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## SHORT YEAR RETURN

Form **990****Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

**2014**Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue Service

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.

▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**A** For the 2014 calendar year, or tax year beginning 01/01, 2014, and ending 06/30, 2014**B** Check if applicable:

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Final return/terminated/revoked  
☐ Amended return  
☐ Application pending

**C** Name of organization

UPPER CHESAPEAKE MEDICAL CENTER

## Doing business as

Number and street (or P.O. box if mail is not delivered to street address)

Room/suite

500 UPPER CHESAPEAKE DRIVE

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

BEL AIR, MD 21014

**F** Name and address of principal officer:

LYLE E SHELDON

520 UPPER CHESAPEAKE DRIVE BEL AIR, MD 21014

**D** Employer identification number

52-1253920

**E** Telephone number

(443) 643-1000

**G** Gross receipts \$ 136,734,874.**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.UMUCH.ORG**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: 1997 **M** State of legal domicile MD**Part I** Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>DEDICATION TO MAINTAINING AND IMPROVING THE HEALTH OF THE PEOPLE IN ITS COMMUNITIES THROUGH AN INTEGRATED HEALTH DELIVERY SYSTEM THAT PROVIDES HIGH QUALITY CARE TO ALL.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	21.
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	17.
	5	Total number of individuals employed in calendar year 2014 (Part IV, line 2a)	5	1,806.
	6	Total number of volunteers (estimate if necessary)	6	794.
	Revenue	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a
7b		Net unrelated business taxable income from Form 990-T line 34	7b	0
Expenses	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	7,601,117.	316,851.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	253,940,506.	134,029,435.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	461,485.	185,041.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,125,353.	601,219.
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	264,128,461.	135,132,546.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	13,758,160.	5,357,106.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	107,432,514.	55,779,557.
	16b	Total fundraising expenses (Part IX, column (D), line 25) ▶	0	0
Net Assets or Fund Balances	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	130,529,625.	73,617,144.
	18	Total expenses - Add lines 13-17 (must equal Part IX, column (A), line 25)	251,720,299.	134,753,807.
	19	Revenue less expenses. Subtract line 18 from line 12	12,408,162.	378,739.
	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	521,681,739.	572,665,366.
22	Net assets or fund balances - Subtract line 21 from line 20	254,168,978.	246,489,947.	
			267,512,761.	326,175,419.

**Part II** Signature Block

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

Sign Here	Signature of officer	Date
	Joseph E Hoffman III	5/14/15
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature
	RUSLEE ARMSTRONG	Ruslee Armstrong
	Firm's name ▶ GRANT THORNTON LLP	Firm's EIN ▶ 36-6055558
	Firm's address ▶ 2001 MARKET STREET, SUITE 700 PHILADELPHIA, PA 19103	Phone no. 215-561-4200

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

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2014)

JSA  
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**Part III** Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☒ **X****1** Briefly describe the organization's mission

ATTACHMENT 1

**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 \$ 98,980,941 including grants of \$ 5,341,034 ) (Revenue \$ 134,029,435 )  
SEE SCHEDULE O**4b** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4c** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services (Describe in Schedule O )

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

**4e** Total program service expenses ▶ 98,980,941

**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.	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	X	
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.		X
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.	X	
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.		X
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.		X
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.		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		X
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.		X
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.		X
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.	X	
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.		X
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.		X
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.	X	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	X	
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.	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII.		X
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.	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
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.		X
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.		X
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.		X
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).		X
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.		X
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.		X
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H.	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

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

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II. . . . .	X	
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III. . . . .	X	
<b>23</b> 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. . . . .	X	
<b>24a</b> 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. . . . .	X	
<b>24b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .		X
<b>24c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .		X
<b>24d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .		X
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I. . . . .		X
<b>25b</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. . . . .		X
<b>26</b> 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 "Yes," complete Schedule L, Part II. . . . .		X
<b>27</b> 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. . . . .		X
<b>28</b> 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):		
<b>28a</b> A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV. . . . .		X
<b>28b</b> A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV. . . . .		X
<b>28c</b> 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. . . . .		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M. . . . .		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M. . . . .		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I. . . . .		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II. . . . .		X
<b>33</b> 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. . . . .		X
<b>34</b> 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. . . . .	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .		X
<b>35b</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. . . . .		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2. . . . .		X
<b>37</b> 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. . . . .		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O. . . . .	X	

Form **990** (2014)

**Part V** Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

	Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . . . .	<b>1a</b> 12	
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. . . . .	<b>1b</b> 0	
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b> X	
<b>2a</b> 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. . . . .	<b>2a</b> 1,806	
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . . . .	<b>2b</b> X	
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions). . . . .		
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	<b>3a</b>	X
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O . . . . .	<b>3b</b> X	
<b>4a</b> 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)? . . . . .	<b>4a</b>	X
<b>b</b> If "Yes," enter the name of the foreign country ▶ . . . . .		
See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)		
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .	<b>5a</b>	X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .	<b>5b</b>	X
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . .	<b>5c</b>	
<b>6a</b> 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? . . . . .	<b>6a</b>	X
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>6b</b>	
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b> 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? . . . . .	<b>7a</b>	X
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	<b>7b</b>	
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	<b>7c</b>	X
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	<b>7d</b>	
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	<b>7e</b>	X
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .	<b>7f</b>	X
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .	<b>7g</b>	
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .	<b>7h</b>	
<b>8 Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? . . . . .	<b>8</b>	
<b>9 Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b> Did the sponsoring organization make any taxable distributions under section 4966? . . . . .	<b>9a</b>	
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? . . . . .	<b>9b</b>	
<b>10 Section 501(c)(7) organizations.</b> Enter		
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	<b>10a</b>	
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .	<b>10b</b>	
<b>11 Section 501(c)(12) organizations.</b> Enter		
<b>a</b> Gross income from members or shareholders . . . . .	<b>11a</b>	
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .	<b>11b</b>	
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .	<b>12a</b>	
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .	<b>12b</b>	
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? . . . . .	<b>13a</b>	
<b>Note.</b> See the instructions for additional information the organization must report on Schedule O		
<b>b</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 . . . . .	<b>13b</b>	
<b>c</b> Enter the amount of reserves on hand . . . . .	<b>13c</b>	
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year? . . . . .	<b>14a</b>	X
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . .	<b>14b</b>	

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 ☒ X

**Section A. Governing Body and Management**

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year . . . . . 1a 21 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>b</b> Enter the number of voting members included in line 1a, above, who are independent . . . . . 1b 17		
<b>2</b> 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	X	
<b>3</b> 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		X
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . 4		X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . . 5		X
<b>6</b> Did the organization have members or stockholders? . . . . . 6	X	
<b>7a</b> 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	X	
<b>b</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	X	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
<b>a</b> The governing body? . . . . . 8a	X	
<b>b</b> Each committee with authority to act on behalf of the governing body? . . . . . 8b	X	
<b>9</b> 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		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates? . . . . . 10a		X
<b>b</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		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . . 11a	X	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . . 12a	X	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . 12b	X	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . . 12c	X	
<b>13</b> Did the organization have a written whistleblower policy? . . . . . 13	X	
<b>14</b> Did the organization have a written document retention and destruction policy? . . . . . 14	X	
<b>15</b> 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?		
<b>a</b> The organization's CEO, Executive Director, or top management official . . . . . 15a	X	
<b>b</b> Other officers or key employees of the organization . . . . . 15b	X	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b> 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	X	
<b>b</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		X

**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 Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 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, address, and telephone number of the person who possesses the organization's books and records ►

JOSEPH E. HOFFMAN, III 520 UPPER CHESAPEAKE DRIVE BEL AIR, MD 21014

443-643-1000

JSA

Form 990 (2014)

4E1042 1 000

**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. ☒ X**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, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

(A) Name and Title	(B) Average hours per week (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) ROGER E SCHNEIDER, M D CHAIRMAN/DIRECTOR	1 00 2 50	X		X				0	0	0
(2) JAMES LAMBDIN VICE CHAIRMAN/DIRECTOR	1 00 2 50	X		X				0	0	0
(3) ADELE WILZACK SECRETARY/DIRECTOR	1 00 2 50	X		X				0	0	0
(4) RICHARD P STREET, JR., V.M.D. TREASURER/DIRECTOR	1 00 2 50	X		X				0	0	0
(5) LYLE E SHELDON PRESIDENT/CEO/DIRECTOR	5 00 50 00	X		X				0	1,012,005	254,345
(6) WILLIAM B ALLEN, PH D DIRECTOR	50 1 00	X						0	0	0
(7) JOHN W ASHWORTH III DIRECTOR/UMMS SVP NETWORK DVLP	50 49 50	X						0	527,667	20,501.
(8) JASON BIRNBAUM, M.D. DIRECTOR	50 1 00	X						0	0	0
(9) JOHN H CAIN DIRECTOR	.50 1.00	X						0	0	0
(10) ROBERT A CHRENCIK DIRECTOR/UMMS PRESIDENT & CEO	50 49 50	X						0	1,735,933	246,647
(11) MELINDA L. CRAIG DIRECTOR	.50 1 00	X						0	0	0
(12) FRANKLIN J HAJEK DIRECTOR	50 1 00	X						0	0	0
(13) ROBERT J JIRSA DIRECTOR	50 1 50	X						0	0	0
(14) M SCOT KAUFMAN DIRECTOR	50 1 50	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			
( 15) BRYAN E KELLY DIRETOR	.50 1 50	X						0	0	0
( 16) ANNE W KINSLEY DIRETOR	.50 1 50	X						0	0	0
( 17) ANDREW KLEIN DIRETOR	.50 1 50	X						0	0	0
( 18) DONALD W MATHIS DIRETOR	.50 1 50	X						0	0	0
( 19) ANGELA POPPE RIES, M D DRCTOR/MED DIR-PALLIATIVE CARE	5 00 45 00	X						0	168,800	24,713
( 20) WILLIAM J WARD, JR DIRETOR	.50 1 50	X						0	0	0
( 21) ALBERT J A YOUNG DIRETOR	.50 1 00	X						0	0	0
( 22) JOSEPH E HOFFMAN, III SR VP/CFO	5 00 50 00			X				0	533,992.	133,495
( 23) JOYCE FOX VP - PATIENT SVCS/CNO	20 00 20 00				X			0	289,055	48,474
( 24) ROY H PHILLIPS PHYSICIAN	50 00					X		0	278,874	49,634
( 25) OLUFUNMILAYO ONOBRAPPEYA PHYSICIAN	50 00					X		0	233,865	49,804
<b>1b Sub-total</b>								0	3,275,605	521,493
<b>c Total from continuation sheets to Part VII, Section A</b>								0	1,991,149	415,833
<b>d Total (add lines 1b and 1c)</b>								0	5,266,754	937,326.
<b>2</b> Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 89										

- 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 . . . . .
- 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 . . . . .
- 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 . . . . .

	Yes	No
3		X
4	X	
5		X

**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
ATTACHMENT 2		
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ► 5		

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

[illegible]

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	89
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		Yes	No
3	Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .		X
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? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	X	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .		X

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

**Part VIII Statement of Revenue**Check if Schedule O contains a response or note to any line in this Part VIII. ☒ X

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d	316,851			
	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	<b>Total.</b> Add lines 1a-1f . . . . .		316,851			
<b>Program Service Revenue</b>				<b>Business Code</b>			
	2a	NET PATIENT SERVICE REVENUE . . . . .	621110	133,957,715	133,957,715		
	b	SPINE CENTER/ENDOCRINOLOGY . . . . .	621110	71,610	71,610		
	c	POST REHAB FITNESS . . . . .	621110	110	110		
	d						
	e						
	f	All other program service revenue . . . . .					
	g	<b>Total.</b> Add lines 2a-2f . . . . .		134,029,435			
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts). . . . .		30,007			30,007
	4	Income from investment of tax-exempt bond proceeds . . . . .		0			
	5	Royalties . . . . .		0			
			(i) Real	(ii) Personal			
	6a	Gross rents . . . . .	682,991				
	b	Less rental expenses . . . . .	1,602,328				
	c	Rental income or (loss) . . . . .	-919,337				
	d	Net rental income or (loss) . . . . .		-919,337			-919,337
	7a	Gross amount from sales of assets other than inventory . . . . .	(i) Securities	(ii) Other			
			155,034				
	b	Less cost or other basis and sales expenses . . . . .					
	c	Gain or (loss) . . . . .	155,034				
	d	Net gain or (loss) . . . . .		155,034			155,034
	8a	Gross income from fundraising events (not including \$ . . . . . of contributions reported on line 1c) See Part IV, line 18 . . . . .	a				
	b	Less direct expenses . . . . .	b				
	c	Net income or (loss) from fundraising events . . . . .		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .	a				
	b	Less direct expenses . . . . .	b				
c	Net income or (loss) from gaming activities . . . . .		0				
10a	Gross sales of inventory, less returns and allowances . . . . .	a					
b	Less cost of goods sold . . . . .	b					
c	Net income or (loss) from sales of inventory . . . . .		0				
<b>Miscellaneous Revenue</b>			<b>Business Code</b>				
11a	CAFETERIA/VENDING . . . . .	900099	597,615			597,615	
b	PARKING GARAGE . . . . .	900099	92,753			92,753	
c	MISCELLANEOUS . . . . .	900099	830,188			830,188	
d	All other revenue . . . . .						
e	<b>Total.</b> Add lines 11a-11d . . . . .		1,520,556				
12	<b>Total revenue.</b> See instructions . . . . .		135,132,546	134,029,435		786,260	

**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 ☒ X

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>				
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .	5,341,034	5,341,034		
2 Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .	16,072	16,072		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .	0			
4 Benefits paid to or for members . . . . .	0			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
7 Other salaries and wages . . . . .	44,467,756	31,861,762	12,605,994	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	2,019,763	1,447,188	572,575	
9 Other employee benefits . . . . .	4,678,173	3,351,976	1,326,197	
10 Payroll taxes . . . . .	4,613,865	3,305,898	1,307,967	
11 Fees for services (non-employees)				
a Management . . . . .	1,699,036	756,830	942,206	
b Legal . . . . .	0			
c Accounting . . . . .	4,595		4,595	
d Lobbying . . . . .	0			
e Professional fundraising services. See Part IV, line 17.	0			
f Investment management fees . . . . .	0			
9 Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . . . .	7,214,352	4,272,523	2,941,829	
12 Advertising and promotion . . . . .	450,159	785	449,374	
13 Office expenses . . . . .	30,784,472	29,018,709	1,765,763	
14 Information technology . . . . .	0			
15 Royalties . . . . .	0			
16 Occupancy . . . . .	2,682,535	267,009	2,415,526	
17 Travel . . . . .	14,557	4,851	9,706	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19 Conferences, conventions, and meetings . . . . .	49,958	16,407	33,551	
20 Interest . . . . .	4,343,182	3,111,950	1,231,232	
21 Payments to affiliates . . . . .	3,624,126	314,876	3,309,250	
22 Depreciation, depletion, and amortization . . . . .	8,609,670	6,168,948	2,440,722	
23 Insurance . . . . .	1,707,494	1,223,443	484,051	
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 MANAGEMENT FEES - UCHS . . . . .	3,948,350		3,948,350	
b REPAIRS & MAINTENANCE . . . . .	1,026,668	513,201	513,467	
c BAD DEBT . . . . .	7,964,757	7,964,757		
d DUES . . . . .	198,617	3,370	195,247	
e All other expenses . . . . .	-705,384	19,352	-724,736	
<b>25 Total functional expenses. Add lines 1 through 24e.</b>	<b>134,753,807</b>	<b>98,980,941</b>	<b>35,772,866</b>	
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 <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .	0			

**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
<b>Assets</b>	1 Cash - non-interest-bearing	22,349,642	1	30,553,293
	2 Savings and temporary cash investments	0	2	0
	3 Pledges and grants receivable, net	0	3	0
	4 Accounts receivable, net	26,360,350	4	25,526,246
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	0	7	0
	8 Inventories for sale or use	5,930,728	8	5,975,909
	9 Prepaid expenses and deferred charges	1,500,463	9	1,006,336
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 321,671,995		
	b Less accumulated depreciation	10b 104,777,879	200,115,692	10c 216,894,116
	11 Investments - publicly traded securities	41,931,427	11	41,567,824
	12 Investments - other securities See Part IV, line 11	0	12	0
	13 Investments - program-related See Part IV, line 11	0	13	0
	14 Intangible assets	62,899	14	8,987
	15 Other assets See Part IV, line 11	223,430,538	15	251,132,655
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	521,681,739	16	572,665,366	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	18,298,981	17	25,094,050
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	0
	20 Tax-exempt bond liabilities	189,751,044	20	186,515,712
	21 Escrow or custodial account liability Complete Part IV of Schedule D	0	21	0
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	0	23	0
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	46,118,953	25	34,880,185
	26 <b>Total liabilities.</b> Add lines 17 through 25	254,168,978	26	246,489,947
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	27 Unrestricted net assets	106,122,761	27	164,785,419
	28 Temporarily restricted net assets	161,390,000	28	161,390,000
	29 Permanently restricted net assets	0	29	0
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34</b>			
	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 <b>Total net assets or fund balances</b>	267,512,761	33	326,175,419
	34 <b>Total liabilities and net assets/fund balances.</b>	521,681,739	34	572,665,366

Form **990** (2014)

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☒

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	135,132,546
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	134,753,807
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	378,739
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	267,512,761
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	22,927
<b>6</b>	Donated services and use of facilities	<b>6</b>	0
<b>7</b>	Investment expenses	<b>7</b>	0
<b>8</b>	Prior period adjustments	<b>8</b>	0
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	58,260,992
<b>10</b>	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	326,175,419

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☐

- 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? . . . . .  
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? . . . . .  
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? 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? . . . . .
- 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

	Yes	No
<b>2a</b>		X
<b>2b</b>	X	
<b>2c</b>	X	
<b>3a</b>		
<b>3b</b>		

Form **990** (2014)

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

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.

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

OMB No 1545-0047

**2014**

**Open to Public  
Inspection**

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

**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 in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
- a ☐ **Type I** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations: \_\_\_\_\_
- g 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 listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total						

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2014

**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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI) . . . . .						
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 section 501(c)(3) organization, check this box and stop here . . . . .						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f)) . . . . .	14	%
15 Public support percentage from 2013 Schedule A, Part II, line 14 . . . . .	15	%
16a 33 1/3% support test - 2014. 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 . . . . .		<input type="checkbox"/>
b 33 1/3% support test - 2013. 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 . . . . .		<input type="checkbox"/>
17a 10%-facts-and-circumstances test - 2014. 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
b 10%-facts-and-circumstances test - 2013. 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
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 . . . . .		<input type="checkbox"/>



**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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI) . . . . .						
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 section 501(c)(3) organization, check this box and stop here. . . . . ☐

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f)). . . . .	15	%
16 Public support percentage from 2013 Schedule A, Part III, line 15. . . . .	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f)) . . . . .	17	%
18 Investment income percentage from 2013 Schedule A, Part III, line 17 . . . . .	18	%

19a 33 1/3% support tests - 2014. 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 - 2013. 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 Supporting Organizations**

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in <b>Part VI</b> how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in <b>Part VI</b> when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in <b>Part VI</b> what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in <b>Part VI</b> how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in <b>Part VI</b> what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in <b>Part VI</b> , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in <b>Part VI</b> .		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in <b>Part VI</b> .		
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in <b>Part VI</b> .		
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in <b>Part VI</b> .		
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer (b) below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

**Part IV Supporting Organizations** (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.		

**Section B. Type I Supporting Organizations**

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

**Section C. Type II Supporting Organizations**

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

**Section D. All Type III Supporting Organizations**

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

**Section E. Type III Functionally-Integrated Supporting Organizations**

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
a	<input type="checkbox"/>	The organization satisfied the Activities Test. Complete line 2 below.
b	<input type="checkbox"/>	The organization is the parent of each of its supported organizations. Complete line 3 below.
c	<input type="checkbox"/>	The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).
2 Activities Test. Answer (a) and (b) below.		
a		Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.
b		Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a		Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.
b		Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 <b>Adjusted Net Income</b> (subtract lines 5, 6 and 7 from line 4)	8		
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d <b>Total</b> (add lines 1a, 1b, and 1c)	1d		
e <b>Discount</b> claimed for blockage or other factors (explain in detail in Part VI)			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d	3		
4 Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions)	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035	6		
7 Recoveries of prior-year distributions	7		
8 <b>Minimum Asset Amount</b> (add line 7 to line 6)	8		
Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3	4		
5 Income tax imposed in prior year	5		
6 <b>Distributable Amount</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)			

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)**

Section D - Distributions		Current Year	
1	Amounts paid to supported organizations to accomplish exempt purposes		
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity		
3	Administrative expenses paid to accomplish exempt purposes of supported organizations		
4	Amounts paid to acquire exempt-use assets		
5	Qualified set-aside amounts (prior IRS approval required)		
6	Other distributions (describe in Part VI) See instructions		
7	<b>Total annual distributions.</b> Add lines 1 through 6		
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions.		
9	Distributable amount for 2014 from Section C, line 6		
10	Line 8 amount divided by Line 9 amount		

  

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)			
3 Excess distributions carryover, if any, to 2014			
a			
b			
c			
d			
e From 2013 . . . . .			
f <b>Total</b> of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2014 from Section D, line 7 \$			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 <b>Excess distributions carryover to 2015.</b> Add lines 3j and 4c			
8 Breakdown of line 7			
a			
b			
c			
d Excess from 2013 . . . . .			
e Excess from 2014 . . . . .			

Schedule A (Form 990 or 990-EZ) 2014

**Part VI** **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)

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No 1545-0047

**2014**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

**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.**  
▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

**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) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then**

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

Name of organization	Employer identification number
UPPER CHESAPEAKE MEDICAL CENTER	52-1253920

**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-
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2014

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**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
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .			
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .			
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) . . . . .			
<b>d</b> Other exempt purpose expenditures . . . . .			
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) . . . . .			
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.			
<b>If the amount on line 1e, column (a) or (b) is:</b>	<b>The lobbying nontaxable amount is:</b>		
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		
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) . . . . .			
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- . . . . .			
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- . . . . .			
<b>j</b> 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? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> 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 separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2014



**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)		(b)
		Yes	No	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?		X	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c	Media advertisements?		X	
d	Mailings to members, legislators, or the public?		X	
e	Publications, or published or broadcast statements?		X	
f	Grants to other organizations for lobbying purposes?		X	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i	Other activities?	X		3,964
j	Total. Add lines 1c through 1i			3,964
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
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?		X	

**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, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

LOBBYING ACTIVITIES

SCHEDULE C, PART II-B, LINE 11

LOBBYING EXPENSES IN THE AMOUNT OF \$3,964 FOR 06/30/14 REPRESENT A

PORTION OF THE DUES PAID TO MARYLAND HOSPITAL ASSOCIATION. THESE

ASSOCIATIONS ALLOCATE A PORTION OF MEMBER DUES TO LOBBYING ACTIVITY

**Part IV** Supplemental Information *(continued)*

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization

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

Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2014

Open to Public  
Inspection

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

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 value of contributions to (during year)		
3 Aggregate value of 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? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> 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? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> 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)

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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 Tax 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) Revenue 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 Revenue included in Form 990, Part VIII, line 1 . . . . . ► \$ \_\_\_\_\_

b Assets included in Form 990, Part X. . . . . ► \$ \_\_\_\_\_

For Paperwork Reduction Act Notice, see the Instructions for Form 990

Schedule D (Form 990) 2014

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**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, for escrow or custodial account liability? ☐ 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

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

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		1,544,000		1,544,000
b Buildings		152,170,113	41,692,955	110,477,158
c Leasehold improvements		8,498,390	2,024,577	6,473,813
d Equipment		82,429,890	43,254,097	39,175,793
e Other		77,029,602	17,806,250	59,223,352
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				216,894,116

Schedule D (Form 990) 2014

**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) . . . . .		
(B) . . . . .		
(C) . . . . .		
(D) . . . . .		
(E) . . . . .		
(F) . . . . .		
(G) . . . . .		
(H) . . . . .		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12.) ▶		

**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
(1) . . . . .		
(2) . . . . .		
(3) . . . . .		
(4) . . . . .		
(5) . . . . .		
(6) . . . . .		
(7) . . . . .		
(8) . . . . .		
(9) . . . . .		
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)OTHER ASSETS	217,129,044
(2)DEFERRED FINANCING COSTS	862,711
(3)CURRENT PORTION OF ASSETS LTD	1,782,779
(4)INVESTMENTS HELD FOR SWAP	27,952,000
(5)DEBT SERVICE FUNDS	3,406,121
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15) . . . . . ►	251,132,655.

**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
	(1) Federal income taxes	
	(2)ADVANCES FROM THIRD PARTIES	5,982,634
	(3)LONG TERM CAPITAL LEASE	27,083,815.
	(4)INTEREST RATE SWAP LIABILITY	27,849,950
	(5)OTHER CURRENT LIABILITIES	2,903,384
	(6)DUE TO AFFILIATES	-28,583,765
	(7)LONG TERM OTHER LIABILITIES	-355,833.
	(8)	
	(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25 ) ►		34,880,185

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	125,861,044
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains (losses) on investments	2a	22,927
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-10,896,757
e	Add lines 2a through 2d	2e	-10,873,830
3	Subtract line 2e from line 1	3	136,734,874
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	-1,602,328
c	Add lines 4a and 4b	4c	-1,602,328
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	135,132,546

**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	123,050,344
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	1,602,328
e	Add lines 2a through 2d	2e	1,602,328
3	Subtract line 2e from line 1	3	121,448,016
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	13,305,791
c	Add lines 4a and 4b	4c	13,305,791
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	134,753,807

**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

SEE PAGE 5

**Part XIII** Supplemental Information (continued)

## PART X, QUESTION 2

## FIN 48 (ASC 740) FOOTNOTE

THE ORGANIZATION IS A SUBSIDIARY OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (THE CORPORATION) THE CORPORATION ADOPTED THE PROVISIONS OF ASC 740, ACCOUNTING FOR UNCERTAINTY IN THE INCOME TAXES (FIN 48) ON JULY 1, 2007 THE FOOTNOTE RELATED TO ASC 740 IN THE CORPORATION'S AUDITED FINANCIAL STATEMENTS IS AS FOLLOWS THE CORPORATION FOLLOWS A THRESHOLD OF MORE-LIKELY-THAN-NOT FOR RECOGNITION AND DERECOGNITION OF TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN MANAGEMENT DOES NOT BELIEVE THAT THERE ARE ANY UNRECOGNIZED TAX BENEFITS THAT SHOULD BE RECOGNIZED

## SCHEDULE D, PART XI

## RECONCILIATION OF REVENUE

## LINE 2D - OTHER REVENUE ON BOOKS NOT ON RETURN

RECLASS-PROVISION FOR BAD DEBT	\$ (7,964,757)
UNREALIZED GAIN/(LOSS) ON SWAP	(2,932,000)
	-----
TOTAL LINE 2D	\$ (10,896,757)

## LINE 4B - OTHER REVENUE ON RETURN NOT ON BOOKS

RECLASS-RENTAL EXPENSES	\$ (1,602,328)
-------------------------	----------------

## SCHEDULE D, PART XII

## RECONCILIATION OF EXPENSES

## LINE 2D - OTHER EXPENSES INCLUDED ON BOOKS NOT ON

RETURN RECLASS-RENTAL EXPENSES	\$ 1,602,328
--------------------------------	--------------

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

## LINE 4B - OTHER EXPENSES INCLUDED ON RETURN NOT ON BOOKS

RECLASS-PROVISION FOR BAD DEBT \$ 7,964,757

RECLASS-GRANT TO UC MEDICAL SERVICE 5,025,657

RECLASS-GRANT TO UC PROPERTIES 315,377

TOTAL LINE 4B \$ 13,305,791



**SCHEDULE H**  
**(Form 990)**

**Hospitals**

OMB No 1545-0047

**2014**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 990

▶ Information about Schedule H (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

Employer identification number

UPPER CHESAPEAKE MEDICAL CENTER

52-1253920

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	X	
<b>1b</b> If "Yes," was it a written policy? . . . . .	X	
<b>2</b> 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		
<input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities		
<input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> 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		
<b>a</b> 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:	X	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
<b>b</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 . . . . .	X	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		
<b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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		
<b>4</b> 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"? . . . . .	X	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
<b>5b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .		X
<b>5c</b> 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 eligible for free or discounted care? . . . . .		
<b>6a</b> Did the organization prepare a community benefit report during the tax year? . . . . .	X	
<b>6b</b> If "Yes," did the organization make it available to the public? . . . . .	X	

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
<b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .			10,551,318		10,551,318	8.32
<b>b</b> Medicaid (from Worksheet 3, column a) . . . . .						
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
<b>d</b> Total Financial Assistance and Means-Tested Government Programs . . . . .			10,551,318		10,551,318	8.32
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			983,824	107,130	876,694	69
<b>f</b> Health professions education (from Worksheet 5) . . . . .			1,574,056	669	1,573,387	1.24
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .			1,708,845		1,708,845	1.35
<b>h</b> Research (from Worksheet 7) . . . . .			187,846		187,846	1.5
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			51,870		51,870	0.4
<b>j</b> Total Other Benefits . . . . .			4,506,441	107,799	4,398,642	3.47
<b>k</b> Total. Add lines 7d and 7j. . . . .			15,057,759	107,799	14,949,960	11.79

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development			906		906	
3 Community support			31,139	15,750	15,389	
4 Environmental improvements			4,532		4,532	
5 Leadership development and training for community members			227		227	
6 Coalition building			19,086		19,086	
7 Community health improvement advocacy						
8 Workforce development			1,421		1,421	
9 Other						
10 Total			57,311	15,750	41,561	

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .	1 X	
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 5,977,526	
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 1,070,471	
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 64,816,757
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6 61,367,795
7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7 3,448,962
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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other	

**Section C. Collection Practices**

9a Did the organization have a written debt collection policy during the tax year? . . . . .	9a X	
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 X	

**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				

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

[illegible]

**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 letter of facility reporting group UPPER CHESAPEAKE MEDICAL CENTER, INC

Line number of hospital facility, or line numbers of hospital

facilities in a facility reporting group (from Part V, Section A): 1**Community Health Needs Assessment**

	Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year? . . . . .	1	X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C . . . . .	2	X
3 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 12 . . . . .	3	X
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
5 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	5	X
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C . . . . .	6a	X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C . . . . .	6b	X
7 Did the hospital facility make its CHNA report widely available to the public? . . . . .	7	X
If "Yes," indicate how the CHNA report was made widely available (check all that apply)		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.UMUCH.ORG</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 . . . . .	8	X
9 Indicate the tax year the hospital facility last adopted an implementation strategy 20 <u>14</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website? . . . . .	10	X
a If "Yes," (list url): _____		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b	X
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed		
12a 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)? . . . . .	12a	X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	12b	
c If "Yes" to line 12b, 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 (FAP)**Name of hospital facility or letter of facility reporting group UPPER CHESAPEAKE MEDICAL CENTER, INC

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that			
<b>13</b>	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP	X	
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>300</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input type="checkbox"/> Insurance status		
f	<input type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
<b>14</b>	Explained the basis for calculating amounts charged to patients? . . . . .	X	
<b>15</b>	Explained the method for applying for financial assistance? . . . . . If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply)	X	
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
<b>16</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	X	
a	<input type="checkbox"/> The FAP was widely available on a website (list url) _____		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW.UMUCH.ORG</u>		
c	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>WWW.UMUCH.ORG</u>		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h	<input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> Other (describe in Section C)		
<b>Billing and Collections</b>			
<b>17</b>	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 all of the actions the hospital facility or other authorized party may take upon non-payment? . . . . .	X	
<b>18</b>	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	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
e	<input type="checkbox"/> None of these actions or other similar actions were permitted		

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**Part V Facility Information (continued)****Name of hospital facility or letter of facility reporting group** UPPER CHESAPEAKE MEDICAL CENTER, INC

		Yes	No
19	Did the hospital facility or other authorized 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? . . . . .		X
If "Yes," check all actions in which the hospital facility or a third party engaged			
a	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
20	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply)		
a	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission		
b	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge		
c	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills		
d	<input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy		
e	<input type="checkbox"/> Other (describe in Section C)		
f	<input type="checkbox"/> None of these efforts were made		

**Policy Relating to Emergency Medical Care**

21	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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? . . . . .		X	
If "No," indicate why				
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b	<input type="checkbox"/> The hospital facility's policy was not in writing			
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d	<input type="checkbox"/> Other (describe in Section C)			

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

22	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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	<input checked="" type="checkbox"/> Other (describe in Section C)			
23	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? . . . . .			X
If "Yes," explain in Section C				
24	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? . . . . .			X
If "Yes," explain in Section C				

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**Part V Facility Information (continued)**

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

## PART V, SECTION B, QUESTION 5

THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS CONDUCTED OVER A NUMBER OF YEARS AND CONCLUDED IN JULY OF 2012. THE PURPOSE OF THE ASSESSMENT WAS TO GATHER INFORMATION ABOUT LOCAL HEALTH NEEDS AND HEALTH BEHAVIORS. THE UPPER CHESAPEAKE HEALTH SYSTEM BOARD QUALITY OF CARE COMMITTEE MET ON APRIL 8, 2014 TO REVIEW THE FINDINGS OF THE CHNA AND THE RECOMMENDED IMPLEMENTATION STRATEGY. THE COMMITTEE VOTED TO ADOPT THE FINAL SUMMARY REPORT AND IMPLEMENTATION STRATEGY AND PROVIDE THE NECESSARY RESOURCES AND SUPPORT TO CARRY OUT THE INITIATIVES THEREIN.

UPPER CHESAPEAKE MEDICAL CENTER MAINTAINS A KEY LEADERSHIP ROLE IN HEALTHY HARFORD (AN IRC SECTION 501(C)(3) ORGANIZATION LABELED - THE HEALTHY COMMUNITIES INITIATIVE OF HARFORD COUNTY), ESTABLISHED IN 1995. IN 1996, HEALTHY HARFORD BEGAN COLLECTING COMMUNITY DATA VIA A COMPREHENSIVE COMMUNITY HEALTH ASSESSMENT PROJECT (CHAP) SURVEY THAT MEASURED THE INCIDENCE OF DISEASE, PREVENTIVE BEHAVIORS, AND LIFESTYLE BEHAVIORS OF HARFORD COUNTY RESIDENTS WITH AN EYE TOWARDS ASSESSING COMMUNITY HEALTH AND ESTABLISHING HEALTH PRIORITIES IN THE COMMUNITY. CHAP DATA WAS SUBSEQUENTLY COLLECTED IN 2000, 2005, AND 2010. THE GOALS OF THE CHAP SURVEY ARE MULTIPLE: ASSESSING THE OVERALL HEALTH OF HARFORD COUNTY ADULT RESIDENTS, INSURING THAT HEALTH EDUCATION AND PROGRAMMING EFFORTS IN HARFORD COUNTY MATCH ACTUAL NEEDS, ESTABLISHING A BASELINE OF HEALTH INDICATORS SO THAT PROGRESS CAN BE MEASURED OVER TIME, AND ALIGNING COMMUNITY STAKEHOLDERS AROUND THE COMMON GOAL OF IMPROVING HEALTH IN OUR COMMUNITY.

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

IN ADDITION TO THE CHAP SURVEY, A SECONDARY DATA PROFILE WAS CREATED UTILIZING SOURCES THAT INCLUDED DATA FROM THE HARFORD COUNTY HEALTH DEPARTMENT AND THE LOCAL HEALTH IMPROVEMENT PLAN (LHIP), THE HARFORD COUNTY DEPARTMENT OF COMMUNITY SERVICES, 2010 U S CENSUS, MARYLAND VITAL STATISTICS, THE CDC BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM, NATIONAL HEALTH INTERVIEW SURVEY, COMMUNITY HEALTH RANKINGS, AND THE MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE STATE HEALTH IMPROVEMENT PLAN (SHIP)

INFORMATION FROM LOCAL HEALTH IMPROVEMENT COALITION AND THE RESULTING PLAN (LHIP) WAS USED AS A MAJOR SOURCE OF INFORMATION REGARDING COMMUNITY HEALTH NEEDS. DIRECTED BY THE HARFORD COUNTY HEALTH OFFICER, THIS LOCAL HEALTH ASSESSMENT UTILIZED THE COMMUNITY CAFE MODEL TO BRING TOGETHER OVER 60 COMMUNITY REPRESENTATIVES FROM A VARIETY OF BACKGROUNDS TO FOCUS ON THE MOST PRESSING HEALTH CONCERNS IN OUR COMMUNITY. LEADERSHIP FROM UCH PLAYED A SIGNIFICANT ROLE IN THIS EXERCISE AND SUBSEQUENTLY CHAIRED TWO OF THE LEADING WORKGROUPS (COMMUNITY ENGAGEMENT UNDER THE OBESITY PRIORITY, AND TOBACCO). DATA FROM THE SHIP WAS USED AS A BASIS FOR THIS EXERCISE. THE HEALTH AREAS THAT WERE DEEMED THE MOST PRESSING FOR OUR COMMUNITY BY THE LHIC WERE OBESITY, TOBACCO USE, AND BEHAVIORAL HEALTH (MENTAL HEALTH/SUBSTANCE ABUSE). CONCURRENT WITH THIS EXERCISE AN OBESITY TASK FORCE AND TOBACCO WORK GROUP WERE INITIATED AND CHAIRED BY UCH LEADERSHIP. AS A RESULT OF THE OBESITY TASK FORCE, THE COUNTY COUNCIL COMMISSIONED A COUNTY WIDE BOARD, NAMED THE HEALTHY COMMUNITY



**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc ) and name of hospital facility.

PLANNING BOARD, WHO REPORTS DIRECTLY TO THE COUNTY COUNCIL AND IS STAFFED  
BY THE COUNTY COUNCIL AND IS RESPONSIBLE FOR MAKING RECOMMENDATIONS FOR  
HEALTH POLICY PLANNING AND IMPLEMENTATION IN THE COUNTY.

PART V, SECTION B, QUESTION 6A

UPPER CHESAPEAKE MEDICAL CENTER'S CHNA WAS CONDUCTED IN CONJUNCTION WITH  
ITS RELATED AFFILIATE HOSPITAL, HARFORD MEMORIAL HOSPITAL

PART V, SECTION B, QUESTION 11

NEEDS BEING ADDRESSED

AFTER THE COMPLETION OF THE CHNA, UPPER CHESAPEAKE HEALTH'S STRATEGIC  
PLAN INCORPORATED THE FOLLOWING IDENTIFIED NEEDS.

- CHRONIC DISEASE

HEART DISEASE

STROKE

HYPERTENSION

DIABETES

OBESITY

ASTHMA/COPD

- CANCER

TOBACCO USE

- ACCESS TO CARE

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc ) and name of hospital facility.

-ILLNESS & INJURY PREVENTION

NEEDS NOT BEING ADDRESSED

BEHAVIORAL HEALTH (MENTAL HEALTH/SUBSTANCE ABUSE) HAS BEEN IDENTIFIED AS  
A HEALTH PRIORITY IN THE HOSPITAL'S COMMUNITY UPPER CHESAPEAKE HEALTH,  
HOWEVER, IS NOT ABLE TO FOCUS ITS EFFORTS ON THIS HEALTH PRIORITY THIS  
PRIORITY IS INSTEAD BEING ADDRESSED BY THE HARFORD COUNTY HEALTH  
DEPARTMENT, ADDICTIONS DEPARTMENT, THE OFFICE ON MENTAL HEALTH - CORE  
SERVICE AGENCY, AND DEPARTMENT OF COMMUNITY SERVICES, OFFICE OF DRUG  
CONTROL POLICY AS THIS IS THEIR AREA OF EXPERTISE AND PRIMARY FOCUS

PART V, SECTION B, QUESTION 22D

CHARGE RATES IN COMPLIANCE WITH STATE REGULATION TO ALL PAYERS

**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? 1

Name and address	Type of Facility (describe)
1 UC HEALTH LINK CLINIC 2027 PULASKI HWY, SUITE 206 HAVRE DE GRACE MD 21078	PRIMARY CARE CLINIC FOR LOW INCOME INDIVIDUALS
2	
3	
4	
5	
6	
7	
8	
9	
10	

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**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

PART III, SECTION A, LINES 2-4 BAD DEBT EXPENSE

THE HOSPITAL GRANTS CREDIT TO PATIENTS, SUBSTANTIALLY ALL OF WHOM ARE LOCAL RESIDENTS THE HOSPITAL GENERALLY DOES NOT REQUIRE COLLATERAL OR OTHER SECURITY IN EXTENDING CREDIT, HOWEVER, THE HOSPITAL ROUTINELY OBTAINS ASSIGNMENT OF (OR ARE OTHERWISE ENTITLED TO RECEIVE) PATIENTS' BENEFITS RECEIVABLE UNDER THEIR HEALTH INSURANCE PROGRAMS, PLANS OR POLICIES PLEASE REFER TO THE ATTACHED AUDITED FINANCIAL STATEMENTS, FOOTNOTE (1) (N), NET PATIENT SERVICE REVENUE & PROVISION FOR UNCOLLECTIBLE ACCOUNTS, PAGES 17-18 FOR THE DESCRIPTION REGARDING THE ORGANIZATION'S BAD DEBT EXPENSE

PART III, SECTION B, LINE 8 COMMUNITY BENEFIT AND SHORTFALL

THE HOSPITAL DID NOT HAVE A MEDICARE SHORTFALL

PART III, SECTION C, LINE 9B FAP AND COLLECTION PROCESS

IT IS THE POLICY OF THE HOSPITAL TO ATTEMPT TO COLLECT PAYMENT FOR ALL SERVICES RENDERED TO PATIENTS IN THE MOST EFFICIENT AND PATIENT FRIENDLY MANNER THE HOSPITAL IS COMMITTED TO PROVIDE FINANCIAL ASSISTANCE TO

**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

PERSONS WHO HAVE HEALTH CARE NEEDS AND ARE UNINSURED, UNDERINSURED,  
INELIGIBLE FOR GOVERNMENT PROGRAMS, OR OTHERWISE UNABLE TO PAY FOR  
MEDICALLY NECESSARY CARE BASED ON INDIVIDUAL FINANCIAL SITUATION

THE HOSPITAL WILL FIRST ATTEMPT TO COLLECT PAYMENT FROM THE PATIENT'S  
INSURANCE COMPANY IN THE EVENT THE PATIENT HAS NO INSURANCE OR LIMITED  
INSURANCE COVERAGE, THE HOSPITAL WILL ATTEMPT TO QUALIFY THE PATIENT FOR  
THE MARYLAND MEDICAL ASSISTANCE PROGRAM AND/OR THE HOSPITAL'S FINANCIAL  
ASSISTANCE POLICY

THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY'S PROCEDURES ARE AS FOLLOWS:

-FINANCIAL ASSISTANCE IS MADE AVAILABLE TO ALL OF UPPER CHESAPEAKE  
HEALTH'S CUSTOMERS

-APPLICATIONS ARE PROVIDED TO EVERY UNINSURED PATIENT AND UPON REQUEST

-NOTICES OF AVAILABILITY ARE AT ALL PATIENT ACCESS POINTS, BILLING

**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

OFFICES AND CASHIER'S STATIONS

-NOTICE OF AVAILABILITY PROVIDED TO PATIENTS ON PATIENTS BILLS AND BEFORE  
DISCHARGE

-FREE CARE IS AVAILABLE TO PATIENTS IN HOUSEHOLDS BETWEEN 0 PERCENT AND  
200 PERCENT OF FEDERAL POVERTY LEVEL

-REDUCED COST CARE IS AVAILABLE TO UNINSURED PATIENTS BETWEEN 200 PERCENT  
AND 300 PERCENT OF FEDERAL POVERTY LEVEL

-INTEREST FREE PAYMENT PLANS ARE AVAILABLE TO UNINSURED PATIENTS WITH  
INCOME BETWEEN 200 PERCENT AND 500 PERCENT OF FEDERAL POVERTY LEVEL

-FINANCIAL ASSISTANCE DETERMINATION APPEAL PROCESS IN PLACE

-MEDICAL HARDSHIP / CATASTROPHIC CARE POLICY IN PLACE

**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

PATIENTS WHO ARE LEFT WITH A BALANCE AFTER ALL INSURANCES HAVE BEEN  
PURSUED AND FINANCIAL ASSISTANCE HAS BEEN OFFERED, THEIR ACCOUNTS WILL BE  
HANDLED IN THE FOLLOWING MANNER

-THE ORGANIZATION WILL REFER THESE ACCOUNTS TO ITS EARLY-OUT VENDOR  
THIS EARLY-OUT VENDOR IS NOT A COLLECTION AGENCY, IT IS AN EXTENSION OF  
THE HOSPITAL'S PATIENT ACCOUNTING OFFICE

-THE EARLY-OUT VENDOR WILL FACILITATE THE NEGOTIATION OF SELF-PAY  
NO-INTEREST PAYMENT ARRANGEMENTS THROUGH A SERIES OF LETTERS AND PHONE  
CALLS

-AN INITIAL NOTICE WILL BE SENT TO THE PATIENT'S GUARANTOR PROVIDING  
OPTIONS FOR RESOLUTION IF GUARANTOR IS UNABLE TO PAY THE BALANCE IN  
FULL, AN ATTEMPT WILL BE MADE TO HAVE THE BALANCE RESOLVED WITHIN 3 TO 6  
MONTHS THE MINIMUM PAYMENT GUIDELINES REQUIRE THE ACCOUNT BALANCE BE  
PAID IN 12 MONTHS WITH A MINIMUM PAYMENT OF FIFTY DOLLARS THERE IS  
EXCEPTIONS FOR CANCER CENTER PATIENTS.

**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

-IF A VALID ADDRESS AND OR PHONE NUMBER IS LISTED A TOTAL OF 3 LETTERS  
AND 3 PHONE CALL ATTEMPTS WILL BE MADE ON ACCOUNTS THAT HAVE NOT BEEN  
PAID IN FULL OR WHERE AN APPROVED PAYMENT ARRANGEMENT HAS NOT BEEN MADE  
DAY 15 TO 30 ONE PHONE CALL CAMPAIGN WILL BE MADE, DAY 68 TO 80 IF  
ACCOUNT HAS NOT BEEN PAID IN FULL OR HAS NOT BEEN SET UP ON AN APPROVED  
PAYMENT PLAN, THE EARLY-OUT VENDOR WILL RECOMMEND THAT THE ACCOUNT BE  
PLACED WITH A COLLECTION AGENCY

-ACCOUNTS MAINTAINED UNDER AN APPROVED PAYMENT ARRANGEMENT WILL RECEIVE  
MONTHLY STATEMENTS 30 DAYS PRIOR TO THE PAYMENT DUE DATE

AS A LAST RESORT, ACCOUNTS THAT ARE FORWARDED TO A COLLECTION AGENCY,  
HAVE THE FOLLOWING PROCEDURES

-TWO COLLECTION AGENCIES ARE EMPLOYED BY THE HOSPITAL, EACH RECEIVING  
APPROXIMATELY FIFTY PERCENT OF THE ACCOUNT (BASED ON THE FIRST LETTER OF  
THE LAST NAME OF EACH PATIENT) ACCOUNTS PLACED WITH ONE OF THE



**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
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- 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.

COLLECTION AGENCIES ARE CLASSIFIED AS BAD DEBTS AND REMOVED FROM ACCOUNTS

RECEIVABLE

-AFTER THE INITIAL PLACEMENT WITH A COLLECTION AGENCY, AN INITIAL NOTICE  
WILL BE SENT TO THE GUARANTOR ADVISING THAT THE AGENCY HAS BEEN  
CONTRACTED TO MANAGE THE ACCOUNT AND THE NOTICE WILL PROVIDE THE  
GUARANTOR WITH OPTIONS FOR RESOLUTION

IN RARE CASES, ACCOUNTS MAY WARRANT LEGAL ACTION ONCE AN ACCOUNT HAS  
MET THE FOLLOWING CRITERIA, THE ACCOUNT IS CLOSED BY THE COLLECTION  
AGENCY AS UNCOLLECTIBLE AND FORWARDED BACK TO PATIENT ACCOUNTING FOR  
REVIEW TO ESTABLISH GROUNDS FOR LEGAL ACTION THIS ONLY OCCURS AFTER ALL  
EFFORTS TO RESOLVE THE DEBT HAVE BEEN EXHAUSTED CRITERIA: THE DEBT IS  
VALID, THE ACCOUNT IS EQUAL TO OR GREATER THAN 120 DAYS OLD; PATIENTS  
REFUSES TO ACKNOWLEDGE THE DEBT, UPON REVIEW AND INVESTIGATION, THE  
HOSPITAL HAS DETERMINED THAT LIQUID ASSETS ARE AVAILABLE, AND THE  
HOSPITAL'S VP OF FINANCE MUST AUTHORIZE LEGAL ACTION

**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
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PART VI, LINE 2: NEEDS ASSESSMENT

EVERY THREE YEARS A COMMUNITY HEALTH ASSESSMENT SURVEY/PLAN IS PERFORMED

PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

THE HOSPITAL DISPLAYS SIGNS AT EVERY REGISTRATION POINT, THE PATIENT ACCOUNTING OFFICE, ON ALL PATIENT BILLS, AND OTHER KEY PATIENT ACCESS AREAS INFORMING THE PATIENTS ABOUT THE AVAILABILITY OF THE VARIOUS FINANCIAL AND MEDICAL ASSISTANCE PROGRAMS A PATIENT BILLING AND FINANCIAL ASSISTANCE INFORMATION SHEET WILL BE PROVIDED BEFORE DISCHARGE AND WILL BE AVAILABLE TO ALL PATIENTS UPON REQUEST THE HOSPITAL OFFERS EVERY SELF-PAY PATIENT OR ANY PATIENT WHO INQUIRES THE FINANCIAL ASSISTANCE INFORMATIONAL PACKET AND APPLICATION THE COVER SHEET FOR THE FINANCIAL ASSISTANCE PACKET ALSO INCLUDES INFORMATION ON OBTAINING MEDICAL ASSISTANCE IN ADDITION, THE HOSPITAL HAS A FINANCIAL COUNSELOR THAT VISITS THE SELF-PAY PATIENT IN THE EMERGENCY DEPARTMENT OR IN THE PATIENT'S ROOM TO DISCUSS WHAT IS AVAILABLE TO THEM THE HOSPITAL ALSO EMPLOYS A MEDICAL ASSISTANCE ADVOCACY COMPANY TO ASSIST THE HOSPITAL'S PATIENTS GET MEDICAL ASSISTANCE

**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
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DETERMINATION FOR FINANCIAL ASSISTANCE ELIGIBILITY IS BASED ON ASSETS,

INCOME AND FAMILY SIZE A FEW ITEMS TO NOTE AS FOLLOWS:

-LIQUID ASSETS GREATER THAN \$15,000 FOR INDIVIDUALS, AND \$25,000 FOR FAMILIES WILL DISQUALIFY THE PATIENT FOR 100% ASSISTANCE

-EQUITY OF \$150,000 IN A PRIMARY RESIDENCE WILL BE EXCLUDED FROM THE CALCULATION FOR DETERMINATION OF FINANCIAL ASSISTANCE

-RETIREMENT ASSETS WILL NOT BE USED FOR DETERMINATION OF FINANCIAL ASSISTANCE

-THERE IS SPECIAL QUALIFICATIONS FOR NON-CITIZENS/NON-RESIDENTS OF THE UNITED STATES

PATIENTS MAY ALSO BE CONSIDERED FOR PRESUMPTIVE FINANCIAL ASSISTANCE ELIGIBILITY WITH PROOF OF ENROLLMENT IN ONE OF THE PROGRAMS LISTED BELOW.

**Part VI** Supplemental Information

Provide the following information

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-ACTIVE MEDICAL ASSISTANCE PHARMACY COVERAGE

-SPECIAL LOW INCOME MEDICARE BENEFICIARY COVERAGE

-PRIMARY ADULT CARE COVERAGE

-HOMELESSNESS

-MEDICAL ASSISTANCE AND MEDICAID MANAGED CARE PATIENTS

-MARYLAND PUBLIC HEALTH SYSTEM EMERGENCY PETITION PATIENTS

-PARTICIPATING IN WOMEN, INFANTS AND CHILDREN PROGRAM

-SUPPLEMENTAL NUTRITIONAL ASSISTANCE PROGRAM

-ELIGIBILITY FOR OTHER STATE OR LOCAL ASSISTANCE PROGRAMS

-DECEASED WITH NO KNOWN ESTATE

-ELIGIBILITY FOR STATE ONLY MEDICAL ASSISTANCE PROGRAM

-HOUSEHOLDS WITH CHILDREN IN THE FREE OR REDUCED LUNCH PROGRAM

-LOW INCOME HOUSEHOLD ENERGY ASSISTANCE PROGRAM

-SELF-ADMINISTERED DRUGS

-MEDICAL ASSISTANCE SPENDDOWN AMOUNTS

**Part VI** Supplemental Information

Provide the following information

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## PART VI, LINE 4 COMMUNITY INFORMATION

THE SERVICE AREA OF THE UPPER CHESAPEAKE HEALTH SYSTEM, WHICH INCLUDES UPPER CHESAPEAKE MEDICAL CENTER, CONSISTS OF THE NORTHEAST PART OF MARYLAND, INCLUDING HARFORD COUNTY, WESTERN CECIL COUNTY AND PORTION OF BALTIMORE COUNTY. THIS SERVICE AREA IS LOCATED AT THE APEX OF THE CHESAPEAKE BAY AND IS SPREAD ACROSS 536 SQUARE MILES. IT CONTAINS, AMONG OTHERS, THE CITIES AND TOWNS OF HAVRE DE GRACE, ABERDEEN, BEL AIR, FALLSTON, AND EDGEWOOD. THE SERVICE AREA ENJOYS A DIVERSE ECONOMIC BASE, RANGING FROM CONCENTRATIONS IN SERVICE, MANUFACTURING, DISTRIBUTION, AND RETAIL, TO FEDERAL GOVERNMENT EMPLOYMENT. HARFORD COMMUNITY COLLEGE PROVIDES A LOCAL VENUE FOR ADVANCED EDUCATION AND HARFORD COUNTY'S PROXIMITY TO BALTIMORE GIVES IT ACCESS TO NATIONALLY RECOGNIZED UNIVERSITIES WHICH HELP PROVIDE A SKILLED WORKFORCE. THE SERVICE AREA IS SERVED BY INTERSTATE 95, AMTRAK AND FREIGHT RAIL LINES ALONG THE BUSY EAST-COAST TRANSPORTATION CORRIDOR BETWEEN NEW YORK AND WASHINGTON, DC. IN 2013, THE SERVICE AREA HAD A TOTAL POPULATION OF 249,215 PEOPLE WITH HISTORICAL ANNUAL GROWTH RATES OF APPROXIMATELY 1.8% PER YEAR. THIS GROWTH HAS BEEN CHARACTERIZED BY AN INFLUX OF YOUNG FAMILIES SEEKING

**Part VI** Supplemental Information

Provide the following information

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SUBURBAN ENVIRONMENT IN WHICH TO LIVE AND IS COMPLEMENTED BY A GROWTH IN  
BUSINESSES AND OTHER SERVICES THAT FOLLOW YOUNG, MIDDLE CLASS FAMILIES  
IN 2013, THE SERVICE AREA HAD AN ESTIMATED 90,218 HOUSEHOLDS WITH A  
MEDIAN FAMILY INCOME OF \$80,441 91% OF THE SERVICE AREA'S ADULTS OVER  
THE AGE OF 25 ARE HIGH SCHOOL GRADUATES OR HIGHER, 30% ACHIEVED  
BACHELOR'S DEGREES OR HIGHER THE SERVICE AREA'S GROWTH AND GEOGRAPHIC  
LOCATION EXPLAIN ITS ABILITY TO ATTRACT MAJOR EAST-COAST DISTRIBUTION  
CENTER AND INDUSTRY, WHICH HAVE PROVIDED ADDITIONAL EMPLOYMENT  
OPPORTUNITIES IN THE SERVICE AREA

PART VI, LINE 5: PROMOTION OF COMMUNITY HEALTH  
MONIES SPENT FOR HOSPITAL AND COMMUNITY PREPAREDNESS FOR HAZARDOUS  
ACCIDENTS, NATURAL DISASTERS, AND COALITION BUILDING IN THE COMMUNITY

PART VI, LINE 6: AFFILIATED HEALTH CARE SYSTEM  
UPPER CHESAPEAKE MEDICAL CENTER, INC (UCMC) IS ONE HOSPITAL IN AN  
"AFFILIATED HEALTH CARE SYSTEM" THAT INCLUDES A SECOND HOSPITAL, HARFORD  
MEMORIAL HOSPITAL, INC. (HMH), A PHYSICIAN SERVICES ORGANIZATION (UPPER

**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
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- 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.

CHESAPEAKE MEDICAL SERVICES, INC ), A PROPERTY HOLDING COMPANY (UPPER  
CHESAPEAKE PROPERTIES, INC ), A HOSPICE RESIDENCE (UPPER CHESAPEAKE  
RESIDENTIAL HOSPICE HOUSE, INC & HOSPICE OF HARFORD COUNTY LLC) AND A  
FOR-PROFIT VENTURE WITH INVESTMENTS IN PRIVATE IMAGING SERVICES (UPPER  
CHESAPEAKE HEALTH VENTURES, INC.)

THE "SYSTEM" PROVIDES A BROAD RANGE OF COMMUNITY HEALTH CARE SERVICES,  
INCLUDING PREVENTIVE, AMBULATORY, ACUTE AND HOSPICE SERVICES, THROUGH AN  
INTEGRATED HEALTH CARE DELIVERY SYSTEM IN HARFORD COUNTY AND PARTS OF  
BALTIMORE AND CECIL COUNTIES, IN NORTHEAST MARYLAND UCMC AND HMH ARE THE  
ONLY HOSPITALS IN HARFORD COUNTY, MARYLAND

UCMC OFFERS ACUTE CARE SERVICES, INCLUDING INTENSIVE CARE, EMERGENCY AND  
OTHER OUTPATIENT SERVICES, AND HAS THE ONLY ACUTE CARE MATERNITY SERVICES  
IN HARFORD COUNTY

**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
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PART VI, LINE 7 STATE FILING OF COMMUNITY BENEFIT REPORT

THE HEALTH SERVICES COST REVIEW COMMISSION, THE STATE AGENCY THAT

REGULATES HOSPITAL RATES IN MARYLAND, REQUIRES A COMMUNITY BENEFIT REPORT

TO BE FILED ANNUALLY



**SCHEDULE I**  
**(Form 990)**

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.

OMB No 1545-0047

**2014**

**Open to Public  
Inspection**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

**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 Domestic Organizations and Domestic Governments.** 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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC 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) UPPER CHESAPEAKE PROPERTIES 520 UPPER CHESAPEAKE DRIVE BEL AIR MD 21014	52-1907237	501 (C) (2)	315,377				GENERAL SUPPORT
(2) UPPER CHESAPEAKE MEDICAL SERVICES 520 UPPER CHESAPEAKE DRIVE BEL AIR MD 21014	52-1501734	501 (C) (3)	5,025,657				PHYSICIAN PRACTICE SUPPORT
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2014)

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PAGE 60

**Part III** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on 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
1 SCHOLARSHIPS TO STUDY IN THE MEDICAL FIELD	12	15,072			
2					
3					
4					
5					
6					
7					

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

## SCHEDULE I - GRANTS &amp; OTHER ASSISTANCE

PART I, QUESTION 2 - GENERAL INFORMATION ON GRANTS AND ASSISTANCE

ALTHOUGH THE FILING ORGANIZATION DOES NOT HAVE FORMALIZED INTERNAL

PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS IN THE UNITED STATES,

THE FILING ORGANIZATION DOES HAVE A WRITTEN AND APPROVED CHARITABLE

GIVING POLICY AND PROCEDURE THERE IS WRITTEN CRITERIA REGARDING THE

RECOMMENDATIONS FOR CONSIDERATION WHEN EVALUATING CONTRIBUTION REQUESTS

SUCH AS FOLLOWS

(1) THAT CONTRIBUTIONS WILL BE MADE ONLY TO ORGANIZATIONS FOR PURPOSES

**Part III** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on 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
1						
2						
3						
4						
5						
6						
7						

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

CONSISTENT WITH UPPER CHESAPEAKE HEALTH SYSTEM'S (PARENT ENTITY) VISION

AND MISSION

(2) CONTRIBUTIONS WILL BE MADE ONLY TO NOT-FOR-PROFIT ORGANIZATIONS

(3) CONTRIBUTIONS WILL PREFERABLY BE MADE TO ORGANIZATIONS WHICH DIRECTLY

SERVE THE CITIZENS OF HARFORD AND CECIL COUNTIES

(4) CONTRIBUTIONS WILL NOT BE GIVEN TO INDIVIDUALS (EXCLUDING

SCHOLARSHIPS).

(5) CONTRIBUTIONS WILL NOT BE MADE FOR RELIGIOUS PURPOSES, HOWEVER, THERE

MAY BE CONTRIBUTIONS GIVEN FOR A SPECIFIC EFFORT OR PROGRAM WITHIN A

CHURCH OR RELIGIOUS FACILITY WHICH PROVIDES HEALTH-RELATED SERVICES TO

**Part III** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on 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
1						
2						
3						
4						
5						
6						
7						

**Part IV** Supplemental Information. Complete this part to provide the information required in Part I, line 2; Part III, column (b), and any other additional information.

THE BROADER COMMUNITY.

(6) CONTRIBUTIONS WILL NOT BE MADE IN SUPPORT OF POLITICAL ADVOCACY

(7) UPPER CHESAPEAKE HEALTH SYSTEM WILL STRIVE TO DONATE TO ORGANIZATIONS

WHERE THE MAJORITY OF THE FUNDS RECEIVED ARE APPLIED DIRECTLY TO THE NEED

THE ORGANIZATION IS DESIGNED TO MEET

\*\*\* REQUESTS FOR \$5,000 AND UNDER ARE REFERRED TO THE PRESIDENT/CEO FOR

REVIEW AND

\*\*\* REQUESTS FOR GREATER THAN \$5,000 ARE REFERRED TO THE COMMUNITY

DEVELOPMENT COMMITTEE FOR DISCUSSION AND APPROVAL

**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" on Form 990, Part IV, line 23.

► Attach to Form 990

► Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

**2014**

**Open to Public  
Inspection**

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

**Part I Questions Regarding Compensation**

	Yes	No
<b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.		
<input type="checkbox"/> First-class or charter travel		
<input type="checkbox"/> Travel for companions		
<input type="checkbox"/> Tax indemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
<b>b</b> If any of the boxes on 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.		
<b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?		
<b>3</b> 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.		
<input type="checkbox"/> Compensation committee		
<input type="checkbox"/> Independent compensation consultant		
<input type="checkbox"/> Form 990 of other organizations		
<input type="checkbox"/> Written employment contract		
<input type="checkbox"/> Compensation survey or study		
<input type="checkbox"/> Approval by the board or compensation committee		
<b>4</b> 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:		
<b>a</b> Receive a severance payment or change-of-control payment?		X
<b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan?	X	
<b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement?		X
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		
<b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</b>		
<b>5</b> 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:		
<b>a</b> The organization?		X
<b>b</b> Any related organization?		X
If "Yes" to line 5a or 5b, describe in Part III.		
<b>6</b> 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:		
<b>a</b> The organization?		X
<b>b</b> Any related organization?		X
If "Yes" to line 6a or 6b, describe in Part III.		
<b>7</b> 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.		X
<b>8</b> Were any amounts reported in Form 990, Part VII, paid or accrued 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.		X
<b>9</b> If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2014

Schedule J (Form 990) 2014

Page **2****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 in column (B) reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 LYLE E. SHELDON PRESIDENT/CEO/DIRECTOR	(i) 554,023	(ii) 384,386	(iii) 73,596	228,237	26,108	1,266,350	0
2 JOHN W. ASHWORTH III DIRECTOR/UMMS SVP NETWORK DVLP	(i) 370,396	(ii) 91,000	(iii) 66,271	10,200	10,301	548,168	0
3 ROBERT A. CHRENCIK DIRECTOR/UMMS PRESIDENT & CEO	(i) 1,173,854	(ii) 543,595	(iii) 18,484	236,346	10,301	1,982,580	0
4 ANGELA POPPE RIES, M.D. DIRECTOR/MED DIR-PALLIATIVE CARE	(i) 168,651	(ii) 0	(iii) 149	24,298	415	193,513	0
5 JOSEPH E. HOFFMAN, III SR VP/CFO	(i) 321,604	(ii) 194,293	(iii) 18,095	108,739	24,756	667,487	0
6 ROY H. PHILLIPS PHYSICIAN	(i) 212,349	(ii) 65,000	(iii) 1,525	29,558	20,076	328,508	0
7 OLUFUNMILAYO ONOBRAPKEY PHYSICIAN	(i) 188,593	(ii) 40,000	(iii) 5,272	24,223	25,581	283,669	0
8 JEFFREY M. ZALE PHYSICIAN ADVISOR	(i) 168,918	(ii) 0	(iii) 1,169	24,999	17,606	212,692	0
9 ANGELA M. KAITIS DIR- PHARMACEUTICAL SERVICES	(i) 127,875	(ii) 20,848	(iii) 2,842	33,651	10,261	195,477	0
10 DIANE C. FITZGERALD ASST VP - PATIENT SERVICES	(i) 151,311	(ii) 13,306	(iii) 294	1,694	21,502	188,107	0
11 JOYCE FOX VP - PATIENT SVCS/CNO	(i) 204,941	(ii) 72,255	(iii) 11,859	48,474	0	337,529	0
12							
13							
14							
15							
16							

Schedule J (Form 990) 2014

**Part III Supplemental Information**

Complete this part to 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.

**SCHEDULE J, PART I, QUESTION 3**

THIS ORGANIZATION DOES NOT DIRECTLY PAY THE CHIEF EXECUTIVE OFFICER ALL  
COMPENSATION TO THE CHIEF EXECUTIVE OFFICER REPORTED ON PART VII OF THE  
FORM 990 WAS PAID BY A RELATED ORGANIZATION, UPPER CHESAPEAKE HEALTH  
SYSTEM

UPPER CHESAPEAKE HEALTH SYSTEM UNDERTAKES A THOROUGH PROCESS TO ENSURE  
THAT THE EXECUTIVE COMPENSATION IT PAYS TO ITS TOP MANAGEMENT OFFICIALS  
IS REASONABLE GIVEN THE MARKET IN WHICH THE ORGANIZATION OPERATES UPPER  
CHESAPEAKE HEALTH SYSTEM CHECKS THE FOLLOWING BOXES FOR SCHEDULE J, PART  
I, QUESTION 3 ON ITS FORM 990.

COMPENSATION COMMITTEE

WRITTEN EMPLOYMENT CONTRACT

INDEPENDENT COMPENSATION CONSULTANT

COMPENSATION SURVEY OR STUDY

APPROVAL BY THE BOARD OF COMPENSATION COMMITTEE

**Part III Supplemental Information**

Complete this part to 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.

SCHEDULE J, PART I, QUESTION 4B

DURING THE CALENDAR YEAR 2014, CERTAIN OFFICERS, KEY EMPLOYEES AND HIGHEST COMPENSATED EMPLOYEES PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED PLAN. THE INDIVIDUALS, LISTED BELOW, HAVE NOT VESTED IN THE PLAN THEREFORE THE ACCRUED CONTRIBUTION TO THE PLAN FOR THE CALENDAR YEAR 2014 IS REPORTED ON SCHEDULE J, PART II, COLUMN (C), RETIREMENT AND OTHER DEFERRED COMPENSATION.

ROBERT A CHRENCIK  
LYLE E SHELDON  
JOSEPH E HOFFMAN III  
JOYCE FOX

DURING THE FISCAL YEAR-ENDED JUNE 30, 2014, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN. THE INDIVIDUAL LISTED BELOW HAS VESTED IN THE PLAN IN A PRIOR YEAR, THEREFORE THE CONTRIBUTIONS TO THE PLAN FOR THE FISCAL YEAR ARE REPORTED AS TAXABLE COMPENSATION AND REPORTED ON SCHEDULE J, PART II, LINE B(III),

**OTHER REPORTABLE COMPENSATION**

JSA

4E1505 1 000

3962AU 700P 5/14/2015 9 42 17 AM V 14-4.6F 0179877-00010



**Part III** Supplemental Information

Complete this part to 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.

JOHN W. ASHWORTH

**SCHEDULE O**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service  
Name of the organization

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

**2014**

**Open to Public  
Inspection**

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

PART VI, SECTION A, GOVERNING BODY & MANAGEMENT, QUESTION 2

FAMILY OR BUSINESS RELATIONSHIP

LYLE E SHELDON AND JOSEPH E HOFFMAN III ARE OFFICERS IN A FEW OF THE SAME

BUSINESS ENTITIES

PART VI, SECTION A, GOVERNING BODY & MANAGEMENT, QUESTION 6, 7A & 7B

EXISTENCE OF MEMBERS

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (UMMS) IS THE SOLE

MEMBER OF UPPER CHESAPEAKE MEDICAL CENTER UMMS MAY ELECT ONE OR MORE

BOARD MEMBERS OF THE GOVERNING BODY AND ALL DECISIONS OF THE GOVERNING

BODY MUST BE APPROVED BY UMMS

PART VI, SECTION B, POLICIES, QUESTION 11B

ORGANIZATIONAL REVIEW OF FORM 990

THE BOARD OF UPPER CHESAPEAKE HEALTH SYSTEM, INC ("HEALTH SYSTEM")

RELATED TO THE FILLING ORGANIZATION, HAS ASSIGNED THE EXECUTIVE COMMITTEE

OF THE HEALTH SYSTEM'S BOARD TO REVIEW AND APPROVE ALL CONTENTS OF FORM

990 ON BEHALF OF THE BOARDS OF ALL HEALTH SYSTEM'S TAX-EXEMPT AFFILIATES

IN TURN, ONCE THE FORM 990 HAS BEEN APPROVED BY HEALTH SYSTEM'S

EXECUTIVE COMMITTEE, A FINAL VERSION OF THE FORM 990 WILL BE MADE

AVAILABLE TO ALL BOARD MEMBERS OF THE RESPECTIVE HEALTH SYSTEM'S

TAX-EXEMPT AFFILIATES FORMAL NOTIFICATION OF THE FINAL AND APPROVED FORM

990 FOR EACH OF THE HEALTH SYSTEM'S AFFILIATES AS WELL AS ITS

AVAILABILITY WILL BE COMMUNICATED TO THE APPLICABLE BOARD MEMBERS ON OR

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

BEFORE THE FILING OF THE FORM 990

## PART VI, SECTION B, POLICIES, QUESTION 12C

## CONFLICT OF INTEREST POLICY

THE ORGANIZATION'S WRITTEN CONFLICT OF INTEREST POLICY COVERS THE FOLLOWING INDIVIDUALS DIRECTORS, PRINCIPAL OFFICERS, AND SENIOR MANAGEMENT FURTHERMORE, THE POLICY EXTENDS TO THE FAMILY MEMBERS (PER INTERNAL REVENUE SERVICE DEFINITION) OF SUCH DIRECTORS, PRINCIPAL OFFICERS, AND SENIOR MANAGEMENT THE BOARD OF DIRECTORS AND ANY COMMITTEE CONSIDERING A CONTRACT, TRANSACTION OR ARRANGEMENT TO WHICH A KNOWN OR POTENTIAL CONFLICT OF INTEREST RELATES, DETERMINES WHETHER A CONFLICT EXISTS ACTUAL CONFLICTS ARE REVIEWED BY THE CHAIRMAN OF THE BOARD AN INDIVIDUAL WITH A KNOWN OR POTENTIAL CONFLICT OF INTEREST MUST REFRAIN FROM PARTICIPATING IN, OR ACTING ON, THE DECISION ON ANY MATTER IN WHICH A CONFLICT OF INTEREST, OR EVEN THE APPEARANCE OF SUCH A CONFLICT OF INTEREST, IS PRESENT WITH RESPECT TO SUCH INDIVIDUAL AND WILL REMOVE HIMSELF OR HERSELF FROM ANY MEETING OR DELIBERATIONS ON THE MATTER

## PART VI, SECTION B, POLICIES, QUESTION 15

## PROCESS FOR DETERMINING COMPENSATION

THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS APPROVES COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, CHIEF FINANCIAL OFFICER, AND ALL KEY EMPLOYEES. THE EXECUTIVE COMPENSATION COMMITTEE UTILIZES BUT IS NOT LIMITED TO THE FOLLOWING RESOURCES IN EVALUATING AND ESTABLISHING REASONABLE COMPENSATION.

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

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INDEPENDENT COMPENSATION CONSULTANTS, COMPENSATION SURVEYS AND  
COMPENSATION STUDIES THIS ORGANIZATION AND ITS TAX-EXEMPT AFFILIATES  
STRIVE TO MAINTAIN AN ARM'S LENGTH RELATIONSHIP BETWEEN ITSELF AND ITS  
EMPLOYEES IT IS THE GOAL OF THE EXECUTIVE COMPENSATION COMMITTEE TO  
ENSURE THAT TOTAL COMPENSATION (COMPENSATION AND BENEFITS) PAID TO ITS  
EMPLOYEES IS FAIR AND REASONABLE FINALLY, THE PROCESS OF SETTING AND  
APPROVING SUCH COMPENSATION IS PERFORMED ANNUALLY BY THE BOARD'S  
EXECUTIVE COMPENSATION COMMITTEE

## PART VI, SECTION C, DISCLOSURE, QUESTION 19

## DOCUMENTS AVAILABLE TO THE PUBLIC

THE ORGANIZATION WILL MAKE THE FOLLOWING DOCUMENTS AVAILABLE TO THE  
PUBLIC UPON REQUEST ARTICLES OF INCORPORATION, BYLAWS, CONFLICT OF  
INTEREST POLICY, AND AUDITED FINANCIAL STATEMENTS.

## PART VIII STATEMENT OF REVENUE

## LINE 2A - PROGRAM SERVICE REVENUE

GROSS PATIENT REVENUE	\$ 154,758,983
LESS ALLOWANCES & CHARITY POLICIES	(12,856,477)
LESS ASSESSMENTS	( 7,971,791)
	-----
NET PATIENT REVENUE	\$ 133,957,715

## RECONCILIATION OF NET ASSETS

## PART XI, LINE 8, OTHER CHANGES IN NET ASSETS

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

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52-1253920

UNREALIZED LOSS - INTEREST RATE SWAP	\$ (2,932,000)
CHANGE IN EFFECTIVE PORTION OF HEDGE	\$ 4,624,041
INHERENT CONTRIBUTIONS FROM UMMS	\$29,699,000
CONTRIBUTIONS FROM UPPER CHESAPEAKE FOUNDATION	\$ 165,951
UMMS BALANCE SHEET ADJUSTMENT	\$ (4,159,000)
UMMS FIXED ASSETS FAIR VALUE ADJUSTMENT	\$35,281,000
ADJUSTMENT TO DEFINED BENEFIT PENSION TO ACTUARY	\$ (4,418,000)
	-----
TOTAL	\$58,260,992

## PART III, PROGRAM SERVICE ACCOMPLISHMENTS

TO PROVIDE HEALTHCARE SERVICES TO PATIENTS REGARDLESS OF THEIR ABILITY TO PAY FOR SUCH SERVICES FOR MORE THAN 90 YEARS, UPPER CHESAPEAKE HEALTH HAS BEEN PROVIDING COMPREHENSIVE, HIGH QUALITY HEALTHCARE ITS TWO HOSPITALS, HARFORD MEMORIAL HOSPITAL AND UPPER CHESAPEAKE MEDICAL CENTER OFFER SOME OF THE AREA'S MOST ADVANCED INPATIENT AND OUTPATIENT SERVICES SO THAT PATIENTS CAN ENJOY THE SUPERIOR WELLNESS RESOURCES A HEALTHY LIFESTYLE NEEDS, WITHOUT LEAVING THEIR NEIGHBORHOOD UPPER CHESAPEAKE HEALTH SYSTEM IS A COMMUNITY-BASED, NON-PROFIT HEALTH SYSTEM LOCATED IN HARFORD COUNTY, MARYLAND OUR VISION IS BASED ON CREATING THE HEALTHIEST COMMUNITY IN MARYLAND BUILDING ON THAT VISION, WE HAVE A STRONG COMMITMENT TO SERVICE EXCELLENCE. SO MUCH SO THAT IT HAS BECOME PART OF THE FABRIC OF THE HEALTHCARE EXPERIENCE AT UPPER CHESAPEAKE HEALTH UPPER CHESAPEAKE HEALTH SYSTEM HAS OVER 2,500 PHYSICIANS AND HEALTHCARE

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

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PROFESSIONALS WHO ARE DELIVERING CARE FOR THE MIND, BODY, AND SPIRIT IN SETTINGS FROM OFFICES, TO OUTPATIENT CENTERS, TO HOSPITALS, TO SHOPPING CENTERS, TO BUSINESSES, AND TO HOMES UPPER CHESAPEAKE MEDICAL CENTER IS A MEMBER OF THE UPPER CHESAPEAKE HEALTH SYSTEM UPPER CHESAPEAKE MEDICAL CENTER IS AN ACUTE CARE, NON-PROFIT FACILITY OFFERING A FULL COMPLEMENT OF MEDICAL, DIAGNOSTIC AND EMERGENCY CARE SERVICES THE HOSPITAL IS FULLY ACCREDITED BY THE JOINT COMMISSION ON THE ACCREDITATION OF HEALTHCARE ORGANIZATIONS (JCAHO) THIS PREMIER HEALTH CARE FACILITY INCORPORATES SEVERAL TRENDS THAT REFLECT HOW HEALTH CARE IS CHANGING, INCLUDING REORIENTATION TOWARDS OUTPATIENT CARE, MORE ACUTELY ILL PATIENTS IN THE HOSPITAL AND FLEXIBILITY FOR GROWTH AND CHANGE TO MEET OUR COMMUNITY'S FUTURE HEALTH CARE NEEDS LOCATED ON THE MEDICAL CAMPUS IS THE UPPER CHESAPEAKE MEDICAL CENTER WITH 194 ACUTE CARE BEDS ADJACENT TO THE MEDICAL CENTER IS THE AMBULATORY CARE CENTER OF HARFORD COUNTY, CONTAINING PHYSICIAN OFFICES, OUTPATIENT IMAGING AND LABORATORY PROCEDURES, OUTPATIENT PRE-ASSESSMENT TESTING AND ASSESSMENT, UPPER CHESAPEAKE CARDIOVASCULAR INSTITUTE, AND THE ADMINISTRATIVE OFFICES OF UPPER CHESAPEAKE HEALTH ALSO LOCATED NEXT TO THE MEDICAL CENTER, IS A PRE-EXISTING MEDICAL OFFICE BUILDING WITH PHYSICIAN OFFICES AND OTHER HEALTHCARE RELATED SERVICES, A PARKING GARAGE AND A SECOND MEDICAL OFFICE BUILDING WHICH INCLUDES OUTPATIENT SERVICES AND PHYSICIAN OFFICES

HARFORD MEMORIAL HOSPITAL AND UPPER CHESAPEAKE MEDICAL CENTER MAINTAIN CHARITY CARE PROGRAMS AND, IN ADDITION, CONDUCT MANY COMMUNITY OUTREACH AND COMMUNITY BUILDING ACTIVITIES INCLUDING

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

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- COMMUNITY HEALTH EDUCATION PROGRAMS WHICH INCLUDE NEWBORN BABY CARE, SITTER SAFETY PROGRAM, INFANT CPR, INFANT SAFETY, STOP SMOKING CLASS, KIDS SAFETY CLASS, AND PRENATAL BREAST FEEDING CLASS
- SUPPORT GROUPS INCLUDING BREAST FEEDING SUPPORT, BREAST CANCER AWARENESS GROUPS, PERINATAL BEREAVEMENT, ASTHMA SUPPORT GROUP, WIDOW AND WIDOWERS SUPPORT GROUP, GRIEF SUPPORT GROUP, PROSTATE CANCER SUPPORT GROUP, AMPUTEE NETWORK, BRAIN INJURY SUPPORT GROUP, STROKE CLUB, LUPUS SUPPORT GROUP, AND OTHERS
- HEALTH SCREENINGS INCLUDING SCREENINGS FOR OSTEOPOROSIS, CARDIAC PROBLEMS, BLOOD PRESSURE, AND OTHER ISSUES
- FREE AND MOBILE CLINIC

ATTACHMENT 1FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

UPPER CHESAPEAKE MEDICAL CENTER IS DEDICATED TO MAINTAINING AND IMPROVING THE HEALTH OF THE PEOPLE IN ITS COMMUNITIES THROUGH AN INTEGRATED HEALTH DELIVERY SYSTEM THAT PROVIDES HIGH QUALITY CARE TO ALL UCMC IS COMMITTED TO SERVICE EXCELLENCE AS IT OFFERS A BROAD RANGE OF HEALTH CARE SERVICES, TECHNOLOGY AND FACILITIES UCMC WORKS COLLABORATIVELY WITH ITS COMMUNITIES AND OTHER HEALTH ORAGNIZATIONS TO SERVE AS A RESOURCE FOR HEALTH PROMOTION AND EDUCATION

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

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ATTACHMENT 2

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND CONTRACTORS

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
TEAM HEALTH HOLDINGS, INC 265 BROOKVIEW CENTRE WAY, SUITE 400 KNOXVILLE, TN 37934	PHYSICIAN FEES	1,554,841
KPMG LLP DEPT. 0522, PO BOX 120522 DALLAS, TX 75312	AUDIT FEES	340,512.
STEINMETZ, SCOTT - M.D PA 520 UPPER CHESAPEAKE DRIVE, SUITE 410 BEL AIR, MD 21014	PHYSICIAN FEES	266,843
THEOPHILUS M D BOTWE M D 2500 SAINT JOSEPH DR MITCHELLVILLE, MD 20721	PHYSICIAN FEES	200,115.
TIMOTHY EHIABOR M D 1612 HOPEFIELD ROAD SILVER SPRINGS, MD 20905	PHYSICIAN FEES	198,755



**SCHEDULE R**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service  
Name of the organization

**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.

▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**

Open to Public  
Inspection

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

**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
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						

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

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
						Yes	No
(1)	BALTIMORE WASHINGTON EMERGENCY PHYS INC 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061 52-1756326	HEALTHCARE	MD	501 (C) (3)	11A	BWMS	X
(2)	BALTIMORE WASHINGTON HEALTHCARE SERVICES 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061 52-1830243	HEALTHCARE	MD	501 (C) (3)	11A	BWMS	X
(3)	BALTIMORE WASHINGTON MEDICAL CENTER INC 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061 52-0689917	HEALTHCARE	MD	501 (C) (3)	3	BWMS	X
(4)	BALTIMORE WASHINGTON MEDICAL SYSTEM, INC 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061 52-1830242	HEALTHCARE	MD	501 (C) (3)	11A	UMMSC	X
(5)	BW MEDICAL CENTER FOUNDATION INC 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061 52-1813656	FUNDRAISING	MD	501 (C) (3)	11C	BWMS	X
(6)	NORTH ARUNDEL DEVELOPMENT CORPORATION 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061 52-1318404	REAL ESTATE	MD	501 (C) (2)		NCC	X
(7)	NORTH COUNTY CORPORATION 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061 52-1591355	REAL ESTATE	MD	501 (C) (2)		BWMS	X

**For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

Schedule R (Form 990) 2014

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

UPPER CHESAPEAKE MEDICAL CENTER

52-1253920

**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.

▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

OMB No. 1545-0047

**2014**

Open to Public  
Inspection

Employer identification number

52-1253920

**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
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						

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

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
							Yes No
(1)	SHIPLEYS CHOICE MEDICAL PARK INC 22 SOUTH GREENE STREET BALTIMORE, MD 21201	REAL ESTATE	MD	501 (C) (2)		UMMSC	X
(2)	CHESTER RIVER HEALTH FOUNDATION INC 100 BROWN STREET CHESTERTOWN, MD 21620	FUNDRAISING	MD	501 (C) (3)	7	CRHS	X
(3)	UNIV OF MD SHORE REGIONAL HEALTH, INC 100 BROWN STREET CHESTERTOWN, MD 21620	HEALTHCARE	MD	501 (C) (3)	11A	UMMSC	X
(4)	CHESTER RIVER HOSPITAL CENTER 100 BROWN STREET CHESTERTOWN, MD 21620	HEALTHCARE	MD	501 (C) (3)	3	CRHS	X
(5)	CHESTER RIVER MANOR INC 200 MORGNEC ROAD CHESTERTOWN, MD 21620	HEALTHCARE	MD	501 (C) (3)	9	CRHS	X
(6)	MARYLAND GENERAL CLINICAL PRACTICE GROUP 827 LINDEN AVENUE BALTIMORE, MD 21201	HEALTHCARE	MD	501 (C) (3)	11B	MGHS	X
(7)	MARYLAND GENERAL COMM HEALTH FOUNDATION 827 LINDEN AVENUE BALTIMORE, MD 21201	FUNDRAISING	MD	501 (C) (3)	11C	MGHS	X

For Paperwork Reduction Act Notice, see the Instructions for Form 990

Schedule R (Form 990) 2014

JSA  
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**SCHEDULE R**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service  
Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

52-1253920

**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.

▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**

Open to Public  
Inspection

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

**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
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						

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

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
							Yes No
(1)	UNIVERSITY OF MARYLAND MIDTOWN HEALTH, I 827 LINDEN AVENUE BALTIMORE, MD 21201	HEALTHCARE	MD	501 (C) (3)	11B	UMMSC	X
(2)	MARYLAND GENERAL HOSPITAL INC 827 LINDEN AVENUE BALTIMORE, MD 21201	HEALTHCARE	MD	501 (C) (3)	3	MGHS	X
(3)	CARE HEALTH SERVICES INC 219 SOUTH WASHINGTON STREET EASTON, MD 21601	HEALTHCARE	MD	501 (C) (3)	9	SHS	X
(4)	DORCHESTER GENERAL HOSPITAL FOUNDATION 219 SOUTH WASHINGTON STREET EASTON, MD 21601	FUNDRAISING	MD	501 (C) (3)	11D	SHS	X
(5)	MEMORIAL HOSPITAL FOUNDATION INC 219 SOUTH WASHINGTON STREET EASTON, MD 21601	FUNDRAISING	MD	501 (C) (3)	11A	SHS	X
(6)	SHORE CLINICAL FOUNDATION INC 219 SOUTH WASHINGTON STREET EASTON, MD 21601	HEALTHCARE	MD	501 (C) (3)	3	SHS	X
(7)	SHORE HEALTH SYSTEM INC 219 SOUTH WASHINGTON STREET EASTON, MD 21601	HEALTHCARE	MD	501 (C) (3)	3	UMMSC	X

For Paperwork Reduction Act Notice, see the Instructions for Form 990

Schedule R (Form 990) 2014

JSA  
4E1307 1 000

**SCHEDULE R**  
**(Form 990)****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.

▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).Department of the Treasury  
Internal Revenue Service  
Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

OMB No 1545-0047

**2014**Open to Public  
Inspection**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
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						

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

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
							Yes No
(1)	JAMES LAWRENCE KERNAN HOSP ENDOW FUND 2200 KERNAN DRIVE BALTIMORE, MD 21207	FUNDRAISING	MD	501(C)(3)	11B	UMMSC	X
(2)	JAMES LAWRENCE KERNAN HOSPITAL INC 2200 KERNAN DRIVE BALTIMORE, MD 21207	HEALTHCARE	MD	501(C)(3)	3	UMMSC	X
(3)	UMMS FOUNDATION, INC 22 SOUTH GREENE STREET BALTIMORE, MD 21201	FUNDRAISING	MD	501(C)(3)	11A	UMMSC	X
(4)	UNIVERSITY OF MARYLAND CHARLES REGIONAL PO BOX 1070 LA PLATA, MD 20646	HEALTHCARE	MD	501(C)(3)	11C	UMMSC	X
(5)	CIVISTA MEDICAL CENTER, INC PO BOX 1070 LA PLATA, MD 20646	HEALTHCARE	MD	501(C)(3)	3	CIVHS	X
(6)	CHARLES REGIONAL MEDICAL CENTER FOUNDATION PO BOX 1070 LA PLATA, MD 20646	FUNDRAISING	MD	501(C)(3)	11A	CIVHS	X
(7)	CHARLES REGIONAL MEDICAL CENTER AUXILIARY PO BOX 1070 LA PLATA, MD 20646	FUNDRAISING	MD	501(C)(3)	11A	CIVHS	X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2014

**SCHEDULE R**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service  
Name of the organization

**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.
- ▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

**2014**

**Open to Public Inspection**

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number  
52-1253920

**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
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						

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

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
							Yes No
(1)	UNIV OF MD ST JOSEPH FOUNDATION, INC 7601 OSLER DRIVE TOWSON, MD 21204 52-1681044	FUNDRAISING	MD	501 (C) (3)	11A	UMMSC	X
(2)	HARFORD MEMORIAL HOSPITAL, INC 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 52-0591484	HEALTHCARE	MD	501 (C) (3)	3	UMUCHS	X
(3)	UCH LEGACY FUNDING CORPORATION 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 52-0882914	FUNDRAISING	MD	501 (C) (3)	11A	UMUCHS	X
(4)	UM UPPER CHESAPEAKE HEALTH SYSTEM, INC 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 52-1398513	HEALTHCARE	MD	501 (C) (3)	11C, III-FI	UMUCHS	X
(5)	UPPER CHESAPEAKE HEALTH FOUNDATION, INC 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 52-1398507	FUNDRAISING	MD	501 (C) (3)	11A	UMUCHS	X
(6)	UPPER CHESAPEAKE MEDICAL SERVICES, INC 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 52-1501734	HEALTHCARE	MD	501 (C) (3)	9	UMUCHS	X
(7)	UPPER CHESAPEAKE PROPERTIES, INC 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 52-1907237	REAL ESTATE	MD	501 (C) (2)		UMUCHS	X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2014

**SCHEDULE R**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service  
Name of the organization**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.
- Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014****Open to Public Inspection**

Name of the organization

UPPER CHESAPEAKE MEDICAL CENTER

Employer identification number

52-1253920

**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
(1)						
(2)						
(3)						
(4)						
(5)						
(6)						

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

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
							Yes No
(1)	UPPER CHES RESIDENTIAL HOSPICE HOUSE, IN 26-0737028 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014	HOSPICE	MD	501 (C) (3)	7	UMUCHS	X
(2)	UPPER CHESAPEAKE/ST JOE'S HOME CARE, IN 52-1229742 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014	HOSPICE	MD	501 (C) (3)	9	UMUCHS	X
(3)	UNIVERSITY OF MD MEDICAL SYSTEM CORP 52-1362793 22 SOUTH GREEN STREET BALTIMORE, MD 21201	HEALTHCARE	MD	501 (C) (3)	3	UMMSC	X
(4)							
(5)							
(6)							
(7)							

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2014

**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) Disproportionate 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	
(1) ARUNDEL PHYSICIANS ASSOCIATES 301 HOSPITAL DRIVE	HEALTHCARE	MD	N/A									
(2) BALTIMORE WASHINGTON IMAGING, 301 HOSPITAL DRIVE	HEALTHCARE	MD	N/A									
(3) NAH/SUNRISE OF SEVERNA PARK LL 301 HOSPITAL DRIVE	HEALTHCARE	MD	N/A									
(4) NORTH ARUNDEL SENIOR LIVING LL 301 HOSPITAL DRIVE	HEALTHCARE	MD	N/A									
(5) INNOVATIVE HEALTH LLC 52-19972 29165 CANVASBACK DRIVE, SUITE	BILLING	MD	N/A									
(6) CENTRAL MARYLAND RADIOLOGY ONC 10710 CHARTER DRIVE	HEALTHCARE	MD	UMMSC									
(7) SHIPLEY'S IMAGING CENTER LLC 5 22 SOUTH GREENE STREET	HEALTHCARE	MD	UMMSC									

**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	No
(1) ARUNDEL PHYSICIANS ASSOCIATES, INC 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORP					
(2) BALTIMORE WASHINGTON HEALTH ENTERPRISES, 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORP					
(3) BW PROFESSIONAL SERVICES, INC 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORP					
(4) UNIV OF MARYLAND CHARLES REGIONAL CARE P PO BOX 1070 LA PLATA, MD 20646	HEALTHCARE	MD	N/A	C CORP					
(5) UNIVERSITY MIDTOWN PROF CENTER, A CONDO 827 LINDEN AVENUE BALTIMORE, MD 21201	REAL ESTATE	MD	UMMSC	C CORP					
(6) SHORE HEALTH ENTERPRISES, INC 219 SOUTH WASHINGTON STREET EASTON, MD 21601	REAL ESTATE	MD	N/A	C CORP					
(7) NA EXECUTIVE BUILDING CONDO ASSN, INC 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	REAL ESTATE	MD	N/A	C CORP					

**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) Disproportionate 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	
(1) UNIVERSITYCARE LLC 52-1914892 22 SOUTH GREENE STREET HEALTHCARE		MD	UMMSC									
(2) O'DEA MEDICAL ARTS LIMITED PAR 7601 OSLER DRIVE RENTAL		MD	UMMSC									
(3) ADVANCED IMAGING AT ST JOSEPH 7601 OSLER DRIVE HEALTHCARE		MD	N/A									
(4) UCHS/UMMS VENTURE LLC 52-21780 520 UPPER CHESAPEAKE DRIVE MEDICAL SERVICES		MD	N/A									
(5) UCHS/UMMS RE TRUST 27-6803540 520 UPPER CHESAPEAKE DRIVE INACTIVE		MD	N/A									
(6)												
(7)												

**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	No
(1) TERRAPIN INSURANCE COMPANY P O BOX 1109 KY1-1102 GRAND CAYMAN, 98-0129232	INSURANCE	CJ	UMMS	C CORP					
(2) UMMS SELF INSURANCE TRUST 22 SOUTH GREENE STREET BALTIMORE, MD 21201 52-6315433	INSURANCE	MD	UMMS	TRUST					
(3) UPPER CHESAPEAKE INSURANCE COMPANY, LTD P O BOX 1109 KY1-1102 GRAND CAYMAN, CJ 98-0468438	CAPTIVE INSURANCE	CJ	UMUCHS	LTD					
(4) UPPER CHESAPEAKE HEALTH VENTURES, INC 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 52-2031264	HEALTHCARE	MD	UMMS	C CORP					
(5) UPPER CHESAPEAKE MEDICAL CENTER LAND CON 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 77-0674478	REAL ESTATE	MD	UC MED CRT	C CORP					
(6) UPPER CHESAPEAKE MEDICAL OFFICE BUILDING 520 UPPER CHESAPEAKE DR BEL AIR, MD 21014 52-1946829	REAL ESTATE	MD	UC HLTH VENT	C CORP					
(7) UPPER CHESAPEAKE MGMT SVCS ORG, INC 520 UPPER CHESAPEAKE DRIVE BEL AIR, MD 21014 52-1946025	MANAGEMENT SVCS	MD	UC HLTH VENT	C CORP					



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

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 organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity . . . . .	1a	X
b Gift, grant, or capital contribution to related organization(s) . . . . .	1b	X
c Gift, grant, or capital contribution from related organization(s) . . . . .	1c	X
d Loans or loan guarantees to or for related organization(s) . . . . .	1d	X
e Loans or loan guarantees by related organization(s) . . . . .	1e	X
f Dividends from related organization(s) . . . . .	1f	
g Sale of assets to related organization(s) . . . . .	1g	X
h Purchase of assets from related organization(s) . . . . .	1h	X
i Exchange of assets with related organization(s) . . . . .	1i	X
j Lease of facilities, equipment, or other assets to related organization(s) . . . . .	1j	X
k Lease of facilities, equipment, or other assets from related organization(s) . . . . .	1k	X
l Performance of services or membership or fundraising solicitations for related organization(s) . . . . .	1l	X
m Performance of services or membership or fundraising solicitations by related organization(s) . . . . .	1m	X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .	1n	X
o Sharing of paid employees with related organization(s) . . . . .	1o	X
p Reimbursement paid to related organization(s) for expenses . . . . .	1p	X
q Reimbursement paid by related organization(s) for expenses . . . . .	1q	X
r Other transfer of cash or property to related organization(s) . . . . .	1r	X
s Other transfer of cash or property from related organization(s) . . . . .	1s	X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) 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) Disproportionate 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	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

**Part VII****Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Consolidated Financial Statements and Schedules

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

## Independent Auditors' Report

The Board of Directors  
University of Maryland Medical System Corporation

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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



***Opinion***

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

***Other Matter***

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

**KPMG LLP**

October 28, 2014

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

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

See accompanying notes to consolidated financial statements.



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Consolidated Statements of Operations

Years ended June 30, 2014 and 2013

(In thousands)

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

See accompanying notes to consolidated financial statements.

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2014 and 2013

(In thousands)

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

See accompanying notes to consolidated financial statements

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
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Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

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

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Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

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

See accompanying notes to consolidated financial statements.

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**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

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

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

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

**Recent Acquisitions & Divestitures**

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

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

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

Certain of these events are more fully described below.

**University of Maryland Medical Center (Medical Center)**

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

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

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

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

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

**University of Maryland Rehabilitation and Orthopaedic Institute (ROI)**

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

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

**University of Maryland Medical Center Midtown Campus (Midtown)**

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

**Baltimore Washington Medical System, Inc. (Baltimore Washington)**

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

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

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**Shore Regional Health System (Shore Regional)**

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

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

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

**Charles Regional Health System, Inc. (Charles Regional)**

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

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

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

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

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

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

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

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

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

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

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

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

**University of Maryland Upper Chesapeake Health System (Upper Chesapeake)**

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



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

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

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

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

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

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

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

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

**University of Maryland Medical System Foundation, Inc.**

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

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**(b) Basis of Presentation**

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

**(c) Cash Equivalents**

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

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

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

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

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

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

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

**(e) Inventories**

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

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

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

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

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

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

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

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

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

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

**(i) *Goodwill***

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually. A qualitative assessment of whether it is more likely than not that the fair value of the reporting unit is less than its carrying value is performed, which determines whether a quantitative goodwill impairment test is necessary. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for

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any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

No impairment loss was recorded in 2014 or 2013.

**(j) *Impairment of Long-Lived Assets***

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

No impairment loss was recorded in 2014 or 2013.

**(k) *Investments in Joint Ventures***

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

**(l) *Self-Insurance***

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

**(m) *Net Assets***

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

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associated with these net assets generally pertain to patient care, specific capital projects and funding of specific hospital operations and community outreach programs.

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

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

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

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

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

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

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

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

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**(o) Charity Care**

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

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

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

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

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



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**(p) *Nonoperating Income and Expenses, Net***

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

**(q) *Derivative Financial Instruments***

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

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

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

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

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

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

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

**(r) *Excess of Revenue over Expenses***

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

**(s) *Income Taxes***

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

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

**(t) *Donor-Restricted Gifts***

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

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

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

**(u) Fair Value Measurements**

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

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

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

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

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

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

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

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

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

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

**(i) Cash Equivalents**

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

**(ii) U.S. Government and Agency Securities**

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

**(iii) Corporate Bonds**

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

**(iv) Collateralized Corporate Obligations**

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

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**(v) Derivative Liabilities**

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

**(v) Fair Value Option**

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

**(w) Commitments and Contingencies**

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

**(x) Use of Estimates**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

**(3) Property and Equipment**

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

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

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

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

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

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

**(4) Investments in Joint Ventures**

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

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

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

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

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

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

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

		2014			
		Mt. Washington	Terrapin	UCHS/UMMS Venture, LLC	Others
Current assets	\$	26,988	19,024	—	241,920
Noncurrent assets		73,937	168,976	—	98,893
Total assets	\$	100,925	188,000	—	340,813
Current liabilities	\$	14,252	925	—	207,974
Noncurrent liabilities		8,588	185,125	—	12,075
Net assets		78,085	1,950	—	120,764
Total liabilities and net assets	\$	100,925	188,000	—	340,813

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	2014				
	<u>Mt. Washington</u>	<u>Terrapin</u>	<u>UCHS/UMMS Venture, LLC *</u>	<u>Others</u>	<u>Total</u>
Total operating revenue	\$ 55,422	37,503	166,608	804,404	1,063,937
Total operating expenses	(50,878)	(45,401)	(165,176)	(794,193)	(1,055,648)
Total nonoperating gains/(losses), net	4,015	7,898	8,255	450	20,618
Contributions from owners	—	—	125	4,854	4,979
Other changes in net assets, net	1,432	—	(1,717)	(4,128)	(4,413)
Increase in net assets	\$ 9,991	—	8,095	11,387	29,473

\* Activity from July 1, 2013 through December 6, 2013

	2013				
	<u>Mt. Washington</u>	<u>Terrapin</u>	<u>UCHS/UMMS Venture, LLC</u>	<u>Others</u>	<u>Total</u>
Current assets	\$ 24,380	10,056	86,871	184,665	305,972
Noncurrent assets	65,494	148,845	336,380	94,458	645,177
Total assets	\$ 89,874	158,901	423,251	279,123	951,149
Current liabilities	\$ 13,155	2,920	55,288	164,676	236,039
Noncurrent liabilities	8,625	154,031	234,987	(8,880)	388,763
Net assets	68,094	1,950	132,976	123,327	326,347
Total liabilities and net assets	\$ 89,874	158,901	423,251	279,123	951,149
Total operating revenue	\$ 54,019	32,314	356,417	761,042	1,203,792
Total operating expenses	(48,625)	(39,129)	(348,711)	(740,852)	(1,177,317)
Total nonoperating gains/(losses), net	2,188	6,815	11,364	(2,942)	17,425
Distributions to owners	—	—	—	(10,582)	(10,582)
Other changes in net assets, net	3,705	—	5,481	(12,992)	(3,806)
Increase in net assets	\$ 11,287	—	24,551	(6,326)	29,512

**(5) Leases**

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

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

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

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

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

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

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

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

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

**(6) Lines of Credit**

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

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

\* Line terminated in FY 14

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

**(7) Long-Term Debt and Other Borrowings**

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

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



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	Interest rate	Payable in fiscal year(s)	2014	2013
Other long-term debt				
North Arundel Senior Living, LLC Mortgage	4.75%	Monthly, 2,021	\$ 10,617	10,342
Charles County Government loan payable	3.05	Monthly, 2004–2021	7,516	8,599
Community Bank note payable	4.50	Monthly, 2014–2024	5,740	—
Grandbridge Real Estate Capital mortgaged promissory note payable	5.70	Monthly, 2012–2014	—	4,215
O'Dea Medical Arts L.P. mortgage	4.66%	2009–2019	9,283	9,272
Term loans	1.62%–3.95%	2009–2022	34,574	38,591
Other loans and notes payable	3.25%–7.00%	Monthly, 1991 – 2025	3,142	3,657
			1,527,882	1,341,861
Less current portion of long-term debt			32,624	38,802
Less long-term debt subject to short-term remarketing agreements			77,574	19,123
			1,417,684	1,283,936
Plus unamortized premiums and discounts, net			18,562	20,110
			\$ 1,436,246	1,304,046

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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balance sheets. In the event that bonds are not remarketed, the Corporation maintains available letters of credit and has the ability to access other sources to obtain the necessary liquidity to comply with accelerated repayment terms. All variable rate demand bonds were successfully remarketed as of June 30, 2014.

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

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

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

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

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

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

	Interest rate	Interest rate	Payable in fiscal year(s)	2014	2013
Term loan 1 payable monthly beginning February 2012	1-mo LIBOR + 2.75%	2.87%	2012-2018	\$ 18,916	21,141
Term loan 2 payable monthly beginning March 2012	Fixed rate	3.95	2012-2022	10,000	10,800
Term loan 3 payable monthly beginning January 2012	Fixed rate	1.66	2012-2017	712	996
Term loan 4 payable monthly beginning April 2012	Fixed rate	1.62	2012-2017	719	981
Term loan 5 payable monthly beginning February 2010	1-mo LIBOR + 1.75%	1.86	2010-2019	3,506	3,731
Term loan 6 payable monthly beginning October 2012	Fixed rate	1.46	2013-2018	594	776
Term loan 7 payable monthly beginning November 2012	Fixed rate	2.91	2013-2018	127	166
Sub total – term loans (included in Long-term debt)				34,574	38,591
Term loan 8 (Current liabilities) lump sum payment December 2014	1-mo LIBOR + 0.65%	0.77	2,015	150,000	—
Total term loans				<u>\$ 184,574</u>	<u>38,591</u>

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

**(8) Interest Rate Risk Management**

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

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

	Notional amount	Pay rate	Maturity date	Mark to market	Qualifies for hedge accounting treatment?
As of June 30, 2014					
Swap #1	\$ 90,200	3.59%	7/1/2031	\$ (14,889)	No
Swap #2	84,000	3.93	7/1/2041	(24,983)	No
Swap #3	21,000	4.24	7/1/2041	(7,348)	No
Swap #4	38,350	3.99	7/1/2034	(8,317)	No
Swap #5	28,060	3.54	7/1/2031	(4,481)	No
Swap #6	196,000	3.93	7/1/2041	(58,299)	No
Swap #7	49,000	4.24	7/1/2041	(17,147)	No
Swap #8	89,450	4.00	7/1/2034	(19,485)	No
Swap #9	4,690	3.63	7/1/2032	(582)	No
Swap #10	111,525	3.92	1/1/2038	(27,077)	No
Swap #11	88,885	0.51	1/1/2038	(1,350)	No
				(183,958)	
			Valuation adjustments	8,011	
Total	\$ <u>801,160</u>			\$ <u>(175,947)</u>	
As of June 30, 2013					
Swap #1	\$ 92,349	3.59%	7/1/2031	\$ (14,839)	No
Swap #2	84,000	3.93	7/1/2041	(23,896)	No
Swap #3	21,000	4.24	7/1/2041	(7,090)	No
Swap #4	39,225	3.99	7/1/2034	(8,422)	No
Swap #5	28,730	3.54	7/1/2031	(4,454)	No
Swap #6	196,000	3.93	7/1/2041	(55,764)	No
Swap #7	49,000	4.24	7/1/2041	(16,545)	No
Swap #8	91,550	4.00	7/1/2034	(19,735)	No
Swap #9	5,045	3.63	7/1/2032	(647)	No
				(151,392)	
			Valuation adjustments	5,888	
Total	\$ <u>606,899</u>			\$ <u>(145,504)</u>	

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

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

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

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

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

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

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

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**(9) Other Liabilities**

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

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

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

**(10) Retirement Plans**

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

**(a) Defined Benefit Plans**

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

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

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



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

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

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

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

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

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

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

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

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

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

Net actuarial loss	\$ 5,528
Prior service cost	<u>163</u>
	<u>\$ 5,691</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(b) Defined Contribution Plans**

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

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

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

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

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

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

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

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

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

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

**(11) Temporarily and Permanently Restricted Net Assets**

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

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

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

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

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

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

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

**(a) Interpretation of Relevant Law**

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Corporation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments



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- (6) Other resources of the Corporation
- (7) The investment policies of the Corporation.

Endowment net assets are as follows (in thousands):

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

  

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

**(b) Funds with Deficiencies**

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

**(c) Investment Strategies**

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

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

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

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the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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

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

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

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

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

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

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

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

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

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

**(13) State Support**

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

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

**(14) Functional Expenses**

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

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

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**(15) Insurance**

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

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

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

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

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

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

**(16) Business and Credit Concentrations**

The Corporation provides healthcare services through its inpatient and outpatient care facilities located in the State of Maryland. The Corporation generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits

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receivable under their health insurance programs, plans or policies (e.g., Medicare, Medicaid, Blue Cross, workers' compensation, health maintenance organizations (HMOs) and commercial insurance policies).

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

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

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

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

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

**(17) Certain Significant Risks and Uncertainties**

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

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

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

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

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

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

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

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

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

For the year ended June 30, 2013, patient service revenue for hospital services was regulated by the HSCRC and recorded at rates established by the HSCRC which were adjusted annually to account for compliance with approved rates, annual inflation and changes in cost and volume. The Medical Center, ROI, Midtown, Baltimore Washington, Charles Regional and St. Joseph had Charge Per Episode (CPE) agreements with the HSCRC. The CPE agreements established a prospectively approved average charge per inpatient episode based upon an estimated case mix index. The agreement allowed the hospitals to

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adjust approved unit rates, within certain limits, to achieve the average CPE target. The HSCRC allowed for certain corridors related to the approved rates such that variances within those corridors did not adversely impact the hospitals. Outpatient services were charged using the established HSCRC unit rates.

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

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

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

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

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**(19) Subsequent Events**

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



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Consolidating Balance Sheet Information by Division

June 30, 2014

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Shore Regional	Charles Regional	St. Joseph Health	Upper Chesapeake	UMMS Foundation	ECARE	Flumason	Consolidated Total
<b>Assets</b>												
<b>Current assets</b>												
Cash and cash equivalents	\$ 120,849	25,636	20,439	20,960	19,979	22,881	5,245	51,713	—	—	—	287,722
Assets limited as to use, current portion	45,943	—	993	1,140	910	912	477	2,123	—	—	—	52,498
Accounts receivable	—	—	—	—	—	—	—	—	—	—	—	—
Prepaid expenses and other current assets	160,184	16,193	27,654	40,403	28,682	9,041	36,201	39,487	—	—	—	358,045
Investments	161,893	1,681	2,727	3,708	17,934	2,013	(74,901)	9,462	—	227	(55,863)	38,428
Prepaid expenses and other current assets	24,692	1,188	2,969	7,708	4,014	1,587	4,932	13,332	1,500	46	—	52,552
Total current assets	\$ 519,564	44,208	54,944	74,807	73,242	36,700	(25,454)	116,317	1,500	283	(55,863)	840,748
Investments	361,916	13,700	—	73,089	52,718	22,708	10,676	—	—	—	—	\$ 514,807
Assets limited as to use, less current portion	60,418	—	—	8,000	—	—	—	27,952	—	—	—	96,370
Debt service funds	33,781	—	—	—	—	—	—	4,055	—	—	—	37,836
Construction funds	58,392	12,554	1,603	28,378	9,715	4,739	29,863	117,896	—	—	—	145,134
Board design trust and endowment funds	—	—	—	—	75,336	5,364	—	—	23,740	—	—	104,440
Self-insurance trust funds	54,750	—	21,055	21,930	24,426	6,880	5,900	8,887	—	—	—	122,186
Funds restricted by donor	—	—	1,175	—	29,157	—	785	—	22,393	—	—	53,510
Economic and beneficial interests in the net assets of related organizations	202,189	34,003	111	6,602	3,134	—	9,503	—	—	—	(63,998)	191,344
Property and equipment, net	409,510	46,557	23,944	64,810	141,768	16,973	46,051	158,590	46,133	—	(63,998)	890,358
Investments in joint ventures and other assets	896,440	45,433	102,074	252,204	165,945	90,903	211,436	263,556	—	3,243	—	2,031,234
Total assets	\$ 2,844,964	150,398	209,198	482,700	445,099	172,667	255,213	756,335	54,527	1,526	(775,189)	4,599,218

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Consolidating Balance Sheet Information by Division

June 30, 2014

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Shore Regional	Charles Regional	St. Joseph Health	Upper Chesapeake	UMMS Foundation	FCARE	Eliminations	Consolidated total
<b>Liabilities and Net Assets</b>												
<b>Current liabilities</b>												
Trade accounts payable	\$ 144,766	\$ 779	\$ 13,612	\$ 23,619	\$ 20,434	\$ 8,974	\$ 27,119	\$ 16,739	\$ 32	\$ 841	\$ —	\$ 261,865
Accounts payable and benefits	97,157	4,463	12,733	23,134	22,071	5,385	28,818	24,658	—	—	—	222,161
Advances from third party payors	71,498	3,880	5,737	9,965	6,187	3,409	12,066	7,810	—	—	—	142,672
Lines of credit	105,000	—	—	—	—	12,000	—	—	—	—	—	117,000
Short-term financing	150,000	—	—	—	—	—	—	—	—	—	—	150,000
Other current liabilities	85,579	11,863	15,231	(1,377)	4,549	3,378	4,040	32,617	—	5,218	(55,863)	105,275
Long term debt subject to short-term remarketing arrangements	77,574	—	—	—	—	—	—	—	—	—	—	77,574
Current portion of long-term debt	13,249	—	866	3,618	—	2,688	4,363	4,181	—	—	—	32,624
Total current liabilities	744,823	26,947	51,219	60,899	59,457	36,079	74,406	86,055	32	6,059	(55,863)	1,090,113
Long-term debt, less current portion	558,828	22,003	35,094	193,650	98,184	66,145	251,825	208,517	—	—	—	1,436,246
Other long-term liabilities	119,466	415	26,119	36,286	19,745	15,491	7,715	42,344	—	—	—	267,601
Interest rate swap liabilities	148,097	—	—	—	—	—	—	27,850	—	—	—	175,947
Total liabilities	1,571,214	49,365	112,432	290,835	177,386	117,215	335,946	364,766	32	6,059	(55,863)	2,969,907
<b>Net assets</b>												
Unrestricted	1,049,321	66,897	95,460	187,263	232,805	54,859	(86,233)	233,396	28,935	(2,511)	(406,275)	1,351,895
Temporarily restricted	222,740	34,136	1,286	6,002	19,056	93	5,100	156,897	6,851	—	(211,975)	241,386
Permanently restricted	1,689	—	—	—	15,252	—	400	1,276	18,709	—	(1,276)	36,050
Total net assets	1,273,750	101,033	96,746	191,865	267,113	54,952	(80,733)	391,569	54,495	(2,511)	(719,526)	1,629,131
Total liabilities and net assets	\$ 2,844,964	\$ 150,398	\$ 209,178	\$ 482,700	\$ 444,509	\$ 172,667	\$ 255,213	\$ 756,335	\$ 54,527	\$ 3,526	\$ (775,389)	\$ 4,599,238

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

See accompanying independent auditors' report



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

	Shore Health System, Inc.	Memorial Hospital Foundation, Inc. and Subsidiary	Care Health Services, Inc.	Shore Health Enterprises, Inc. and Subsidiary	Shore Clinical Foundation, Inc.	Chester River Consolidated Total	Eliminations	SHS consolidated total
<b>Liabilities and Net Assets</b>								
Current liabilities								
Trade accounts payable	\$ 14,238	26	112	—	688	5,370	—	20,434
Accrued payroll and benefits	17,877	20	277	—	2,341	4,376	—	25,091
Advances from third-party payors	5,368	—	—	—	—	819	—	6,187
Lines of credit	—	—	—	—	—	—	—	—
Other current liabilities	2,526	272	1	—	392	1,358	—	4,549
Current portion of long-term debt	3,084	—	—	—	—	112	—	3,196
Total current liabilities	43,093	318	390	—	3,621	12,035	—	59,457
Long-term debt, less current portion	93,421	—	—	—	—	4,763	—	98,184
Other long-term liabilities	12,535	—	—	—	—	7,210	—	19,745
Total liabilities	149,049	318	390	—	3,621	24,008	—	177,386
Net assets								
Unrestricted	189,472	47,972	3,639	—	697	46,560	(55,535)	232,805
Temporarily restricted	17,750	12,701	—	—	—	3,743	(14,538)	19,656
Permanently restricted	13,974	10,975	—	—	—	2,556	(12,253)	15,252
Total net assets	221,196	71,648	3,639	—	697	52,859	(82,326)	267,713
Total liabilities and net assets	\$ 370,245	\$ 71,966	\$ 4,029	\$ —	\$ 4,318	\$ 76,867	\$ (82,326)	\$ 445,099

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2014

(In thousands)

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

See accompanying independent auditors' report



UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division - University of Maryland Upper Chesapeake Health System (UCHHS)

June 30, 2014

(In thousands)

Assets	Upper Chesapeake Medical Center	Harford Memorial Hospital	UCH's Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co.	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
<b>Current assets</b>													
Cash and cash equivalents	\$ 30,533	20,838	20	—	258	8	36	—	—	—	—	—	51,713
Assets limited as to use, current portion	1,781	140	—	—	—	—	—	—	—	—	—	—	2,121
Accounts receivable	25,526	9,278	—	—	4,883	—	—	—	—	—	—	—	39,687
Prepaid accounts receivable, less allowance for doubtful accounts of \$16,881	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	5,976	3,187	—	—	299	—	—	—	—	—	—	—	9,462
Investments	1,005	2,041	14	—	911	2	8,019	58	—	1,282	—	—	13,132
Prepaid expenses and other current assets	64,843	35,684	34	—	6,751	10	8,055	58	—	1,282	—	—	116,317
<b>Total current assets</b>	<b>164,843</b>	<b>105,684</b>	<b>68</b>	<b>—</b>	<b>16,751</b>	<b>22</b>	<b>16,910</b>	<b>116</b>	<b>—</b>	<b>2,564</b>	<b>—</b>	<b>—</b>	<b>330,517</b>
<b>Investments</b>													
Assets limited as to use, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments held for swap collateral	27,952	—	—	—	—	—	—	—	—	—	—	—	27,952
Investment in service funds	3,407	648	—	—	—	—	—	—	—	—	—	—	4,055
Common funds	—	—	—	—	—	—	—	—	—	—	—	—	—
Board designated and endowment funds	41,568	58,666	—	—	—	475	16,987	—	—	—	—	—	117,696
Self-insurance trust funds	—	—	—	—	—	—	—	—	—	8,887	—	—	8,887
Funds restricted by donor	—	—	—	—	—	—	—	—	—	—	—	—	—
Pr-sonne interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Property and equipment, net</b>	<b>72,927</b>	<b>59,114</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>475</b>	<b>16,987</b>	<b>—</b>	<b>—</b>	<b>8,887</b>	<b>—</b>	<b>—</b>	<b>158,390</b>
Investments in joint ventures and other assets	222,288	30,713	105	568	1,555	2,666	6	2,320	—	6,129	3,325	—	263,556
	212,597	6,926	—	3,393	—	—	217	—	—	—	—	(11,390)	217,872
<b>Total assets</b>	<b>\$ 572,665</b>	<b>\$ 132,637</b>	<b>\$ 139</b>	<b>\$ 3,961</b>	<b>\$ 7,906</b>	<b>\$ 3,151</b>	<b>\$ 25,265</b>	<b>\$ 2,376</b>	<b>\$ —</b>	<b>\$ 16,298</b>	<b>\$ 3,325</b>	<b>\$ (11,390)</b>	<b>\$ 756,335</b>

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES

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

June 30 2014

(in thousands)

	Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co.	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
<b>Liabilities and Net Assets</b>													
<b>Current liabilities</b>													
Trade accounts payable	\$ 8,077	\$ 5,857	—	—	2,728	—	—	105	—	22	—	—	16,789
Accrued payroll and benefits	17,017	6,111	—	—	100	—	—	1,210	—	—	—	—	24,638
Advances from third party payors	5,983	1,827	—	—	—	—	—	—	—	—	—	—	7,810
Other current liabilities	(25,681)	35,435	20	1,784	4,811	393	8,019	3,742	—	644	3,385	65	32,617
Current portion of long term debt	3,667	514	—	—	—	—	—	—	—	—	—	—	4,181
Total current liabilities	9,063	49,744	20	1,784	7,839	393	8,019	5,077	—	666	3,385	65	86,055
Long term debt, less current portion	182,850	25,667	—	—	—	—	—	—	—	—	—	—	208,517
Other long-term liabilities	26,728	1,178	—	—	—	—	—	1	—	14,417	—	—	42,344
Interest rate swaps	27,850	—	—	—	—	—	—	—	—	—	—	—	27,850
Total liabilities	246,491	76,589	20	1,784	7,839	393	8,019	5,078	—	15,103	3,385	65	164,766
<b>Net assets</b>													
Unrestricted	164,784	56,048	119	2,177	67	2,283	9,548	(2,700)	—	1,195	(60)	(65)	233,346
Temporarily restricted	161,390	—	—	—	—	475	6,422	—	—	—	—	(11,390)	156,897
Permanently restricted	—	—	—	—	—	—	1,276	—	—	—	—	—	1,276
Total net assets	326,174	56,048	119	2,177	67	2,758	17,246	(2,700)	—	1,195	(60)	(11,455)	191,569
Total liabilities and net assets	\$ 572,665	\$ 132,637	139	\$ 3,961	\$ 7,906	\$ 3,151	\$ 25,265	\$ 2,378	—	\$ 16,298	\$ 3,325	\$ (11,390)	\$ 756,335

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Consolidating Balance Sheet Information by Division  
June 30, 2013  
(In thousands)

Assets	University of Maryland Medical Center	Rehabilitation & Chesapeake Institute	Midtown	Baltimore Washington	Shore Regional Shore Health	Chesapeake River	Charles Regional	St. Joseph Health	UNYS Foundation	Shipsley's	ECARE	Eliminations	Consolidated total
<b>Current assets</b>													
Cash and equivalents	143,939	6,887	6,911	38,267	14,256	5,989	28,806	6,398	—	832	—	—	252,205
Assets limited as to use - current portion	42,900	—	1,001	985	624	571	—	260	—	—	—	—	46,143
Accounts receivable	—	—	—	—	—	—	—	—	—	—	—	—	—
Patient accounts receivable - less allowance for doubtful accounts of \$160,675	136,721	14,671	27,860	44,359	32,967	5,974	12,104	46,120	—	—	—	—	140,780
Other	179,820	12,472	727	332	6,943	444	1,533	(61,554)	(1,200)	3,433	208	(102,168)	40,760
Inventories	20,225	1,054	2,691	6,743	3,921	405	1,459	4,523	—	—	—	—	41,021
Prepaid expenses and other current assets	7,071	—	127	2,008	1,753	40	554	1,560	1,500	—	—	—	14,113
Total current assets	550,676	35,084	39,317	92,694	60,464	13,346	44,460	(2,984)	300	4,265	208	(102,398)	735,422
<b>Investments</b>	146,659	12,038	—	51,744	15,467	5,727	1,621	10,220	—	—	—	—	461,476
Assets limited as to use - less current portion	58,642	—	—	8,000	—	—	—	—	—	—	—	—	66,642
Investments held in collateral	24,416	—	—	—	—	—	—	—	—	—	—	—	24,416
Investments in	79,575	14,001	1,401	13,744	5,070	1,127	962	41,069	—	—	—	—	163,809
Controlled funds	—	—	—	—	62,957	5,000	3,380	—	38,467	—	—	—	109,844
Board designated and Sackrow funds	—	—	24,607	19,439	16,275	3,476	—	1,808	—	—	—	—	100,848
Self insurance trust funds	40,043	—	1,140	—	25,740	1,774	—	—	21,670	—	—	—	90,325
Funds restricted by donor	—	—	—	—	—	—	—	—	—	—	—	—	—
Funds restricted by donor - net assets of related organizations	65,452	30,400	222	5,607	2,850	—	—	9,503	—	—	—	(77,008)	37,116
Property and equipment - net	277,948	44,491	27,572	46,440	112,800	11,378	4,542	59,380	60,117	—	—	(77,008)	507,780
Investments in joint ventures and other assets	845,193	45,132	104,396	259,662	133,048	26,346	96,092	189,418	—	6,471	1,918	—	1,707,676
Total assets	2,556,825	176,745	198,346	469,688	349,730	4,051	11,377	270,872	7,118	10,736	2,126	(467,466)	3,814,097

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES

Consolidating Balance Sheet Information by Division

June 30, 2011

(in thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Middown	Baltimore Washington	Shore Health	Shore Regional River	Charles Regional	St. Joseph Health	UNMS Foundation	Shipley's	FCARF	Eliminations	Consolidated total
<b>Liabilities and Net Assets</b>													
<b>Current liabilities</b>													
Trade accounts payable	\$ 145,463	8,093	15,266	21,788	14,374	6,045	7,511	20,643	50	409	190	—	259,832
Accrued payroll and benefits	89,822	3,222	14,757	21,159	19,585	4,719	5,117	18,808	—	—	—	—	171,409
Advances from third party payors	17,500	3,237	6,805	8,659	5,627	887	12,405	10,454	—	—	—	—	55,685
Accounts payable	83,090	—	—	—	—	—	12,405	—	—	—	—	—	95,495
Other current liabilities	165,414	1,860	8,677	9,698	3,127	(2,892)	4,528	2,547	—	—	2,822	(102,398)	93,806
Long term debt subject to short-term remarketing arrangements	19,123	—	—	—	—	—	—	—	—	—	—	—	91,383
Current portion of long term debt	14,616	463	778	3,802	3,021	112	2,376	13,634	—	—	—	—	19,123
Total current liabilities	594,728	18,653	46,281	67,306	45,734	8,871	34,787	66,086	50	409	3,012	(102,398)	781,541
Long term debt less current portion	631,191	22,191	35,960	196,747	96,505	5,048	67,141	247,861	—	—	—	—	1,104,046
Other long term liabilities	145,645	415	23,223	34,679	13,846	8,322	12,100	4,135	—	—	—	—	170,655
Intercorrelated swap liabilities	145,504	—	—	—	—	—	—	—	—	—	—	—	145,504
Total liabilities	1,480,558	41,463	107,464	298,732	156,085	22,241	114,028	319,082	50	409	3,012	(102,398)	2,440,776
<b>Net assets</b>													
Unrestricted	996,414	64,618	89,520	165,149	165,187	16,812	41,854	(52,667)	42,899	10,127	(886)	(297,074)	1,264,433
Temporarily restricted	79,370	30,624	1,162	5,607	14,601	387	210	4,107	6,603	—	—	(67,994)	74,877
Permanently restricted	413	—	—	—	13,857	1,388	—	350	18,003	—	—	—	34,011
Total net assets	1,076,237	95,242	90,882	170,956	193,645	18,607	44,064	(48,210)	67,505	10,127	(886)	(165,068)	1,373,321
Total liabilities and net assets	\$ 2,556,825	136,705	198,346	469,688	349,730	40,848	158,092	270,872	67,555	10,736	2,126	(407,466)	3,814,097

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

See accompanying independent auditors' report.

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

See accompanying independent auditors' report



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

	Baltimore Washington Medical System, Inc.	Baltimore Washington Medical Center	Baltimore Washington Healthcare Services	Baltimore Washington Health Enterprises	North County Corporation	Eliminations	BWMS consolidated total
<b>Liabilities and Net Assets</b>							
Current liabilities							
Trade accounts payable	\$ 18	20,374	579	744	73	—	21,788
Accrued payroll and benefits	906	21,672	617	137	27	—	23,359
Advances from third-party payors	—	8,639	—	—	—	—	8,639
Lines of credit	—	—	—	—	—	—	—
Other current liabilities	—	40,634	—	1,067	—	(32,003)	9,698
Current portion of long-term debt	—	3,161	—	416	225	—	3,802
Total current liabilities	924	94,500	1,196	2,364	325	(32,003)	67,306
Long-term debt, less current portion	—	183,145	—	10,096	3,506	—	196,747
Other long-term liabilities	—	33,981	—	698	—	—	34,679
Total liabilities	924	311,626	1,196	13,158	3,831	(32,003)	298,732
Net assets							
Unrestricted	170,957	115,123	8,791	1,881	8,280	(139,683)	165,349
Temporarily restricted	—	5,607	—	—	—	—	5,607
Permanently restricted	—	—	—	—	—	—	—
Total net assets	170,957	120,730	8,791	1,881	8,280	(139,683)	170,956
Total liabilities and net assets	\$ 171,881	432,356	9,987	15,039	12,111	(171,686)	469,688

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

See accompanying independent auditors' report



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

June 30, 2013

(In thousands)

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

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES

Consolidating Operations Information by Division

Year ended June 30, 2014

(in thousands)

	University of Maryland Medical Center	Rehabilitation & Community Institute	Middown	Baltimore Washington	Shore Regional	Charles Regional	St. Joseph Health	UCHS	UMMS Foundation	ECARF	Eliminations	Consolidated Total
Unrestricted revenues, grants and other support												
Patient Service Revenue (net of contractual adjustments)	\$ 1,357,791	108,350	203,823	415,668	318,581	132,411	370,036	232,656	—	—	(811)	3,142,595
Provision for bad debts	(68,664)	(8,878)	(28,854)	(44,860)	(16,820)	(7,410)	(15,307)	(12,983)	—	—	—	(225,071)
Net patient service revenue	1,271,127	99,472	180,959	371,188	301,761	123,001	350,469	219,668	—	—	(811)	2,916,814
Other operating revenue	1,000	—	—	—	—	—	—	—	—	—	—	1,000
State support	72,582	3,797	2,455	9,032	3,840	1,525	4,400	7,617	—	2,861	(1,097)	107,012
Other revenue	1,446,709	101,269	181,414	380,220	305,601	124,526	354,869	227,385	—	2,861	(1,098)	1,026,846
Total unrestricted revenues, grants and other support												
Operating expenses												
Salaries, wages and benefits	634,409	31,421	90,109	191,161	160,931	58,768	184,408	119,477	—	—	—	1,400,884
Provision for doubtful accounts	18,453	2,153	21,125	36,428	14,438	10,438	38,428	30,539	—	11	—	58,483
Provision for depreciation	140,201	20,540	33,146	66,379	62,609	26,075	88,999	9,290	—	4,190	(1,308)	471,890
Contractual services	130,202	8,648	23,237	12,095	17,039	3,805	7,932	13,023	—	—	—	208,748
Depreciation and amortization	78,760	4,617	12,183	24,147	17,822	4,332	13,928	13,023	—	305	—	169,117
Interest expense	26,661	780	1,306	6,932	3,616	2,701	9,235	3,288	—	—	—	54,519
Total operating expense	1,305,636	102,736	180,110	363,184	299,445	115,110	384,495	219,710	—	4,508	(1,308)	2,978,646
Operating income (loss)	41,073	533	3,304	12,036	6,156	9,416	(29,626)	7,555	—	(1,647)	(600)	48,200
Nonoperating income and expenses, net												
Change in fair value of undesignated interest rate swaps	(4,450)	—	—	—	—	—	—	1,010	—	—	—	(3,420)
Other nonoperating gains and losses	8,705	—	—	—	1,353	—	900	—	6,517	—	—	17,475
Equity in net income of joint ventures	8,440	—	(100)	—	216	68	924	—	—	—	—	9,548
Inherent contribution UCHS	114,416	—	—	—	—	—	—	—	—	—	—	114,416
Investment income	8,187	373	16	1,312	6,616	19	(1,613)	2,160	3,985	—	—	21,055
Change in fair value of investments	30,708	1,310	—	5,119	9,422	94	971	1,786	1,582	—	—	50,994
Other nonoperating gains and losses	(17,202)	(414)	(615)	(3,618)	(2,457)	(1,166)	(5,279)	(2,457)	(3,505)	—	—	(32,401)
Total other nonoperating gains and losses	158,274	1,269	(699)	2,815	15,150	(1,185)	(4,095)	999	8,579	—	—	181,107
Excess (deficiency) of revenues over expenses	194,897	1,802	2,605	14,851	21,306	8,231	(33,721)	9,564	8,579	(1,647)	(600)	225,887
Change in unrealized gains on investments	—	443	1,093	—	1,260	117	—	—	—	—	—	2,913
Contribution to economic interest in UCHS Leases Funding Corporation	(150,700)	—	—	—	—	—	—	—	—	—	—	(150,000)
Change in ownership interest in joint ventures	4,445	—	—	—	—	—	—	—	—	—	—	1,113
Change in ownership interest in joint ventures	4,489	—	1,633	5,163	9,400	4,868	—	—	(22,654)	—	(2,500)	1,857
Amortization of accumulated loss of discontinued designated interest rate swap	1,857	—	607	(102)	726	(1,615)	—	8,395	100	—	—	8,011
Change in funded status of defined benefit pension plans	—	—	—	—	(1,585)	—	—	—	—	—	—	(1,485)
Asset reclassifications at request of donor	908	14	2	2	(3,119)	(596)	155	(1,013)	11	—	—	(354)
Other	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in unrestricted net assets	\$ 52,867	2,259	5,940	19,914	30,288	11,005	(13,566)	16,966	(13,964)	(1,647)	(1,000)	87,462

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(in thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2014

(In thousands)

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

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES

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

Year ended June 30, 2014

(In thousands)

	Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice Home	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hospice of Harford County	Upper Chesapeake Insurance Co.	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Unrestricted revenues, gains and other support	\$ 153,663	\$ 54,836	—	—	23,927	210	—	—	—	—	—	—	232,656
Patient service revenue (net of contractual adjustments)	(7,016)	(4,469)	—	—	(1,482)	(21)	—	—	—	—	—	—	(12,988)
Provision for bad debts	146,647	50,387	—	—	22,445	189	—	—	—	—	—	—	219,668
Net patient service revenue	—	—	—	—	—	—	—	—	—	—	—	—	—
Other operating revenue	3,825	1,515	—	217	2,366	—	1,245	8,208	—	2,665	—	(12,741)	7,617
Other revenue	—	—	—	—	—	—	—	—	—	—	—	—	—
Total unrestricted revenue, gains and other support	150,472	51,902	—	217	24,811	506	1,245	8,208	—	2,665	—	(12,741)	237,285
Operating expenses	65,600	27,728	—	—	18,877	361	480	6,431	—	—	—	—	119,477
Salaries, wages and benefits	35,593	5,635	—	—	2,466	30	20	49	—	—	—	—	41,793
Leasable supplies	22,744	8,691	120	62	5,188	67	275	1,462	—	2,665	1	(10,618)	30,859
Purchased services	5,037	2,041	—	—	4,335	—	—	—	—	—	—	(2,123)	9,290
Contracted services	9,807	2,420	15	—	388	87	—	306	—	—	—	—	13,023
Depreciation and amortization	2,532	752	—	—	4	—	—	—	—	—	—	—	3,288
Interest expense	—	—	—	—	—	—	—	—	—	—	—	—	—
Total operating expenses	141,313	47,267	335	62	31,258	545	775	8,248	—	2,665	3	(12,741)	219,730
Operating income (loss)	\$ 9,159	\$ 4,635	(335)	155	(6,447)	(39)	470	(40)	—	—	(3)	—	\$ 7,555

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**  
Consolidating Operations Information by Division for Upper Chesapeake Health System (UCHS)  
Year ended June 30, 2014  
(In thousands)

	Upper Chesapeake Medical Center	Harford Memorial Hospital	UCHS Properties	Health Ventures	Medical Services	Residential Hospice House	Upper Chesapeake Health Foundation	Upper Chesapeake Health System	Hopkins of Harford County	Upper Chesapeake Insurance Co.	Upper Chesapeake Land Trust	Eliminations	Upper Chesapeake consolidated total
Nonoperating income and expenses, net	\$ —	—	—	—	—	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	1,010	—	—	—	—	—	—	—	—	—	—	—	1,010
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating gains and losses	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity in net income of joint ventures	308	925	—	—	—	—	923	—	—	—	—	—	—
Investment income	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of investments	—	1,786	—	—	4	—	—	—	—	—	—	—	2,160
Other nonoperating gains and losses	(2,826)	—	—	—	—	—	—	(121)	—	—	—	—	1,786
Total other nonoperating gains and losses	(2,318)	2,711	—	—	4	—	923	(321)	—	—	—	—	(2,947)
Income (loss) of revenues over expenses	7,871	7,146	(315)	155	(6,443)	(39)	1,391	(161)	—	—	(3)	—	9,584
Net assets held from restrictions used for purchase of property and equipment	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in restricted investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital transfers (to) from affiliates	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of designated interest rate swaps	8,395	—	—	—	—	—	—	—	—	—	—	—	8,395
Change in funded status of defined benefit pension plans	(1,013)	—	—	—	—	—	—	—	—	—	—	—	(1,013)
Other	15,253	7,346	(335)	155	(6,443)	(39)	1,391	(161)	—	—	(3)	—	16,946
Increase (decrease) in unrestricted net assets	\$ 15,253	7,346	(335)	155	(6,443)	(39)	1,391	(161)	—	—	(3)	—	16,946

See accompanying independent auditors' report.

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Consolidating Operations Information by Division

Year ended June 30, 2011

(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	Midtown	Baltimore Washington	Share Regional Health	Chester River	Charles Regional	St. Joseph Health	UNIMS Foundation	Shiloh's	E.C.A.R.E.	Eliminations	Consolidated total
Unrestricted revenues - gains and other support													
Patient Services Revenue (net of contractual adjustments)	\$ 1,329,661	102,474	199,078	371,965	241,242	64,256	121,159	184,784	—	—	—	(1,009)	2,615,590
Provision for bad debts	(106,093)	(4,060)	(17,739)	(24,573)	(6,427)	(2,856)	(4,937)	(8,111)	—	—	—	—	(151,457)
Net patient service revenue	1,242,963	97,874	181,119	349,768	214,815	61,600	116,172	176,611	—	—	—	(1,009)	2,462,113
Other operating revenue	3,000	—	—	—	—	—	—	—	—	—	—	—	3,000
State support	82,559	2,471	2,192	8,542	4,494	1,667	1,758	4,672	—	705	415	(2,062)	106,113
Other revenue	—	100,345	185,711	358,110	219,109	61,967	117,930	181,301	—	705	415	(3,071)	2,571,446
Total unrestricted revenue, gains and other support	\$ 1,328,522	200,345	369,022	716,380	438,418	133,234	353,892	473,584	—	1,410	830	(5,076)	3,043,462
Operating expenses													
Salaries, wages and benefits	614,986	53,836	97,609	192,223	134,200	32,634	58,277	108,561	—	—	—	—	1,295,416
Liftable supplies	270,481	16,163	21,058	61,468	13,038	7,067	19,207	42,144	—	—	—	—	470,219
Purchased services	171,393	14,992	26,549	63,729	46,294	12,980	21,198	57,519	—	426	1,288	(6,178)	414,180
Contractual services	117,061	11,068	11,919	31,297	11,767	6,152	14,861	11,001	—	—	—	—	211,021
Depreciation and amortization	37,041	3,146	3,782	11,342	5,142	2,144	5,142	3,142	—	198	—	—	64,811
Interest expense	28,564	712	1,426	2,791	1,466	214	1,122	1,894	—	—	—	—	49,199
Total operating expenses	\$ 1,200,645	101,611	180,181	364,852	242,659	62,131	110,164	214,126	—	624	1,011	(2,450)	2,585,226
Operating income (loss)	\$ 47,874	(1,268)	(1,672)	(6,542)	(1,320)	(3,864)	7,766	(5,521)	—	786	(886)	(586)	(13,760)
Nonoperating income and expenses, net	(111)	(22)	(35)	(187)	(86)	—	(2,956)	—	—	—	—	—	(3,397)
Loss on early extinguishment of debt	69,206	—	—	—	—	—	—	—	—	—	—	—	69,206
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating gains and losses	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity in net income of joint ventures	12,114	—	1,791	42	96	1,046	25	42	6,265	—	—	—	7,474
Interest income	1,076	806	57	1,076	972	964	440	1,971	2,709	—	—	(81)	16,279
Change in fair value of investments	15,135	—	224	3,177	9,772	1,076	(2,917)	(615)	815	—	—	—	17,248
Change in fair value of financial instrument	—	(95)	(678)	(4,510)	(2,703)	(389)	(97)	(8,187)	(6,183)	—	—	—	(23,877)
Other nonoperating gains and losses	(12,421)	927	1,106	(531)	8,097	1,419	(2,251)	(6,462)	1,406	—	—	—	(15,482)
Total other nonoperating gains and losses	23,764	927	1,106	(531)	8,097	1,419	(2,251)	(6,462)	1,406	—	—	—	32,169
Losses (deficits) of revenues over expenses	\$ 142,751	(181)	(2,111)	(6,782)	4,081	1,035	2,556	(59,285)	1,406	81	(886)	(667)	84,198
Acquisition of St. Joseph Foundation	—	—	—	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions and other nonoperating gains and losses	16,501	4,010	2,141	641	500	—	(1,465)	130	—	—	—	—	24,051
Change in unrealized gains on investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	1,170	—	—	—	—	—	—	—	—	—	—	—	1,170
Capital transfers (to) from affiliates	(12,801)	—	8,517	—	(36)	4,300	2,500	—	—	—	—	(2,500)	—
Change in fair value of interest rate swaps	3,046	—	9,922	3,340	1,626	2,934	1,626	—	—	—	—	—	3,046
Change in funded status of defined benefit pension plans	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	205,936	(16)	(16)	1	(609)	4	(185)	1,551	1,516	—	—	(205,637)	2,311
Increase (decrease) in unrestricted net assets	\$ 356,607	3,647	18,275	(2,800)	4,616	5,273	3,151	(52,687)	4,922	81	(886)	(208,541)	110,165

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

See accompanying independent auditors' report



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

See accompanying independent auditors' report.



**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

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

Year ended June 30, 2013

(In thousands)

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

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Combining Balance Sheet Information - Obligated Group

June 30, 2014  
(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
<b>Assets</b>												
<b>Current assets</b>												
Cash and cash equivalents	\$ 119,021	23,036	20,163	18,281	13,637	4,575	21,246	2,870	51,391	—	—	274,240
Assets limited as to use, current portion	45,943	—	993	1,140	645	265	912	477	2,123	—	—	52,498
Accounts receivable												
Patient accounts receivable less allowance	160,127	16,202	26,931	33,312	19,565	5,108	7,988	30,718	34,804	—	—	334,755
for doubtful accounts of \$182,900	165,070	1,681	3,593	701	16,090	(1,087)	11,707	(34,976)	—	—	—	96,985
Other	24,651	1,188	2,969	7,708	3,611	403	1,587	4,904	9,163	—	(67,754)	56,186
Inventories	5,967	10	142	1,530	1,455	104	206	1,438	3,046	1,500	—	15,398
Prepaid expenses and other current assets	520,741	42,117	54,791	62,672	55,023	9,368	45,646	5,431	100,527	1,500	(67,754)	830,062
<b>Total current assets</b>	<b>\$61,916</b>	<b>11,700</b>	<b>—</b>	<b>71,089</b>	<b>44,099</b>	<b>4,717</b>	<b>20,458</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>517,999</b>
<b>Investments</b>												
Assets limited as to use, less current portion	60,418	—	—	8,000	—	—	—	—	27,952	—	—	96,370
Investments held for collateral	33,781	—	1,603	—	—	—	—	—	4,055	—	—	39,439
Debt service funds	58,392	15,154	—	28,278	5,078	4,637	4,729	29,863	—	—	—	146,131
Construction funds	—	—	—	—	25,000	5,000	—	—	100,214	23,740	—	143,974
Other designated and eq. own. funds	54,750	—	21,055	21,910	19,157	5,185	6,860	5,900	—	—	—	134,857
State guaranteed bonds	—	—	1,175	—	4,350	70	—	—	—	22,393	—	28,188
Funds restricted by donor	—	—	—	—	—	—	—	—	—	—	—	—
Economic interests in the net assets of related organizations	202,189	34,003	111	6,602	74,782	5,834	5,147	9,503	—	—	(63,998)	274,173
	409,530	49,157	23,944	64,810	128,567	20,726	16,756	45,266	132,241	46,133	(63,998)	873,112
Property and equipment, net	887,175	45,430	100,253	223,802	130,732	27,444	70,840	197,626	253,011	—	—	1,936,313
Investments in joint ventures and other assets	663,332	—	11,559	15,157	11,824	1,454	4,476	9,321	219,323	6,894	(655,328)	288,612
<b>Total assets</b>	<b>\$ 2,862,694</b>	<b>150,404</b>	<b>190,947</b>	<b>439,510</b>	<b>370,245</b>	<b>63,729</b>	<b>158,176</b>	<b>257,844</b>	<b>705,702</b>	<b>\$4,527</b>	<b>(787,280)</b>	<b>4,446,118</b>

\* Includes both Upper Chesapeake Medical Center & Harford Memorial Hospital

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Combining Balance Sheet Information - Obligated Group

June 30, 2014  
(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Medical Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Cluster River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	Upper Chesapeake Hospitals*	UMMS Foundation	Eliminations	Obligated group total
<b>Liabilities and Net Assets</b>												
<b>Current liabilities</b>												
Trade accounts payable	\$ 142,885	5,762	13,582	19,564	14,238	4,636	8,643	25,301	13,914	32	—	248,577
Accrued payroll and benefits	96,947	4,857	12,753	22,799	17,877	3,448	5,307	21,118	23,128	—	—	208,234
Advances from third-party payors	71,498	3,880	8,757	9,965	5,368	734	3,449	12,066	7,810	—	—	123,527
Lines of credit	105,000	—	—	—	—	—	12,000	—	—	—	—	117,000
Short term financing	150,000	—	—	—	—	—	—	—	—	—	—	150,000
Other current liabilities	84,899	6,449	15,231	26,675	2,526	1,351	1,377	3,239	9,754	—	(67,754)	83,747
Long term debt subject to short-term remarketing arrangements	77,574	—	—	—	—	—	—	—	—	—	—	77,574
Current portion of long-term debt	13,249	463	680	3,296	3,084	82	2,007	4,363	4,181	—	—	31,405
Total current liabilities	742,052	21,411	51,003	82,299	43,093	10,251	32,783	66,087	58,807	32	(67,754)	1,040,064
Long-term debt, less current portion	558,828	22,003	34,313	179,849	93,421	4,702	59,257	244,542	208,517	—	—	1,405,432
Other long-term liabilities	119,845	413	26,138	36,286	12,575	6,900	15,491	6,995	27,906	—	—	252,111
Interest rate swap liabilities	148,097	—	—	—	—	—	—	—	27,850	—	—	175,947
Total liabilities	1,568,422	43,829	111,454	298,434	149,049	21,853	107,531	317,624	323,080	32	(67,754)	2,871,554
<b>Net assets</b>												
Unrestricted	1,040,843	72,572	78,207	134,494	180,472	38,744	50,552	(59,781)	220,832	28,935	(506,275)	1,297,595
Temporarily restricted	222,740	34,003	1,286	6,602	17,756	1,854	93	1	161,350	6,431	(211,975)	240,595
Permanently restricted	1,689	—	—	—	13,974	1,278	—	—	—	18,709	(1,276)	34,374
Total net assets	1,274,272	106,575	79,493	141,096	221,196	41,876	50,645	(59,780)	382,222	54,495	(719,526)	1,372,564
Total liabilities and net assets	\$ 2,842,694	\$ 150,404	\$ 190,947	\$ 439,530	\$ 370,245	\$ 63,729	\$ 158,176	\$ 257,844	\$ 705,302	\$ 86,527	\$ (787,280)	\$ 4,446,118

\* Includes both Upper Chesapeake Medical Center & Harford Memorial Hospital

See accompanying independent auditors' report

UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES

Combining Balance Sheet Information - Obligated Group

June 30, 2011  
(In thousands)

Assets	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Centers, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	UMMS Foundation	Eliminations	Obligated Group Total
<b>Current assets</b>											
Cash and cash equivalents	142,414	6,887	6,522	37,209	13,480	2,313	28,125	(8,333)	—	—	228,617
Assets limited as to use, current portion	42,900	—	1,001	985	624	573	—	260	—	—	46,343
Accounts receivable	—	—	—	—	—	—	—	—	—	—	—
Patient accounts receivable, less allowance for doubtful accounts of \$137,700	156,593	14,631	26,988	38,987	30,069	5,063	11,705	40,360	—	—	324,396
Other	194,804	17,699	1,722	332	4,283	411	17,022	(27,966)	(1,200)	(102,398)	104,709
Inventories	20,186	1,054	2,691	6,743	3,921	405	1,459	4,496	—	—	40,955
Prepaid expenses and other current assets	7,015	—	127	1,447	986	—	460	735	1,500	—	12,270
<b>Total current assets</b>	<b>563,912</b>	<b>40,271</b>	<b>39,051</b>	<b>85,703</b>	<b>53,363</b>	<b>8,765</b>	<b>58,771</b>	<b>9,552</b>	<b>300</b>	<b>(102,398)</b>	<b>757,290</b>
<b>Investments</b>											
Assets limited as to use, less current portion	146,659	12,038	—	51,744	35,467	1,792	—	—	—	—	449,700
Investments held for collateral	58,602	—	—	8,000	—	—	—	—	—	—	66,602
Debt service funds	34,216	—	—	—	—	—	—	—	—	—	34,216
Construction funds	79,575	14,001	1,603	13,394	5,078	1,127	962	48,069	—	—	163,809
Board designated and escrow funds	—	—	—	—	25,000	5,000	—	—	38,467	—	68,467
Self-insurance trust funds	40,043	—	24,607	19,439	16,275	3,392	—	1,808	—	—	105,564
Funds restricted by donor organizations	—	—	1,140	—	4,137	44	—	—	21,670	—	26,991
Economic interests in the net assets of related organizations	65,347	30,490	222	5,607	65,507	5,886	—	9,503	—	(77,008)	105,554
<b>Property and equipment, net</b>	<b>277,843</b>	<b>44,491</b>	<b>27,572</b>	<b>46,440</b>	<b>115,997</b>	<b>15,449</b>	<b>962</b>	<b>59,380</b>	<b>60,137</b>	<b>(77,008)</b>	<b>571,263</b>
<b>Investments in joint ventures and other assets</b>	<b>835,770</b>	<b>45,127</b>	<b>102,169</b>	<b>236,734</b>	<b>127,156</b>	<b>24,145</b>	<b>69,010</b>	<b>175,707</b>	<b>—</b>	<b>—</b>	<b>1,615,818</b>
<b>Total assets</b>	<b>\$ 2,546,087</b>	<b>\$ 141,927</b>	<b>\$ 177,866</b>	<b>\$ 432,356</b>	<b>\$ 343,942</b>	<b>\$ 53,739</b>	<b>\$ 143,406</b>	<b>\$ 256,570</b>	<b>\$ 7,118</b>	<b>\$ (277,733)</b>	<b>\$ 3,706,029</b>

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Combining Balance Sheet Information - Obligated Group

June 30, 2013  
(In thousands)

Liabilities and Net Assets		University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center, Inc.	Shore Health System, Inc.	Chester River Medical Center	Charles Regional Medical Center	St. Joseph Medical Center	UNMS Foundation	Eliminations	Obligated group total
Current liabilities												
Trade accounts payable	\$	142,190	8,069	15,250	20,374	11,913	5,267	7,136	17,679	50	—	227,928
Accrued payroll and benefits		88,879	5,117	14,757	21,672	17,025	3,840	4,978	15,085	—	—	171,353
Advances from third-party payors		72,725	3,037	6,803	8,659	5,627	751	10,454	10,454	—	—	111,291
Lines of credit		83,000	—	—	—	—	—	12,000	—	—	—	95,000
Other current liabilities		163,671	1,860	8,677	40,634	2,370	(3,009)	1,250	2,003	—	(102,398)	115,018
Long-term debt subject to short-term remarketing arrangements		19,123	—	—	—	—	—	—	—	—	—	19,123
Current portion of long-term debt		14,616	463	604	3,161	3,021	82	1,966	4,362	—	—	28,275
Total current liabilities		584,164	18,546	46,091	94,500	39,956	6,931	30,565	49,583	50	(102,398)	767,988
Long-term debt, less current portion		631,325	22,393	34,993	183,145	96,505	4,783	61,349	248,861	—	—	1,283,154
Other long-term liabilities		108,965	415	25,222	33,981	13,836	8,161	12,100	3,775	—	—	206,455
Interest rate swap liabilities		145,504	—	—	—	—	—	—	—	—	—	145,504
Total liabilities		1,469,958	41,354	106,306	311,626	150,297	19,875	104,014	302,219	50	(102,398)	2,403,301
Net assets												
Unrestricted		996,451	70,083	69,918	115,123	165,187	32,161	39,182	(45,650)	42,899	(286,747)	1,198,607
Temporarily restricted		79,265	30,490	1,362	5,607	14,601	332	210	1	6,603	(67,994)	70,477
Permanently restricted		413	—	—	—	13,857	1,371	—	—	18,003	—	33,644
Total net assets		1,076,129	100,573	71,280	120,730	193,645	33,864	39,392	(45,649)	67,505	(354,741)	1,302,728
Total liabilities and net assets	\$	2,546,087	141,927	177,586	432,356	343,942	53,739	143,406	256,570	67,555	(457,139)	3,706,029

See accompanying independent auditors' report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**  
Combining Operating Information - Obligated Group  
Year ended June 10, 2014  
(In thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Wilkes Medical Center	Minuteman Hospital	Shore Health System Dorchester General	QALC QALC C	Subtotal	Chesapeake Hospital Center	St. Joseph Medical Center	Upper Chesapeake Hospital*	UMMS Foundation	Eliminations	Obligated Group Total
Unrestricted revenues, gains and other support	\$ 1,355,310	107,626	206,188	359,664	175,310	49,049	4,445	229,404	57,110	114,749	208,519	—	(811)	2,966,284
Patient service revenue (net of contractual adjustments)	(86,868)	(3,765)	(25,203)	(27,697)	(13,418)	(1,353)	(188)	(11,979)	(4,461)	(15,690)	(11,485)	—	—	(20,412)
Provision for bad debts	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net patient service revenue	1,268,442	98,861	180,985	331,967	161,892	47,696	4,257	217,425	52,649	99,059	197,034	—	(811)	2,764,872
Other operating revenue	1,000	—	—	—	—	—	—	—	—	—	—	—	—	—
State support	69,485	3,796	1,562	1,413	2,656	414	10	3,080	284	3,156	5,340	—	—	1,000
Total unrestricted revenue, gains and other support	1,340,947	102,657	182,547	333,400	170,128	48,110	4,267	220,505	52,933	102,215	202,374	—	(1,097)	2,857,222
Operating expenses	611,085	10,791	98,109	160,741	79,457	22,101	1,244	105,002	23,191	128,340	91,328	—	—	1,137,727
Salaries, wages and benefits	394,525	20,131	32,139	61,394	29,862	3,859	463	33,684	5,193	79,055	41,228	—	—	571,359
Medical supplies	104,307	20,131	23,237	38,416	15,111	1,912	1,036	4,466	1,041	14,180	7,017	—	—	106,944
Pharmaceuticals	110,802	8,648	21,237	8,649	4,555	2,442	957	7,951	3,187	14,180	7,017	—	(1,100)	209,944
Contracted services	78,474	4,615	11,762	22,214	10,613	2,260	1,150	14,032	3,094	13,266	12,227	—	—	163,422
Depreciation and amortization	26,118	780	1,234	6,341	2,714	191	517	1,432	166	8,852	1,284	—	—	52,211
Interest expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total operating expenses	1,297,808	101,892	178,869	319,011	160,829	39,674	2,584	200,082	47,354	210,933	118,580	—	(1,389)	2,259,701
Operating income (loss)	43,439	765	3,678	16,389	9,299	6,436	(3,317)	12,418	5,579	(8,718)	13,794	—	(600)	97,221
Nonoperating income and expenses, net	(4,450)	—	—	—	—	—	—	—	—	—	1,030	—	—	(3,420)
Change in fair value of undesignated interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating gains and losses	8,705	—	—	—	(11)	—	—	(11)	—	—	—	—	—	15,191
Lease income from real estate	5,876	—	—	—	216	—	—	216	—	—	—	—	—	7,004
Inherent contribution - UCILS	114,436	—	—	—	—	—	—	—	—	—	—	—	—	114,436
Investment income	30,776	171	16	112	1,899	6	1	1,696	1,041	(2,854)	1,233	—	—	17,027
Change in fair value of investments	(12,212)	(414)	(615)	(1,128)	(878)	(265)	(17)	(1,180)	(72)	(6,483)	(2,260)	—	—	(10,511)
Other nonoperating gains and losses	155,389	1,289	(1,599)	3,103	7,625	(232)	(30)	7,640	889	(824)	393	—	—	170,502
Total other nonoperating gains and losses	194,379	2,014	1,079	19,472	17,181	6,224	(3,147)	20,058	6,548	(14,131)	15,217	—	(600)	264,803
Net assets released from restrictions used for purchase of property and equipment	—	443	1,093	—	343	—	—	343	848	—	—	—	—	2,844
Change in fair value of investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contribution to common interest in UCILS	(150,000)	—	—	—	(5,194)	—	—	(5,194)	(1,455)	—	—	—	—	(156,649)
Funding Contribution	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	2,158	—	—	—	—	—	—	—	—	—	—	—	—	2,158
Capital transfer (total from affiliate)	4,090	—	1,508	—	9,400	—	—	9,400	—	—	—	—	—	(3,288)
Assets transferred to or from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in funded status of defined benefit pension plans	1,857	—	607	(102)	—	—	—	—	—	—	8,705	—	—	1,857
Assets classified as in liquidation	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	989	12	2	1	(322)	—	—	(323)	(84)	—	(1,013)	—	—	100
Increase (decrease) in unrestricted net assets	\$ 53,392	\$ 2,649	\$ 2,599	\$ 19,371	\$ 21,408	\$ 6,224	\$ (3,347)	\$ 34,295	\$ 6,548	\$ (14,131)	\$ 22,590	\$ (13,964)	\$ (2,500)	\$ 117,783

\* Includes both Upper Chesapeake Medical Center &amp; United Memorial Hospital

See accompanying independent auditor's report

**UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION  
AND SUBSIDIARIES**

Combining Operating Information - Obligated Group

Year ended June 30, 2011

(in thousands)

	University of Maryland Medical Center	Rehabilitation & Orthopaedic Institute	University of Maryland Midtown Campus	Baltimore Washington Medical Center	Memorial Hospital	Shore Health System Dorchester General	QAC	Subtotal	Chester River Hospital Center	Charmers Regional Medical Center	St. Joseph Medical Center	UMMS Foundation	Eliminations	Obligated group total
Unrestricted revenues, gains and other support														
Patient service revenue (net of contractual adjustments)	\$ 1,322,091	101,611	197,444	329,657	168,514	49,757	4,128	222,399	53,929	118,309	146,993	—	(1,009)	2,494,474
Provision for bad debts	(87,889)	(4,841)	(14,141)	(11,153)	(4,690)	(1,368)	(489)	(6,153)	(2,553)	(1,922)	(15,066)	—	—	(116,602)
Net patient service revenue	1,234,202	96,770	183,303	318,504	163,824	48,389	4,039	216,246	51,376	116,387	131,927	—	(1,009)	2,377,872
Other operating revenue	3,000	—	—	—	—	—	—	—	—	—	—	—	—	3,000
State support	79,256	2,471	1,483	4,066	2,570	193	15	2,978	104	529	1,752	—	(2,062)	90,777
Other revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total unrestricted revenue, gains and other support	1,316,458	99,241	184,786	322,570	166,394	48,582	4,054	219,224	51,680	116,916	133,679	—	(3,071)	2,451,649
Operating expenses														
Salaries, wages and benefits	610,738	51,206	97,609	168,709	81,986	21,815	1,359	100,160	26,251	55,984	76,046	—	—	1,197,705
Expenses, supplies	270,133	16,150	21,058	60,662	26,156	4,773	558	31,487	6,190	18,953	18,850	—	—	466,483
Purchased services	164,728	18,767	22,797	59,982	10,861	9,605	880	41,146	10,071	18,137	18,666	—	(6,178)	370,318
Contractual services	151,151	15,151	15,151	15,151	15,151	15,151	15,151	15,151	15,151	15,151	15,151	—	—	770,604
Depreciation and amortization	72,263	1,860	11,243	21,467	10,772	2,274	1,116	18,181	3,086	3,892	3,544	—	—	104,163
Interest expense	28,390	949	1,343	7,021	2,592	348	540	3,486	206	2,802	3,544	—	—	47,741
Total operating expenses	1,208,403	101,000	188,089	326,927	156,018	42,329	7,563	205,910	51,866	103,915	113,310	—	(2,483)	2,427,005
Operating income (loss)	51,055	(1,461)	(3,253)	(4,409)	10,376	6,253	(3,509)	13,314	(1,866)	10,001	(19,631)	—	(586)	28,644
Nonoperating income and expenses, net	(111)	(22)	(35)	(187)	(86)	—	—	(86)	—	(2,956)	—	—	—	(3,197)
Loss on early extinguishment of debt	69,206	—	—	—	—	—	—	—	—	—	—	—	—	69,206
Change in fair value of undepreciated interest rate swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating gains and losses	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity in net income of joint ventures	9,945	—	—	—	25	—	—	25	—	28	—	—	—	6,118
Change in fair value of investments	10,166	16	17	1,027	43	—	—	43	89	411	1,971	—	—	11,427
Change in fair value of financial instrument	15,335	906	324	3,317	5,597	—	—	5,597	(246)	40	—	—	—	18,291
Other nonoperating gains and losses	(12,421)	(129)	(678)	(4,209)	(1,758)	—	—	(1,758)	621	(2,917)	(8,150)	—	—	(12,917)
Total other nonoperating gains and losses	22,695	893	(397)	216	4,515	—	—	4,515	1,252	(3,311)	(6,179)	—	—	(32,772)
Excess (deficiency) of revenues over expenses	142,945	(590)	(3,685)	(4,380)	14,797	6,255	(3,509)	17,543	1,066	4,734	(45,810)	3,406	(586)	25,000
Net assets relieved from restrictions used for purchase of property and equipment	16,503	4,010	2,141	641	580	—	—	980	—	(1,46)	110	—	—	24,081
Change in net assets from non-restricted investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in economic and beneficial interests in the net assets of related organizations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of joint ventures	1,170	—	—	—	—	—	—	—	—	—	—	—	—	1,170
Capital transfers (to) from affiliates	(12,801)	—	7,537	—	(12,433)	—	—	(12,433)	4,100	—	—	—	(2,500)	(15,897)
Change in fair value of designated interest rate swaps	3,046	—	—	—	—	—	—	—	—	—	—	—	—	3,046
Change in fair value of designated interest rate pension plans	—	—	9,922	1,340	—	—	—	—	2,934	1,626	—	—	—	19,822
Net gains from nonconsolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other	205,842	2	(10)	(1)	(1,074)	—	—	(1,074)	(98)	197	93	1,516	(205,657)	774
INCREASE (DECREASE) in unrestricted net assets	356,603	3,443	15,901	(400)	1,870	6,255	(3,509)	4,616	8,202	8,411	(45,367)	4,922	(205,773)	147,539

See accompanying independent auditors' report



# Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

Department of the Treasury  
Internal Revenue Service

► File a separate application for each return.  
► Information about Form 8868 and its instructions is at [www.irs.gov/form8868](http://www.irs.gov/form8868).

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **1**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

**Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on **e-file for Charities & Nonprofits**

## **Part I Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only ☐ **2**

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

		Enter filer's identifying number, see instructions
Type or print  File by the due date for filing your return. See instructions	Name of exempt organization or other filer, see instructions <b>UPPER CHESAPEAKE MEDICAL CENTER</b>	Employer identification number (EIN) or <b>52-1253920</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>500 UPPER CHESAPEAKE DRIVE</b>	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>BEL AIR, MD 21014</b>	

Enter the Return code for the return that this application is for (file a separate application for each return) ☐ **0** ☒ **1**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► JOSEPH E. HOFFMAN, III

Telephone No. ► 443 643-3340 Fax No ► \_\_\_\_\_

- If the organization does not have an office or place of business in the United States, check this box ☐ **3**
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box ☐ **4** . If it is for part of the group, check this box ☐ **5** and attach a list with the names and EINs of all members the extension is for.

**1** I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 2/15, 20 15, to file the exempt organization return for the organization named above. The extension is for the organization's return for:  
► ☐ calendar year 20 \_\_\_\_ or

► ☒ tax year beginning JAN. 1, 20 14, and ending JUNE 30, 20 14.

**2** If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return  
☒ Change in accounting period

<b>3a</b> If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	<b>3a</b>	\$ NONE
<b>b</b> If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	<b>3b</b>	\$ NONE
<b>c</b> <b>Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>3c</b>	\$ NONE

**Caution.** If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box ☒ **X**
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1)

**Part II Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed)

Type or print  File by the due date for filing your return. See instructions.	Enter filer's identifying number, see instructions	
	Name of exempt organization or other filer, see instructions <b>UPPER CHESAPEAKE MEDICAL CENTER</b>	Employer identification number (EIN) or <b>52-1253920</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>520 UPPER CHESAPEAKE DRIVE</b>	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <b>BEL AIR, MD 21014</b>	

Enter the Return code for the return that this application is for (file a separate application for each return)

0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of ► **JOSEPH E. HOFFMAN, III, 520 UPPER CHESAPEAKE DRIVE BEL AIR, MD 21014**  
Telephone No. ► **443 643-3340** Fax No. ►
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until **05/15**, 20 **15**.
- 5 For calendar year , or other tax year beginning **JAN 1**, 20 **14**, and ending **JUNE 30**, 20 **14**.
- 6 If the tax year entered in line 5 is for less than 12 months, check reason ☐ Initial return ☐ Final return  
☒ Change in accounting period
- 7 State in detail why you need the extension **ADDITIONAL TIME NEEDED TO FILE A COMPLETE AND ACCURATE RETURN**

8a	If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0
b	If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	0
c	Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	8c	\$	0

**Signature and Verification must be completed for Part II only.**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ►

**Burslee Armstrong**

Title ►

**CPA**

Date ►

**2/11/15**