGHAUSER		2015-05-07		P00370694

Firm's name ▶ SC&H TAX & ADVISORY SERVICES LLC | Firm's EIN ▶ 20-5991824

Firm's address ▶ 910 RIDGEBROOK ROAD
SPARKS, MD 21152 | Phone no (410) 403-1500

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

AS A CHARITABLE ORGANIZATION, ANNE ARUNDEL MEDICAL CENTER'S ("AAMC") MISSION IS TO ENHANCE THE HEALTH OF THE PEOPLE IT SERVES AND AAMC'S VISION IS "LIVING HEALTHIER TOGETHER" WITH THE COMMUNITY IN ADDITION TO TRADITIONAL PATIENT SERVICES LIKE DIAGNOSIS, TREATMENT AND REHABILITATION, THIS VISION IS ACCOMPLISHED BY EXPANDING HEALTH CARE OUTSIDE OF THE HOSPITAL WALLS, STRENGHTHENING COMMUNITY HEALTH THROUGH COMPREHENSIVE HEALTH MAINTENANCE AND EDUCATION OUTREACH

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 $ 408,760,278 including grants of $ 10,581,654) (Revenue $ 467,685,830)

INPATIENTTHE AAMC WOMEN'S AND CHILDREN'S CENTER OFFERS MULTIGENERATIONAL PROGRAMS TO SUPPORT A WOMAN FROM THE TIME SHE BEGINS GYNECOLOGICAL CARE THROUGH THE CHILDBEARING YEARS AND BEYOND WE OFFER THE MOST COMPREHENSIVE WOMEN'S SERVICES, ALL-INCLUSIVE MATERNITY, NEWBORN AND PEDIATRIC CARE, ADVANCED TREATMENTS FOR ANY HEALTH CHALLENGES WOMEN AND THEIR FAMILIES MAY ENCOUNTER, AND EXTENSIVE SCREENING, PREVENTION AND WELLNESS PROGRAMS TO HELP THEM LEAD LONGER, HEALTHIER AND MORE FULFILLING LIVES AAMC IS KNOWN FOR EXCELLENCE IN OBSTETRICAL SERVICES, AND WE OFFER MOMS MANY OPTIONS AS THEY MAKE INFORMED CHOICES DURING LABOR AND DELIVERY OUR GOAL IS FOR EACH MOTHER AND HER FAMILY TO FEEL RESPECTED AND TO EXPERIENCE THE BIRTHING PROCESS AND POSTPARTUM EXPERIENCE THEY DESIRE ANNE ARUNDEL MEDICAL CENTER DELIVERS MORE THAN 5,000 BABIES EACH YEAR, THE SECOND HIGHEST NUMBER OF DELIVERIES IN THE STATE OF MARYLAND ANNE ARUNDEL MEDICAL CENTER'S NEONATAL INTENSIVE CARE UNIT (NICU) IS DESIGNATED AS A LEVEL IIIB NICU, AND IS ABLE TO CARE FOR THE MOST CRITICALLY ILL NEWBORNS, ALLOWING BABIES BORN EARLY OR WITH COMPLICATIONS TO STAY WITH THEIR MOTHERS AT AAMC HOSPITALS THAT DO NOT HAVE THIS LEVEL OF NICU CARE OFTEN MUST TRANSFER BABIES TO OTHER HEALTH CARE FACILITIES, MEANING THAT MOTHERS AND BABIES CANNOT REMAIN TOGETHER THE AAMC NICU, ALSO KNOWN AS "TEDDY'S PLACE", IS A STATE-OF-THE-ART 26-BED UNIT, EQUIPPED WITH LIFE-SAVING TECHNOLOGY AND STAFFED BY FULL- AND PART-TIME NEONATOLOGISTS, NEONATAL NURSE PRACTITIONERS, AND NURSES WITH SPECIALIZED NICU TRAINING ON AVERAGE, 18-20 BABIES A DAY ARE CARED FOR IN OUR NICU, AND APPROXIMATELY 13-17 PERCENT OF ALL BABIES DELIVERED AT AAMC WILL SPEND SOME TIME IN THE NICU AT AAMC, THE CENTER FOR MATERNAL-FETAL MEDICINE OFFERS WOMEN THE HIGHEST LEVEL OF OBSTETRIC CARE, WITH FIVE HIGHLY TRAINED PHYSICIANS ABLE TO PERFORM AND OVERSEE A WIDE RANGE OF COMPLICATIONS THE AAMC CENTER FOR MATERNAL-FETAL MEDICINE OFFERS CARE TO WOMEN WHO COME FROM AS FAR AWAY AS MARYLAND'S CHARLES AND ST MARY'S COUNTIES, AS WELL AS DELAWARE TYPICAL PATIENTS INCLUDE WOMEN WHO ARE CARRYING TWINS OR TRIPLETS, WOMEN REQUIRING DIABETES EDUCATION OR SPECIALIZED TESTING, SUCH AS AMNIOCENTESIS, OR WOMEN WHO WILL BE 35 OR OLDER AT THE TIME OF DELIVERY THE AAMC WOMEN'S CENTER FOR PELVIC HEALTH PROVIDES COMPREHENSIVE AND INNOVATIVE PELVIC HEALTH CARE FOR WOMEN OF ALL AGES SUFFERING FROM PROBLEMS AND DISORDERS OF THE PELVIC REGION OUR EXPERIENCED SPECIALISTS EMPLOY A COMPASSIONATE AND PROFESSIONAL APPROACH TO DIAGNOSE AND TREAT ALL COMPONENTS OF PELVIC PROBLEMS, WITH THE GOAL OF ENSURING WELLNESS AND MAINTAINING DIGNITY THE AAMC WOMEN'S CENTER FOR PELVIC HEALTH ADDRESSES ISSUES INCLUDING URINARY INCONTINENCE, PELVIC SUPPORT PROBLEMS, FECAL INCONTINENCE, CHILDBIRTH AND PREGNANCY RELATED PELVIC FLOOR DISORDERS, INCONTINENCE CLEARLY LINKED TO PROLAPSE OR PELVIC FLOOR DYSFUNCTION, AND PELVIC ORGAN PROLAPSE (CYSTOCELE, RECTOCELE, UTERINE, VAGINAL VAULT, PERINEAL) STROKEANNE ARUNDEL MEDICAL CENTER HAS EARNED CERTIFICATION AS A PRIMARY STROKE CENTER FROM THE JOINT COMMISSION, AND WAS THE FIRST HOSPITAL IN THE REGION (AND ONE OF THE FIRST EIGHT IN THE STATE) TO HAVE EARNED THIS HIGHLY SPECIALIZED DESIGNATION BECAUSE SUCCESSFUL TREATMENT OF STROKE PATIENTS IS SO TIME-CRITICAL, THE PRESENCE OF A CERTIFIED STROKE CENTER IN ANNE ARUNDEL COUNTY IS SIGNIFICANT FOR THE RESIDENTS OF THE REGION BECAUSE THEY NO LONGER HAVE TO WASTE PRECIOUS TIME AND TRAVEL 30 OR MORE MILES TO GET LIFE-SAVING TREATMENT THE JOINT COMMISSION CERTIFICATION MEANS AAMC HAS DEMONSTRATED THAT ITS STROKE PROGRAM FOLLOWS NATIONAL STANDARDS AND GUIDELINES THAT CAN SIGNIFICANTLY IMPROVE OUTCOMES FOR STROKE PATIENTS IN MARYLAND, SOMEONE IS HOSPITALIZED FOR A STROKE EVERY 30 MINUTES AND SOMEONE DIES EVERY THREE HOURS, ACCORDING TO THE MARYLAND INSTITUTE FOR EMERGENCY MEDICAL SERVICES SYSTEMS (MIEMSS) STROKE IS THE 3RD LEADING CAUSE OF DEATH IN MARYLAND AAMC OFFERS TREATMENT WITH TPA - TISSUE PLASMINOGEN ACTIVATOR, A CLOT-BUSTING MEDICATION APPROVED FOR USE IN CERTAIN PATIENTS HAVING A STROKE TPA MUST BE GIVEN WITHIN A FEW HOURS AFTER SYMPTOMS BEGIN THE PROCEDURE IS DONE THROUGH AN INTRAVENOUS (IV) LINE BY SPECIALLY TRAINED HOSPITAL PERSONNEL AAMC TREATED 624 STROKE PATIENTS DURING FISCAL YEAR 2014 HEART AND VASCULAR INSTITUTETHE AAMC HEART AND VASCULAR INSTITUTE IS A COMPREHENSIVE PROGRAM OFFERING EXCEPTIONAL EMERGENCY, INTERVENTIONAL AND SURGICAL CARE TO OUR COMMUNITY THE HEART AND VASCULAR INSTITUTE FEATURES A DEDICATED HEART AND VASCULAR UNIT, VASCULAR SCREENING, SURGERY AND TREATMENT, CARDIAC-CATHERIZATION, INTERVENTIONAL MEDICINE, EMERGENCY ANGIOPLASTY, CARDIOPULMONARY REHABILITATION AND INTERVENTIONAL RADIOLOGY A REGIONAL RESOURCE TO OUR COMMUNITY, THE AAMC HEART AND VASCULAR INSTITUTE IS NATIONALLY RECOGNIZED AS A STANDARD FOR CARE AND TREATMENT OF HEART ATTACK PATIENTS AND RECIPIENT OF THE 2011 GOLD PERFORMANCE ACHIEVEMENT AWARD FROM THE AMERICAN COLLEGE OF CARDIOLOGY AAMC IS ALSO A PARTICIPANT IN THE C-PORT E PROGRAM, OFFERING ELECTIVE ANGIOPLASTY SERVICES TO OUR COMMUNITY SURGICAL SERVICESAAMC SURGEONS PERFORM A VARIETY OF INPATIENT AND OUTPATIENT SURGICAL PROCEDURES FROM THE ROUTINE TO THE TECHNOLOGICALLY ADVANCED, SUCH AS ROBOTICS IN ADDITION TO GENERAL SURGERIES, THEY SPECIALIZE IN BREAST, COLON AND RECTAL, ORTHOPEDIC, PEDIATRIC, RETINAL, THORACIC, VASCULAR, UROLOGY, GYNECOLOGY, UROGYNECOLOGY, OPHTHALMOLOGY, AND EAR, NOSE AND THROAT SURGERY, AS WELL AS NEUROSURGERY AND PLASTIC RECONSTRUCTIVE SURGERY BOARD-CERTIFIED ANESTHESIOLOGISTS PLAN AND SUPERVISE ANESTHESIA CARE FOR ALL PATIENTS IN ADDITION, 24-HOUR PHYSICIAN CARE THROUGH THE HOSPITALIST AND INTENSIVIST PROGRAMS MEANS A DOCTOR IS ALWAYS NEARBY TO MAKE SURE RECOVERY FOR INPATIENTS IS PROGRESSING SMOOTHLY AT THE AAMC JOINT CENTER, OUR SURGEONS HOLD SUPERIOR CREDENTIALS AND MANY OF OUR SURGEONS SPECIALIZE IN KNEE AND HIP REPLACEMENT OUR VOLUME OF SURGERY ALSO CONTRIBUTES TO OUR MEDICAL EXPERTISE AAMC PERFORMS MORE THAN 1,900 JOINT REPLACEMENTS PER YEAR, WHICH MAKES US CONSISTENTLY ONE OF THE HIGHEST VOLUME JOINT REPLACEMENT CENTERS IN THE STATE OVER THE PAST THREE YEARS, AAMC PERFORMED MORE JOINT REPLACEMENTS THAN ANY OTHER HOSPITAL IN THE STATE JOINT CAMPANOTHER UNIQUE PART OF THE AAMC JOINT CENTER IS OUR "JOINT CAMP" AN IMPORTANT PART OF THE PROGRAM, THE JOINT CAMP GETS ITS NAME IN PART FROM THE SENSE OF SHARED EXPERIENCES, CAMARADERIE AND COMPANIONSHIP MANY PATIENTS FEEL TOWARD ONE ANOTHER THE PHILOSOPHY OF JOINT CAMP IS THAT YOU AND YOUR FAMILY ARE NOT BYSTANDERS, BUT RATHER ACTIVE PARTICIPANTS WITH A COMMON GOAL A TRAINED COORDINATOR HELPS GUIDE AND ASSIST YOU EVERY STEP OF THE WAY OUTPATIENTTHE AAMC GEATON AND JOANN DECESARIS CANCER INSTITUTE AT ANNE ARUNDEL MEDICAL CENTER ENCOMPASSES A LARGE ARRAY OF SERVICES RANGING FROM PREVENTION, SCREENING, DIAGNOSIS AND TREATMENT THROUGH SURVIVORSHIP MANY DIFFERENT TYPES OF PROFESSIONALS CONTRIBUTE TO THE CARE OF PATIENTS IN OUR PROGRAMS IT IS OUR GOAL TO PROVIDE THE BEST EXPERIENCE POSSIBLE, NO MATTER WHERE OR HOW A PERSON ENCOUNTERS OUR CANCER CENTER SERVICES THE DECESARIS CANCER INSTITUTE WAS AWARDED THE COMMISSION ON CANCER (COC) OUTSTANDING ACHIEVEMENT AWARD FOR 2008 FOLLOWING AN INTENSIVE ON-SITE SURVEY COMPLETED IN NOVEMBER 2008 IN 2011, THE COC GRANTED A THREE-YEAR ACCREDITATION WITH COMMENDATION TO THE DECESARIS CANCER INSTITUTE, RECOGNIZING ITS CANCER COMMITTEE LEADERSHIP, CANCER DATA MANAGEMENT, CLINICAL SERVICES, RESEARCH, COMMUNITY OUTREACH, AND QUALITY IMPROVEMENT IT IS ONE OF ONLY FOUR CANCER PROGRAMS IN MARYLAND (AND ONE OF ONLY 95 PROGRAMS NATIONWIDE) TO RECEIVE THE PRESTIGIOUS AWARD FROM THE COC, AN ORGANIZATION ESTABLISHED BY THE AMERICAN COLLEGE OF SURGEONS THE AWARD WAS ESTABLISHED IN 1994 TO RECOGNIZE CANCER PROGRAMS DEMONSTRATING EXCELLENCE IN PROVIDING QUALITY CARE TO CANCER PATIENTS A FACILITY RECEIVES THE AWARD ONLY IF DEMONSTRATING A "COMMENDATION" LEVEL OF COMPLIANCE WITH SEVEN COC-ESTABLISHED STANDARDS OF CARE AAMC DEMONSTRATED COMMENDATION-LEVEL COMPLIANCE IN SIX AREAS, CANCER COMMITTEE LEADERSHIP, CANCER DATA MANAGEMENT, CLINICAL SERVICES, RESEARCH, COMMUNITY OUTREACH, AND QUALITY IMPROVEMENT THE AAMC BREAST CENTER IS NATIONALLY RECOGNIZED FOR ITS OUTSTANDING CARE, RESEARCH AND COMPREHENSIVE PROGRAMS IT OFFERS KIND, SENSITIVE, AND TAILORED BREAST DISEASE TREATMENT AND CARE FOR WOMEN WITH OUR HIGHLY EXPERIENCED BREAST SPECIALISTS AND SPECIALTY TRAINED STAFF PLUS STATE-OF-THE-ART FACILITIES, WE ARE A BREAST CENTER DEDICATED TO GIVING YOU NEW HOPE AND GOOD HEALTH IN 2013, THE NATIONAL ACCREDITATION PROGRAM FOR BREAST CENTERS (NAPBC) GRANTED A THREE YEAR ACCREDITATION DESIGNATION TO THE BREAST CANCER CENTER (CONTINUED ON PAGE 89)

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** ▶ 408,760,278

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	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		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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	Yes	
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	Yes	
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	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more 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**	Yes	
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**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		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	227		
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			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,672		
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		Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible 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**	17		
	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**	14		
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**		No
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**		

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

▶ SANDRA HUFFER 2001 MEDICAL PARKWAY
ANNAPOLIS, MD 21401 (443) 481-6554

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			
(1) EDWARD GOSSELIN CHAIRMAN	1 00 2 00	X		X				0	0	0
(2) GARY JOBSON VICE CHAIRMAN	1 00 2 00	X		X				0	0	0
(3) MAULIK JOSHI MD SECRETARY	1 00 1 00	X		X				0	0	0
(4) LEISA C RUSSELL TREASURER	1 00 1 00	X		X				0	0	0
(5) JASON GROVES ASSISTANT SECRETARY	1 00 2 00	X		X				0	0	0
(6) ALAN J HYATT ASSISTANT TREASURER	1 00 1 00	X		X				0	0	0
(7) VICTORIA BAYLESS PRESIDENT	40 00 9 00	X		X				1,032,494	0	147,160
(8) GEORGE K ANDERSON MD BOARD MEMBER	1 00 1 00	X						0	0	0
(9) JOHN BELCHER BOARD MEMBER	1 00 1 00	X						0	0	0
(10) JUNE CAUDILL BOARD MEMBER	1 00 2 00	X						0	0	0
(11) JAMES CHAMBERS BOARD MEMBER	1 00 1 00	X						0	0	0
(12) PATRICIA DARROW-SMIT BOARD MEMBER	1 00 1 00	X						0	0	0
(13) JAMES ELLERSON BOARD MEMBER	1 00 1 00	X						0	0	0
(14) CARLESA FINNEY BOARD MEMBER	1 00 1 00	X						0	0	0
(15) KEN GUMMERSON MD BOARD MEMBER	1 00 1 00	X						72,000	0	0
(16) DOUG MITCHELL MD BOARD MEMBER	1 00 2 00	X						0	0	0
(17) CHRIS O'MEARA BOARD MEMBER	1 00 1 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (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			
(18) ROBERT REILLY CFO	40 00 6 00			X				469,887	0	37,779
(19) MITCHELL SCHWARTZ MD CHIEF MEDICAL OFFICER	20 00 24 00				X			600,460	0	54,287
(20) SHERRY PERKINS CHIEF OPERATING OFFICER	40 00 2 00				X			540,957	0	23,889
(21) BARBARA BALDWIN VP AND CIO	40 00 0 00				X			351,380	0	8,448
(22) JENNIFER HARRINGTON VP SUPPORT & CLINICAL SERVICES	40 00 0 00				X			260,820	0	8,325
(23) PATRICIA CZAPP MD CLINICAL INTEGRATION CHAIR	40 00 2 00					X		359,759	0	17,851
(24) JOSEPH D MOSER MD SENIOR VP OF MEDICAL AFFAIRS	40 00 0 00					X		422,995	0	40,238
(25) GEORGE SAMARAS MD MEDICINE DIVISION CHAIR	40 00 0 00					X		443,235	0	22,556
(26) ADRIAN PARK SURGERY DIVISION CHAIR	40 00 1 00					X		620,026	0	48,165
(27) HENRY SOBEL MD WOMEN'S & CHILDREN'S DIVISION CHAIR	40 00 0 00					X		374,684	0	26,002

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	5,548,697	0	434,700

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 ▶ 225

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
ANNAPOLIS ASTHMA PULMONARY SLEEP SPECIAL 2000 MEDICAL PARKWAY SUITE 607 ANNAPOLIS MD 21401	CRITICAL CARE SERVICES	4,391,596
CONIFER VALUE-BASED CARE LLC 1596 WHITEHALL ROAD ANNAPOLIS MD 21409	MEDICAL PLAN SERVICE	1,431,088
SIMPLER NORTH AMERICA LP 401 LIBERTY AVENUE 22 PITTSBURGH PA 15222	LEAN ENTERPRISE TRANSFORMATION	1,122,233
QUEST DIAGNOSTICS INC (MD) 1901 SULPHUR SPRING ROAD BALTIMORE MD 21227	LABORATORY TESTING SERVICES	1,019,796
FOTHERINGILL & WADE LLC 1 OLYMPIC PLACE BALTIMORE MD 21227	LEGAL SERVICES	673,184

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 ▶ 44

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 1,982,537				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	1,982,537			
Program Service Revenue		Business Code				
	2a	ANCILLIARY SERVICES 621500	366,857,004	360,077,003	6,780,001	
	b	ADMISSION/ROOM CHARGES 621990	57,627,475	57,627,475		
	c	EMERGENCY ROOM CHARGES 621990	33,686,657	33,686,657		
	d	CAFETERIA 722210	3,809,818			3,809,818
	e	PATIENT EDUCATION/MISC 624100	896,613	896,613		
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	462,877,567			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶	8,603,517		-16,655	8,620,172
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents 1,399,033				
	b	Less rental expenses 185,492				
	c	Rental income or (loss) 1,213,541				
	d	Net rental income or (loss) . . . . . ▶	1,213,541		4,298	1,209,243
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 1,495,161				
	b	Less cost or other basis and sales expenses 110,325				
	c	Gain or (loss) 1,384,836				
	d	Net gain or (loss) . . . . . ▶	1,384,836			1,384,836
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a 183,192				
	b	Less direct expenses . . . b 175,590				
	c	Net income or (loss) from fundraising events . . ▶	7,602			7,602
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶				
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶				
		Miscellaneous Revenue / Business Code				
	11a	MANAGEMENT SERVICES 812900	15,010,111	14,521,278	488,833	
	b	ANSWERING/PAGING SERVICE 812900	195,920		195,920	
	c					
	d	All other revenue	909,650	876,804		32,846
	e	**Total.** Add lines 11a–11d . . . . . ▶	16,115,681			
	12	**Total revenue.** See Instructions . . . . . ▶	492,185,281	467,685,830	7,452,397	15,064,517

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	10,581,654	10,581,654		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	3,679,885	3,311,896	367,989	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	184,661,585	159,949,091	24,712,494	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,781,375	2,428,695	352,680	
9 Other employee benefits	19,397,124	16,985,658	2,411,466	
10 Payroll taxes	13,800,780	12,089,105	1,711,675	
11 Fees for services (non-employees)				
a Management				
b Legal	1,465,976		1,465,976	
c Accounting	184,282		184,282	
d Lobbying	30,589		30,589	
e Professional fundraising services See Part IV, line 17				
f Investment management fees	150,000		150,000	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	38,658,794	23,435,889	15,222,905	
12 Advertising and promotion	1,675,473	1,231,534	443,939	
13 Office expenses	18,798,703	13,622,009	5,176,694	
14 Information technology	5,982,734		5,982,734	
15 Royalties . .				
16 Occupancy	10,500,564	7,927,581	2,572,983	
17 Travel	971,928	645,928	326,000	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	753,737	454,635	299,102	
20 Interest	15,181,829	15,181,829		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	29,604,291	29,604,291		
23 Insurance	2,119,964	1,907,968	211,996	
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 MEDICAL SUPPLIES	108,483,490	108,483,490		
b DUES, BOOKS, AND SUBSCR	1,853,704	233,520	1,620,184	
c TEMPORARY AGENCY	715,679	685,505	30,174	
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	472,034,140	408,760,278	63,273,862	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			1	
	2	Savings and temporary cash investments		26,120,248	2	31,613,036
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		68,058,783	4	58,859,714
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	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			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		8,203,840	8	8,030,207
	9	Prepaid expenses and deferred charges		7,173,714	9	4,315,958
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 617,773,784			
	b	Less accumulated depreciation	10b 248,801,743	385,813,736	10c	368,972,041
	11	Investments—publicly traded securities		212,278,330	11	241,566,662
	12	Investments—other securities See Part IV, line 11		65,441,584	12	74,519,886
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		186,329,034	15	138,650,358
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		959,419,269	16	926,527,862
Liabilities	17	Accounts payable and accrued expenses		91,914,159	17	79,532,242
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		334,789,572	20	330,509,803
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	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			22	
	23	Secured mortgages and notes payable to unrelated third parties		889,559	23	89,828
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		106,936,779	25	91,717,329
	26	**Total liabilities.** Add lines 17 through 25		534,530,069	26	501,849,202
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		393,592,679	27	396,746,891
	28	Temporarily restricted net assets		19,867,153	28	16,634,481
	29	Permanently restricted net assets		11,429,368	29	11,297,288
		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		424,889,200	33	424,678,660
	34	Total liabilities and net assets/fund balances		959,419,269	34	926,527,862

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	492,185,281
2	Total expenses (must equal Part IX, column (A), line 25)	2	472,034,140
3	Revenue less expenses Subtract line 2 from line 1	3	20,151,141
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	424,889,200
5	Net unrealized gains (losses) on investments	5	22,603,608
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	-42,965,289
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	424,678,660

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		

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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
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

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

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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	Employer identification number
ANNE ARUNDEL MEDICAL CENTER INC	52-1169362

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 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		30,589
j	Total Add lines 1c through 1i			30,589
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
PART II-B, LINE 1	THE ORGANIZATION PAYS DUES TO THE MARYLAND HOSPITAL ASSOCIATION A PORTION OF THE DUES ARE USED FOR 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
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

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

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part 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					
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 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 ▶
- 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)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part 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		26,895,207		26,895,207
b Buildings		362,396,228	85,934,659	276,461,569
c Leasehold improvements		10,613,406	6,054,997	4,558,409
d Equipment		217,059,356	156,812,087	60,247,269
e Other		809,587		809,587
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				368,972,041

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) INVESTMENT IN ANNE ARUNDEL HEALTH CARE SERVICES, INC	55,442,116	F
(B) INVESTMENT IN PREMIER PURCHASING PARTNERS, LLP	1,821,992	F
(C) INVESTMENT IN ANNE ARUNDEL GENERAL TREATMENT SERVICES, INC	4,651,682	F
(D) CSV OFFICERS LIFE INSURANCE	685,503	F
(E) INVESTMENT IN PRISMA SPECTRUM FUND LTD	11,918,593	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	74,519,886	

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) LIMITED USE ASSETS	34,450,302
(2) DEFERRED DEBT ISSUE COSTS	5,832,344
(3) DUE FROM AFFILIATES	13,602,529
(4) NOTES RECEIVABLE FROM AFFILIATES	4,678,440
(5) BENEFICIAL INTEREST IN AAMC FOUNDATION	28,471,220
(6) RESTRICTED COLLATERAL FOR INTEREST RATE SWAP AGREEMENTS	51,615,523
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	138,650,358

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	
THIRD PARTY ADVANCE LIABILITIES	25,243,640
FAIR VALUE OF INTEREST RATE SWAP DERIVATIVE CONTRACTS	55,625,556
DUE TO AFFILIATES	10,848,133
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	91,717,329

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
PART X, LINE 2	UNDER THE REQUIREMENTS OF ASC 740, INCOME TAXES, TAX-EXEMPT ORGANIZATIONS COULD BE REQUIRED TO RECORD AN OBLIGATION AS THE RESULT OF A TAX POSITION THEY HAVE HISTORICALLY TAKEN ON VARIOUS TAX EXPOSURE ITEMS ANNE ARUNDEL HEALTH SYSTEM, INC AND SUBSIDIARIES (THE "GROUP") HAS DETERMINED THAT IT DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THROUGH JUNE 30, 2014

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

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

▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

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

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

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

	(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1)	CENTRAL AMERICA AND THE CARIBBEAN	0	1	REINSURANCE EXPENSES		3,805,000
(2)	CENTRAL AMERICA AND THE CARIBBEAN	0	0	INVESTMENTS		11,918,593
(3)						
(4)						
(5)						
3a	Sub-total	0	1			15,723,593
b	Total from continuation sheets to Part I	0	0			0
c	**Totals** (add lines 3a and 3b)	0	1			15,723,593

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Part II can be duplicated if additional space is needed.

1 **(a)** Name of organization	**(b)** IRS code section and EIN (if applicable)	**(c)** Region	**(d)** Purpose of grant	**(e)** Amount of cash grant	**(f)** Manner of cash disbursement	**(g)** Amount of non-cash assistance	**(h)** Description of non-cash assistance	**(i)** Method of valuation (book, FMV, appraisal, other)
(1)								
(2)								
(3)								
(4)								

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

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

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

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

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

Additional Data

Software ID:
Software Version:
EIN: 52-1169362
Name: ANNE ARUNDEL MEDICAL CENTER INC

Part V **Supplemental Information**

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

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

▶ **Information about Schedule G (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
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

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

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

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

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

	(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total . . . . . ▶							

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

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

		(a) Event #1 LIGHTS ON THE BAY (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	183,192			183,192
	2 Less Contributions				
	3 Gross income (line 1 minus line 2)	183,192			183,192
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs	175,590			175,590
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(175,590)
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				7,602

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

11

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

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

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

c If "Yes," enter name and address of the third party

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

Part IV Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

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
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

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 33000 0000000000 %			
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)			6,353,769		6,353,769	1 350 %
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			6,353,769		6,353,769	1 350 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			5,773,974	59,108	5,714,866	1 210 %
f Health professions education (from Worksheet 5)			5,882,916		5,882,916	1 250 %
g Subsidized health services (from Worksheet 6)			12,443,003	27,000	12,416,003	2 630 %
h Research (from Worksheet 7)			531,488		531,488	0 110 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			862,857		862,857	0 180 %
j **Total.** Other Benefits			25,494,238	86,108	25,408,130	5 380 %
k **Total.** Add lines 7d and 7j			31,848,007	86,108	31,761,899	6 730 %

Part II Community Building Activities Complete this 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			8,280		8,280	0 %
2	Economic development			31,157		31,157	0 010 %
3	Community support			177,556		177,556	0 040 %
4	Environmental improvements			73,620		73,620	0 020 %
5	Leadership development and training for community members			207,926		207,926	0 040 %
6	Coalition building			178,643		178,643	0 040 %
7	Community health improvement advocacy			60,332		60,332	0 010 %
8	Workforce development			8,448		8,448	0 %
9	Other			228,788		228,788	0 050 %
10	**Total**			974,750		974,750	0 210 %

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	17,286,654		
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	2,419,815		
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	170,406,776
6	Enter Medicare allowable costs of care relating to payments on line 5	6	159,053,134
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	11,353,642
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures (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? 1

	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 ANNE ARUNDEL MEDICAL CENTER

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 beginning 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**	Yes	
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) WWW.AAHS.ORG/COMMUNITY/PDFS/PLAN2013-2015			
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**	Yes	
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 000000000000% 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 330 000000000000% 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**	Yes	
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)

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 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? 2

	Name and address	Type of Facility (describe)
1	BLOOD DRAW SITE- SAJAK PAVILION 2002 MEDICAL PARKWAY ANNAPOLIS,MD 21401	BLOOD DRAW LABORATORY
2	BLOOD DRAW SITE- KENT ISLAND 1630 MAIN STREET CHESTER,MD 21619	BLOOD DRAW LABORATORY
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
PART I, LINE 7	CHARITY CARE REPORTED IN LINE 7A WAS CALCULATED USING A COST TO CHARGE RATIO DERIVED USING THE RATIO OF PATIENT CARE COST TO CHARGES AND THE HOSPITAL'S AUDITED FINANCIAL STATEMENTS OTHER COST AMOUNTS INCLUDED IN LINE 7 RELATING TO COMMUNITY BENEFITS AND COMMUNITY BUILDING ACTIVITIES WERE OBTAINED FROM THE ORGANIZATION'S COMMUNITY BENEFIT REPORT FILING WITH THE HSCRC IN THE STATE OF MARYLAND THESE COSTS WERE DETERMINED USING A VARIETY OF SOURCES, INCLUDING PAYROLL INFORMATION (FOR DIRECT LABOR COSTS) AND THE ORGANIZATION'S GENERAL LEDGER SYSTEM DETAIL (FOR OTHER DIRECT COSTS E G SUPPLIES) INDIRECT COSTS IN THESE AREAS OF BENEFIT WERE DETERMINED BY APPLYING AN INDIRECT COST RATIO TO THE DIRECT COST AMOUNTS OBTAINED THIS RATIO IS CALCULATED USING SCHEDULE M OF THE HOSPITAL'S ANNUAL COST REPORT FILING WITH THE HSCRC IN THE STATE OF MARYLAND PART I, LINE 7A, COLUMN (D) AND LINE 7F, COLUMNS (C) AND (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 CONSIDERING UNCOMPENSATED CARE IN EACH PAYORS' RATES, AND THEREFORE MARYLAND HOSPITALS ARE UNABLE TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE PART I, LINE 7B, COLUMN (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 CONSIDERING UNCOMPENSATED CARE IN EACH PAYORS' RATES, AND THEREFORE MARYLAND HOSPITALS ARE UNABLE TO BREAKOUT ANY DIRECTED OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO THE EXCEPTION TO THIS IS THE IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT IN RECENT YEARS, THE STATE OF MARYLAND HAS CLOSED FISCAL GAPS IN THE STATE MEDICAID BUDGET BY ASSESSING HOSPITALS THROUGH THE RATE SETTING SYSTEM

Form and Line Reference	Explanation
PART I, LINE 7G	PHYSICIAN CLINIC COSTS ARE INCLUDED AS SUBSIDIZED HEALTH SERVICES BECAUSE THEY WOULD NOT OTHERWISE BE AVAILABLE TO MEET PATIENT DEMAND THE HOSPITAL MAINTAINS 24/7 INPATIENT COVERAGE WITH THE HOSPITALIST PROGRAM AND PHYSICIAN COVERAGE FOR PALLIATIVE CARE PROGRAM, NEUROLOGY STROKE PROGRAM, WOMEN'S PELVIC HEALTH, THORACIC SURGERY PROGRAM, NEONATAL OPHTHALMOLOGY, GYN ONCOLOGY PROGRAM, SURGICAL ONCOLOGY PROGRAM, HEMATOLOGY/MEDICAL ONCOLOGY PROGRAM, ANNAPOLIS ONCOLOGY CENTER AND BREAST CENTER AT A COST INCLUDED IN PART I, LINE 7G OF $10,581,654 THIS COVERAGE PROVIDES AND GUARANTEES AROUND THE CLOCK ACCESS FOR PATIENTS TO NEEDED SERVICES EMERGENCY DEPARTMENT ON-CALL PHYSICIANS $433,485 THE HOSPITAL FUNDS 24/7/365 COMPREHENSIVE EMERGENCY DEPARTMENT MEDICAL STAFF COVERAGE AND ENSURES THERE IS ALWAYS THE APPROPRIATE LEVEL OF CARE IN ORDER TO MAINTAIN QUALITY PATIENT CARE THE HOSPITAL CONTRIBUTED $62,000 WORKING IN COLLABORATION WITH THE ANNE ARUNDEL COUNTY HEALTH DEPARTMENT TO PROVIDE PHYSICIAN(S) AND MID-WIVES FOR PATIENTS THAT PARTICIPATE IN THE ANNE ARUNDEL COUNTY DEPARTMENT OF HEALTH PRE-NATAL MATERNITY CLINIC, WHICH PROVIDES CARE FOR UNINSURED WOMEN WHOSE INFANTS WOULD BE MEDICAID-ELIGIBLE THIS COVERAGE PROVIDED FREE PRE-NATAL CARE TO MORE THAN 180 WOMEN AND THEIR CHILDREN THE HOSPITAL CONTRIBUTED $50,000 WORKING IN COLLABORATION WITH JOHNS HOPKINS PHYSICIANS TO TREAT UNINSURED PATIENTS THAT PRESENT AT THE KENT ISLAND URGENT CARE CENTER, PROVIDING CARE TO PATIENTS IN THEIR OWN COMMUNITY PHYSICIAN SHORTAGES IDENTIFIED LOCALLY, THERE IS A SIGNIFICANT SHORTAGE OF PRIMARY CARE PHYSICIANS IN THE REGION THERE IS A SHORTAGE OF 46 3 PRIMARY CARE PHYSICIANS IN ANNE ARUNDEL COUNTY, BASED ON CALCULATIONS USING THE GUIDELINES OF THE FEDERAL HEALTH PROFESSIONAL SHORTAGE AREAS AND THE ANNALS OF FAMILY MEDICINE, VOL 10, NO 5 DATA ANALYSIS DEMONSTRATES THAT 58% OF THE POPULATION IN ALL ANNE ARUNDEL COUNTY ZIP CODES NEEDS AT LEAST 1 ADDITIONAL PRIMARY CARE PHYSICIAN FTE THERE IS AN INCREASED UTILIZATION OF PRIMARY CARE SERVICES DUE TO THE IMPLEMENTATION OF THE AFFORDABLE CARE ACT MANDATING HEALTH INSURANCE COVERAGE FOR ALL AND MEDICAID EXPANSION THIS SHORTAGE RESULTS IN SERIOUSLY LIMITED ACCESS TO PRIMARY CARE IN PARTS OF OUR COMMUNITY BENEFIT SERVICE AREA BUILDING PRIMARY CARE ACCESS IS ESSENTIAL TO THE HOSPITAL'S STRATEGIC PLAN, VISION 2020 INCREASED ACCESSIBILITY AND COORDINATING HEALTH CARE INCREASED THE FOCUS ON PREVENTION AND IMPROVING THE POPULATION HEALTH OF OUR CBSA AAMC CONTINUES TO PROMOTE PHYSICIAN RECRUITMENT WITH REGARD TO PRIMARY CARE PHYSICIANS IN THE COUNTY FOUR ADDITIONAL PRIMARY CARE PHYSICIANS JOINED THE AAMC'S TEAM IN EARLY FY14 A PRIMARY CARE WALK-IN CLINIC IS PLANNED FOR OPENING IN FY15 IN AN ANNAPOLIS GROCERY STORE TO EXPAND ACCESS TO CARE PHYSICIAN RECRUITMENT, PARTICULARLY PRIMARY CARE RECRUITMENT, CONTINUES TO BE A MAJOR INITIATIVE FOR THE ORGANIZATION WHILE THE UNINSURED AND UNDERSERVED POPULATION CAN ACCESS CARE THROUGH THE COMMUNITY CLINICS OPERATED BY PHYSICIAN ENTERPRISE, LLC, SPECIALTY CARE REMAINS A CHALLENGE THEREFORE, AAMC FINANCIALLY SUBSIDIZES SPECIALISTS WHO TAKE ON THE CARE OF THE UNDERSERVED/UNINSURED FROM THE CLINICS THIS INCENTIVE ALLOWS FOR ADDITIONAL CARE FOR THE UNDERSERVED SINCE HEALTHCARE SYSTEM NAVIGATION IS A CHALLENGE, A CARE MANAGER IN THE CLINICS WAS HIRED IN FY14 TO ASSIST WITH PLACING THESE PATIENTS IN APPROPRIATE SPECIALTY CARE AAMC CONTINUES TO MONITOR AND ADDRESS THE PROBLEMS ASSOCIATED WITH CARE FOR THE UNINSURED AND UNDERSERVED

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	IN JULY 2011, THE FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ISSUED ASU 2011-07, HEALTH CARE ENTITIES PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISION FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES (A CONSENSUS OF THE EMERGING ISSUES TASK FORCE), WHICH PROVIDES GUIDANCE ON THE PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISIONS FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES THIS GUIDANCE CHANGES THE PRESENTATION OF THE STATEMENT OF OPERATIONS BY RECLASSIFYING THE PROVISION FOR BAD DEBTS ASSOCIATED WITH PATIENT SERVICE REVENUE FROM AN OPERATING EXPENSE TO A DEDUCTION FROM PATIENT SERVICE REVENUE (NET OF CONTRACTUAL ALLOWANCES AND DISCOUNTS) ADDITIONALLY, THE GUIDANCE REQUIRES ENHANCED DISCLOSURES ABOUT THE POLICIES FOR RECOGNIZING REVENUE AND ASSESSING BAD DEBTS, AS WELL AS QUALITATIVE AND QUANTITATIVE INFORMATION ABOUT CHANGES IN THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ADOPTION OF THIS GUIDANCE RESULTED IN A CHANGE IN THE PRESENTATION OF THE CONSOLIDATED STATEMENT OF OPERATIONS AND RESULTED IN ADDITIONAL DISCLOSURES RELATED TO REVENUE RECOGNITION POLICIES AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	SUPPORT SYSTEMS ENHANCEMENT INCLUDES EMERGENCY MANAGEMENT ACTIVITIES, ALTERNATE CARE SITE NAVAL SUPPORT ACTIVITY, OTHER DRILLS AND REAL TIME ACTIVITIES THE HOSPITAL HAS A DISASTER PREPAREDNESS COORDINATOR THAT IS RESPONSIBLE FOR STAFF TRAINING, COORDINATING DISASTER DRILLS AND KEEPING THE HOSPITAL'S DISASTER PREPAREDNESS INVENTORY UP TO DATE COALITION BUILDING INCLUDES HOSPITAL REPRESENTATION TO COMMUNITY COALITIONS, COLLABORATIVE PARTNERSHIPS WITH COMMUNITY GROUPS TO IMPROVE COMMUNITY HEALTH, COMMUNITY MEETING COSTS, VISIONING SESSIONS AND COSTS FOR TASK FORCE SPECIFIC PROJECTS AND INITIATIVES THE HOSPITALS ONGOING WORK WITH COMMUNITY GROUPS AND PARTICIPATION IN ADVISORY COMMITTEES AND COUNCELS CREATE A CONTINUOUS COMMUNICATIONS PROCESS, BRINGING NEW IDEAS FROM ANNE ARUNDEL COUNTY RESIDENTS AND ORGANIZATIONS INTO THE HOSPITAL'S COMMUNITY BENEFIT PLANNING PROCESS MYCHART ELECTRONIC HEALTH RECORD IS A SECURE ON-LINE ACCESS TO PORTIONS OF MEDICAL RECORDS PATIENTS CAN REQUEST MEDICAL APPOINTMENTS, VIEW THEIR HEALTH SUMMARY FROM THE MYCHART ELECTRONIC HEALTH RECORD, VIEW TEST RESULTS, REQUEST PRESCRIPTION RENEWAL, ACCESS TRUSTED HEALTH INFORMATION RESOURCES AND COMMUNICATE ELECTRONICALLY AND SECURELY WITH THEIR MEDICAL TEAM CURRENTLY THERE ARE 52,817 ACTIVE USERS IN FEBRUARY 2013 AAMC OPENED THE HACKERMAN-PATZ HOSPITALITY HOUSE THIS HOMELIKE LODGING FACILITY IS DESIGNED TO MEET THE NEEDS OF PATIENTS AND THEIR FAMILIES SO THEY MAY STAY CLOSE TO THE HOSPITAL WHERE LOVED ONES RECEIVE TREATMENT THE FACILITY HOUSES 20 PRIVATE GUEST ROOMS AS WELL AS A GREAT ROOM, FULLY FURNISHED KITCHEN AND PLAYROOM

Form and Line Reference	Explanation
PART III, LINE 2	IN JULY 2011, THE FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ISSUED ASU 2011-07, HEALTH CARE ENTITIES PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISION FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES (A CONSENSUS OF THE EMERGING ISSUES TASK FORCE), WHICH PROVIDES GUIDANCE ON THE PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISIONS FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES THIS GUIDANCE CHANGES THE PRESENTATION OF THE STATEMENT OF OPERATIONS BY RECLASSIFYING THE PROVISION FOR BAD DEBTS ASSOCIATED WITH PATIENT SERVICE REVENUE FROM AN OPERATING EXPENSE TO A DEDUCTION FROM PATIENT SERVICE REVENUE (NET OF CONTRACTUAL ALLOWANCES AND DISCOUNTS) ADDITIONALLY, THE GUIDANCE REQUIRES ENHANCED DISCLOSURES ABOUT THE POLICIES FOR RECOGNIZING REVENUE AND ASSESSING BAD DEBTS, AS WELL AS QUALITATIVE AND QUANTITATIVE INFORMATION ABOUT CHANGES IN THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ADOPTION OF THIS GUIDANCE RESULTED IN A CHANGE IN THE PRESENTATION OF THE CONSOLIDATED STATEMENT OF OPERATIONS AND RESULTED IN ADDITIONAL DISCLOSURES RELATED TO REVENUE RECOGNITION POLICIES AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS

Form and Line Reference	Explanation
PART III, LINE 3	THE HOSPITAL HAS ADOPTED HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION STATEMENT #15 THE HOSPITAL'S POLICY IS TO WRITE OFF ALL PATIENT ACCOUNTS THAT HAVE BEEN IDENTIFIED AS UNCOLLECTIBLE AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IS RECORDED FOR ACCOUNTS NOT YET WRITTEN OFF THAT ARE ANTICIPATED TO BECOME UNCOLLECTIBLE IN FUTURE PERIODS INSURANCE COVERAGE AND CREDIT INFORMATION ARE OBTAINED FROM PATIENTS WHEN AVAILABLE NO COLLATERAL IS OBTAINED FOR ACCOUNTS RECEIVABLE BAD DEBT EXPENSE AT COST WAS DETERMINED BY USING A COST TO CHARGE RATIO THE BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED BY SPECIFIC IDENTIFICATION REVIEWING BAD DEBT RECORDS AND DETERMINING WHO WOULD HAVE BECOME ELIGIBLE FOR CHARITY CARE IF ALL INFORMATION HAD BEEN OBTAINED FROM THE PATIENTS

Form and Line Reference	Explanation
PART III, LINE 4	THE HOSPITAL'S POLICY IS TO WRITE OFF ALL PATIENT ACCOUNTS THAT HAVE BEEN IDENTIFIED AS UNCOLLECTIBLE AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IS RECORDED FOR ACCOUNTS NOT YET WRITTEN OFF THAT ARE ANTICIPATED TO BECOME UNCOLLECTIBLE IN FUTURE PERIODS WHEN DETERMINING THE ALLOWANCE, THE POLICY CONSIDERS THE PROBABILITY OF RECOVERABILITY OF ACCOUNTS BASED ON PAST EXPERIENCE, TAKING INTO ACCOUNT CURRENT COLLECTION TRENDS CREDIT RISKS ARE ASSESSED BASED ON HISTORICAL WRITE-OFFS,NET OF RECOVERIES, AS WELL AS AN ANALYSIS OF THE AGED ACCOUNTS RECEIVABLE BALANCES WITH ALLOWANCES GENERALLY INCREASING AS THE RECEIVABLE AGES THE ANALYSIS OF RECEIVABLES IS PERFORMED MONTHLY, AND THE ALLOWANCES ARE ADJUSTED ACCORDINGLY INSURANCE COVERAGE AND CREDIT INFORMATION ARE OBTAINED FROM PATIENTS WHEN AVAILABLE NO COLLATERAL IS OBTAINED FOR ACCOUNTS RECEIVABLE ACCOUNTS RECEIVABLE FROM THIRD-PARTY PAYORS HAVE BEEN ADJUSTED TO REFLECT THE DIFFERENCE BETWEEN CHARGES AND THE ESTIMATED REIMBURSABLE AMOUNTS BAD DEBT EXPENSE AT COST WAS DETERMINED BY USING A COST TO CHARGE RATIO THE BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED BY SPECIFIC IDENTIFICATION REVIEWING BAD DEBT RECORDS AND DETERMINING WHO WOULD HAVE BECOME ELIGIBLE FOR CHARITY CARE IF ALL INFORMATION HAD BEEN OBTAINED FROM THE PATIENTS

Form and Line Reference	Explanation
PART III, LINE 8	COMMUNITY BENEFIT QUESTION IS NOT APPLICABLE IN MARYLAND AS MARYLAND HOSPITALS ARE REIMBURSED UNDER THE HSCRC WAIVER PROGRAM WHEREIN NET REVENUE (REIMBURSEMENT) IS BASED ON A PERCENTAGE OF REGULATED CHARGES COSTING METHODOLOGY BASED ON TRIAL BALANCE EXPENSES ADJUSTED TO ALLOWABLE EXPENSE IN ACCORDANCE WITH MEDICARE COST REPORTING RULES AND REGULATIONS COST NUMBERS REPORTED ARE CONSISTENT WITH AAMC'S MEDICARE COST REPORT FILING

Form and Line Reference	Explanation
PART III, LINE 9B	EACH AAMS PATIENT BILL INCLUDES CONTACT INFORMATION FOR FINANCIAL ASSISTANCE AND STATES WHERE TO CALL TO REQUEST A PAYMENT PLAN SHORT AND LONG TERM INTEREST FREE PAYMENTS PLANS ARE AVAILABLE THE HOSPITAL TAKES INTO ACCOUNT THE BALANCE OF THE BILL AND THE PATIENT'S FINANCIAL CIRCUMSTANCES IN DETERMINING THE APPROPRIATE AGREEMENT SHOULD THE PATIENT CONTACT PATIENT FINANCIAL SERVICES CUSTOMER SERVICE UNIT REGARDING INABILITY TO PAY, FINANCIAL ASSISTANCE IS OFFERED, THE AMOUNT OF WHICH IS BASED ON THE FINANCIAL ASSISTANCE SCREENING PROCESS IF THERE IS NO INDICATION FROM THE PATIENT OR A REPRESENTATIVE THAT THEY CANNOT PAY AND NO ATTEMPT AT PAYMENT OR REASONABLE PAYMENT ARRANGEMENTS ARE MADE, THE ACCOUNT IS REFERRED TO A COLLECTION AGENCY THE COLLECTION AGENCY IS EDUCATED ON HOW TO MAKE REFERRALS TO AAMC'S FINANCIAL COUNSELING DEPARTMENT FOR INDIVIDUALS INDICATING THEY HAVE AN INABILITY TO PAY THE HOSPITAL COLLECTION POLICY ALLOWS THE HOSPITAL TO TAKE INTO ACCOUNT PATIENT CIRCUMSTANCES SUCH AS THE AMOUNT OF THE BILL AND AMOUNTS OWED TO OTHER PROVIDERS IN DETERMINATION OF ULTIMATE AMOUNT TO BE PAID

Form and Line Reference	Explanation
PART VI, LINE 2	THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED BETWEEN JULY, 2012 AND DECEMBER, 2012 RESULTS WERE FINALIZED AND RELEASED IN JANUARY, 2013 THE CHNA WAS A COLLABORATION AND CO NDUCTED UNDER THE LEADERSHIP OF REPRESENTATIVES FROM AAMC, BALTIMORE WASHINGTON MEDICAL CE NTER (BWMC), THE ANNE ARUNDEL COUNTY DEPARTMENT OF HEALTH, THE PARTNERSHIP FOR CHILDREN, Y OUTH AND FAMILIES, AND THE MENTAL HEALTH ALLIANCE THIS GROUP PROVIDES THE LEADERSHIP TO T HE LOCAL HEALTH IMPROVEMENT COALITION, HEALTHY ANNE ARUNDEL COALITION (HAAC) HAAC IS A LA RGE PARTNERSHIP WITHIN THE COUNTY AND INCLUDES REPRESENTATION FROM PUBLIC SECTOR AGENCIES, HEALTH CARE PROVIDERS AND PAYERS, COMMUNITY-BASED PARTNERS, THE BUSINESS COMMUNITY AND AC ADEMIC INSTITUTIONS THE PURPOSE OF THIS COLLABORATION OF THE LEADERSHIP OF HAAC WAS TO DE FINE THE SCOPE OF THE CHNA PROCESS, WHAT GOALS NEEDED TO BE FULFILLED (EACH ORGANIZATION R EQUIRES A NEEDS ASSESSMENT FOR VARIOUS REPORTING REASONS) AND TO DEFINE THE PARTICIPANTS ANNE ARUNDEL COUNTY WAS DEFINED AS THE SCOPE OF WORK AND ITS RESIDENTS WERE THE PARTICIPAN TS THE PROCESS IS DEFINED AS FOLLOWS THE GROUP CONTRACTED WITH HOLLERAN CONSULTING, LLC TO CONDUCT A COUNTYWIDE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) IN ORDER TO GATHER INFORM ATION ABOUT THE HEALTH NEEDS AND HEALTH BEHAVIORS OF ANNE ARUNDEL COUNTY RESIDENTS THE AS SESSMENT EXAMINED A VARIETY OF INDICATORS, INCLUDING SOCIAL DETERMINANTS OF HEALTH (POVERT Y, HOUSING, EDUCATION), MORTALITY RATES, HIGH RISK BEHAVIORS (ALCOHOL USE, TOBACCO USE) AN D CHRONIC HEALTH CONDITIONS (DIABETES, HEART DISEASE) HOLLERAN CONSULTING, LLC WAS ALSO D IRECTED TO COLLECT THE INFORMATION THROUGH SECONDARY DATA SOURCES, FOCUS GROUPS AND KEY IN FORMANT SURVEYS AND THEY PROVIDED THE WRITTEN REPORT THE CHNA WAS COMPRISED OF SEVERAL RE SEARCH COMPONENTS, COMBINING QUANTITATIVE HEALTH INFORMATION AND VALUABLE QUALITATIVE FEED BACK FROM COMMUNITY STAKEHOLDERS THIS MULTI-FACETED APPROACH ENSURED A PROFILE OF THE COU NTY'S HEALTH THAT TAKES INTO ACCOUNT VARIOUS PERSPECTIVES AND DATA SOURCES THE FOLLOWING LIST OUTLINES THE THREE RESEARCH COMPONENTS EACH COMPONENT IS FURTHER DETAILED THROUGHOUT THE DOCUMENT 1 SECONDARY DATA PROFILE 2 KEY INFORMANT SURVEYS 3 FOCUS GROUPS SECONDAR Y DATA SOURCES WERE COLLECTED FROM A VARIETY OF EXISTING REPORTS SUCH AS THE COUNTY HEALTH REPORT CARD, VITAL STATISTICS, DATA AND STATISTICS FROM THE CENTERS FOR DISEASE CONTROL, COUNTY HEALTH RANKINGS, CRIME STATISTICS FROM THE FBI, STATE AND COUNTY HEALTH FACTS FROM THE KAISER FOUNDATION, DHMH, SURVEILLANCE DATA FROM THE NATIONAL CANCER INSTITUTE THESE A RE JUST SOME EXAMPLES OF THE REPORTS THAT GENERATED DATA IT SHOULD BE NOTED THAT IN SOME C ASES, LOCAL-LEVEL DATA WAS LIMITED OR DATED THIS IS AN INHERENT LIMITATION WITH SECONDARY DATA THE MOST RECENT DATA WAS USED WHEN POSSIBLE WHEN AVAILABLE, STATE AND NATIONAL COM PARISONS WERE ALSO PROVIDED AS BENCHMARKS FOR THE ANNE ARUNDEL COUNTY STATISTICS IN SOME CASES, HEALTHY PEOPLE 2020 GOALS AND COUNTY HEALTH RANKINGS NATIONAL BENCHMARKS WERE INCLU DED WITH RELEVANT DATA POINTS SECONDARY DATA WAS USED TO DEVELOP QUESTIONS FOR THE KEY IN FORMANT INTERVIEWS AND FOCUS GROUPS KEY INFORMANT INTERVIEWS WERE CONDUCTED BETWEEN JULY AND AUGUST, 2012 THE INTERVIEWS WERE COMPUTER BASED QUESTIONNAIRES AND WERE TARGETED TO C OUNTY RESIDENTS WITH COMPUTER ACCESS HOLLERAN CONSULTING, LLC PROVIDED THE LISTING OF KEY CATEGORIES OF COVERAGE AND HAAC LEADERSHIP WAS RESPONSIBLE FOR PROVIDING ACCURATE E-MAIL ADDRESSES AND ANY OTHER CONTACT INFORMATION OF KEY INFORMANTS TO HOLLERAN CONSULTING, LLC ONE HUNDRED TWENTY ONE ONLINE QUESTIONNAIRES WERE COLLECTED FROM REPRESENTATIVES THROUGHO UT A VARIETY OF SECTORS INCLUDING PUBLIC HEALTH AND MEDICAL SERVICES, NON-PROFIT AND SOCIA L ORGANIZATIONS, CHILDREN AND YOUTH AGENCIES, FAITH-BASED ORGANIZATIONS, AND THE BUSINESS COMMUNITY IT IS IMPORTANT TO NOTE THAT THE NUMBER OF COMPLETED SURVEYS AND LIMITATIONS TO THE SAMPLING METHOD YIELD RESULTS THAT WERE DIRECTIONAL IN NATURE RESULTS REFLECT THE PE RCEPTIONS OF SOME COMMUNITY LEADERS, BUT MAY NOT NECESSARILY REPRESENT ALL COMMUNITY LEADE RS WITHIN ANNE ARUNDEL COUNTY FIVE FOCUS GROUPS WERE HELD AT VARIOUS LOCATIONS THROUGHOUT ANNE ARUNDEL COUNTY IN AUGUST AND SEPTEMBER 2012 FOCUS GROUPS TOPICS ADDRESSED MENTAL & BEHAVIORAL HEALTH, ACCESS TO HEALTH CARE, AND NUTRITION & PHYSICAL ACTIVITY TOPICS WERE D ETERMINED BASED ON FINDINGS FROM THE SECONDARY DATA RESEARCH EACH SESSION LASTED APPROXIM ATELY TWO HOURS AND WAS FACILITATED BY TRAINED STAFF FROM HOLLERAN CONSULTING, LLC IN TOT AL, 55 PEOPLE PARTICIPATED IN THE FOCUS GROUPS PARTICIPANTS WERE RECRUITED THROUGH LOCAL HEALTH AND HUMAN SERVICE ORGANIZATIONS AND PUBLIC NEWS RELEASES IN EXCHANGE FOR THEIR PAR TICIPATION, ATTENDEES WERE GIVEN A $50 GIFT CARD AT THE COMPLETION OF THE FOCUS GROUP PAR TICIPANTS CAME FROM A VARIETY OF ZIP CODES THROUGHOUT ANNE ARUNDEL COUNTY IT IS IMPORTANT TO NOTE THAT THE RESULTS REFLECT THE PERCEPTIONS

Form and Line Reference	Explanation
PART VI, LINE 2	OF SOME COMMUNITY MEMBERS, BUT MAY NOT NECESSARILY REPRESENT ALL COMMUNITY MEMBERS IN ANNE ARUNDEL COUNTY, MD IN GENERAL, THE PROPORTION OF FEMALES AND BLACKS/AFRICAN AMERICANS WA S HIGHER IN THE FOCUS GROUPS THAN THE OVERALL POPULATION IN ANNE ARUNDEL COUNTY THEMES EME RGED THROUGHOUT THE PROCESS NEARLY 68 PERCENT OF THE COUNTY'S ADULT POPULATION IS CONSIDE RED OVERWEIGHT AND OBESE CO-OCCURRING DISORDERS AFFECT A LARGE PERCENTAGE OF THE ADULT AN D ADOLESCENT POPULATION (MHNA) AND THERE ARE NOT ADEQUATE FACILITIES AND PROGRAMS TO ADDRE SS THE NEED THE CHNA LEADERSHIP GROUP RANKED OBESITY AND CO-OCCURRING DISORDERS BASED ON THE OVERWHELMING NEED DEMONSTRATED THROUGH THE DATA COLLECTION PROCESS OTHER PRIORITIES W ERE RANKED BASED ON FINDINGS AS WELL HAAC SPENT FY13 DEVELOPING AND SUBMITTING ACTION PLA NS TO THE STATE TO ADDRESS THE OBESITY EPIDEMIC AND THE RISING PROBLEMS WITH CO-OCCURRING DISORDERS SUB-COMMITTEES WERE ESTABLISHED TO ADDRESS THESE TWO NEEDS AND WORKPLANS WERE D ISTRIBUTED TO MEMBERS WORK IS ON-GOING TO THIS DAY TO DEVELOP PROGRAMS, INCREASE AWARENES S AND ACCESS ABOUT PROGRAMS INDIVIDUAL ORGANIZATIONS ARE IMPLEMENTING PROGRAMS AND PLANS TO ADDRESS THE OTHER HEALTH NEEDS - CANCER, CHRONIC DISEASE, ACCESS TO PROGRAMS, AND HEALT H DISPARITY INDIVIDUAL ORGANIZATIONS/ FACILITIES WHO ARE INVOLVED INCLUDE ANNE ARUNDEL C OUNTY DEPARTMENT OF HEALTH, AAMC, BWMC, ARUNDEL LODGE, PARTNERSHIP FOR CHILDREN & YOUTH, A NNE ARUNDEL COUNTY DEPARTMENT OF AGING, ANNE ARUNDEL COUNTY DEPARTMENT OF RECREATION AND P ARKS, CITY OF ANNAPOLIS DEPARTMENT OF RECREATION AND PARKS THIS LIST IS NOT EXHAUSTIVE AN D MEMBERS CONTINUE TO JOIN THE PROCESS TO IMPROVE HEALTH FOR COUNTY RESIDENTS THE IDENTIF ICATION OF THE OVERALL HEALTH STATUS OF THE COUNTY'S RESIDENTS WILL CONTRIBUTE TO COMMUNIT Y HEALTH IMPROVEMENT PLANNING EFFORTS AAMC'S BOARD OF DIRECTORS ADOPTED THE CHNA DEVELOPE D IN PARTNERSHIP WITH HAAC, IN ITS ENTIRETY IN APRIL, 2013 AAMC DEVELOPED AN IMPLEMENTATI ON PLAN TO ADDRESS THE HEALTH NEEDS THAT WERE OUTLINED IN THE CHNA IT WAS ADOPTED BY THE BOARD OF DIRECTORS IN OCTOBER, 2013 THE CHNA CAN BE ACCESSED ONLINE VIA WWW AAHEALTH ORG/ CHNA

Form and Line Reference	Explanation
PART VI, LINE 3	PUBLIC NOTICE AND INFORMATION REGARDING THE ANNE ARUNDEL MEDICAL CENTER'S CHARITY CARE POLICY INCLUDES THE FOLLOWING A) ANNUAL NOTICE THAT CHARITY CARE IS PROVIDED AND THE CRITERIA IS PROVIDED AND PUBLISHED IN THE LOCAL NEWSPAPER, THE CAPITAL B) THE NOTICE PROVIDED BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES REGARDING MEDICAL CARE FOR THOSE WHO CANNOT AFFORD TO PAY IS POSTED AT THE POINT OF ADMISSION, THE BUSINESS OFFICE, CASHIER, AND EMERGENCY ROOM C) INDIVIDUAL NOTICE IS PROVIDED TO EACH PERSON SEEKING SERVICE AT THE TIME OF ADMISSION OR PRE-ADMISSION TESTING

Form and Line Reference	Explanation
PART VI, LINE 4	ANNE ARUNDEL MEDICAL CENTER (AAMC) IS COMMITTED TO SERVING THE COMMUNITY, A VALUE THAT IS STATED CLEARLY THROUGHOUT OUR STRATEGIC INITIATIVES OUR SURROUNDING COMMUNITY HAS GREAT W EALTH, BUT THERE ARE POCKETS OF POVERTY IN ANNAPOLIS CITY AND PARTS OF THE SURROUNDING COU NTY AS A RESULT, RACIAL HEALTH DISPARITY IS PRESENT IN OUR COMMUNITY THIS NARRATIVE IS A DESCRIPTION OF THE DIFFERENT COMMUNITIES WE SERVE ALTHOUGH AAMC IS A REGIONAL HOSPITAL S ERVING PORTIONS OF ADJACENT COUNTIES, ANNE ARUNDEL COUNTY ("THE COUNTY") IS DEFINED AS THE COMMUNITY BENEFIT SERVICE AREA SINCE SIXTY-THREE PERCENT OF INPATIENT DISCHARGES (OVER 16 ,000 IN FY14) COME FROM THE COUNTY THE DISCHARGED PATIENTS WERE COMPRISED OF 77 6% WHITE AND 22 4% NON-WHITE THE COUNTY DEMOGRAPHICS ARE AS FOLLOWS 70% WHITE, 16 1% BLACK, 7 0 % HISPANIC, 3 7 % ASIAN, 0 3 % NATIVE AMERICAN, AND 2 7 % ARE OTHER RACES THE COUNTY IS LO CATED SOUTH OF BALTIMORE AND EAST OF WASHINGTON, D C AND HOSTS SOME RACIALLY AND ETHNICAL LY DIVERSE COMMUNITIES WITH RESIDENTS LIVING IN RURAL, SUBURBAN, AND URBAN SETTINGS THERE ARE NUMEROUS FACTORS THAT AFFECT THE HEALTH OF THE RESIDENTS THE HISPANIC POPULATION HAS EXPERIENCED THE MOST GROWTH AMONG ALL POPULATION GROUPS IN THE COUNTY HISPANIC RESIDENTS INCREASED FROM 3 7 PERCENT TO 6 6 PERCENT BETWEEN 2007 AND THE COUNTY'S CURRENT REPORT CA RD 2014 (DATA FROM 2012) IT IS PROJECTED THAT THE HISPANIC POPULATION WILL CONTINUE TO GR OW AN ADDITIONAL 22 4% OVER THE NEXT 5 YEARS A GROWING IMMIGRANT POPULATION CONTRIBUTES T O THIS GROWTH HOWEVER, THIS EXPONENTIAL GROWTH COMPLICATES ACCESS TO CARE MANY HISPANICS DO NOT SPEAK ENGLISH AND ARE NOT INSURED THEREFORE, SLIDING SCALE PROGRAMS MUST EXIST AS WELL AS INCREASE AVAILABILITY OF CULTURALLY SENSITIVE, BILINGUAL PRIMARY CARE PROVIDERS T O MEET THE HEALTH NEEDS OF THIS POPULATION THE POPULATION OF THE RESIDENTS WHO ARE 65 AND OLDER IN THE COUNTY IS EXPECTED TO GROW 24 5 PERCENT OVER THE NEXT FIVE YEARS COUNTY PAT IENTS WITH MEDICARE MADE UP 43% OF COUNTY INPATIENT ADMISSIONS AT AAMC IN FY14 BECAUSE TW O OUT OF EVERY THREE OLDER AMERICANS HAVE MULTIPLE CHRONIC CONDITIONS, THIS AGE GROUP IS A NOTHER PRIORITY OF AAMC'S COMMUNITY HEALTH INITIATIVE THE SOUTHERN HALF OF THE COUNTY (SOU TH OF ANNAPOLIS) IS PRIMARILY ZONED "RESIDENTIAL AGRICULTURAL," PER ANNE ARUNDEL COUNTY DE PARTMENT OF PLANNING AND ZONING, AND IT IS CONSIDERED A RURAL AREA SOUTHERN ANNE ARUNDEL COUNTY ACCOUNTS FOR ONLY 11 5% OF THE COUNTY'S TOTAL POPULATION THIS AREA IS SERVED BY ON E FEDERALLY-QUALIFIED HEALTH CENTER IN THE OWENSVILLE/WEST RIVER COMMUNITY IN SOUTHERN AN NE ARUNDEL COUNTY, THE RACE/ETHNICITY BREAKDOWN DIFFERS FROM THE TOTAL COUNTY AS THE BLACK POPULATION DECREASES TO 6 6 PERCENT AND THE HISPANIC POPULATION DECREASES TO 4 5 PERCENT, THE WHITE POPULATION INCREASES TO 85 PERCENT AS COMPARED TO THE TOTAL COUNTY THE MEDIAN HOUSEHOLD INCOME (2014) FOR SOUTH COUNTY IS ABOVE THE COUNTY AND STATE MEDIAN HOUSEHOLD IN COME THE NORTHERN HALF OF THE COUNTY IS PRIMARILY URBAN AND SUBURBAN AS IT SITS ADJACENT T O BALTIMORE CITY THE MEDIAN HOUSEHOLD INCOME (2014) FOR THE NORTHERN HALF OF THE COUNTY I S SIMILAR TO THE TOTAL COUNTY AND ABOVE THE STATE MEDIAN HOUSEHOLD INCOME THE RACE MIX OF THIS POPULATION (TOTAL OVER 500,000) SHOWS A GREATER MINORITY POPULATION IN THE NORTHERN HALF OF THE COUNTY THE COUNTY IS CONSIDERED A HIGH RISK AREA FOR TERRORISM AS IT IS HOME T O THE NATIONAL SECURITY AGENCY, THE U S NAVAL ACADEMY, BALTIMORE-WASHINGTON THURGOOD MARS HALL INTERNATIONAL AIRPORT, FORT MEADE, AND ITS PROXIMITY TO WASHINGTON,D C THE U S ARMY BASE REALIGNMENT AND CLOSURE'S (BRAC) 2007-2015 IMPLEMENTATION CAUSED THE FORT MEADE REGI ON (ODENTON AREA) TO EXPAND TO 56,800 MILITARY, GOVERNMENT SERVICE CIVILIANS, CONTRACTOR E MPLOYEES, AND THEIR FAMILIES THE FORT MEADE REGION IS THE EPICENTER OF THE CYBERSPACE AND INFORMATION ASSURANCE INDUSTRIES, PART OF THE DOD'S DEFENSE INFORMATION SYSTEMS AGENCY (D ISA) AND HEADQUARTERS OF CYBER COMMAND THIS HAS INCREASED THE DEMAND FOR HEALTHCARE SERVI CES IN WEST COUNTY AS A RESULT, AAMC DEVELOPED A MEDICAL OFFICE BUILDING IN ODENTON IN PA RTNERSHIP WITH JOHNS HOPKINS MEDICINE OFFERING PRIMARY CARE, SPECIALTY CARE, AND URGENT CA RE AN INADEQUATE PUBLIC TRANSPORTATION SYSTEM IN THE COUNTY IS A BARRIER FOR EMPLOYMENT A ND HEALTHCARE THE COUNTY IS SITUATED ALONG THE WESTERN SHORE OF THE CHESAPEAKE BAY AND CO NSISTS OF A SERIES OF PENINSULAS WHICH MAKES A COMPREHENSIVE PUBLIC TRANSPORTATION SYSTEM TOO EXPENSIVE TO MAINTAIN AS A RESULT, THERE ARE NOT ADEQUATE LOCAL BUS LINES TO SERVICE MANY AREAS OF THE COUNTY SOUTH COUNTY HAS ONLY THREE BUS STOPS IN THE EDGEWATER AREA WHIC H LEAVES A GREAT PORTION OF SOUTHERN ANNE ARUNDEL COUNTY WITHOUT PUBLIC TRANSPORTATION PU BLIC TRANSPORTATION IS IN NEED OF ADDITIONAL ROUTES ANNE ARUNDEL COUNTY'S TRANSPORTATION DIVISION CONCLUDED ITS STUDY CORRIDOR GROWTH MANAGEMENT PLAN IN JULY OF 2012 WITH PLANS T O PROVIDE MORE FREQUENT BUS TRANSIT SERVICE THESE

Form and Line Reference	Explanation
PART VI, LINE 4	PROJECTS WILL DEPEND ON FUTURE FUNDING AND THEY DO NOT EXPAND FAR INTO COUNTY NEIGHBORHOO DS AS A RESULT, ONLY 3 3 PERCENT OF ANNE ARUNDEL COUNTY RESIDENTS UTILIZE PUBLIC TRANSPOR TATION TO GET TO WORK "THE CITY OF ANNAPOLIS DOES OPERATE A GROWING TRANSIT SYSTEM BUT IT STOPS AT THE BORDERS OF THE CITY WITH FEW LINKAGES TO EXPANDING WORKFORCE SITES SUCH AS T HE VIDEO LOTTERY CASINO AT ARUNDEL MILLS, AND THE FORT MEADE AREA WHERE THE WORKFORCE HAS INCREASED DUE TO BRAC " THE LACK OF PUBLIC TRANSPORTATION IS A SIGNIFICANT ISSUE THROUGHOU T ANNE ARUNDEL COUNTY, ESPECIALLY RELATED TO "ITS IMPACT ON POTENTIAL SELF-SUFFICIENCY FOR FAMILIES THROUGH ADEQUATE EMPLOYMENT" WHILE THE COUNTY RANKS OVERALL FAVORABLY AS COMPAR ED TO THE STATE WITH REGARD TO INCOME, HOUSING, AND HEALTH INSURANCE COVERAGE, THERE ARE A PPARENT INEQUITIES SPECIFICALLY, THE 2014 MEDIAN HOUSEHOLD INCOME (HHI) IN THE COUNTY IS $88,602 AND BY RACE WHITE HHI $94,204, BLACK HHI $70,474, AND HISPANIC HHI $66,831 THE CO UNTY REPORT CARD (2012 DATA) INDICATES THAT 4 0 PERCENT OF FAMILIES/5 9 PERCENT OF INDIVID UALS ARE LIVING BELOW THE POVERTY LEVEL THE AVERAGE UNEMPLOYMENT RATE FOR THE CIVILIAN LA BOR FORCE FOR THE COUNTY, 2014 TO DATE IS 6 2 PERCENT THE U S BUREAU OF LABOR STATISTIC S SHOWS THAT UNEMPLOYMENT FOR THE BLACK POPULATION IS TWICE AS MUCH AS UNEMPLOYMENT FOR TH E WHITE POPULATION FURTHERMORE, 12 PERCENT OF BLACK COUNTY RESIDENTS AND 15 3 PERCENT OF HISPANIC/LATINO RESIDENTS LIVE IN POVERTY THIS IS COMPARED TO 4 6 PERCENT AMONG THE COUNT Y'S WHITE RESIDENTS THERE ARE APPROXIMATELY 211,400 HOUSEHOLDS IN THE COUNTY WITH FEW (6 9 PERCENT) VACANT HOUSING UNITS THIS COMPARES FAVORABLY TO THE NUMBER OF VACANT HOUSING U NITS THROUGHOUT MARYLAND (11 4 PERCENT) AND THE U S (10 5 PERCENT) THE ANNE ARUNDEL COUN TY REPORT CARD OF COMMUNITY HEALTH INDICATORS (MAY 2014) NOTED THAT HEALTH INSURANCE COVER AGE IS ALSO A CONSIDERATION IN THE COUNTY "LACK OF HEALTH INSURANCE VARIES NOT ONLY BY AG E AND GEOGRAPHY, BUT ALSO BY GENDER, RACE AND ETHNICITY MORE MEN LACK INSURANCE THAN WOME N (9 2% VERSUS 6 8%) THE WHITE, NON-HISPANIC POPULATION HAS THE HIGHEST HEALTH INSURANCE COVERAGE, WITH ONLY 5 5 PERCENT LACKING INSURANCE TEN PERCENT (9 9%) OF THE BLACK POPULAT ION, 12 7 PERCENT OF THE ASIAN POPULATION AND 31 7 PERCENT OF THE HISPANIC POPULATION (ANY RACE) ARE ESTIMATED TO LACK INSURANCE " THE COUNTY UNINSURED RATE FOR 18 - 64 YEAR OLDS I S 11 7 PERCENT IN MARYLAND, THE UNINSURED RATES FOR THE NONELDERLY BY RACE/ETHNICITY FOR 2013 ARE WHITE 9 PERCENT, BLACK 11 PERCENT, AND HISPANIC 33 PERCENT THE HOSPITAL IS LOCA TED IN THE 21401 ANNAPOLIS COMMUNITY WHICH HAS BEEN IDENTIFIED BY THE STATE AS A DESIGNATE D "HEALTH ENTERPRISE ZONE" (HEZ) THE ANNAPOLIS ZIP CODES OF 21401 AND 21403 HAVE DISTINCT AREAS WHERE RESIDENTS SUFFER SIGNIFICANT HEALTH DISPARITIES THAT ARE COMPOUNDED BY COMMON SOCIAL DETERMINANTS OF HEALTH TO INCLUDE REDUCED ACCESS TO HEALTH CARE, HIGH RATES OF POV ERTY, LIMITED TRANSPORTATION, LOW LITERACY LEVELS, AND HIGH RATES OF CRIME APPROXIMATELY 33 PERCENT OF ANNAPOLIS RENTAL UNITS ARE PUBLIC HOUSING OR RECEIVE A PUBLIC SUBSIDY TO PRO VIDE HOUSING TO LOW AND MODERATE INCOME HOUSEHOLDS, AS DEFINED BY HUD IN ADDITION,THE RAT E OF MEDICAID (130 7/1000 RESIDENTS) IN THIS AREA IS HIGHER THAN THE RATE FOR THE STATE A SECTION OF THIS ZIP CODE ALSO IS HOME TO THE VERY POOR WITH A CENSUS TRACT MEDIAN HOUSEHO LD INCOME OF $14,375 FOR THE HISPANIC POPULATION AND $24,514 FOR THE AFRICAN AMERICAN POPU LATION IN 21401 ZIP CODE, LOW-BIRTH WEIGHT INFANT DELIVERIES (6 4%) AND THE RATE OF MEDIC AID RECIPIENTS QUALIFIED THIS AREA AS A MARYLAND HEALTH ENTERPRISE ZONE (HEZ)

Form and Line Reference	Explanation
PART VI, LINE 5	THE FOLLOWING ARE SEVERAL EXAMPLES OF HOSPITAL ACTIVITIES AND INITIATIVES THE HOSPITAL HAS DOCTOR ON-CALL ROTATIONS IN EVERY SPECIALTY FOR WHICH THERE MAY BE AN EMERGENCY OR INPATIENT NEED ON-CALL COVERAGE IS PROVIDED TO ALL PATIENTS REGARDLESS OF INSURANCE STATUS THERE ARE NO GAPS IN AVAILABILITY OF ANY SPECIALTY FOR UNINSURED OR UNDERSERVED PATIENTS IN ADDITION, THE HOSPITAL HAS HOSPITALIST PROGRAMS IN MEDICINE, PEDIATRICS, GENERAL SURGERY, OBSTETRICS AND AN INTENSIVIST PROGRAM THESE PHYSICIANS PROVIDE 24-HOUR IN-HOUSE COVERAGE FOR EACH OF THESE AREAS FOR ALL PATIENTS REGARDLESS OF INSURANCE STATUS THE HOSPITAL ALSO PROVIDES SPECIALTY PROGRAMS FOR THORACIC SURGERY, NEONATAL OPHTHALMOLOGY, GYN ONCOLOGY, PALLIATIVE CARE, NEUROLOGY/STROKE, WOMEN'S PELVIC HEALTH, SURGICAL ONCOLOGY, AND THE BREAST CENTER THE HOSPITAL AND MANY OF ITS PHYSICIANS SUPPORT THE ANNE ARUNDEL COUNTY HEALTH DEPARTMENT'S REACH PROGRAM (RESIDENTS ACCESS TO A COALITION OF HEALTH), WHICH OFFERS ACCESS TO AFFORDABLE HEALTH SERVICES FOR LOW-INCOME UNINSURED INDIVIDUALS IN ANNE ARUNDEL COUNTY THE HOSPITAL CONTINUES ITS "GREEN INITIATIVE" PROGRAM IN ORDER TO IMPROVE AND PROTECT THE HEALTH OF STAFF AND THE COMMUNITY BY IMPLEMENTING ENVIRONMENTALLY FRIENDLY INITIATIVES THE NEWLY CONSTRUCTED HOSPITAL PAVILION SOUTH TOWER IS THE FIRST 24/7 HOSPITAL TO BE LEED GOLD CERTIFIED VARIOUS PROGRAMS UNDER THIS INITIATIVE INCLUDE BATTERY RECYCLING, REUSABLE SHARPS CONTAINERS, REPROCESSING TO REDUCE MEDICAL WASTE, AND USE OF GREEN SEAL CERTIFIED CLEANERS THE HOSPITAL EMPLOYS A SUSTAINABILITY MANAGER AS PART OF THIS PROGRAM THE HOSPITAL ALSO HAS A DISASTER PREPAREDNESS COORDINATOR THAT IS RESPONSIBLE TO PROVIDE STAFF TRAINING, COORDINATE DISASTER DRILLS, AND KEEP THE HOSPITAL'S DISASTER PREPAREDNESS SUPPLY INVENTORY UP TO DATE HOSPITAL EMPLOYEES HAVE COMPLETED FEMA EMERGENCY PREPARATION COURSES TO BETTER COLLABORATE WITH OTHER COUNTY SERVICE PROVIDERS TO BETTER SERVE THE COMMUNITY THESE STAFF MEMBERS PARTICIPATED IN A NUMBER OF COLLABORATIVE PLANNING MEETINGS AND DRILLS WITH DESIGNATED COUNTY SERVICES AND FIRST RESPONDERS COMMUNITY ACCESS IS ALWAYS AVAILABLE THROUGH THE HOSPITAL'S ASK-A-NURSE PROGRAM CALLED ASKAAMC THE ASK-A-NURSE PROGRAM PROVIDES THE COMMUNITY AROUND THE CLOCK TELEPHONE ACCESS TO REGISTERED NURSES EACH YEAR, THE HEALTH SYSTEM'S COMMUNITY HEALTH AND WELLNESS DEPARTMENT PARTNERS WITH THE ANNAPOLIS AND ANNE ARUNDEL COUNTY COALITION TO END HOMELESSNESS IN ORGANIZING THE COUNTY'S ANNUAL HOMELESS RESOURCE DAY THIS YEAR MORE THAN 45 COUNTY SERVICE PROVIDERS ATTENDED AND MORE THAN 550 OF THE AREAS HOMELESS WERE ASSISTED IN OBTAINING ACCESS TO NEEDED HEALTH AND HUMAN SERVICES AAMC NURSES MANAGED A TRIAGE TABLE COMPLETING HEALTH DATABASES, BLOOD PRESSURE SCREENINGS, MEDICATION RECONCILIATION AND EDUCATION, ALONG WITH DENTAL, VISION AND SOCIAL SERVICES REFERRALS

Form and Line Reference	Explanation
PART VI, LINE 6	THE HEALTH SYSTEM'S AAMC COMMUNITY CLINICS, LLC, A GROUP WITHIN PHYSICIAN ENTERPRISE, LLC CURRENTLY HAS (3) LOCATIONS MORRIS BLUM, FOREST DRIVE, AND STANTON CENTER THE MOST SIGNIFICANT EFFORT PUT FORTH IN FY2014 WAS TO CONTINUE TO FOCUS ON THE UNDERSERVED POPULATION RESOURCES WERE ALLOCATED TO THE CONTINUED OPERATIONS OF THE COMMUNITY HEALTH CENTER ON FOREST DRIVE IN ANNAPOLIS AND OF THE MORRIS BLUM COMMUNITY HEALTH CENTER WITHIN THE STATE-DESIGNATED HEALTH ENTERPRISE ZONE (HEZ) IN ANNAPOLIS ON GLENWOOD STREET INCLUDED IN THE HEZ EFFORT IS THE ANNAPOLIS COMMUNITY HEALTH PARTNERSHIP, WHICH CONSISTS OF ANNE ARUNDEL MEDICAL CENTER, THE HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS, THE CITY OF ANNAPOLIS, THE ANNE ARUNDEL COUNTY DEPARTMENT OF HEALTH AND THE ANNE ARUNDEL COUNTY DEPARTMENT OF AGING AND DISABILITIES THE ANNAPOLIS COMMUNITY HEALTH PARTNERSHIP IS FOCUSING ON A CURRENTLY MEDICALLY UNDERSERVED NEIGHBORHOOD WITH HIGH RATES OF EMERGENCY ROOM UTILIZATION, HOSPITAL ADMISSIONS AND READMISSIONS, AND A LARGE VOLUME OF MEDICAL 911 CALLS THROUGH FUNDING PROVIDED BY THE HEZ DESIGNATION, THE PARTNERSHIP ESTABLISHED A NEW PATIENT-CENTERED MEDICAL HOME AT THE MORRIS H BLUM SENIOR APARTMENTS BUILDING THIS MEDICAL OFFICE, NESTLED IN THE COMMUNITY IT IS MEANT TO SERVE, IS EASILY ACCESSIBLE BY FOOT OR PUBLIC TRANSPORTATION THE PRIMARY CARE MEDICAL HOME PERSONNEL TREAT INFANTS, CHILDREN AND ADULTS IN THE SURROUNDING COMMUNITY WHO ARE UNINSURED, UNDER-INSURED OR HAVE PUBLIC COVERAGE BY HAVING A REGULAR DOCTOR IN A REGULAR SITE, PATIENT-PHYSICIAN RELATIONSHIPS STRENGTHEN AND CARE IMPROVES HEALTH OUTCOMES ARE BEING MONITORED AND DEMONSTRATED BY MEASURING PATIENT SATISFACTION, IMPROVING MANAGEMENT OF CHRONIC DISEASE AND DECREASING PREVENTABLE MEDICAL 911 CALLS, EMERGENCY ROOM VISITS AND HOSPITAL ADMISSIONS THERE WERE 1,443 PATIENT VISITS AT MORRIS BLUM IN FY2014 THE FOREST DRIVE CLINIC ALSO PROVIDES PRIMARY CARE SERVICES TO PATIENTS IN ALL STAGES OF LIFE (NEWBORN-GERIATRIC) MEDICAL SERVICES ARE PROVIDED BY QUALIFIED, PROFESSIONAL EMPLOYED STAFF, AND IS CONVENIENTLY LOCATED ON SEVERAL LOCAL BUS ROUTES THE PRIMARY CARE SITE PROVIDES 24 HOUR CALL COVERAGE FOR PATIENT CALLS AND ALL CLINICS UTILIZE ELECTRONIC MEDICAL RECORDS IN FY2014 FOREST DRIVE HAD 7,999 PATIENT VISITS DENTAL SERVICES ARE PROVIDED AT THE STANTON CENTER AND ARE PROVIDED SOLELY BY VOLUNTEER STAFF THE VOLUNTEER STAFF CURRENTLY CONSISTS OF 87 DENTISTS + 10 SUPPORT STAFF (ADMIN-DENTAL ASSISTANTS-INTERPRETERS) THE DENTAL CLINIC IS OPEN (2) 1/2 DAYS PER WEEK WITH NO WAITING LIST THE DENTAL CLINIC DOES NOT BILL INSURANCE FOR SERVICES PATIENTS MUST QUALIFY FOR FREE SERVICE BASED ON GROSS INCOME PLUS NUMBER OF DEPENDENTS THERE WERE 922 PATIENT VISITS AT THE STANTON CENTER IN FY2014 ALL CLINIC LOCATIONS PROVIDE INTERPRETERS VIA IN PERSON AND/OR TELEPHONIC THERE ARE (8) BI-LINGUAL STAFF BETWEEN THE 3 CLINICS BI-LINGUAL STAFF ARE GREEN STRIPED THROUGH OUR PATIENT ADVOCACY DEPARTMENT WITHIN AAMC, AND ARE REQUIRED TO PASS A PROFICIENCY TEST IN THE EVENT WE ARE UNABLE TO PROVIDE 1-1 INTERPRETATION, TELEPHONIC INTERPRETATION IS PROVIDED VIA PACIFIC INTERPRETERS WHICH PROVIDES INTERPRETATION FOR 180 DIFFERENT LANGUAGES 24/7 PATIENTS AT PRIMARY CARE CLINIC SITES MUST PRESENT PROOF OF INCOME AND UNDERGO A FINANCIAL ANALYSIS AT THE TIME OF THE INITIAL APPOINTMENT PATIENTS WHO MAY QUALIFY FOR INSURANCE ARE REFERRED TO THE AAHS FINANCIAL ASSISTORS TO REVIEW HIS/HER ELIGIBILITY ALL PATIENTS ARE TREATED WITH DIGNITY, RESPECT, CONFIDENTIALITY WITHOUT JUDGMENT IN A WELCOMING ATTRACTIVE CLINIC ADDITIONAL COMMUNITY BENEFIT EXPENSES INCURRED BY AFFILIATED ENTITIES WITHIN THE HEALTH SYSTEM INCLUDE RESEARCH EXPENSE - $805,218 INCURRED BY ANNE ARUNDEL HEALTH SYSTEM RESEARCH INSTITUTE, INC SUBSIDIZED HEALTH SERVICES - $966,525 INCURRED BY ANNE ARUNDEL HEALTH CARE SERVICES, INC CHARITY CARE AND EDUCATION - $152,669 INCURRED BY ANNE ARUNDEL GENERAL TREATMENT SERVICES, INC PHYSICIAN SUBSIDIES - $50,000 INCURRED BY ANNE ARUNDEL HEALTHCARE ENTERPRISES, INC WHEN CONSIDERING THE ADDITIONAL EXPENSE OF COMMUNITY BENEFIT ACTIVITIES PROVIDED BY AFFILIATED ENTITIES IN COMBINATION WITH THE COST REPORTED AT PART I, LINE 7, TOTAL COMMUNITY BENEFIT EXPENSE AS A PERCENTAGE OF AAMC EXPENSES WOULD INCREASE TO 7 26%

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	MD

Additional Data

Software ID:
Software Version:
EIN: 52-1169362
Name: ANNE ARUNDEL MEDICAL CENTER 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
ANNE ARUNDEL MEDICAL CENTER	PART V, SECTION B, LINE 3 SEE STATEMENT FOR PART VI, LINE 2 ON PAGE 54 FOR SUPPORTING NARRATIVE
ANNE ARUNDEL MEDICAL CENTER	PART V, SECTION B, LINE 4 THE CHNA WAS A JOINT UNDERTAKING, LED BY THE ANNE ARUNDEL COUNT Y DEPARTMENT OF HEALTH, ANNE ARUNDEL HEALTH SYSTEM AND BALTIMORE WASHINGTON MEDICAL CENTER THE RESEARCH AND SURVEY DATA WERE SOURCED BY SECONDARY DATA PROFILES, KEY INFORMANT SURV EYS AND FOCUS GROUPS
ANNE ARUNDEL MEDICAL CENTER	PART V, SECTION B, LINE 20D THE HOSPITAL FACILITY USED THE RATES SET BY THE HEALTH SERVIC ES COST REVIEW COMMISSION ("HSCRC") PLEASE REFER TO THE NARRATIVES FOR PART I, LINES 7A A ND 7B FOR MORE DETAILED INFORMATION ON THIS PROCESS

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) PHYSICIAN ENTERPRISE LLC 2001 MEDICAL PARKWAY ANNAPOLIS,MD 21401	27-0263214	501(C)(3)	10,581,654				TO SUPPORT THE OPERATIONS OF PHYSICIAN ENTERPRISE, LLC

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

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

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

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
SCHEDULE I, PART I, LINE 2	ANNE ARUNDEL MEDICAL CENTER, INC GIVES CONTRIBUTIONS TO FUND THE OPERATIONS OF PHYSICIAN ENTERPRISE, LLC IN ORDER TO FULFILL ITS EXEMPT PURPOSE OF ENHANCING THE COMPREHENSIVE HEALTH CARE IT PROVIDES TO THE LOCAL AND REGIONAL COMMUNITY AAMC MONITORS THE USE OF THESE FUNDS THROUGH BOARD MEETINGS AND THROUGH THE REVIEW OF THE ENTITY'S FINANCIAL INFORMATION

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement 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	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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
PART I, LINE 1A	VICTORIA BAYLESS' EMPLOYMENT CONTRACT PROVIDES FOR SOCIAL CLUB DUES THE DUES ARE INCLUDED AS PART OF HER COMPENSATION PACKAGE AND ARE INCLUDED IN HER 2013 FORM W-2
PART I, LINE 4B	PART I, LINE 4B THE FOLLOWING PARTICIPATED IN THE ORGANIZATION'S 457(F) PLAN BARBARA BALDWIN $ 8,448 VICTORIA BAYLESS $127,611 PATRICIA CZAPP $ 10,201 JENNIFER HARRINGTON $ 460 JOSEPH MOSER, M D $ 1,331 ADRIAN PARK, M D $ 29,366 SHERRY PERKINS $ 17,950 ROBERT REILLY $ 15,029 MITCHELL SCHWARTZ, M D $ 26,773 HENRY SOBEL, M D $ 11,300 DURING THE YEAR, THE FOLLOWING DIRECTORS AND OFFICERS RECEIVED PAYMENTS AS PART OF THEIR PARTICIPATION IN THE ORGANIZATIONS 457(F) PLAN VICTORIA BAYLESS $ 77,002 JOSEPH MOSER, M D $ 1,674 SHERRY PERKINS $ 43,055

Additional Data

Software ID:
Software Version:
EIN: 52-1169362
Name: ANNE ARUNDEL MEDICAL CENTER INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
VICTORIA BAYLESS PRESIDENT	(I) (II)	626,474 0	255,024 0	150,996 0	132,711 0	14,449 0	1,179,654 0	77,002 0
ROBERT REILLY CFO	(I) (II)	316,372 0	98,560 0	54,955 0	20,129 0	17,650 0	507,666 0	0 0
MITCHELL SCHWARTZ MD CHIEF MEDICAL OFFICER	(I) (II)	406,000 0	137,313 0	57,147 0	31,873 0	22,414 0	654,747 0	0 0
SHERRY PERKINS CHIEF OPERATING OFFICER	(I) (II)	344,282 0	114,870 0	81,805 0	23,050 0	839 0	564,846 0	43,055 0
BARBARA BALDWIN VP AND CIO	(I) (II)	257,783 0	75,750 0	17,847 0	8,448 0	0 0	359,828 0	0 0
JENNIFER HARRINGTON VP SUPPORT & CLINICAL SERVICES	(I) (II)	183,391 0	47,736 0	29,693 0	4,368 0	3,957 0	269,145 0	0 0
PATRICIA CZAPP MD CLINICAL INTEGRATION CHAIR	(I) (II)	261,644 0	75,750 0	22,365 0	17,851 0	0 0	377,610 0	0 0
JOSEPH D MOSER MD SENIOR VP OF MEDICAL AFFAIRS	(I) (II)	311,429 0	57,500 0	54,066 0	8,981 0	31,257 0	463,233 0	1,674 0
GEORGE SAMARAS MD MEDICINE DIVISION CHAIR	(I) (II)	309,253 0	115,170 0	18,812 0	0 0	22,556 0	465,791 0	0 0
ADRIAN PARK SURGERY DIVISION CHAIR	(I) (II)	500,084 0	80,800 0	39,142 0	34,466 0	13,699 0	668,191 0	0 0
HENRY SOBEL MD WOMEN'S & CHILDREN'S DIVISION CHAIR	(I) (II)	290,972 0	60,000 0	23,712 0	16,400 0	9,602 0	400,686 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pool financing Yes	(i) Pool financing No
A	MARYLAND HEALTH AND HIGHER EDUCATION FACILITIES AUTHORITY	52-0936091	5742173U7	01-29-2009	115,182,636	FINANCE ACQUISITION/CONSTRUCT /RENOVATION/EQUIP OF NEW & EXISTING FACILITIES		X		X		X
B	MARYLAND HEALTH AND HIGHER EDUCATION FACILITIES AUTHORITY	52-0936091	5742173V5	02-19-2009	60,000,000	FINANCE ACQUISITION/CONSTRUCT /RENOVATION/EQUIP OF NEW & EXISTING FACILITIES		X		X		X
C	MARYLAND HEALTH AND HIGHER EDUCATION FACILITIES AUTHORITY	52-0936091	5742176G5	02-03-2010	83,903,060	FINANCE ACQUISITION/CONSTRUCT NEW TOWER GARAGE EXPANSION,REFUND 2004B BOND		X		X		X
D	MARYLAND HEALTH AND HIGHER EDUCATION FACILITIES AUTHORITY	52-0936091	574218LP6	11-01-2012	80,370,836	FINANCE ACQUISITION/REFUND 1998 AND 2004A BONDS		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	115,182,636	60,000,000	83,903,060	80,370,836
4	Gross proceeds in reserve funds	6,463,135	3,741,749	1,870,961	
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows			73,583,333	79,223,641
7	Issuance costs from proceeds	2,246,062	1,098,549	1,448,766	1,147,195
8	Credit enhancement from proceeds		332,092		
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	90,739,290	54,621,192	6,438,318	
11	Other spent proceeds	15,734,149			
12	Other unspent proceeds		206,417	561,682	
13	Year of substantial completion	2010	2011	2011	2012

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X	X		X	
b	Exception to rebate?		X		X		X		X
c	No rebate due?	X		X			X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X	X			X		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X			X		X
b	Name of provider			CITIBANK					
c	Term of hedge			39 700000000000					
d	Was the hedge superintegrated?				X				
e	Was the hedge terminated?				X				

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
DATE REBATE COMPUTATION PERFORMED	ISSUER NAME MARYLAND HEALTH AND HIGHER EDUCATION FACILITIES AUTHORITY DATE THE REBATE COMPUTATION WAS PERFORMED 07/01/2013 ISSUER NAME MARYLAND HEALTH AND HIGHER EDUCATION FACILITIES AUTHORITY DATE THE REBATE COMPUTATION WAS PERFORMED 07/01/2013

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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
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

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) MARYLAND INPATIENT CARE SPECIALISTS INC	BUSINESS	255,912	INPATIENT MEDICAL CARE FOR ORTHOPEDIC SURGERY PATIENTS - DR MITCHELL IS A BOARD MEMBER OF THE ANNE ARUNDEL MEDICAL CENTER (AAMC) HE HAS AN OWNERSHIP INTEREST IN MARYLAND INPATIENT CARE SPECIALISTS, INC		No
(2) DOCTORS EMERGENCY SERVICE PA	BUSINESS	285,196	EMERGENCY PEDIATRIC CARE - DR GUMMERSON IS A BOARD MEMBER OF THE ANNE ARUNDEL MEDICAL CENTER (AAMC) HE HAS AN OWNERSHIP INTEREST IN DOCTORS EMERGENCY SERVICE, P A		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

OMB No 1545-0047

2013

Open to Public Inspection

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.

Name of the organization
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	
FORM 990, PART VI, SECTION A, LINE 7A	THE SOLE STOCKHOLDER OF THE ORGANIZATION IS THE ANNE ARUNDEL HEALTH SYSTEM, INC (''AAHS''), A SECTION 501(C)(3) ENTITY THAT SERVES AS THE PARENT CORPORATION OF THE INTEGRATED HEALTH SYSTEM AAHS HAS THE EXPRESS POWER AND RESPONSIBILITY TO ELECT AND REMOVE THE BOARD OF DI RECTORS AND OFFICERS OF THE CORPORATION
FORM 990, PART VI, SECTION A, LINE 7B	THE SOLE STOCKHOLDER OF THE ORGANIZATION IS THE ANNE ARUNDEL HEALTH SYSTEM, INC (''AAHS''), A SECTION 501(C)(3) ENTITY THAT SERVES AS THE PARENT CORPORATION OF THE INTEGRATED HEALTH SYSTEM AAHS HAS THE EXPRESS POWER AND RESPONSIBILITY TO APPROVE DECISIONS OF THE BOARD O F DIRECTORS
FORM 990, PART VI, SECTION B, LINE 11	THE BOARD HAS ASSIGNED RESPONSIBILITY FOR THE DETAILED REVIEW OF THE FORM 990 TO THE FINAN CE AND AUDIT COMMITTEE OF ANNE ARUNDEL HEALTH SYSTEM, INC (PARENT) THE FINANCE AND AUDIT COMMITTEE REVIEWS THE FORM 990 AND PROVIDES SUMMARY INFORMATION TO THE FULL BOARD THE FO RM 990 IS MADE AVAILABLE TO THE FULL BOARD FOR REVIEW PRIOR TO ITS FILING AT A BOARD MEETI NG
FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION REQUIRES THAT EACH MEMBER OF THE BOARD REVIEW THE ORGANIZATION'S CONFLICT OF INTEREST POLICY ON AN ANNUAL BASIS AND RETURN AN ACKNOWLEDGEMENT OF RECEIPT AND DISCLO SURE OF ANY POTENTIAL CONFLICTS OF INTEREST THE BOARD, MANAGEMENT AND THE ACCOUNTS PAYABL E FUNCTION MONITOR TRANSACTIONS FOR POTENTIAL EXCESS BENEFIT TRANSACTIONS/PRIVATE INUREMEN T
FORM 990, PART VI, SECTION B, LINE 15	ANNE ARUNDEL MEDICAL CENTER'S EXECUTIVE COMPENSATION COMMITTEE DETERMINES THE PRESIDENT AN D CHIEF EXECUTIVE OFFICER'S COMPENSATION FOLLOWING THE IRC SECTION 4958 REBUTTABLE PRESUMP TION TEST ALL OTHER COMPENSATION IS DETERMINED THROUGH CONSULTATION WITH AN INDEPENDENT O UTSIDE COMPENSATION CONSULTING FIRM
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMEN TS ARE RETAINED IN THE FINANCE OFFICE AND ARE AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST FORM 990 IS AVAILABLE BY REQUEST TO THE FINANCIAL SERVICES OFFICE OR CAN BE OBTAINED ONL INE AT WWW GUIDESTAR ORG
FORM 990, PART XI, LINE 9	CHANGE IN BENEFICIAL INTEREST IN AAMC FOUNDATION, INC -3,244,666 ADDITIONAL PAID IN CAPI TAL - COTTAGE INSURANCE COMPANY, LTD 2,000,000 TRANSFER FROM AAMC FOUNDATION, INC TO AAM C, INC 5,265,000 CAPITALIZATION OF INTERCOMPANY BALANCES -46,485,000 LOSS ON PENSION SE TTLEMENTS -2,482,129 REALIZED AND UNREALIZED LOSS FOR CONTRACTS UNDER SFAS 133 -9,087,700 CHANGE IN INVESTMENT IN SUBSIDIARIES ON THE EQUITY METHOD 6,721,125 UNREALIZED GAIN FRO M INVESTMENT IN PREMIER PURCHASING LP 979,447 CHANGE IN ACCRUED PENSION LIABILITY 3,368,6 34
FORM 990, PAGE 12, PART XII, LINE 2C	THIS PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR
FORM 990, PAGE 2, PART III, LINE 4A - CONTINUED	IN THE SUMMER OF 2009, AAMC MADE A COMMITMENT TO FURTHER SERVE BREAST PATIENTS IN THE REGI ON BY OPENING A NEW, EXPANDED BREAST CENTER UNDER THE UMBRELLA OF THE DECESARIS CANCER INS TITUTE, AND ADDING A THIRD FELLOWSHIP-TRAINED BREAST SURGEON TO THE CARE TEAM THE CANCER INSTITUTE OFFERS A WIDE RANGE OF SUPPORT GROUPS TO PATIENTS AS A SOURCE OF COMFORT, ENCOUR AGEMENT AND INFORMATION, AND AS A WAY TO CONNECT WITH OTHERS WHO KNOW WHAT THE PATIENTS AR E GOING THROUGH AS A PATIENT, FAMILY MEMBER OR CAREGIVER SOME OF OUR SUPPORT GROUPS INCLU DE GENERAL CANCER SUPPORT GROUP, MONTHLY LUNG CANCER SUPPORT GROUP, MOVING FORWARD, A MON THLY MEETING FOR WOMEN DIAGNOSED WITH BREAST CANCER WITHIN THE LAST TWO YEARS, SISTER TO S ISTER, PROVIDING SPECIALIZED SUPPORT FOR AFRICAN-AMERICAN WOMEN, AND SURVIVORS OFFERING SU PPORT, WHERE BREAST CANCER SURVIVORS ARE TRAINED TO PROVIDE ONE ON ONE MENTORING TO NEWLY DIAGNOSED PATIENTS THROUGH THEIR FIRST YEAR OF TREATMENT EMERGENCY SERVICES THE AAMC EMER GENCY ROOM IS ONE OF THE BUSIEST IN THE AREA, SERVING MORE THAN 95,000 PATIENTS EACH YEAR AAMC'S EMERGENCY DEPARTMENT EMPLOYS TRAINED PHYSICIANS, PHYSICIAN ASSISTANTS, AND NURSE P RACTITIONERS WHO ARE ON DUTY 24 HOURS A DAY, SEVEN DAYS A WEEK, AND SPECIALISTS ARE ON CAL L FOR CONSULTATION AAMC'S EMERGENCY DEPARTMENT INCLUDES - EMERGENCY TRAINED NURSES AND M EDICAL TECHNICIANS WHO PROVIDE CARE AND MONITOR PATIENT CONDITIONS THROUGHOUT THE EPISODE OF CARE ALL PATIENTS ARE TRIAGED AND ASSIGNED A PRIORITY BASED ON THE ASSESSED MEDICAL NE ED THOSE PATIENTS WITH MORE SERIOUS CONDITIONS ARE GENERALLY TREATED IN THE MAIN ED AREA WHILE PATIENTS WITH LESS SEVERE OR MINOR CONDITIONS ARE TREATED IN THE RAPID CLINICAL EVAL UATION AND INTERMEDIATE CARE AREAS THE DEPARTMENT HAS THIRTY-THREE MAIN SIDE BEDS AND TEN INTERMEDIATE CARE BEDS ADDITIONALLY, THERE IS A TEN BED AREA FOR HOLDING ADULT PATIENTS AND AN 8 BED AREA FOR HOLDING PEDIATRIC PATIENTS WAITING FOR ADMISSION A PRIVATE SIX BED AREA IS AVAILABLE FOR PATIENTS WITH MENTAL HEALTH PROBLEMS - SUTURING AND SPLINTING AND C ASTING SERVICES AVAILABLE FOR MINOR TRAUMA HIGH-LEVEL TRAUMA PATIENTS ARE STABILIZED AND TRANSFERRED TO NEARBY TRAUMA CENTERS THE HOSPITAL IS CHEST PAIN CERTIFIED AND HAS A VERY ROBUST CARDIAC PROGRAM INCLUDING RAPID STABILIZATION AND TRANSFER TO THE CATH LAB WHEN IND ICATED ALSO STROKE CERTIFIED AND EQUIPPED TO MANAGE PATIENTS ARRIVING WITH ACUTE STROKE S YMPTOMS - X-RAY SERVICES AVAILABLE WITHIN THE ED TO EXPEDITE DIAGNOSIS AND TREATMENT INCL UDE TWO RADIOLOGY ROOMS AND A STATE OF THE ART CT SCANNER NEW TECHNOLOGY ALLOWS X-RAYS BE TRANSMITTED ELECTRONICALLY ENABLING THE ED DOCTORS, SPECIALISTS, AND PRIMARY CARE PHYSICI ANS TO VIEW X-RAYS AND OTHER DIAGNOSTIC TESTS ON A COMPUTER WITHIN MINUTES OF BEING TAKEN - HOSPITALISTS AND INTENSIVISTS (DOCTORS SPECIALLY TRAINED IN CRITICAL CARE AND INPATIENT CARE) ADMIT PATIENTS TO THE ACUTE CARE PAVILION ONCE THE DETERMINATION IS MADE THAT FURTH ER MEDICAL AND NURSING ARE NEEDED - MENTAL HEALTH ASSESSMENT AND PLACEMENT SERVICES ARE P ROVIDED BY LICENSED MENTAL HEALTH CLINICIANS - DOMESTIC VIOLENCE ASSESSMENT AND SUPPORT S ERVICES ARE PROVIDED BY TRAINED COUNSELORS PATIENT ADVOCATES AND VOLUNTEERS ARE AVAILABLE TO ASSIST FAMILIES WITH PERSONAL NEEDS AND COMFORT CARE COMMUNITY HEALTH EDUCATION AND S UPPORT COMMUNITY HEALTH EDUCATION SERVICES ENCOURAGE HEALTHY LIFESTYLES AND DISEASE PREVEN TION IN MOST CASES, AAMC PROVIDED THESE SERVICES AT MINIMAL OR NO COST THE FOLLOWING SER VICES WERE OFFERED IN FY14 INDIVIDUAL NUTRITION COUNSELING WITH REGISTERED DIETITIANS WAS PROVIDED AT A NOMINAL COST IN FY14, AAMC DIETICIANS SPENT MORE THAN 800 HOURS IN INDIVID UAL DIETARY CONSULTATIONS APPROXIMATELY 500 ADDITIONAL HOURS BY THE NUTRITIONAL STAFF WER E SPENT PROVIDING EDUCATIONAL SEMINARS AND/OR TALKS TO THE COMMUNITY VIA HEALTH FAIRS AND/ OR SPECIAL REQUESTS BY SENIOR/CORPORATE ORGANIZATIONS AAMC PHYSICIANS, PHARMACISTS, REGIS TERED NURSES, DIETITIANS AND OTHER PROFESSIONALS VOLUNTEER THEIR TIME AND EXPERTISE TO PRO VIDE UP-TO-DATE INFORMATION ON DISEASE PREVENTION AND OTHER HEALTH-RELATED ISSUES THROUGH FREE SEMINARS AND PROGRAMS THESE PROGRAMS, DESIGNED TO MEET THE HEALTH NEEDS OF THE COMMU NITY AND COORDINATED BY THE DEPARTMENTS OF PUBLIC RELATIONS AND COMMUNITY HEALTH AND WELLN ESS, ARE OFFERED TO LOCAL CLUBS, SCHOOLS, CORPORATIONS, CIVIC ORGANIZATIONS AND THE GENERA L PUBLIC CLASS TOPICS ARE BASED ON COMMUNITY HEALTH ASSESSMENTS, RESULTS OF CUSTOMER INTE REST SURVEYS, FOCUS GROUPS, AND FEEDBACK PROVIDED ON PROGRAM EVALUATIONS TOPICS INCLUDE P ROSTATE CANCER, CARDIAC RISK, VASCULAR DISEASE, BACK CARE, BREAST CANCER, ARTHRITIS, PAIN MANAGEMENT, REFLUX DISEASE, DIABETES AND MENOPAUSE MORE THAN 32,000 PEOPLE PARTICIPATE IN AAMC CLASSES AND SPECIAL EDUCATION EVENTS EACH YEAR MOST CLASSES WERE OFFERED AT A BREAK -EVEN COST OR A LOSS TO THE MEDICAL CENTER IN FEBRUARY 2013 AAMC OPENED THE JAMES AND SYL VIA EARL SIMULATION TO ADVANCE INNOVATION AND LEARNING CENTER (SAIL) THIS FACILITY IS DED ICATED TO THE ADVANCEMENT AND PRACTICE OF MEDICINE THROUGH RESEARCH, TRAINING AND INNOVATI ON DESIGNED TO IMPROVE SURGICAL AND MEDICAL PROCEDURES AND OUTCOMES FOR PATIENTS THIS TYP E OF TRAINING IS TYPICALLY ONLY AVAILABLE IN MAJOR ACADEMIC MEDICAL CENTERS AND INCLUDES S OPHISTICATED LIFE LIKE TECHNOLOGY FEATURING HIGH FIDELITY MANNEQUINS THAT SIMULATE REAL LI FE MEDICAL SITUATIONS PARTICIPANTS INCLUDED SURGEONS, RESIDENTS, MED STUDENTS, NURSES, EM ERGENCY MEDICAL TECHNICIANS, MILITARY PERSONNEL AND ALLIED HEALTH PROFESSIONALS ALSO IN F EBRUARY 2013 AAMC OPENED THE HACKERMAN-PATZ HOSPITALITY HOUSE THIS HOMELIKE LODGING FACIL ITY IS DESIGNED TO MEET THE NEEDS OF PATIENTS AND THEIR FAMILIES SO THEY MAY STAY CLOSE TO THE HOSPITAL WHERE LOVED ONES RECEIVE TREATMENT THE FACILITY HOUSES 20 PRIVATE GUEST ROO MS AS WELL AS A GREAT ROOM, FULLY FURNISHED KITCHEN AND PLAYROOM
FORM 990, PAGE 3, PART IV, LINE 10	FUNDS ARE HELD IN AN ENDOWMENT AND ARE REPORTED ON THE FORM 990 FOR THE ANNE ARUNDEL MEDIC AL CENTER FOUNDATION THE FOUNDATION PROVIDES THESE FUNDS TO THE AFFILIATED ANNE ARUNDEL E NTITIES, INCLUDING ANNE ARUNDEL MEDICAL CENTER, IN ORDER TO FURTHER THE EXEMPT PURPOSE OF THE HEALTH SYSTEM
FORM 990, PAGE 9, PART VIII, LINE 11	PAYROLL AND BENEFITS FOR ALL OFFICERS, DIRECTORS AND EMPLOYEES OF THE CONSOLIDATED GROUP K NOWN AS ANNE ARUNDEL HEALTH SYSTEM, INC IS ADMINISTERED THROUGH ANNE ARUNDEL MEDICAL CENT ER, INC (AAMC) AAMC SUBSEQUENTLY BILLS EACH ENTITY FOR THE AMOUNT OF WAGE AND BENEFIT EXP ENSE INCURRED BY THEM THIS IS REPORTED ON THE FORM 990 AS ''MANAGEMENT SERVICES'' ON PAGE 9

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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
ANNE ARUNDEL MEDICAL CENTER INC

Employer identification number
52-1169362

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	(g) No
(1) ANNE ARUNDEL GENERAL TREATMENT SERVICES INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1722088	ALCOHOL & DRUG ABUSE TREATMENT SERVICES	MD	501(C)(3)	3	ANNE ARUNDEL MEDICAL CENTER INC	Yes	
(2) ANNE ARUNDEL HEALTH CARE SERVICES INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1467734	OUTPATIENT DIAGNOSTICS AND IMAGING SERVICES	MD	501(C)(3)	3	ANNE ARUNDEL MEDICAL CENTER INC	Yes	
(3) ANNE ARUNDEL HEALTH SYSTEMS INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1622253	SUPPORT HEALTH CARE RELATED ENTITIES	MD	501(C)(3)	9	N/A		No
(4) ANNE ARUNDEL MEDICAL CENTER FOUNDATION INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1331298	SUPPORTING ORGANIZATION OF AAHS, INC AND SUBSIDIARIES	MD	501(C)(3)	11, TYPE II	ANNE ARUNDEL HEALTH SYSTEM INC		No
(5) ANNE ARUNDEL REAL ESTATE HOLDING COMPANY INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1622251	REAL ESTATE HOLDING COMPANY	MD	501(C)(2)		ANNE ARUNDEL HEALTH SYSTEM INC		No
(6) ANNE ARUNDEL HEALTH SYSTEM RESEARCH INSTITUTE INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 26-3038406	MEDICAL RESEARCH	MD	501(C)(3)	4	ANNE ARUNDEL HEALTH SYSTEM INC		No
(7) PHYSICIAN ENTERPRISE LLC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 27-0263214	EMPLOYS PHYSICIANS	MD	501(C)(3)	3	ANNE ARUNDEL HEALTH SYSTEM INC		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) MEDICAL OFFICE LLC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 20-2290229	COMMERCIAL REAL ESTATE LEASING	MD	N/A									
(2) ANNAPOLIS EXCHANGE LOT IV LLC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-2020156	COMMERCIAL REAL ESTATE LEASING	MD	N/A									
(3) ANNAPOLIS EXCHANGE LOT V LLC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-2020157	COMMERCIAL REAL ESTATE LEASING	MD	N/A									
(4) KENT ISLAND MEDICAL ARTS LLC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 26-0623450	COMMERCIAL REAL ESTATE LEASING	MD	N/A									
(5) BLUE BUILDING LLC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 26-3525250	COMMERCIAL REAL ESTATE LEASING	MD	N/A									

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
(1) ANNE ARUNDEL HEALTH CARE ENTERPRISES INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1646304	MEDICAL SERVICES	MD	N/A	C					No
(2) PAVILION PARK INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1890034	REAL ESTATE LEASING	MD	N/A	C					No
(3) COTTAGE INSURANCE COMPANY LTD PO BOX 10233 GRAND CAYMAN CJ KY1-110 CJ 98-0461499	CAPTIVE INSURER - PROFESSIONAL LIABILITY INSURANCE	CJ	ANNE ARUNDEL MEDICAL CENTER INC	C	2,416,814	34,969,958	100 000 %	Yes	

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		No
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	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
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	Yes	
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		No
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		No
o Sharing of paid employees with related organization(s)	1o		No
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
See Additional Data Table			

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: 52-1169362
Name: ANNE ARUNDEL MEDICAL CENTER 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) ANNE ARUNDEL GENERAL TREATMENT SERVICES INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1722088	ALCOHOL & DRUG ABUSE TREATMENT SERVICES	MD	501(C)(3)	3	ANNE ARUNDEL MEDICAL CENTER INC	Yes	
(1) ANNE ARUNDEL HEALTH CARE SERVICES INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1467734	OUTPATIENT DIAGNOSTICS AND IMAGING SERVICES	MD	501(C)(3)	3	ANNE ARUNDEL MEDICAL CENTER INC	Yes	
(2) ANNE ARUNDEL HEALTH SYSTEMS INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1622253	SUPPORT HEALTH CARE RELATED ENTITIES	MD	501(C)(3)	9	N/A		No
(3) ANNE ARUNDEL MEDICAL CENTER FOUNDATION INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1331298	SUPPORTING ORGANIZATION OF AAHS, INC AND SUBSIDIARIES	MD	501(C)(3)	11, TYPE II	ANNE ARUNDEL HEALTH SYSTEM INC		No
(4) ANNE ARUNDEL REAL ESTATE HOLDING COMPANY INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 52-1622251	REAL ESTATE HOLDING COMPANY	MD	501(C)(2)		ANNE ARUNDEL HEALTH SYSTEM INC		No
(5) ANNE ARUNDEL HEALTH SYSTEM RESEARCH INSTITUTE INC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 26-3038406	MEDICAL RESEARCH	MD	501(C)(3)	4	ANNE ARUNDEL HEALTH SYSTEM INC		No
(6) PHYSICIAN ENTERPRISE LLC 2001 MEDICAL PARKWAY ANNAPOLIS, MD 21401 27-0263214	EMPLOYS PHYSICIANS	MD	501(C)(3)	3	ANNE ARUNDEL HEALTH SYSTEM INC		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
ANNE ARUNDEL HEALTHCARE ENTERPRISES INC	J	94,626	FMV
MEDICAL OFFICE LLC	J	172,368	FMV
BLUE BUILDING LLC	J	859,500	FMV
KENT ISLAND MEDICAL ARTS LLC	K	154,989	FMV
MEDICAL OFFICE LLC	K	938,668	FMV
BLUE BUILDING LLC	K	3,213,820	FMV
ANNE ARUNDEL HEALTH CARE ENTERPRISES INC	P	1,541	FMV
ANNE ARUNDEL HEALTH CARE ENTERPRISES INC	Q	222,252	FMV
ANNE ARUNDEL HEALTH CARE SERVICES INC	Q	7,019,753	FMV
ANNE ARUNDEL GENERAL TREATMENT SERVICES INC	Q	3,622,080	FMV
COTTAGE INSURANCE COMPANY LTD	Q	3,805,000	FMV
PHYSICIAN ENTERPRISE LLC	B	10,581,654	FMV
ANNE ARUNDEL MEDICAL CENTER FOUNDATION INC	C	1,831,537	FMV
ANNE ARUNDEL HEALTH SYSTEM RESEARCH INSTITUTE INC	J	95,892	FMV
PHYSICIAN ENTERPRISE LLC	P	181,500	FMV
ANNE ARUNDEL MEDICAL CENTER FOUNDATION INC	Q	887,285	FMV
ANNE ARUNDEL HEALTH SYSTEM RESEARCH INSTITUTE INC	Q	1,299,761	FMV
ANNAPOLIS EXCHANGE LOT IV	K	178,008	FMV
COTTAGE INSURANCE COMPANY LTD	C	151,000	FMV

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TY 2013 Earnings and Profits Other Adjustments Statement

Name: ANNE ARUNDEL MEDICAL CENTER INC

EIN: 52-1169362

Description	Amount
RELATED PARTY PREMIUMS	-3,805,000
RELATED PARTY CLAIMS PAID	2,074,138

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TY 2013 Itemized Other Current Assets Schedule

Name: ANNE ARUNDEL MEDICAL CENTER INC

EIN: 52-1169362

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
COTTAGE INSURANCE COMPANY LTD	98-0461499	INTEREST RECEIVABLE	24,616	27,045
COTTAGE INSURANCE COMPANY LTD	98-0461499	OUTSTANDING CLAIMS RESERVES RECOVERABLE	9,413,000	8,644,000
COTTAGE INSURANCE COMPANY LTD	98-0461499	PREPAID EXPENSES	5,793	5,793
COTTAGE INSURANCE COMPANY LTD	98-0461499	ESCROW ACCOUNT	10,927	77,030
COTTAGE INSURANCE COMPANY LTD	98-0461499	OTHER RECIEVABLES		55,510

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TY 2013 Other Deductions Schedule

Name: ANNE ARUNDEL MEDICAL CENTER INC

EIN: 52-1169362

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
UNDERWRITING EXPENSES		2,643,727
PROFESSIONAL FEES		113,200
MANAGEMENT FEES		42,500
TRAVEL AND MEETING EXPENSES		18,890
INVESTMENT MANAGEMENT FEES		12,193
GOVERNMENT FEES		12,989
MISCELLANEOUS EXPENSES		1,746
RISK MANAGEMENT GRANT		150,000
WITHHOLDING TAX FEES		562,564

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TY 2013 Itemized Other Investments Schedule

Name: ANNE ARUNDEL MEDICAL CENTER INC

EIN: 52-1169362

Corporation Name	Corporation EIN	Other Investments Description	Beginning Amount	Ending Amount
COTTAGE INSURANCE COMPANY LTD	98-0461499	EQUITY MUTUAL FUNDS	5,267,076	5,459,347
COTTAGE INSURANCE COMPANY LTD	98-0461499	FIXED INCOME MUTUAL FUNDS	12,429,004	13,081,151
COTTAGE INSURANCE COMPANY LTD	98-0461499	EXCHANGE TRADED FUNDS	4,236,704	3,862,600
COTTAGE INSURANCE COMPANY LTD	98-0461499	MULTI-STRATEGY FUND	1,425,812	1,522,718

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TY 2013 Itemized Other Liabilities Schedule

Name: ANNE ARUNDEL MEDICAL CENTER INC

EIN: 52-1169362

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
COTTAGE INSURANCE COMPANY LTD	98-0461499	PROVISION FOR ADVERSE CLAIMS DEVELOPMENT	20,536,480	21,045,372
COTTAGE INSURANCE COMPANY LTD	98-0461499	PROVISION FOR REPORTED CLAIMS	1,361,625	1,532,871
COTTAGE INSURANCE COMPANY LTD	98-0461499	DIVIDENDS PAYABLE	4,000,000	2,000,000

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TY 2013 Paid-In or Capital Surplus Reconciliation Statement

Name: ANNE ARUNDEL MEDICAL CENTER INC

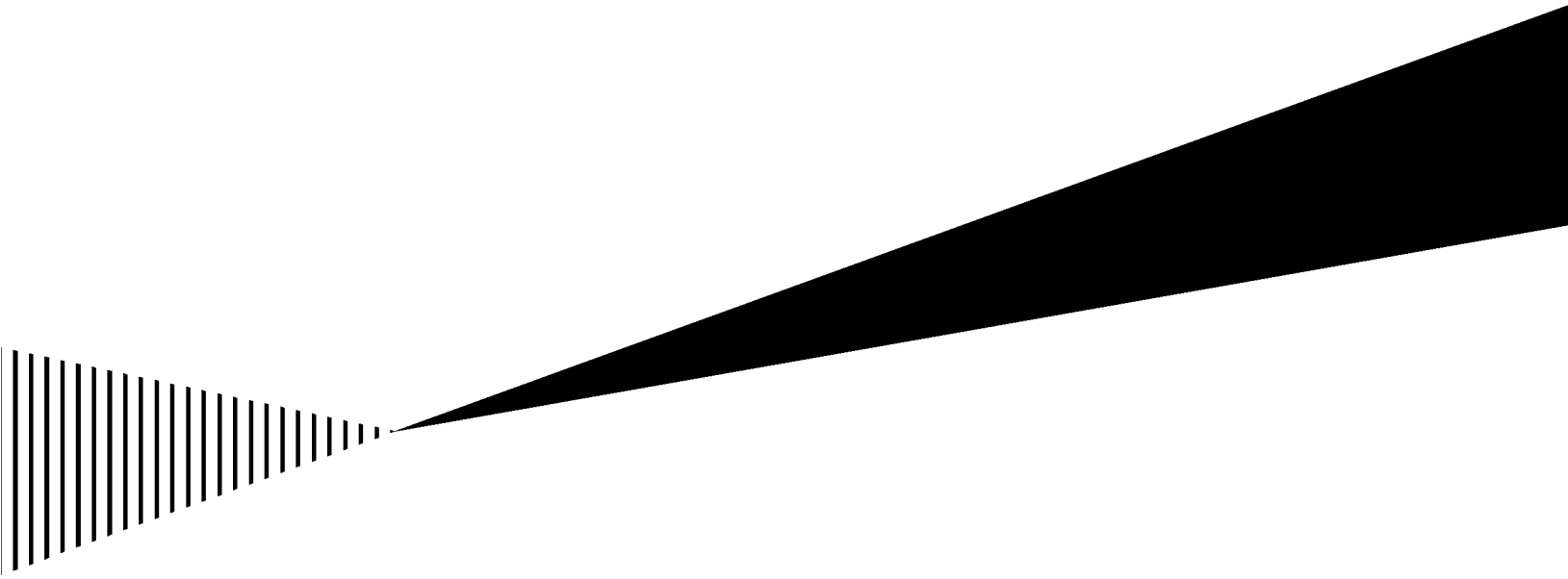
EIN: 52-1169362

Description	Beginning Amount	Ending Amount
ADDITIONAL PAID-IN CAPITAL BALANCE AS OF J	2,143,021	2,463,021
CASH CONTRIBUTION FROM PARENT	320,000	

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Anne Arundel Health System, Inc and Subsidiaries
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP



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Building a better working world

Anne Arundel Health System, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2014 and 2013

Contents

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621 East Pratt Street
Baltimore, MD 21202

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Fax. +1 410 783 3832
ey com

Building a better working world

Report of Independent Auditors

The Board of Trustees
Anne Arundel Health System, Inc

We have audited the accompanying consolidated financial statements of Anne Arundel Health System, Inc (a Maryland not-for-profit corporation) and subsidiaries, 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 financial statements in conformity 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 financial statements that are free of material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We did not audit the financial statements of Cottage Insurance Company, Ltd , a wholly-owned subsidiary, which statements reflect total assets of $34,970,000 and $35,532,000 as of June 30, 2014 and 2013, respectively, and net loss after elimination of intercompany revenues of $1,396,000 and $1,158,000, respectively, for the years then ended Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cottage Insurance Company, Ltd , is based solely on the report of the other auditors We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not

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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 financial statements

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

Opinion

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Anne Arundel Health System, Inc and subsidiaries as of June 30, 2014 and 2013, and the consolidated results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with U S generally accepted accounting principles

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The supplementary consolidating information 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 In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Ernst + Young LLP

October 3, 2014

Anne Arundel Health System, Inc. and Subsidiaries

Consolidated Balance Sheets

	June 30	
	2014	**2013**
Assets		
Current assets		
Cash and cash equivalents	**$ 76,168,000**	$ 42,228,000
Short-term investments	**6,627,000**	2,335,000
Current portion of assets whose use is limited	**14,885,000**	17,556,000
Patient receivables, less allowance for uncollectible accounts of $19,186,000 and $16,351,000, respectively	**68,622,000**	77,812,000
Current portion of pledges receivable, net	**3,525,000**	5,480,000
Inventories	**8,122,000**	8,316,000
Prepaid expenses and other current assets	**6,972,000**	9,831,000
Total current assets	**184,921,000**	163,558,000
Property and equipment	**796,494,000**	789,480,000
Less accumulated depreciation and amortization	**(322,727,000)**	(294,580,000)
Net property and equipment	**473,767,000**	494,900,000
Other assets		
Investments	**248,988,000**	224,037,000
Investments in joint ventures	**8,123,000**	8,215,000
Pledges receivable, net of current portion and net of allowance for uncollectible pledges of $548,000 and $724,000, respectively	**6,273,000**	7,672,000
Assets whose use is limited	**62,234,000**	59,861,000
Deferred debt issue costs, net of accumulated amortization of $1,592,000 and $1,287,000, respectively	**6,100,000**	6,428,000
Restricted collateral for interest rate swap contract	**51,616,000**	49,775,000
Other assets	**12,485,000**	11,749,000
Total assets	**$ 1,054,507,000**	$ 1,026,195,000

	June 30	
	2014	**2013**
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 20,372,000**	$ 22,251,000
Accrued salaries, wages, and benefits	**32,446,000**	30,528,000
Other accrued expenses	**20,626,000**	22,536,000
Current portion of long-term debt and capital lease obligations	**8,613,000**	8,232,000
Advances from third-party payors	**25,244,000**	21,453,000
Total current liabilities	**107,301,000**	105,000,000
Long-term debt and capital lease obligations, less current portion and unamortized original issue premium	**403,749,000**	412,514,000
Interest rate swap contracts	**55,626,000**	53,002,000
Accrued pension liability	**19,270,000**	30,604,000
Other long-term liabilities	**22,614,000**	21,236,000
Total liabilities	**608,560,000**	622,356,000
Net assets		
Unrestricted	**418,016,000**	372,543,000
Temporarily restricted	**16,634,000**	19,867,000
Permanently restricted	**11,297,000**	11,429,000
Total net assets	**445,947,000**	403,839,000
Total liabilities and net assets	**$ 1,054,507,000**	$ 1,026,195,000

See accompanying notes.

Anne Arundel Health System, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended June 30	
	2014	**2013**
Operating revenue		
Net patient service revenue	**$ 592,232,000**	$ 572,102,000
Provision for bad debts	**(29,295,000)**	(26,563,000)
Net patient service revenue less provision for bad debts	**562,937,000**	545,539,000
Other operating revenue	**28,180,000**	26,883,000
Total operating revenue	**591,117,000**	572,422,000
Operating expenses		
Salaries and wages	**250,936,000**	244,818,000
Employee benefits	**41,838,000**	42,067,000
Medical supplies and drugs	**122,275,000**	119,323,000
Purchased services	**92,594,000**	93,960,000
Professional fees	**15,655,000**	16,436,000
Depreciation and amortization	**37,032,000**	35,768,000
Interest	**16,349,000**	17,226,000
Total operating expenses	**576,679,000**	569,598,000
Operating income	**14,438,000**	2,824,000
Other income (loss)		
Investment income, net	**8,264,000**	13,758,000
Loss from joint ventures and other, net	**(335,000)**	(1,341,000)
Loss on extinguishment of debt	**–**	(3,561,000)
Change in unrealized gains on trading securities, net	**23,604,000**	7,797,000
Realized and unrealized (losses) gains on interest rate swap contracts, net	**(9,088,000)**	23,533,000
Total other income, net	**22,445,000**	40,186,000
Revenues and gains in excess of expenses	**$ 36,883,000**	$ 43,010,000

Anne Arundel Health System, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)

	Year Ended June 30	
	2014	**2013**
Unrestricted net assets		
Revenues and gains in excess of expenses	**$ 36,883,000**	$ 43,010,000
Pension liability adjustment	**3,050,000**	2,993,000
Net assets released from restrictions used for purchase of property and equipment	**5,290,000**	3,076,000
Transfers and other, net	**250,000**	5,051,000
Increase in unrestricted net assets	**45,473,000**	54,130,000
Temporarily restricted net assets		
Contributions and pledges	**3,954,000**	7,439,000
Change in net unrealized gains and losses on investments	**2,090,000**	987,000
Temporarily restricted investment income	**314,000**	364,000
Net assets released from restrictions	**(11,099,000)**	(8,310,000)
Transfers and other, net	**1,508,000**	494,000
(Decrease) increase in temporarily restricted net assets	**(3,233,000)**	974,000
Permanently restricted net assets		
Contributions for endowment funds	**76,000**	45,000
Transfers of interest income and other, net	**(208,000)**	(178,000)
Decrease in permanently restricted net assets	**(132,000)**	(133,000)
Increase in net assets	**42,108,000**	54,971,000
Net assets at beginning of year	**403,839,000**	348,868,000
Net assets at end of year	**$ 445,947,000**	$ 403,839,000

See accompanying notes.

Anne Arundel Health System, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2014	**2013**
Operating activities		
Increase in net assets	**$ 42,108,000**	$ 54,971,000
Adjustments to reconcile increase in net assets to net cash from operating activities		
Change in net unrealized gains on investments	**(25,694,000)**	(8,784,000)
Realized and unrealized losses (gains) on interest rate swap contracts, net	**9,088,000**	(23,533,000)
Pension liability adjustment	**(3,050,000)**	(2,993,000)
Equity in earnings of joint ventures and other	**92,000**	(297,000)
Distributions received from joint ventures	**–**	763,000
Restricted contributions and pledges, net	**(4,030,000)**	(7,484,000)
Loss on extinguishment of debt	**–**	3,561,000
Depreciation and amortization	**37,032,000**	35,768,000
Restricted investment income	**(314,000)**	(364,000)
Increase in investments – trading	**(3,549,000)**	(11,125,000)
(Increase) decrease in assets whose use is limited, net – trading	**(3,423,000)**	1,512,000
Net change in operating assets and liabilities	**7,733,000**	(22,580,000)
Net cash from operating activities	**55,993,000**	19,415,000
Investing activities		
Purchases of property and equipment	**(15,547,000)**	(22,874,000)
Decrease in assets whose use is limited - other-than-trading	**3,720,000**	2,542,000
Investment in West County, LLC	**–**	(3,262,000)
Change in collateralization and payments on interest rate swaps	**(9,372,000)**	22,744,000
Net cash from investing activities	**(21,199,000)**	(850,000)
Financing and fundraising activities		
Net proceeds from issuance of Series 2012 Revenue Bonds	**–**	80,371,000
Draws on line of credit	**–**	5,790,000
Repayments of long-term debt and capital lease obligations	**(8,529,000)**	(8,185,000)
Repayment of line of credit	**–**	(5,790,000)
Extinguishment of Series 1998 Revenue Bonds	**–**	(57,470,000)
Extinguishment of Series 2004A Revenue Bonds	**–**	(21,300,000)
Payments for deferred financing costs	**(23,000)**	(981,000)
Restricted contributions received and other	**7,384,000**	8,974,000
Restricted income received	**314,000**	364,000
Net cash from financing and fundraising activities	**(854,000)**	1,773,000
Net increase in cash and cash equivalents	**33,940,000**	20,338,000
Cash and cash equivalents at beginning of year	**42,228,000**	21,890,000
Cash and cash equivalents at end of year	**$ 76,168,000**	$ 42,228,000

Anne Arundel Health System, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	Year Ended June 30	
	2014	**2013**
Changes in operating assets and liabilities		
Decrease (increase) in operating assets		
Patient receivables, net	**$ 9,190,000**	$ (17,031,000)
Inventories	**194,000**	190,000
Prepaid expenses and other	**2,859,000**	1,200,000
Other assets	**(591,000)**	(1,221,000)
	11,652,000	(16,862,000)
(Decrease) increase in operating liabilities		
Accounts payable	**(1,879,000)**	(2,563,000)
Accrued salaries, wages, and benefits	**1,918,000**	944,000
Other accrued expenses	**(843,000)**	603,000
Advances from third-party payors	**3,791,000**	(4,904,000)
Other long-term liabilities	**(6,906,000)**	202,000
	(3,919,000)	(5,718,000)
Net change in operating assets and liabilities	**$ 7,733,000**	$ (22,580,000)
Supplemental disclosures		
Cash paid for interest	**$ 16,204,000**	$ 17,661,000

See accompanying notes

Anne Arundel Health System, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014

1. Organization and Basis of Presentation

Anne Arundel Health System, Inc (the Parent or the System) is a Maryland not-for-profit corporation The Parent has the following wholly owned subsidiaries Anne Arundel Medical Center, Inc (the Hospital) and its subsidiaries, Anne Arundel Health Care Services, Inc (HCS), and Anne Arundel General Treatment Services, Inc (GTS), Anne Arundel Medical Center Foundation, Inc (the Foundation), Anne Arundel Health Care Enterprises, Inc (HCE), Physician Enterprise, LLC (PE) and its subsidiaries, Anne Arundel Physician Group, LLC (AAPG) and Orthopedic Physicians of Annapolis (OPA), Anne Arundel Real Estate Holding Company, Inc (the Real Estate Company) and its subsidiaries, Pavilion Park, Inc (PPI), Annapolis Exchange, LLC, and Blue Building, LLC, Anne Arundel Health System Research Institute, Inc (RI), and Cottage Insurance Company, Ltd (Cottage) The accompanying consolidated financial statements include the accounts of the Parent and its wholly owned subsidiaries (collectively, the Group) All significant intercompany accounts and transactions have been eliminated in consolidation

The Real Estate Company and PPI own a 42 84% interest in Kent Island Medical Arts, LLC (KIMA), a limited liability company that owns and operates a medical office building PPI is the managing member of KIMA and has substantive participation rights in KIMA The financial statements of KIMA are consolidated in the accompanying consolidated financial statements The non-controlling interest in KIMA was 57 16% as of June 30, 2014 and 2013 This interest was $994,000 and $935,000 at June 30, 2014 and 2013, respectively, and is included within unrestricted net assets in the accompanying consolidated balance sheets

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking and savings accounts, money market accounts, and short-term certificates of deposit with original maturities of 90 days or less Cash balances and collateral held by a counterparty are principally uninsured and are subject to normal credit risks At June 30, 2014 and 2013, and at various times during the year, the System maintained cash-in-bank balances in excess of the $250,000 federally insured limits

2. Summary of Significant Accounting Policies (continued)

Derivative Instruments

On April 25, 2003, the Hospital entered into two interest rate swap derivative contracts to reduce the risk of changing interest rates On May 10, 2006, the Hospital entered into a forward variable-to-fixed interest rate swap agreement with an effective date of November 1, 2008 This contract was also entered into in an effort to reduce the risk of variable interest rate debt and has a term through July 1, 2048 Under Accounting Standards Codification (ASC) 815, *Derivatives and Hedging*, the Hospital has recognized its derivative instruments as either assets or liabilities in the accompanying consolidated balance sheets at fair value As these derivative instruments are not designated as hedges, the unrealized gain or loss on these contracts has been recognized in the accompanying consolidated statements of operations and changes in net assets as realized and unrealized gains (losses) on interest rate swap contracts, net The fair market values of the derivative instruments include a credit valuation adjustment (CVA) as required by ASC 820, *Fair Value Measurements and Disclosures* (ASC 820) When applying the CVA, the valuation of the variable-to-fixed interest rate swap contract was decreased by $698,000 and $428,000 as of June 30, 2014 and 2013, respectively

In April 2013, the Hospital's variable-to-variable interest rate swap contract and fixed-to-variable interest rate swap contracts matured The gain recorded at maturity of these contracts was not significant

A summary of the Hospital's derivative instruments and related activity at June 30, 2014 and 2013, and for the years then ended is as follows

	2014	
Description of Derivative Instrument	**Fair Value Asset (Liability)**	**Change in Unrealized Gain (Loss)**
Variable-to-fixed interest rate swap contract	**$ (55,626,000)**	**$ (2,624,000)**
	$ (55,626,000)	**$ (2,624,000)**

2. Summary of Significant Accounting Policies (continued)

Description of Derivative Instrument	2013 Fair Value Asset (Liability)	2013 Change in Unrealized Gain (Loss)
Variable-to-variable interest rate swap contract	$ –	$ 18,000
Fixed-to-variable interest rate swap contract	–	(920,000)
Variable-to-fixed interest rate swap contract	(53,002,000)	29,777,000
	$ (53,002,000)	$ 28,875,000

At June 30, 2014 and 2013, the net termination value (i e , mark-to-market value) of the derivative instruments totaled $57,969,000 and $55,237,000, respectively The Hospital may be exposed to credit loss in the event of nonperformance by the other party to the interest rate swap agreements, the risk of which is reflected in the fair value of the instruments under ASC 820 However, the Hospital does not anticipate nonperformance by the counterparty

During fiscal 2014, the Hospital paid net payments under its interest rate swap program of $6,464,000 In fiscal 2013, the Hospital paid net payments under its interest rate swap program of $5,342,000 These amounts are included within realized and unrealized gains (losses) on interest rate swap contracts, net in the accompanying consolidated statements of operations and changes in net assets and investing activities in the accompanying consolidated statements of cash flows

Under the derivative contract, the Hospital must transfer collateral for the benefit of the counterparty to the extent that the termination values exceed certain limits The Hospital's collateral requirement for the benefit of the counterparty was approximately $51,616,000 and $49,775,000 at June 30, 2014 and 2013, respectively The ongoing mark-to-market values and resulting collateral requirements of the Hospital's interest rate swap contract are subject to variability based on market factors (primarily changes in interest rates) Collateral requirements under this interest rate swap contract are excluded from unrestricted cash and investments for purposes of determining the System's compliance with its liquidity covenants under its Maryland Health and Higher Educational Facilities Authority (MHHEFA or the Authority) revenue bond agreements and its derivative agreements Collateral amounts are included in noncurrent assets in the accompanying consolidated balance sheets The settlement date with the financial institution correlated with the reporting period end date (June 30), and therefore no additional collateral was

2. Summary of Significant Accounting Policies (continued)

due to nor from the financial institution at June 30, 2014, whereas $1,067,000 was due to the financial institution at June 30, 2013 This amount is included in other accrued expenses in the accompanying consolidated balance sheet as of June 30, 2013, and is reflected within investing activities in the accompanying consolidated statements of cash flows The collateral requirement as of September 29, 2014, was $55,019,000

Assets Whose Use is Limited and Investments

Assets whose use is limited are principally comprised of certain funds established to be held and invested by a trustee These funds are related to the issuance of the Hospital's Revenue Bonds, investments held at Cottage, and certain permanently restricted endowment assets

The fair values of publicly traded securities and mutual funds are based on quoted market prices of individual securities or investments or estimated amounts using quoted market prices of similar investments Hedge fund investments, some of which are structured that the System holds limited partnership interests, are stated at fair value as estimated in an unquoted market Valuations of these investments, and therefore the System's holdings, may be determined by the investment manager or general partner and for fund of funds investments are primarily based on financial data supplied by the underlying investee funds Values may be based on historical cost, appraisals or other estimates that require varying degrees of judgment Investment income or loss from all unrestricted investments is included in the accompanying consolidated statements of operations and changes in net assets as part of other income (loss)

Investment income or loss on investments of temporarily and permanently restricted assets is added to or deducted from the appropriate restricted fund balance if the income is restricted The cost of securities sold is based on the specific-identification method

All investment balances are principally uninsured and subject to normal credit risk Investments are classified as either current or noncurrent based on maturity dates and availability for current operations Investments included in noncurrent assets consist of board-designated investment funds of $247,287,000 and $222,335,000 as of June 30, 2014 and 2013, respectively Based on the System's investment policy, such amounts could be liquidated, at the discretion of the Board, to satisfy short-term requirements

2. Summary of Significant Accounting Policies (continued)

Substantially all investments, other than borrowed funds required to be expended on capital projects, are classified as trading securities, with unrealized gains and losses included in revenues and gains in excess of expenses

Borrowed funds required to be expended on capital projects are classified as other-than-trading and are included in assets whose use is limited

Patient Receivables and Allowances

The Group's policy is to write off all patient accounts that have been identified as uncollectible An allowance for doubtful accounts is recorded for accounts not yet written off that are anticipated to become uncollectible in future periods When determining the allowance, the policy considers the probability of recoverability of accounts based on past experience, taking into account current collection trends Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages The analysis of receivables is performed monthly, and the allowances are adjusted accordingly

Insurance coverage and credit information are obtained from patients when available No collateral is obtained for accounts receivable

Accounts receivable from third-party payors have been adjusted to reflect the difference between charges and the estimated reimbursable amounts

Inventories

Inventories, which primarily consist of medical supplies and drugs, are carried at the lower of cost or market Cost is determined using the first-in, first-out method

Property and Equipment

Property and equipment are stated at cost Included in computers and software are capitalized labor costs of $10,482,000 and $10,267,000 as of June 30, 2014 and 2013, respectively Depreciation and amortization, including amortization of assets recorded under capital leases, are recorded on the straight-line method over the estimated useful lives of the assets

2. Summary of Significant Accounting Policies (continued)

The following is a summary of property and equipment, stated at cost

	Estimated Useful Lives	June 30 2014	2013
Land	–	**$ 13,151,000**	$ 13,151,000
Land improvements	20 years	**22,016,000**	22,016,000
Buildings and improvements	20–40 years	**470,229,000**	466,610,000
Fixed equipment	5–20 years	**8,947,000**	8,594,000
Leasehold improvements	5–10 years	**48,091,000**	48,661,000
Movable equipment	7–10 years	**175,016,000**	174,408,000
Computers and software	3–5 years	**58,234,000**	54,604,000
Construction-in-progress	–	**810,000**	1,436,000
		$ 796,494,000	$ 789,480,000

Construction-in-progress consists of direct costs associated with hospital department renovations, certain leasehold improvements, and smaller capital projects As these projects are completed, the related assets are transferred out of construction-in-progress and into the appropriate asset category and are depreciated over the applicable useful lives

Investments in Joint Ventures

The System accounts for its investments in joint ventures using the equity method of accounting During 2011, the Real Estate Company and another party formed West County, LLC, a joint venture that owns and operates a medical office building that opened in December 2012 The Real Estate Company has a 50% interest in this joint venture, with each owner's investment being $7,600,000 and $7,397,000 as of June 30, 2014 and 2013, respectively

Deferred Debt Issuance Costs

Administrative, legal, financing, underwriting discount, and other miscellaneous expenses that were incurred in connection with debt financings were deferred and are being amortized over the lives of the bond issues using the effective interest method The amortization expense of deferred debt issue costs was $351,000 and $376,000 for the years ended June 30, 2014 and 2013, respectively

2. Summary of Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Group has been limited by donors to a specific time period or purpose Substantially all temporarily restricted net assets in the accompanying consolidated financial statements are restricted to fund certain Hospital capital additions and operating programs Permanently restricted net assets have been restricted by donors to be maintained in perpetuity The income from these funds is expendable to support health care services

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered This includes regulatory discounts allowed to Blue Cross, Medicare, Medicaid, and other third-party payors and charity care

During 2014 and 2013, approximately 36% and 36% of net patient service revenue was received under the Medicare program, 24% and 23% from Blue Cross, 35% and 35% from contracts with other third parties, and 5% and 6% from other sources, respectively

The following table sets forth the detail of net patient service revenue

	Year Ended June 30	
	2014	**2013**
Gross patient service revenue	**$ 756,051,000**	$ 743,163,000
Revenue deductions		
Charity care	**5,933,000**	9,527,000
Contractual and other allowances	**157,886,000**	161,533,000
Net patient service revenue	**592,232,000**	572,103,000
Less provision for bad debts	**29,295,000**	26,564,000
Net patient service revenue less provision for bad debts	**$ 562,937,000**	$ 545,539,000

2. Summary of Significant Accounting Policies (continued)

Patient accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends to estimate the appropriate allowance for doubtful accounts and provision for bad debts For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service on the basis of its past experience The difference between the approved rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts The Hospital has not changed its charity care or uninsured discount policies during fiscal years 2014 or 2013

A substantial amount of the Group's revenues are received from health maintenance organizations and other managed care payors Managed care payors generally use case management activities to control hospital utilization These payors also have the ability to select health care providers offering the most cost-effective care Management does not believe that the Group has undue exposure to any one managed care payor

The Hospital's revenues may be subject to adjustment as a result of examination by government agencies or contractors, and as a result of differing interpretation of government regulations, medical diagnosis, charge coding, medical necessity, or other contract terms The resolution of these matters, if any, often is not finalized until subsequent to the period during which the services were rendered

The Group employs physicians in several hospital-based specialties (including, but not limited to, obstetrics, intensive care, and hospitalists) Net physician revenue is recognized when the services are provided and recorded at the estimated net realizable amount based on the contractual arrangements with third-party payors and the expected payments from the third-party payors and the patients The difference between the billed charges and the estimated net realizable amounts are recorded as a reduction in physician revenue when the services are provided The System recognized net physician revenue of $74,328,000 and $63,593,000 for the years ended June 30, 2014 and 2013, respectively At June 30, 2014 and 2013, $6,042,000 and $5,351,000, respectively, of net physician accounts receivable are included in patient receivables in the accompanying consolidated balance sheets

2. Summary of Significant Accounting Policies (continued)

Charity Care

The Group provides charity care to patients who meet certain criteria established under its charity care guidelines Because members of the Group do not pursue the collection of amounts determined to qualify as charity care, they are not reported as revenue in the accompanying consolidated statements of operations and changes in net assets The direct and indirect costs associated with providing this care are $4,458,000 and $7,383,000 for the years ended June 30, 2014 and 2013, respectively These costs are calculated by applying a ratio of operating expenses over gross patient charges to the charity care provided at established rates The state of Maryland rate system includes components within the rates to partially compensate hospitals for uncompensated care

Other Operating Revenue

Other operating revenue is comprised of grant revenue, incentive payments related to the implementation and meaningful use of certified electronic health records, cafeteria revenue, net assets released from restrictions for operating purposes, and other miscellaneous items

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 for eligible hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology that demonstrate improved quality and effectiveness of care Eligibility for annual Medicare incentive payments depends on providers demonstrating meaningful use of EHR technology in each period over a four-year period An additional Medicaid incentive payment is available to providers that adopt, implement, or upgrade certified EHR technology However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology

For Medicare and Medicaid EHR incentive payments, the Hospital utilizes a grant accounting model to recognize these revenues Under this accounting policy, EHR incentive payments were recognized as revenues when attestation that the EHR meaningful use criteria for the required period of time was demonstrated The System recognized $708,000 and $1,518,000 of EHR revenue for the years ended June 30, 2014 and 2013, respectively

2. Summary of Significant Accounting Policies (continued)

The System's attestation of compliance with the meaningful use criteria is subject to audit by the federal government or its designee The recognition of the grant income is based on management's best estimate and the amounts recognized are subject to change Any subsequent changes in the recognition of the grant income will impact the results of operations in the period in which they occur

Donations and Bequests

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets in the accompanying consolidated statements of operations and changes in net assets Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements Contributions that are unrestricted are reflected as other operating revenue in the accompanying consolidated statements of operations and changes in net assets

Scheduled payments on pledges receivable for the years ending June 30 are as follows

2015	$ 3,709,000
2016–2019	5,116,000
2020 and thereafter	1,967,000
Less	
Impact of discounting pledges receivable to net present value	(446,000)
Allowance for uncollectible pledges	(548,000)
Net pledges receivable	$ 9,798,000

Pledges receivable are discounted using rates between 0 1% and 3 15%

2. Summary of Significant Accounting Policies (continued)

Revenues and Gains in Excess of Expenses

The accompanying consolidated statements of operations and changes in net assets include revenues and gains in excess of expenses Changes in unrestricted net assets that are excluded from revenues and gains in excess of expenses, consistent with industry practice, include contributions received and used for additions of long-lived assets and certain changes in pension liabilities

Group Purchasing Organization Initial Public Offering

The Hospital has participated and owned equity in the Premier Limited Partnership (Premier) which has served as a group purchasing organization for many years This participation provides purchasing contract rates and rebates the System would not be able to obtain on its own The Hospital accounts for its investment in Premier using the equity method of accounting

During the year ended June 30, 2014, Premier restructured from a privately held company to a public company in an initial public offering (IPO) and several financial transactions have occurred with those holding equity in Premier before the IPO, including the System As a result, the System received a cash payment of approximately $1,500,000 in exchange for 16% of its previous ownership in Premier In addition, in exchange for the extension of the group purchasing contract, the System received partial ownership of the new public Company (the Class B units)

The Hospital recognized a gain of approximately $1,385,000 for the sale of its 16% interest, which is included in other operating revenue in the consolidated statement of operations and changes in net assets The System received 309,580 Class B units that are earned in 7 separate tranches over an 85-month period ending October 31, 2020 This investment is reflected in other assets in the consolidated balance sheet The opportunity will exist in the future for these Class B units to be converted to the Premier public company stock Prior to vesting, the Class B units may be transferred or sold with the approval of Premier During the year ended June 30, 2014, the System recognized approximately $1,100,000 of income related to Tranche 1 of the Class B which is included as a reduction of supplies expense in the consolidated statement of operations and changes in net assets The value of the Class B units is tied to the group purchasing contract and is considered a vendor incentive

2. Summary of Significant Accounting Policies (continued)

Income Tax Status

The Parent, the Hospital, the Foundation, HCS, GTS, PE, and RI have received determination letters from the Internal Revenue Service (IRS) stating that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code The Real Estate Company has received a determination letter from the IRS stating that it is exempt from federal income taxes under Section 501(c)(2) of the Internal Revenue Code

HCE and PPI are subject to federal and state income taxes No provision for income taxes has been recorded for fiscal 2014 and 2013, as these companies and PE do not have taxable income or current tax liabilities Deferred tax assets (consisting principally of net operating loss carryforwards) are not significant and are not considered to be realizable, given the operations of these entities

Certain limited liability companies within the consolidated group are not subject to income taxes Taxable income or loss is passed through to and reportable by the members individually

Under the Cayman Islands Tax Concessions Law (Revised), the Governor-in-Cabinet issued an undertaking to Cottage on November 29, 2005, exempting it from all local income, profit, or capital gains taxes The undertaking has been issued for a period of 20 years and at the present time, no such taxes are levied in the Cayman Islands Accordingly, no provision for taxes is made in these consolidated financial statements

Under the requirements of ASC 740, *Income Taxes*, tax-exempt organizations could be required to record an obligation as the result of a tax position they have historically taken on various tax exposure items The Group has determined that it does not have any uncertain tax positions through June 30, 2014

Use of Estimates

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

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No 2014-09 *Revenue from Contracts with Customers (Topic 606)* This guidance is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers It will be effective for fiscal year 2019 and early adoption is permitted beginning in fiscal year 2018 We have not yet determined the impact from adoption of this new accounting pronouncement on our financial statements

3. Regulatory Environment

Medicare and Medicaid

The Medicare and Medicaid reimbursement programs represent a substantial portion of the Group's revenues The Group's operations are subject to numerous laws and regulations of federal, state, and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Over the past several years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of fines and penalties, as well as repayments for patient services previously billed Compliance with fraud and abuse standards and other government regulations can be subject to future government review and interpretation Also, future changes in federal and state reimbursement funding mechanisms and related government budgeting constraints could have an adverse effect on the Group

In 1983, Congress approved a Medicare prospective payment plan for most inpatient services as part of the Social Security Amendment Act of 1983 Hospitals in Maryland were granted a waiver from the Medicare prospective payment system under Section 1814(b) of the Social Security Act The waiver would remain in effect as long as the Maryland rate of increase in payments per admission remained below the national average rate of increase

3. Regulatory Environment (continued)

In January 2014, the Centers for Medicare and Medicaid Services approved a modernized waiver that includes both inpatient and outpatient revenue The new waiver will be in place as long as Maryland hospitals achieve significant quality improvements and limit the per capita growth for all payers for Maryland residents The Medicare per capita spending target is expected to produce cumulative Medicare savings of $330 million over the next five years

HSCRC

The Hospital's rate structure for all hospital-based services is subject to review and approval by the Maryland Health Services Cost Review Commission (HSCRC or the Commission) Under the HSCRC rate-setting system, the Hospital's inpatient and outpatient charges are the same for all patients regardless of payer, including Medicare and Medicaid

Beginning in fiscal year 2014, the Hospital entered into an agreement with the HSCRC to participate in the Global Budget Revenue (GBR) program The GBR model is a revenue constraint and quality improvement system 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 Under GBR, total revenue is capped at a pre-determined fixed amount The annual approved revenue is calculated using a permanent base revenue with positive or negative adjustments for inflation, assessments, performance in quality-based programs, infrastructure requirements, and population Revenue may also be adjusted annually for market share levels and shifts of regulated services to unregulated settings

The Commission's rate setting methodology compares the approved rate to the actual average rate charged Any overcharges or undercharges are settled in future revenue determinations on an annual basis For the current fiscal year, the Hospital was within the allowed corridors for charging

The Hospital's policy is to recognize revenue based on actual charges for services to patients in the year in which the services are performed The Hospital's revenues may be subject to adjustment as a result of examination by government agencies or contractors, and as a result of differing interpretation of government regulations, medical diagnosis, charge coding, medical necessity, or other contract terms The resolution of these matters, if any, often is not finalized until subsequent to the period during which the services were rendered

4. Investments

Investments, consisting of assets whose use is limited and other, are stated at fair value Borrowed funds that are required to be expended on specified capital projects under MHHEFA revenue bond agreements are classified as other-than-trading All other investments and assets whose use is limited are classified as trading securities

	June 30	
	2014	**2013**
Assets whose use is limited		
Endowment assets		
Cash and cash equivalents	**$ 768,000**	$ 799,000
Equity mutual funds	**11,764,000**	10,302,000
Fixed income mutual funds	**4,596,000**	3,828,000
	17,128,000	14,929,000
Amounts held by trustee		
Cash and cash equivalents	**12,097,000**	12,617,000
U S government obligations	**21,656,000**	23,782,000
	33,753,000	36,399,000
Amounts held by Cottage		
Cash and cash equivalents	**2,312,000**	2,730,000
Equity mutual funds	**9,322,000**	6,896,000
Fixed income mutual funds	**13,081,000**	15,037,000
Hedge funds	**1,523,000**	1,426,000
	26,238,000	26,089,000
Total assets whose use is limited	**77,119,000**	77,417,000
Less current portion	**14,885,000**	17,556,000
	$ 62,234,000	$ 59,861,000

4. Investments (continued)

Amounts held by trustee are broken down as follows

	June 30 2014	2013
Bond indenture	**$ 33,753,000**	$ 36,399,000
Other investments		
Cash and cash equivalents	**$ 6,632,000**	$ 2,341,000
Equity mutual funds	**116,634,000**	104,246,000
Fixed income mutual funds	**120,430,000**	108,488,000
Hedge funds	**11,919,000**	11,297,000
	255,615,000	226,372,000
Less short-term investments	**6,627,000**	2,335,000
Investments	**$ 248,988,000**	$ 224,037,000

The components of investment income, net are as follows

	June 30 2014	2013
Interest and dividend income, net	**$ 4,196,000**	$ 8,478,000
Realized gains, net	**4,068,000**	5,280,000
	$ 8,264,000	$ 13,758,000

5. Fair Value Measurements

ASC 820 defines fair value and establishes a framework for measuring fair value in accordance with U S generally accepted accounting principles ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value These tiers include

Level 1 – Defined as observable inputs, such as quoted prices in active markets,

Level 2 – Defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, and

Level 3 – Defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Group believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date

ASC 820 requires that the fair value of derivative contracts include adjustments related to the credit risks of both parties associated with the derivative transactions The fair value of the Group's derivative contracts reflected in the accompanying consolidated financial statements includes adjustments related to the credit risks of the parties to the transactions

5. Fair Value Measurements (continued)

The following tables present the fair value hierarchy for the Group's financial assets and liabilities measured at fair value on a recurring basis at June 30, 2014 and 2013

	June 30, 2014			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Cash and cash equivalents	$ 76,168,000	$ 76,168,000	$ –	$ –
Trading securities and other assets whose use is limited				
Cash and cash equivalents	21,809,000	12,097,000	9,712,000	–
Equity funds	137,720,000	128,399,000	9,321,000	–
Fixed income funds	138,107,000	125,026,000	13,081,000	–
U S obligation funds	21,656,000	–	21,656,000	–
Hedge funds	13,442,000	–	13,442,000	–
Total	332,734,000	265,522,000	67,212,000	–
Collateral for interest rate swap				
Cash and cash equivalents	51,616,000	51,616,000	–	–
Total assets	$ 460,518,000	$ 393,306,000	$ 67,212,000	$ –
Liabilities				
Derivative instruments	$ (55,626,000)	$ –	$ (55,626,000)	$ –
Total liabilities	$ (55,626,000)	$ –	$ (55,626,000)	$ –

5. Fair Value Measurements (continued)

	June 30, 2013			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Cash and cash equivalents	$ 42,228,000	$ 32,728,000	$ 9,500,000	$ –
Trading securities and other assets whose use is limited				
Cash and cash equivalents	18,487,000	12,617,000	5,870,000	–
Equity funds	121,444,000	114,548,000	6,896,000	–
Fixed income funds	127,353,000	112,316,000	15,037,000	–
U S obligation funds	23,782,000	–	23,782,000	–
Hedge funds	12,723,000	–	12,723,000	–
Total	303,789,000	239,481,000	64,308,000	–
Collateral for interest rate swap				
Cash and cash equivalents	49,775,000	49,775,000	–	–
Total assets	$ 395,792,000	$ 321,984,000	$ 73,808,000	$ –
Liabilities				
Derivative instruments	$ (53,002,000)	$ –	$ (53,002,000)	$ –
Total liabilities	$ (53,002,000)	$ –	$ (53,002,000)	$ –

The Group's Level 1 securities primarily consist of U S Treasury securities, exchange-traded mutual funds, and cash The Group determines the estimated fair value for its Level 1 securities using quoted (unadjusted) prices for identical assets or liabilities in active markets

The Group's Level 2 securities primarily consist of U S government-sponsored entities bonds and money market funds The Group determines the estimated fair value for these Level 2 securities using the following methods quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets in non-active markets (few transactions,

5. Fair Value Measurements (continued)

limited information, non-current prices, high variability over time), inputs other than quoted prices that are observable for the asset/liability (e g , interest rates, yield curves volatilities, default rates, etc), and inputs that are derived principally from or corroborated by other observable market data The System's hedge funds are also considered Level 2 investments as the System has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date Redemption can be made on the last day of any calendar quarter with 65 days' advanced written notice

The Group's Level 2 securities also consist of derivative instruments, which are reported using valuation models commonly used for derivatives Valuation models require a variety of inputs, including contractual terms, market fixed prices, inputs from forward price yield curves, notional quantities, measures of volatility, and correlations of such inputs

The Group also has pledges receivable, which are measured at fair value on a non-recurring basis and are discounted to net present value upon receipt using an appropriate risk-free discount rate based on the term of the receivable Since these inputs are not observable, pledges receivable would be considered Level 3 fair value measurements upon their initial recording Pledges receivable are recorded net of an allowance for uncollectible pledges The following table provides a reconciliation of the beginning and ending balances of pledges receivable that used significant unobservable inputs

	Year Ended June 30	
	2014	**2013**
Pledges receivable		
Balance at July 1	**$ 13,152,000**	$ 14,642,000
New pledges	**2,019,000**	4,081,000
Collections on pledges	**(5,332,000)**	(5,357,000)
Write-off of pledges	**(217,000)**	(235,000)
Changes in reserves	**176,000**	21,000
Balance at June 30	**$ 9,798,000**	$ 13,152,000

6. Long-Term Debt and Line of Credit

Long-term debt consists of the following

	Interest Rate	Maturity Dates	June 30 2014	2013
Maryland Health and Higher Educational Facilities Authority Revenue Bonds – Series 2012	2.0–5.0%	2013–2035	**$ 72,100,000**	$ 73,625,000
Maryland Health and Higher Educational Facilities Authority Revenue Bonds – Series 2010	4.0–5.0%	2011–2041	**79,695,000**	81,220,000
Maryland Health and Higher Educational Facilities Authority Revenue Bonds – Series 2009A	4.0–6.75%	2013–2040	**117,730,000**	118,815,000
Maryland Health and Higher Educational Facilities Authority Revenue Bonds – Series 2009B	Variable	2041–2044	**60,000,000**	60,000,000
2008 term loan from a bank	Variable	2019	**48,715,000**	50,654,000
Kent Island term loan from a bank	Variable	2017	**7,486,000**	7,833,000
2008 construction loan from a bank	Variable	2019	**25,561,000**	26,579,000
			411,287,000	418,726,000
Less current portion of long-term debt			**8,523,000**	7,432,000
Unamortized original issue premium, net			**985,000**	1,130,000
Long-term debt			**$ 403,749,000**	$ 412,424,000

These debt instruments are secured by the receipts of the Hospital and substantially all of the property and equipment of the consolidated group

6. Long-Term Debt and Line of Credit (continued)

Principal payments due under all debt instruments as of June 30, 2014, are as follows

2015	$ 8,523,000
2016	8,754,000
2017	15,408,000
2018	9,041,000
2019	68,010,000
Thereafter	301,551,000
	$ 411,287,000

Series 2012 Revenue Bonds

In October 2012, the Hospital entered into a loan agreement with MHHEFA for the issuance of $73,625,000 of Series 2012 Revenue Bonds (referred to as the 2012 Bonds) The proceeds of the 2012 Bonds were used to repay the Series 2004A Bonds and the Series 1998 Bonds previously provided by the Authority The bonds being refinanced were originally obtained to finance a new replacement hospital (1998 Bonds) and to finance major renovations to the Hospital's Cancer Center and land acquisition (2004A Bonds) The 2012 Bonds provide for annual principal payments each July 1, from 2013 through 2034 Interest is payable semi-annually on each July 1 and January 1, beginning July 1, 2013 The 2012 Bonds bear stated interest at rates of 2 00% to 5 00%, and were issued at a premium of $6,746,000 The effective annual interest rate for the 2012 Bonds for the years ended June 30, 2014 and 2013 was 3 69% and 2 46%, respectively

The provisions of the 2012 Bonds, together with the 2010 Bonds and 2009 Bonds, 2004 Bonds, and the 1998 Bonds, require the Parent and subsidiaries to comply with certain covenants on an annual basis, including a debt service coverage requirement, a debt to capitalization requirement, and a liquidity requirement The Hospital, the Parent, and HCS are members of the obligated group for all of the revenue bonds issued by MHHEFA

6. Long-Term Debt and Line of Credit (continued)

Series 2010 Revenue Bonds

In February 2010, the Hospital entered into a loan agreement with MHHEFA for the issuance of $85,410,000 of Series 2010 Revenue Bonds (referred to as the 2010 Bonds) The proceeds of the 2010 Bonds were used to repay the Series 2004B Bonds and Dedicated Financing previously provided by the Authority and are being used to finance the expansion of the parking garage for the Hospital's acute care pavilion The 2010 Bonds provide for annual principal payments each July 1, from 2011 through 2040 Interest is payable semi-annually on each July 1 and January 1, beginning July 1, 2010 The 2010 Bonds bear stated interest at rates of 4 00% to 5 00%, and were issued at an original issue discount of $1,507,000 The effective annual interest rates for the 2010 Bonds for the years ended June 30, 2014 and 2013, were 4 89% and 4 85%, respectively

Series 2009 Revenue Bonds

In January 2009, the Hospital entered into a loan agreement with MHHEFA for the issuance of $120,000,000 Series 2009A Revenue Bonds (the 2009A Bonds) and in February 2009, $60,000,000 Series 2009B Revenue Bonds (the 2009B Bonds) (collectively referred to as the 2009 Bonds) The proceeds of the 2009 Bonds are being used to finance a portion of the costs of construction of an eight-story patient care building, two new parking garages, and certain costs relating to the issuance The 2009A Bonds provide for annual principal payments each July 1, from 2012 through 2039 Interest is payable semi-annually on each July 1 and January 1, beginning July 1, 2009 The 2009B Bonds provide for annual principal payments each July 1, from 2040 through 2043 Interest is payable semi-annually on each July 1 and January 1, beginning July 1, 2009 The 2009A Bonds bear stated interest at rates of 4 00% to 6 75% The 2009A Bonds were issued at an original issue discount of $4,817,000 The effective annual interest rates for the 2009A Bonds for the years ended June 30, 2014 and 2013, were 6 74% and 6 71%, respectively The 2009B Bonds bear interest at variable rates, as set forth in the loan agreement The maximum interest rate is 12% for the 2009B Bonds The effective annual interest rates for the 2009B Bonds for the years ended June 30, 2014 and 2013, were 08% and 0 19%, respectively The principal and interest payments on the Series 2009B Bonds are secured by a letter of credit equal to the original principal of the bonds plus an amount equal to 40 days' interest thereon, calculated at the maximum rate The current letter of credit expires in May 2016 Under certain circumstances, the Hospital would need to fully redeem the 2009B Bonds upon expiration of the letter of credit, unless a conforming replacement letter of credit was secured prior to such expiration

6. Long-Term Debt and Lines of Credit (continued)

Series 2004 Revenue Bonds

In February 2004, the Hospital entered into a loan agreement with MHHEFA for the issuance of $25,570,000 Series 2004A Revenue Bonds (the 2004A Bonds), and $64,250,000 Series 2004B Revenue Bonds (the 2004B Bonds) (collectively referred to as the 2004 Bonds) The proceeds of the 2004A and 2004B Bonds were used to finance and refinance the costs of acquisition, construction, renovation and equipping of the 2004 Project, to repay certain debt, to fund debt service reserve requirements, and to pay certain other costs relating to the issuance The 2004 Project included renovations to the Hospital's Cancer Center together with new furnishings and equipment, acquisition of 21 acres of land and acquisition and installation of capital equipment and furnishings Concurrent with the issuance of the 2004 Bonds, the Parent and HCS became members of the obligated group for the 2004 Bonds and the 1998 Bonds In February 2010, the 2004B Bonds were extinguished through an advance refunding financed by proceeds from the 2010 Bonds

In October 2012, the 2004A Bonds were extinguished through the advance refunding financed by proceeds from the 2012 Bonds The hospital paid a prepayment penalty of approximately $1,500,000 to extinguish the 2004A Bonds The remaining unamortized deferred financing costs and premium totaling $853,000 were written off upon extinguishment of the 2004A Bonds and together with the prepayment penalty are recorded as a loss on extinguishment of debt in the accompanying consolidated statements of operations and changes in net assets for the year ended June 30, 2013

Series 1998 Revenue Bonds

In August 1998, the Hospital and its subsidiaries entered into a loan agreement with MHHEFA for the issuance of $69,840,000 of Series 1998 Revenue Bonds (the 1998 Bonds) The proceeds were used to finance the acquisition, construction and equipping of a new replacement hospital, the renovation and equipping of certain existing facilities, the purchase of capital equipment and the payment of certain other costs relating to the issuance

In October 2012, the 1998 Bonds were extinguished through an advance refunding financed by the proceeds from the 2012 Bonds The remaining unamortized deferred financing costs and discount totaling $1,208,000 were written off upon extinguishment of the 1998 Bonds and recorded as a loss on the extinguishment of debt in the accompanying consolidated statements of the operations and changes in net assets for the year ended June 30, 2013

6. Long-Term Debt and Line of Credit (continued)

The related balances are included in assets whose use is limited and consist of the following

	June 30 2014	2013
Debt service funds	**$ 12,573,000**	$ 14,829,000
Debt service reserve funds	**20,618,000**	20,534,000
Construction fund and capitalized interest fund	**562,000**	1,036,000
	$ 33,753,000	$ 36,399,000

Bank Line of Credit and Term Loan

The Hospital maintains a line of credit with a bank providing available credit of $30,000,000 The agreement with the bank is reviewed for renewal on February 28 of each year Interest on any borrowings accrues at the one month London Interbank Offered Rate (LIBOR) plus 1 5% At June 30, 2014 and 2013, the Group has no balance on the line of credit

On October 23, 2008, the Real Estate Company secured a term loan in the amount of $55,000,000 with a bank The proceeds from the term loan were used to refinance line of credit proceeds and fund certain construction costs related to a medical office building The loan bears interest at a variable rate, based on the LIBOR market index rate plus 1 25% The term loan has a final maturity of November 5, 2018 The effective annual interest rates for the years ended June 30, 2014 and 2013, were 1 43% and 1 48%, respectively

2008 Construction Loan

On October 23, 2008, the Real Estate Company entered into a construction loan in the amount of $30,000,000 with a bank to fund the construction of a medical office building The loan was issued under the same loan agreement as the term loan discussed in the immediately preceding paragraph The debt is secured by the medical office building Interest only is due during the construction period at a rate equal to the LIBOR market index rate plus 1 25% The loan converted to a term loan after the completion of the construction in July 2009 The term loan provides for monthly principal and interest payments and has a final maturity of November 5, 2018 The effective annual interest rates for the years ended June 30, 2014 and 2013, were 1 44% and 1 48%, respectively

6. Long-Term Debt and Line of Credit (continued)

Kent Island Term Loan

In August 2007, KIMA entered into a construction loan agreement with a bank in the amount of $9,000,000 that would convert to a term loan after the completion of the construction The proceeds were used to construct a medical office building The debt is secured by the medical office building Interest only was due during the construction period at a rate of the 30-day LIBOR plus 1 0% The construction was completed in June 2008 The term loan provides for monthly principal and interest payments and has a final maturity of December 2016 The effective annual interest rates for the years ended June 30, 2014 and 2013, were 1 03% and 1 08%, respectively

7. Capital Lease Obligations

The Group has entered into capital lease agreements for certain medical equipment and software at a cost of $7,432,000 as of June 30, 2014 and 2013 Accumulated amortization on these assets was $6,315,000 and $5,257,000 as of June 30, 2014 and 2013, respectively Final payments under these capital lease obligations occur in 2015 and total $90,000

8. Pension Plan and Thrift Plan

The Hospital has a qualified noncontributory, defined benefit pension plan (the Plan) that covers substantially all employees The Group's policy is to fund pension costs as determined by its actuary Adopted by the Board of Trustees on June 11, 2009, and effective September 1, 2009, the Hospital amended the Plan to freeze future benefit accruals, and participants have not earned any additional benefits under the Plan since that date However, subsequent to September 1, 2009, participants have continued to vest in benefits they have earned through September 1, 2009 The frozen benefit balance for the participants will only accrue interest credits until the participants' benefit commencement dates FASB ASC 715, *Compensation – Retirement Benefits* (ASC 715), requires the Group to recognize the funded status (i e , the difference between the fair value of plan assets and the projected benefit obligations) of its pension plan on its consolidated balance sheet, with a corresponding adjustment to unrestricted net assets The pension liability adjustment to unrestricted net assets represents the change in net unrecognized actuarial losses that have not yet been recognized as part of revenues and gains in excess of expenses These amounts are subsequently recognized as net periodic benefit cost pursuant to the Group's historical accounting policy for amortizing such amounts

8. Pension Plan and Thrift Plan (continued)

During the years ended June 30, 2014 and 2013, a partial settlement of the Plan's defined benefit obligation was recognized Since the settlement was more than minor, ASC 715 requires that a pro rata amount of the accumulated unrecognized net loss in unrestricted net assets is charged to excess of revenues over expenses based on the proportion of the projected benefit obligation settled to the total projected benefit obligation During the years ended June 30, 2014 and 2013, the Group determined that a settlement had occurred and recognized a loss of $2,482,000 and $2,963,000, respectively The settlement loss is recorded within loss from joint ventures and other, net in the consolidated statements of operations and changes in net assets

The reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of plan assets for the years ended June 30, 2014 and 2013, and the accumulated benefit obligation at June 30, 2014 and 2013, is as follows

	June 30	
	2014	**2013**
Accumulated benefit obligation	**$ 116,610,000**	$ 112,402,000
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	**$ 112,402,000**	$ 111,955,000
Service cost	**–**	–
Interest cost	**4,789,000**	4,653,000
Actuarial loss	**6,593,000**	3,293,000
Benefits paid	**(1,303,000)**	(984,000)
Settlements paid	**(5,871,000)**	(6,515,000)
Projected benefit obligation at end of year	**116,610,000**	112,402,000
Change in plan assets		
Fair value of plan assets at beginning of year	**81,798,000**	76,496,000
Actual return on plan assets	**12,456,000**	8,336,000
Employer contribution	**10,260,000**	4,465,000
Benefits paid	**(1,303,000)**	(984,000)
Settlements paid	**(5,871,000)**	(6,515,000)
Fair value of plan assets at end of year	**97,340,000**	81,798,000
Net liability recognized	**$ (19,270,000)**	$ (30,604,000)

8. Pension Plan and Thrift Plan (continued)

	June 30	
	2014	**2013**
Net amounts recognized in the consolidated balance sheets consist of		
Accrued pension costs	**$ (19,270,000)**	$ (30,604,000)
Amounts recognized in unrestricted net assets that have not been recognized in net periodic benefit cost consist of		
Net actuarial loss	**$ 48,073,000**	$ 51,123,000

The following table sets forth the weighted-average assumptions used to determine benefit obligations

	June 30	
	2014	**2013**
Discount rate	**3.85%**	4 45%
Rate of compensation increase	**N/A**	N/A

The following table sets forth the weighted-average assumptions used to determine net periodic benefit cost

	Year Ended June 30	
	2014	**2013**
Discount rate	**4.45%**	4 25%
Expected return on plan assets	**7.50**	7 50
Rate of compensation increase	**N/A**	N/A

8. Pension Plan and Thrift Plan (continued)

Net periodic pension benefit cost included the following components

	June 30	
	2014	**2013**
Service cost	**$ –**	$ –
Interest cost	**4,789,000**	4,653,000
Expected return on plan assets	**(6,420,000)**	(6,063,000)
Amortization of prior service cost	**–**	–
Recognized net actuarial loss	**1,144,000**	1,066,000
Loss recognized from partial settlement of projected benefit obligation	**2,482,000**	2,963,000
Net periodic benefit cost	**$ 1,995,000**	$ 2,619,000

The estimated net loss for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is $1,180,000

The Hospital's defined benefit plan invests in a diversified mix of traditional asset classes Investments in certain types of U S equity securities and fixed income securities are made to maximize long-term results while recognizing the need for adequate liquidity to meet ongoing benefit and administrative obligations Risk tolerance of unexpected investment and actuarial outcomes is continually evaluated by understanding the pension plan's liability characteristics Equity investments are used primarily to increase overall plan returns Debt securities provide diversification benefits and liability hedging attributes that are desirable, especially in falling interest rate environments

The Hospital's target asset allocation percentages as of June 30, 2014, were as follows 19 25% large cap domestic stocks, 8 25% small cap domestic stocks, 27 5% international stocks, 10% hedge funds, and 35% U S investment grade bonds

8. Pension Plan and Thrift Plan (continued)

The following tables present the fair value hierarchy of assets of the defined benefit pension plan at June 30, 2014 and 2013, respectively

	June 30, 2014			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Cash and cash equivalents	**$ 4,336,000**	**$ –**	**$ 4,336,000**	**$ –**
Mutual funds				
Equity	**26,935,000**	**26,935,000**	**–**	**–**
Corporate bonds	**6,138,000**	**6,138,000**	**–**	**–**
Government bonds	**20,915,000**	**20,915,000**	**–**	**–**
International equity	**26,760,000**	**26,760,000**	**–**	**–**
International bonds	**3,175,000**	**3,175,000**	**–**	**–**
Exchange traded notes	**5,081,000**	**5,081,000**	**–**	**–**
Managed partnerships				
Hedge funds	**4,000,000**	**–**	**4,000,000**	**–**
	$ 97,340,000	**$ 89,004,000**	**$ 8,336,000**	**$ –**

8. Pension Plan and Thrift Plan (continued)

	June 30, 2013			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets				
Cash and cash equivalents	$ 850,000	$ –	$ 850,000	$ –
Mutual funds				
Equity	24,254,000	24,254,000	–	–
Government bond	30,007,000	30,007,000	–	–
International equity	22,163,000	22,163,000	–	–
Exchange traded notes	4,524,000	4,524,000	–	–
Total	$ 81,798,000	$ 80,948,000	$ 850,000	$ –

Level 1 securities primarily consist of exchange-traded mutual funds Level 2 securities primarily consist of money market funds and hedge funds Methods consistent with those discussed in Note 5 are used to estimate the fair values of these securities

The overall rate of expected return on assets assumption was based on historical returns, with adjustments made to reflect expectations of future returns The extent to which the future expectations were recognized considered the target rates of return for the future, which have historically not changed

The Hospital currently intends to make voluntary contributions to the defined benefit pension plan of $9,576,000 in fiscal 2014

8. Pension Plan and Thrift Plan (continued)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid

2015	$ 6,875,800
2016	6,974,000
2017	7,597,000
2018	7,291,000
2019	8,324,000
2020–2024	38,144,000

In addition to the noncontributory, defined benefit pension plan, the Hospital also offers an employee thrift plan Participation in the plan is voluntary Substantially all full-time employees of the Hospital are eligible to participate Employees may elect to contribute a minimum of 1% of compensation, and a maximum amount as determined by Sections 403(b) and 415 of the Internal Revenue Code Any employee making contributions to the plan is entitled to a Hospital contribution that will match the employee contribution at the rate of 50% to 75%, depending on the number of years of service, up to a maximum of 4% of qualified compensation Matching contributions under this thrift plan were $2,913,000 and $2,681,000 in fiscal years 2014 and 2013, respectively

9. Concentrations of Credit Risk

Certain members of the Group grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors prior to consideration of an allowance for doubtful accounts was as follows

	June 30	
	2014	**2013**
Medicare	**32%**	34%
Medicaid	**5**	3
Blue Cross	**19**	20
Commercial, HMO, PPO, and other	**28**	27
Patients	**16**	16
	100%	100%

10. Malpractice Insurance Costs and Self-Insured Professional Liability

Until August 1, 1998, the Group maintained insurance coverage for general and professional liability claims on a claims-made basis The professional liability coverage included a per-case deductible of $250,000, up to a maximum out-of-pocket amount of $750,000 annually Effective August 1, 1998, the Group changed its professional liability coverage to a full coverage claims-made policy with no annual deductibles This policy included tail coverage for claims incurred prior to August 1, 1998, but reported subsequently Effective August 1, 2002, the Group changed its professional liability coverage back to a claims-made policy with a per-case deductible of $250,000, up to a maximum out-of-pocket amount of $750,000 annually Also, the Group did not purchase tail coverage for claims incurred prior to August 1, 2002 not yet reported

Effective March 1, 2004, the Group changed its professional liability coverage to a self-insurance trust with annual exposure limits of $2,000,000 per claim and $11,000,000 in aggregate The Group carried an excess liability insurance policy for claims above these limits

Effective July 1, 2005, Cottage was formed as a captive insurer to provide professional liability insurance for the Group Cottage is a wholly owned subsidiary of the System, which was formed in the Cayman Islands The primary layer of professional and general liability insurance coverage is self-insured through Cottage and the secondary layer is fully reinsured through a commercial carrier

For the period July 1, 2005 to June 30, 2009, Cottage issued claims-made policies covering hospital professional liability (including employed physicians) and on an occurrence basis, comprehensive general liability risks of the Parent and certain affiliates Policy limits were $2,000,000 per claim with a $9,000,000 policy aggregate Effective July 1, 2005, Cottage assumed existing liabilities from the System's self-insured trust discussed above on a claims-made basis Effective July 1, 2009, Cottage issued a claims-made policy providing $2,000,000 per claim hospital professional liability coverage and $1,000,000 per claim comprehensive general liability coverage, subject to a consolidated annual aggregate limit of $10,000,000

For the period July 1, 2005 to June 30, 2008, Cottage also issued an excess umbrella coverage policy (covering hospital professional liability) with limits of $20,000,000 per claim and in the policy aggregate For claims reported on and subsequent to July 1, 2008, the coverage limit provided is $30,000,000 per claim and in the policy aggregate These excess limits are in excess of the primary policy, and the umbrella policies are 100% reinsured with third-party commercial reinsurers

10. Malpractice Insurance Costs and Self-Insured Professional Liability (continued)

The provision for estimated professional liability claims, general liability claims, and workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported As of June 30, 2014 and 2013, the balance for outstanding claims reserves recorded at Cottage is $22,578,000 and $21,898,000, respectively The remaining tail liability for claims incurred but not reported is $5,110,000 and $6,365,000 as of June 30, 2014 and 2013, with $4,222,000 of the 2014 liability and $5,132,000 of the 2013 liability recorded at the Hospital The remainder of the liability is recorded at PE The Group has employed an independent actuary to estimate the ultimate settlement of such claims In management's opinion, the amounts recorded provide an adequate reserve for loss contingencies However, changes in circumstances affecting professional liability claims could cause these estimates to change by material amounts in the short term

11. Commitments and Contingencies

Operating Leases

Various members of the Group have operating leases for storage space, equipment, and offices During 2014 and 2013, rent expense on these leases was approximately $10,275,000 and $9,695,000, respectively Future minimum annual rental payments under noncancelable operating leases, which expire through 2020, are as follows

2015	$ 8,742,000
2016	7,355,000
2017	6,357,000
2018	3,893,000
2019	3,209,000
Thereafter	3,457,000
	$ 33,013,000

Contracted Construction Commitments

Members of the Group have future construction commitments with outside contractors for various projects totaling $340,000 and $616,000 as of June 30, 2014 and 2013, respectively

11. Commitments and Contingencies (continued)

Contingencies

Members of the Group have been named as defendants in various legal proceedings arising from the performance of their normal activities In the opinion of management, after consultation with legal counsel and after consideration of applicable insurance, the amount of the Group's ultimate liability under all current legal proceedings will not have a material adverse effect on its consolidated financial position or results of operations

The Group's revenues may be subject to adjustment as a result of examination by government agencies or contractors based upon differing interpretation of government regulations, medical diagnosis, charge coding, medical necessity, or other contract terms The resolution of these matters, if any, often is not finalized until subsequent to the period during which the services were rendered Section 302 of the Tax Relief and Health Care Act of 2006 authorized a permanent program involving the use of third-party recovery audit contractors (RACs) to identify Medicare overpayments and underpayments made to providers We have established protocols to respond to RAC requests and payment denials Payment recoveries resulting from RAC reviews are appealable through administrative and judicial processes, and we intend to pursue the reversal of adverse determinations where appropriate In addition to overpayments that are not reversed on appeal, we will incur additional costs to respond to requests for records and pursue the reversal of payment denials As of June 30, 2014 and 2013, the Group has recorded an estimated reserve regarding the Medicare overpayments In the opinion of the Group's management, the ultimate settlement of this matter will not have a material adverse effect on the financial position of the Group

12. Functional Expenses

Members of the Group provide general health care services to residents within their service area Expenses related to providing these services are as follows

	Year Ended June 30	
	2014	**2013**
Health care services	**$ 477,887,000**	$ 482,612,000
General and administrative	**98,792,000**	86,986,000
	$ 576,679,000	$ 569,598,000

13. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, patient receivables, prepaid expenses and other current assets, accounts payable, accrued salaries, wages and benefits, other accrued expenses, and advances from third-party payors approximate fair value, given the short-term nature of these financial instruments and/or their methods of valuation The following methods and assumptions were used by the Group in estimating the fair value of other financial instruments

Investments and Assets Whose Use Is Limited

Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities

Pledges Receivable

The Group estimates that the carrying value of pledges receivable approximates fair value, given the discount rates applied

Long-Term Debt

Fair values of the Group's fixed rate long-term debt are established using discounted cash flow analyses, based on the Group's current incremental borrowing rates for similar types of borrowing arrangements The carrying amount of the Group's variable rate long-term debt approximates fair value The estimated fair value of all long-term debt at June 30, 2014 and 2013, was $443,014,000 and $442,890,000, respectively

14. Temporarily Restricted Net Assets

At June 30, 2014 and 2013, temporarily restricted net assets are restricted for use, as follows

	2014	2013
Hospital capital additions	**$ 8,112,000**	$ 12,215,000
Hospital operating programs	**8,522,000**	7,652,000
	$ 16,634,000	$ 19,867,000

15. Subsequent Events

The Group has evaluated the impact of subsequent events through October 3, 2014, representing the date at which the consolidated financial statements were issued

Supplementary Information

Anne Arundel Health System, Inc and Subsidiaries

Supplementary Consolidating Balance Sheet

June 30, 2014

	Anne Arundel Health System, Inc	Anne Arundel Medical Center, Inc and Subsidiaries	Anne Arundel Health Care Enterprises, Inc	Anne Arundel Real Estate Holding Company, Inc and Subsidiaries	Cottage Insurance Company, Ltd	AAHS Research Institute, Inc	Physician Enterprise, LLC	Anne Arundel Medical Center Foundation, Inc	Consolidating and Eliminating Entries		Consolidated
									Cottage Insurance Company, Ltd	Other Subsidiaries	
Assets											
Current assets											
Cash and cash equivalents	$ 522 000	$ 70 399 000	$ 7 000	$ 1 436 000	$ –	$ 105 000	$ 954 000	$ 2 745 000	$ –	$ –	$ 76 168 000
Short-term investments	–	6 198 000	–	–	–	–	–	429 000	–	–	6 627 000
Current portion of assets whose use is limited	–	12 573 000	–	–	2 312 000	–	–	–	–	–	14 885 000
Patient receivables, net	–	62 580 000	–	–	–	–	6 042 000	–	–	–	68 622 000
Current portion of pledges receivable, net	–	–	–	–	–	–	–	3 525 000	–	–	3 525 000
Inventories	–	8 030 000	92 000	–	–	–	–	–	–	–	8 122 000
Prepaid expenses and other current assets	–	9 800 000	1 306 000	1 078 000	88 000	6 000	1 000	9 000	(2 000 000)	(3 316 000) [1, 4]	6 972 000
Total current assets	522 000	169 580 000	1 405 000	2 514 000	2 400 000	111 000	6 997 000	6 708 000	(2 000 000)	(3 316 000)	184 921 000
Property and equipment	–	649 925 000	11 282 000	134 395 000	–	69 000	611 000	212 000	–	–	796 494 000
Less accumulated depreciation and amortization	–	(273 022 000)	(7 461 000)	(41 786 000)	–	(56 000)	(190 000)	(212 000)	–	–	(322 727 000)
Net property and equipment	–	376 903 000	3 821 000	92 609 000	–	13 000	421 000	–	–	–	473 767 000
Other assets											
Investments	–	247 287 000	–	–	–	–	–	1 701 000	–	–	248 988 000
Investments in joint ventures	–	–	523 000	7 600 000	–	–	–	–	–	–	8 123 000
Pledges receivable, net	–	–	–	–	–	–	–	6 273 000	–	–	6 273 000
Assets whose use is limited	–	21 877 000	–	–	23 926 000	–	–	16 431 000	–	–	62 234 000
Deferred debt issue costs, net	–	5 832 000	–	268 000	–	–	–	–	–	–	6 100 000
Beneficial interest in net assets of AAMC Foundation, Inc	–	28 471 000	–	–	–	–	–	–	–	(28 471 000) [3]	–
Restricted collateral for interest rate swap contract	–	51 616 000	–	–	–	–	–	–	–	–	51 616 000
Investment in subsidiaries and other assets	445 426 000	15 152 000	–	–	8 644 000	–	1 224 000	430 000	–	(458 391 000) [1, 4]	12 485 000
Total assets	$ 445 948 000	$ 916 718 000	$ 5 749 000	$ 102 991 000	$ 34 970 000	$ 124 000	$ 8 642 000	$ 31 543 000	$ (2 000 000)	$ (490 178 000)	$ 1 054 507 000

Anne Arundel Health System, Inc and Subsidiaries

Supplementary Consolidating Balance Sheet (continued)

June 30, 2014

	Anne Arundel Health System, Inc	Anne Arundel Medical Center, Inc and Subsidiaries	Anne Arundel Health Care Enterprises, Inc	Anne Arundel Real Estate Holding Company, Inc and Subsidiaries	Cottage Insurance Company, Ltd	AAHS Research Institute, Inc	Physician Enterprise, LLC	Anne Arundel Medical Center Foundation, Inc	Consolidating and Eliminating Entries		Consolidated
									Cottage Insurance Company, Ltd	Other Subsidiaries	
Liabilities and net assets											
Current liabilities											
Accounts payable	$ –	$ 17 603 000	$ 1 284 000	$ 1 018 000	$ 2 408 000	$ 59 000	$ –	$ 2 797 000	$ (2 000 000)	$ (2 797 000) [1]	$ 20 372 000
Accrued salaries, wages, and benefits	–	26 524 000	1 290 000	–	–	–	4 632 000	–	–	–	32 446 000
Other accrued expenses	–	17 173 000	17 000	586 000	2 575 000	–	–	275 000	–	–	20 626 000
Current portion of long-term debt and capital lease obligations	–	5 255 000	–	3 878 000	–	–	–	–	–	(520 000) [4]	8 613 000
Advances from third-party payors	–	25 244 000	–	–	–	–	–	–	–	–	25 244 000
Total current liabilities	–	91 799 000	2 591 000	5 482 000	4 983 000	59 000	4 632 000	3 072 000	(2 000 000)	(3 317 000)	107 301 000
Long-term debt and capital lease obligations less current portion and unamortized original issue discount	–	325 345 000	–	83 082 000	–	–	–	–	–	(4 678 000) [4]	403 749 000
Interest rate swap contract	–	55 626 000	–	–	–	–	–	–	–	–	55 626 000
Accrued pension liability	–	19 270 000	–	–	–	–	–	–	–	–	19 270 000
Other long-term liabilities	–	–	–	8 286 000	20 003 000	–	2 611 000	–	–	(8 286 000) [1]	22 614 000
Total liabilities	–	492 040 000	2 591 000	96 850 000	24 986 000	59 000	7 243 000	3 072 000	(2 000 000)	(16 281 000)	608 560 000
Net assets											
Unrestricted	418 016 000	396 747 000	3 158 000	6 141 000	9 984 000	65 000	1 399 000	1 221 000	–	(418 715 000) [2] [3]	418 016 000
Temporarily restricted	16 635 000	16 634 000	–	–	–	–	–	16 634 000	–	(33 269 000) [2] [3]	16 634 000
Permanently restricted	11 297 000	11 297 000	–	–	–	–	–	10 616 000	–	(21 913 000) [2] [3]	11 297 000
Total net assets	445 948 000	424 678 000	3 158 000	6 141 000	9 984 000	65 000	1 399 000	28 471 000	–	(473 897 000)	445 947 000
Total liabilities and net assets	$ 445 948 000	$ 916 718 000	$ 5 749 000	$ 102 991 000	$ 34 970 000	$ 124 000	$ 8 642 000	$ 31 543 000	$ (2 000 000)	$ (490 178 000)	$ 1 054 507 000

Anne Arundel Health System, Inc and Subsidiaries

Supplementary Consolidating Schedule of Revenues, Expenses, Gains, and Losses

Year Ended June 30, 2014

	Anne Arundel Health System, Inc	Anne Arundel Medical Center, Inc and Subsidiaries	Anne Arundel Health Care Enterprises, Inc	Anne Arundel Real Estate Holding Company, Inc and Subsidiaries	Cottage Insurance Company, Ltd	AAHS Research Institute, Inc	Physician Enterprise, LLC	Anne Arundel Medical Center Foundation, Inc	Consolidating and Eliminating Entries		Consolidated
									Cottage Insurance Company, Ltd	Other Subsidiaries	
Operating revenue											
Net patient service revenue	$ –	$ 517 904 000	$ –	$ –	$ –	$ –	$ 74 328 000	$ –	$ –	$ –	$ 592 232 000
Provision for bad debts	–	(25 075 000)	–	–	–	–	(4 220 000)	–	–	–	(29 295 000)
Net patient service revenue less provision for bad debts	–	492 829 000	–	–	–	–	70 108 000	–	–	–	562 937 000
Other operating revenue	1 377 000	15 439 000	24 946 000	20 082 000	3 805 000	1 466 000	17 108 000	3 664 000	(3 805 000)	(55 902 000)	28 180 000
Total operating revenue	1 377 000	508 268 000	24 946 000	20 082 000	3 805 000	1 466 000	87 216 000	3 664 000	(3 805 000)	(55 902 000)	– 591 117 000
Operating expenses											
Salaries and wages	–	185 160 000	16 049 000	–	–	1 074 000	49 727 000	733 000	–	(1 807 000)	250 936 000
Employee benefits	–	35 887 000	2 470 000	–	–	226 000	3 481 000	154 000	–	(380 000)	41 838 000
Medical supplies and drugs	–	118 435 000	63 000	1 000	–	18 000	3 750 000	8 000	–	–	122 275 000
Purchased services	1 328 000	88 814 000	5 355 000	10 653 000	2 983 000	424 000	36 973 000	1 199 000	(3 805 000)	(51 330 000)	92 594 000
Professional fees	–	15 005 000	–	–	–	9 000	868 000	–	–	(227 000)	15 655 000
Foundation transfer to AAMC and subsidiaries	–	–	–	–	–	–	–	2 081 000	–	(2 081 000)	–
Depreciation and amortization	–	30 987 000	1 383 000	4 592 000	–	8 000	61 000	1 000	–	–	37 032 000
Interest	–	15 182 000	–	1 244 000	–	–	–	–	–	(77 000)	16 349 000
Total operating expenses	1 328 000	489 470 000	25 320 000	16 490 000	2 983 000	1 759 000	94 860 000	4 176 000	(3 805 000)	(55 902 000)	576 679 000
Operating income (loss)	49 000	18 798 000	(374 000)	3 592 000	822 000	(293 000)	(7 644 000)	(512 000)	–	–	14 438 000
Other income (loss)											
Investment income, net	–	7 455 000	–	30 000	742 000	–	–	37 000	–	–	8 264 000
Income (loss) from joint ventures and other, net	36 834 000	(565 000)	(90 000)	320 000	–	–	–	–	–	(36 834 000)	(335 000)
Change in unrealized gains on trading securities, net	–	22 604 000	–	–	852 000	–	–	148 000	–	–	23 604 000
Realized and unrealized losses on interest rate swap contracts, net	–	(9 088 000)	–	–	–	–	–	–	–	–	(9 088 000)
Total other income (loss), net	36 834 000	20 406 000	(90 000)	350 000	1 594 000	–	–	185 000	–	(36 834 000)	22 445 000
Revenues and gains in excess of (less than) expenses	$ 36 883 000	$ 39 204 000	$ (464 000)	$ 3 942 000	$ 2 416 000	$ (293 000)	$ (7 644 000)	$ (327 000)	$ –	$ (36 834 000)	$ 36 883 000

Anne Arundel Medical Center, Inc. and Subsidiaries

Supplementary Consolidating Balance Sheet

June 30, 2014

	Anne Arundel Medical Center, Inc.	Anne Arundel Health Care Services, Inc.	Anne Arundel General Treatment Services, Inc.	Consolidating and Eliminating Entries	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 31,613,000	$ 38,785,000	$ 1,000	$ –	$ 70,399,000
Short-term investments	6,198,000	–	–	–	6,198,000
Current portion of assets whose use is limited	12,573,000	–	–	–	12,573,000
Patient receivables, net	58,859,000	2,949,000	772,000	–	62,580,000
Inventories	8,030,000	–	–	–	8,030,000
Due from affiliates, net	5,317,000	9,632,000	1,216,000	(10,848,000) (1)	5,317,000
Prepaid expenses and other current assets	4,316,000	166,000	1,000	–	4,483,000
Total current assets	126,906,000	51,532,000	1,990,000	(10,848,000)	169,580,000
Property and equipment	617,775,000	25,858,000	6,292,000	–	649,925,000
Less accumulated depreciation and amortization	(248,802,000)	(20,907,000)	(3,313,000)	–	(273,022,000)
Net property and equipment	368,973,000	4,951,000	2,979,000	–	376,903,000
Other assets					
Investments	247,287,000	–	–	–	247,287,000
Assets whose use is limited	21,877,000	–	–	–	21,877,000
Deferred debt issue costs, net	5,832,000	–	–	–	5,832,000
Beneficial interest in net assets of Anne Arundel Medical Center Foundation, Inc	28,471,000	–	–	–	28,471,000
Notes receivable from affiliate	4,678,000	–	–	–	4,678,000
Restricted collateral for interest rate swap contract	51,616,000	–	–	–	51,616,000
Investments in subsidiaries and other assets, net	70,888,000	–	–	(60,414,000) (2)	10,474,000
Total assets	$ 926,528,000	$ 56,483,000	$ 4,969,000	$ (71,262,000)	$ 916,718,000

Anne Arundel Medical Center, Inc. and Subsidiaries

Supplementary Consolidating Balance Sheet (continued)

June 30, 2014

	Anne Arundel Medical Center, Inc.	Anne Arundel Health Care Services, Inc.	Anne Arundel General Treatment Services, Inc.	Consolidating and Eliminating Entries	Consolidated
Liabilities and net assets					
Current liabilities					
Accounts payable	$ 16,565,000	$ 1,021,000	$ 17,000	$ –	$ 17,603,000
Accrued salaries, wages, and benefits	26,524,000	–	–	–	26,524,000
Other accrued expenses	17,173,000	–	–	–	17,173,000
Current portion of long-term debt and capital lease obligations	5,255,000	–	–	–	5,255,000
Intercompany payables	10,848,000	–	–	(10,848,000) [1]	–
Advances from third-party payors	25,244,000	–	–	–	25,244,000
Total current liabilities	101,609,000	1,021,000	17,000	(10,848,000)	91,799,000
Long-term debt and capital lease obligations, less current portion and unamortized original issue premium	325,345,000	–	–	–	325,345,000
Interest rate swap contract	55,626,000	–	–	–	55,626,000
Accrued pension liability	19,270,000	–	–	–	19,270,000
Total liabilities	501,850,000	1,021,000	17,000	(10,848,000)	492,040,000
Net assets					
Unrestricted	396,747,000	55,462,000	4,952,000	(60,414,000) [2]	396,747,000
Temporarily restricted	16,634,000	–	–	–	16,634,000
Permanently restricted	11,297,000	–	–	–	11,297,000
Total net assets	424,678,000	55,462,000	4,952,000	(60,414,000)	424,678,000
Total liabilities and net assets	$ 926,528,000	$ 56,483,000	$ 4,969,000	$ (71,262,000)	$ 916,718,000

Anne Arundel Medical Center, Inc. and Subsidiaries

Supplementary Consolidating Schedule of Revenues, Expenses, Gains, and Losses

Year Ended June 30, 2014

	Anne Arundel Medical Center, Inc.	Anne Arundel Health Care Services, Inc.	Anne Arundel General Treatment Services, Inc.	Consolidating and Eliminating Entries	Consolidated
Operating revenue					
Net patient service revenue	$ 480,658,000	$ 31,073,000	$ 6,173,000	$ –	$ 517,904,000
Provision for bad debts	(22,624,000)	(1,961,000)	(490,000)	–	(25,075,000)
Net patient service revenue less provision for bad debts	458,034,000	29,112,000	5,683,000	–	492,829,000
Other operating revenue	25,994,000	–	86,000	(10,641,000) [3]	15,439,000
Total operating revenue	484,028,000	29,112,000	5,769,000	(10,641,000)	508,268,000
Operating expenses					
Salaries and wages	185,160,000	5,510,000	2,914,000	(8,424,000) [3]	185,160,000
Employee benefits	35,887,000	1,157,000	612,000	(1,769,000) [3]	35,887,000
Medical supplies and drugs	117,119,000	1,060,000	332,000	(76,000) [3]	118,435,000
Purchased services	80,736,000	7,812,000	638,000	(372,000) [3]	88,814,000
Professional fees	8,230,000	6,706,000	69,000	–	15,005,000
Depreciation and amortization	29,604,000	1,213,000	170,000	–	30,987,000
Interest	15,182,000	–	–	–	15,182,000
Total operating expenses	471,918,000	23,458,000	4,735,000	(10,641,000)	489,470,000
Operating income	12,110,000	5,654,000	1,034,000	–	18,798,000
Other income (loss)					
Investment income, net	7,455,000	–	–	–	7,455,000
Loss from joint venture and other, net	6,123,000	–	–	(6,688,000) [5]	(565,000)
Change in unrealized gains on trading securities, net	22,604,000	–	–	–	22,604,000
Realized and unrealized losses on interest rate swap contracts, net	(9,088,000)	–	–	–	(9,088,000)
Total other income (loss), net	27,094,000	–	–	(6,688,000)	20,406,000
Revenues and gains in excess of (less than) expenses	$ 39,204,000	$ 5,654,000	$ 1,034,000	$ (6,688,000)	$ 39,204,000

Anne Arundel Health System, Inc. and Subsidiaries

Supplementary Description of Consolidating and Eliminating Entries

1 To eliminate intercompany payables/receivables

2 To eliminate investment in subsidiaries and related net asset accounts

3 To eliminate intercompany income/expense generated from management fees, staffing contracts, captive insurance premiums, and operating leases

4 To eliminate intercompany notes

5 To eliminate income of wholly owned subsidiaries

6 To eliminate intercompany revenue/expense for interest and other miscellaneous transactions

7 To eliminate the Hospital's beneficial interest in Anne Arundel Medical Center Foundation, Inc

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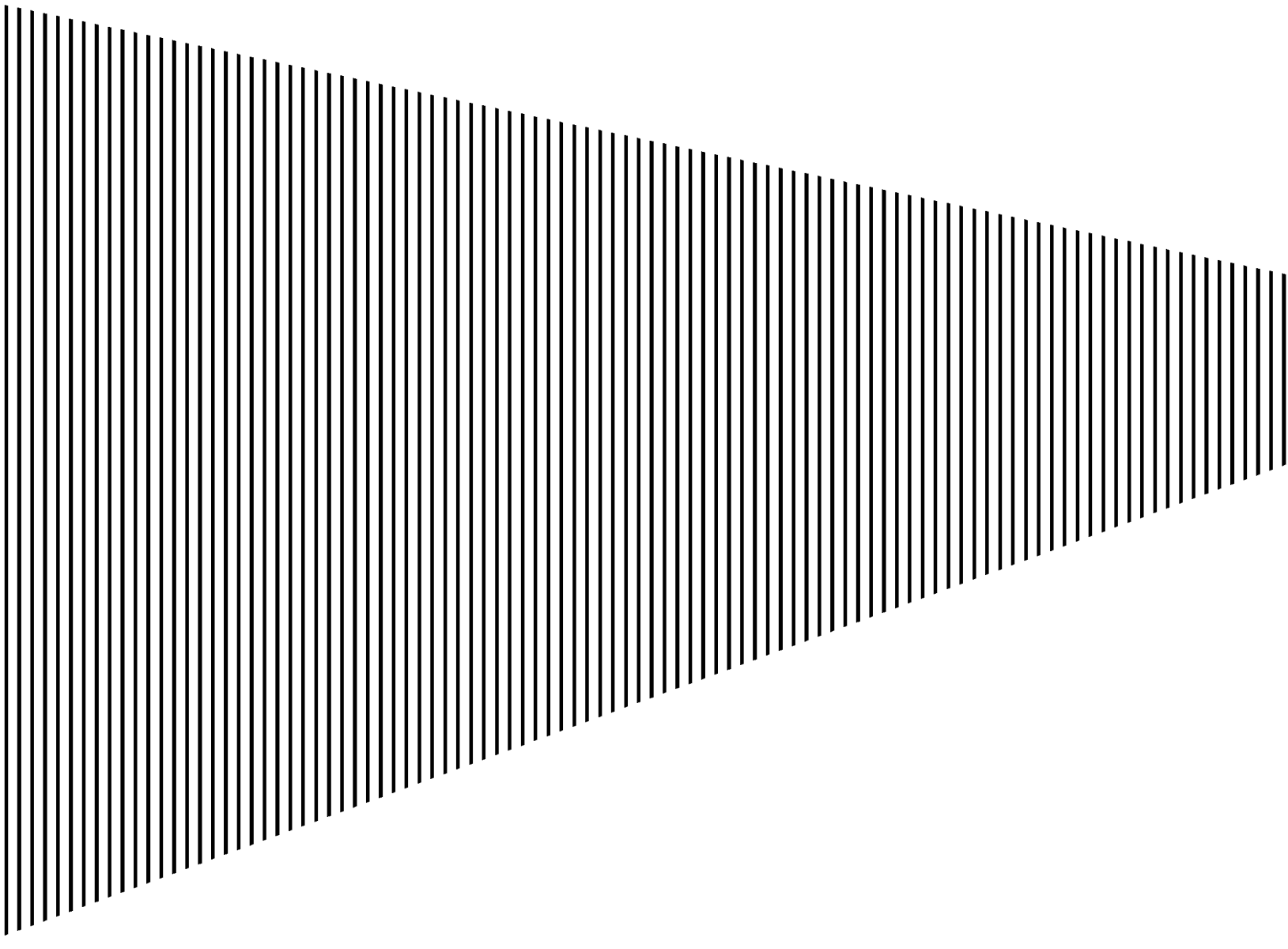

REPRESENTATION UNDER TREAS. REG. § 1.7872-15(D)(2) REGARDING NONRECOURSE SPLIT-DOLLAR LOAN

Employee	**Employer**
Martin "Chip" L. Doordan Name	Anne Arundel Health System Name
4908 Sudleys Choice Lane	2001 Medical Parkway
Harwood, MD 20776	Annapolis, MD 21401
___ __ ____ Social Security Number	52-1169362 Employer Identification Number

The Employer has paid one or more premiums into a life insurance policy owned by the Employee. The premiums are split dollar loans under Treas. Reg. § 1.7872-15. The loans are nonrecourse.

The Employer and Employee represent that a reasonable person would expect that all payments under the loan(s) will be made.

Employee Signature: _____

Date: 2/13/13

Employer Signature:

By _____

Victoria W. Bayless, President & CEO

Date: 2/08/13

SIGN TWO COPIES OF THIS FORM - SEE BELOW

Note: Current IRS regulations require the following:

1. The employer and the employee must each sign this representation not later than the last day (including extensions) for filing the Federal income tax return of the employer or the employee (whichever is earlier) for the taxable year in which the employer pays the first premium under the arrangement.
2. The employer and the employee must each keep an original signed copy of this representation as part of their books and records.
3. The employer and the employee must each attach a copy of this representation to their Federal income tax returns for any taxable year in which the employer pays a premium under the arrangement.