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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public.

▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07/01 , 2013, and ending 06/30 , 20 14

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

C Name of organization DOCTORS HOSPITAL INC
Doing Business As Doctors Community Hospital
Number and street (or P O box if mail is not delivered to street address) 8118 Good Luck Road   Room/suite
City or town, state or province, country, and ZIP or foreign postal code Lanham, MD, 20706-2418

D Employer identification number 52-1638026
E Telephone number 301-552-8028
G Gross receipts $ 188,239,683

F Name and address of principal officer Camille R Bash
8118 Good Luck Road, Lanham, MD 20706

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: ▶ dchweb.org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶
L Year of formation 1990
M State of legal domicile MD

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: Opened in 1975 by a group of leading community physicians, Doctors Community Hospital is a private, not-for-profit hospital located in Lanham, Maryland. Doctors Community (Continued on Schedule O, Statement 2)

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	1,644
6	Total number of volunteers (estimate if necessary)	6	320
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	509,511
b	Net unrelated business taxable income from Form 990-T, line 34	7b	180,888

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	0	0
	9	Program service revenue (Part VIII, line 2g)	179,888,798	186,762,510
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,679,487	1,477,173
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	181,568,285	188,239,683
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	92,802,179	95,390,271
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 3,108,279		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	87,483,677	90,658,563
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	180,285,856	186,048,834
	19	Revenue less expenses. Subtract line 18 from line 12	1,282,429	2,190,849
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	258,597,942	262,622,288
	21	Total liabilities (Part X, line 26)	209,895,705	211,672,663
	22	Net assets or fund balances. Subtract line 21 from line 20	48,702,237	50,949,625

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1013
MAY 21 2015
OGDEN, UT
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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
▶ Camille Bash, CFO
Type or print name and title

Paid Preparer Use Only

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

Firm's name ▶   Firm's EIN ▶
Firm's address ▶   Phone no

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

918-27

4

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission.

The hospital offers a broad range of inpatient and outpatient services, a number of specialty and subspecialty services, and a full range of ancillary and support services. It provides healthcare services to the citizens of Prince Georges County and the surrounding community. The Hospital provides healthcare services to patients regardless of the patients' ability to pay.

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 $ **130,813,357** including grants of $ **0**) (Revenue $ **186,762,510**)

Providing accessible, high quality inpatient and ambulatory healthcare services to members of the community, which includes most of Prince George's County, Maryland and surrounding areas. The Hospital provides healthcare services to patients regardless of the patients' ability to pay.

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

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

4d Other program services (Describe in Schedule O.)
(Expenses $ **0** including grants of $ **0**) (Revenue $ **0**)

4e Total program service expenses ▶ **130,813,357**

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	✓	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		✓
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		✓
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		✓
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		✓
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		✓
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		✓
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		✓
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		✓
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		✓
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	✓	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	✓	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c	✓	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	✓	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	✓	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	✓	
12 a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		✓
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	✓	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		✓
14 a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		✓
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		✓
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		✓
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		✓
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		✓
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		✓
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		✓
20 a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	✓	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	✓	

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		✓
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		✓
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	✓	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a	✓	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		✓
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		✓
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		✓
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		✓
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		✓
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II	26		✓
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		✓
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions).			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a	✓	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b	✓	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		✓
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		✓
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		✓
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		✓
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		✓
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33	✓	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	✓	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	✓	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b	✓	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		✓
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		✓
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	✓	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

Line	Question	Box	Amount	Line	Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	156			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	✓	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1644			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	✓	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	✓	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*			3b	✓	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		✓
b	If "Yes," enter the name of the foreign country: ▶ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?			6a		✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		✓
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		✓
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		✓
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		✓
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		✓
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter:					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter:					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		✓
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . .	1a	11		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.				
b	Enter the number of voting members included in line 1a, above, who are independent .	1b	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			✓
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? .	3			✓
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			✓
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5			✓
6	Did the organization have members or stockholders?	6			✓
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			✓
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			✓
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		✓	
b	Each committee with authority to act on behalf of the governing body?	8b		✓	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9			✓

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its 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, physical address, and telephone number of the person who possesses the books and records of the organization: ▶ **Doctors Hospital Inc, (301)552-8028**

8118 Good Luck Road, Lanham, MD 20706-2418

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, 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			
Charlene Dukes Phd	1									
Board Member	0	✓						0	0	0
Robert Bonaventure	1									
Board Member	0	✓						0	0	0
Mushtaq Shah MD	1									
ExOffico Medical Staff	0	✓						0	0	0
Joanne Goldsmith	1									
Board Member	0	✓						0	0	0
Charles Dukes	1									
Board Member	1	✓						0	0	0
Richard J Ham	1									
Board Member	0	✓						0	0	0
Philip B Down	39									
CEO	1	✓		✓				1,030,515	0	403,775
Rene LaVigne	1									
Chairman of the Board	0	✓						0	0	0
Michael P Errico	1									
Board Member	0	✓						0	0	0
Timothy J Adams	1									
Board Member	0	✓						0	0	0
Dwayne Leslie	1									
Board Member	0	✓						0	0	0
Camille Bash	39									
Treasurer/CFO	1			✓				269,939	0	50,007
Gabriel Jaffe MD	30									
Vice President Medical Affairs	0				✓			232,041	352,019	0
Paul R Grenaldo	39									
Executive Vice President	1				✓			312,628	0	52,543

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (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			
Paula L Bruening	40									
Vice President, Patient Care	0				✓			253,289	0	31,572
Robyn Webb-Williams	1									
Vice President Foundation	39				✓			118,137	0	2,403
Donald Yablonowitz MD	20									
UR Medical Director	0				✓			105,788	0	0
Alan Johnson	39									
CIO	1				✓			180,195	0	54,630
Paul Hagens	40									
Vice President Human Resources	0				✓			116,742	0	0
Chester A DiLallo	40									
Physician	0					✓		185,553	0	375
Bryan C Ego-Osuala MD	40									
Physician	0					✓		323,462	0	12,749
Leonid Selya	40									
Physician	0					✓		248,477	0	10,182
Joseph Crowe	40									
Physician	0					✓		188,003	0	9,104
John Joly	40									
Physician	0					✓		185,553	0	8,179
Dennis P Scanlon	0									
Treasurer- retired	0						✓	145,760	0	0
Thomas J Crowley	0									
Executive Vice President - retired	0						✓	120,129	0	0
Charlene B Lundgren	0									
Vice President Human Resources - retired	0						✓	156,197	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			
1b **Sub-total** ▶								4,172,408	352,019	635,519
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								4,172,408	352,019	635,519

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 ▶ **100000**

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

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
See Schedule O, Statement 3		

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ **14**

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues . . .	1b				
	c	Fundraising events . . .	1c				
	d	Related organizations . .	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f. $					
	h	**Total.** Add lines 1a–1f . . . . . ▶		0			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	622000	181,972,343	181,462,832	509,511	0
	b	OTHER OPERATING REVENUE	621000	4,784,047	4,598,862	0	185,185
	c						
	d						
	e						
	f	All other program service revenue .		6,120	6,120	0	0
	g	**Total.** Add lines 2a–2f . . . . . ▶		186,762,510			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,480,173	1,477,601	0	2,572
	4	Income from investment of tax-exempt bond proceeds ▶		0	0	0	0
	5	Royalties . . . . . ▶		0	0	0	0
			(i) Real / (ii) Personal				
	6a	Gross rents . .					
	b	Less: rental expenses					
	c	Rental income or (loss)	0 / 0				
	d	Net rental income or (loss) . . . ▶					
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	0 / -3,000				
	b	Less: cost or other basis and sales expenses	0 / 0				
	c	Gain or (loss) . .	0 / -3,000				
	d	Net gain or (loss) . . . . . ▶		-3,000	0	0	-3,000
Other Revenue	8a	Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18 . . . . a					
	b	Less: direct expenses . . . b					
	c	Net income or (loss) from fundraising events . ▶					
	9a	Gross income from gaming activities. See Part IV, line 19 . . . . . a					
	b	Less: direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . . . a					
	b	Less: cost of goods sold . . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		0			
	12	**Total revenue.** See instructions. . . . . ▶		188,239,683	187,545,415	509,511	184,757

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0	0		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22 . . .	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 .	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	2,928,946	0	2,928,946	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) . .	307,965	0	307,965	0
7 Other salaries and wages	77,630,093	56,018,641	21,611,452	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	338,334	247,915	90,419	0
9 Other employee benefits	12,976,205	9,508,355	3,467,850	0
10 Payroll taxes	1,208,728	885,699	323,029	0
11 Fees for services (non-employees):				
a Management	23,765,627	17,414,338	6,351,289	0
b Legal	718,904	526,779	192,125	0
c Accounting	771,273	565,153	206,120	0
d Lobbying	0	0	0	0
e Professional fundraising services See Part IV, line 17				
f Investment management fees	0	0	0	0
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . .	572,416	419,440	152,976	0
12 Advertising and promotion	680,325	498,510	181,815	0
13 Office expenses	280,778	205,741	75,037	0
14 Information technology	0	0	0	0
15 Royalties	0	0	0	0
16 Occupancy	0	0	0	0
17 Travel	94,107	68,957	25,150	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings .	124,370	91,133	33,237	0
20 Interest	7,826,868	5,735,162	2,091,706	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization .	8,860,147	6,492,301	2,367,846	0
23 Insurance	2,671,162	1,957,302	713,860	0
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a supplies	32,385,901	23,730,871	8,655,030	0
b repairs and maintenance	4,185,495	3,066,935	1,118,560	0
c rentals	4,420,217	3,238,928	1,181,289	0
d				
e All other expenses	3,300,973	141,197	51,497	3,108,279
25 **Total functional expenses.** Add lines 1 through 24e	186,048,834	130,813,357	52,127,198	3,108,279
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing	24,000	1	24,000
	2	Savings and temporary cash investments	22,897,579	2	24,060,346
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	23,207,378	4	22,085,095
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net	10,499,209	7	10,759,129
	8	Inventories for sale or use	3,518,696	8	3,478,599
	9	Prepaid expenses and deferred charges	1,901,695	9	2,332,579
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a: 221,932,728			
	b	Less: accumulated depreciation — 10b: 109,821,313	116,612,851	10c	112,111,415
	11	Investments—publicly traded securities		11	
	12	Investments—other securities. See Part IV, line 11	13,350,845	12	14,162,333
	13	Investments—program-related. See Part IV, line 11	18,770,351	13	26,366,883
	14	Intangible assets	3,241,788	14	3,542,348
	15	Other assets. See Part IV, line 11	44,573,550	15	43,699,561
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	258,597,942	16	262,622,288
Liabilities	17	Accounts payable and accrued expenses	44,560,827	17	50,177,261
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	146,871,892	20	142,961,411
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	18,462,986	25	18,533,991
	26	**Total liabilities.** Add lines 17 through 25	209,895,705	26	211,672,663
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	47,807,058	27	50,328,990
	28	Temporarily restricted net assets	895,179	28	620,635
	29	Permanently restricted net assets	0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	48,702,237	33	50,949,625
	34	Total liabilities and net assets/fund balances	258,597,942	34	262,622,288

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	188,239,683
2	Total expenses (must equal Part IX, column (A), line 25)	2	186,048,834
3	Revenue less expenses. Subtract line 2 from line 1	3	2,190,849
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	48,702,237
5	Net unrealized gains (losses) on investments	5	0
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	56,539
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	50,949,625

Part XII Financial Statements and Reporting

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

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

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.***

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization	Employer identification number
DOCTORS HOSPITAL INC	52-1638026

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:
5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
9 ☐ An organization that normally receives: (1) more than 33⅓% 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 33⅓% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . .						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . .						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3 . . .						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

15 Public support percentage from 2012 Schedule A, Part II, line 14 . . . . . 15 %

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . ▶ ☐

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

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

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

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

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

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047
2013
Open to Public Inspection

Name of the organization	Employer identification number
DOCTORS HOSPITAL INC	52-1638026

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

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

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

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

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

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

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

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

			Held at the End of the 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) Revenues included in Form 990, Part VIII, line 1 ▶ $ ____________
(ii) Assets included in Form 990, Part X ▶ $ ____________

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items·

a Revenues included in Form 990, Part VIII, line 1 ▶ $ ____________
b Assets included in Form 990, Part X ▶ $ ____________

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

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

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

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

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? . . ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? . . . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? . . . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII . . . ☐

Part V Endowment Funds.

Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance					

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

a Board designated or quasi-endowment ▶ _____ %
b Permanent endowment ▶ _____ %
c Temporarily restricted endowment ▶ _____ %

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

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

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

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land	9,947,647	0		9,947,647
b	Buildings	117,869,144	0	45,975,088	71,894,056
c	Leasehold improvements	0	0	0	0
d	Equipment	91,122,790	0	63,846,225	27,276,565
e	Other	2,993,147	0	0	2,993,147
Total.	Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				112,111,415

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	14,162,333	End-of-Year Market Value
(2) Closely-held equity interests	0	
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 12.)* ▶	14,162,333	

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) investments in Doctors Regional Cancer Center	2,508,569	End-of-Year Market Value
(2) Investments in Sleep Center of America	378,663	End-of-Year Market Value
(3) Due to Hospital from Affiliates	23,479,651	End-of-Year Market Value
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13.)* ▶	26,366,883	

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) investments held by trustee	20,616,604
(2) other assets	23,082,957
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	43,699,561

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	0
(2) non current liabilities	12,959,854
(3) pension obligation	5,564,662
(4) OTHER LOANS	9,475
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25.)* ▶	18,533,991

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☑

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	0
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	0

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

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

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.

Schedule D, Part X, Line 1 - Other liabilities includes self-insurance malpractice liabilities and deferred compensation.

Schedule D, Part X, Line 2 - Included below is the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48. "The Hospital and the Foundation are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code as public charities. Both entities are entitled to rely on this determination as long as there are no substantial changes in their character, purposes, or methods of operation. Management has concluded that there have been no such changes, and therefore the Hospital and Foundation's status as public charities exempt from federal income taxation remain in effect The state in which the Hospital and the Foundation operate also provides a general exemption from state income taxation for organizations that are exempt from federal income taxation. However, both entities are subject to federal and state income taxation at corporate tax rates on unrelated business income. Exemption from other state and local taxes, such as real and personal property taxes is separately determined. The Hospital and the Foundation had no unrecognized tax benefits or such amounts were immaterial during the periods presented. For tax periods with respect to which no unrelated business income was recognized, no tax return was required. Tax periods for which no return is filed remain open for examination indefinitely. Although informational returns were filed for the Hospital and the Foundation, no tax returns were filed during 2014 and 2013. Health Ventures is subject to corporate income tax, and incurred an income tax liability of $0 for each year ended June 30, 2014 and 2013. DRCC and Sleep Center are Maryland limited liability companies that have not elected to be taxed as a corporation under current Treasury regulations. DRCC and Sleep Center are owned by more than one member. As such, DRCC and Sleep Center are subject to the partnership tax rules under Subchapter K of the Internal Revenue Code of 1986 (IRC), as amended. Under these rules DRCC and Sleep Center are not subject to federal or state income tax, but must file annual information returns indicating their gross and taxable income to determine the tax results to their members. The CHP entities are Maryland limited liability companies that have not elected to be taxed as corporations under current treasury regulations. CHP entities are wholly owned by the Hospital. As such, each CHP entity is a "disregarded entity" under current IRC regulations."

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
► Attach to Form 990. ► See separate instructions.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization	Employer identification number
DOCTORS HOSPITAL INC	52 1638026

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			11,210,357	0	11,210,357	0.01%
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs	0	0	11,210,357	0	11,210,357	0.01%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		7,249	211,662	0	211,662	0%
f Health professions education (from Worksheet 5)		1,889	1,626,890	0	1,626,890	0.01%
g Subsidized health services (from Worksheet 6)			116,259	0	116,259	0%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)		10,930	361,139	0	361,139	0%
j **Total.** Other Benefits	0	20,068	2,315,950	0	2,315,950	0.01%
k **Total.** Add lines 7d and 7j	0	20,068	13,526,307	0	13,526,307	0.02%

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		2,509	41,353	0	41,353	0%
3	Community support		3,328	347,060	0	347,060	0%
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development		8,350	79,403	0	79,403	0%
9	Other						
10	**Total**	0	14,187	467,816	0	467,816	0%

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		✓	
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	6,813,139		
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	0		
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	76,308,045
6	Enter Medicare allowable costs of care relating to payments on line 5	6	66,345,156
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	9,962,889
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest—see instructions)

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

Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 Doctors Hospital Inc 8118 Good Luck Road Lanham, MD, 20706 www.dchweb.org	✓	✓					✓			
2										
3										
4										
5										
6										
7										
8										
9										
10										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Doctors Hospital Inc

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9. 1	✓	
	If "Yes," indicate what the CHNA report describes (check all that apply):		
a	☑ A definition of the community served by the hospital facility		
b	☑ Demographics of the community		
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☑ How data was obtained		
e	☑ The health needs of the community		
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☑ The process for consulting with persons representing the community's interests		
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Section C)		
2	Indicate the tax year the hospital facility last conducted a CHNA: 20 12		
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted 3	✓	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C 4		✓
5	Did the hospital facility make its CHNA report widely available to the public? 5	✓	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a	☑ Hospital facility's website (list url): www.dchweb.org		
b	☐ Other website (list url):		
c	☑ Available upon request from the hospital facility		
d	☐ Other (describe in Section C)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):		
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☑ Execution of the implementation strategy		
c	☐ Participation in the development of a community-wide plan		
d	☐ Participation in the execution of a community-wide plan		
e	☑ Inclusion of a community benefit section in operational plans		
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☑ Prioritization of health needs in its community		
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☑ Other (describe in Section C)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs 7		✓
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? 8a		✓
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? 8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $		

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9 ✓	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10 ✓	
	If "Yes," indicate the FPG family income limit for eligibility for free care: 200 %		
	If "No," explain in Section C the criteria the hospital facility used.		
11	Used FPG to determine eligibility for providing *discounted* care?	11 ✓	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care: 300 %		
	If "No," explain in Section C the criteria the hospital facility used.		
12	Explained the basis for calculating amounts charged to patients?	12 ✓	
	If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a	☑ Income level		
b	☑ Asset level		
c	☑ Medical indigency		
d	☑ Insurance status		
e	☐ Uninsured discount		
f	☑ Medicaid/Medicare		
g	☑ State regulation		
h	☐ Residency		
i	☑ Other (describe in Section C)		
13	Explained the method for applying for financial assistance?	13 ✓	
14	Included measures to publicize the policy within the community served by the hospital facility?	14 ✓	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply).		
a	☑ The policy was posted on the hospital facility's website		
b	☑ The policy was attached to billing invoices		
c	☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	☑ The policy was posted in the hospital facility's admissions offices		
e	☑ The policy was provided, in writing, to patients on admission to the hospital facility		
f	☑ The policy was available on request		
g	☑ Other (describe in Section C)		
Billing and Collections			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15 ✓	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a	☐ Reporting to credit agency		
b	☐ Lawsuits		
c	☐ Liens on residences		
d	☐ Body attachments		
e	☐ Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	17	✓
	If "Yes," check all actions in which the hospital facility or a third party engaged:		
a	☐ Reporting to credit agency		
b	☐ Lawsuits		
c	☐ Liens on residences		
d	☐ Body attachments		
e	☐ Other similar actions (describe in Section C)		

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

			Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	✓	
	If "No," indicate why:			
a	☐ The hospital facility did not provide care for any emergency medical conditions			
b	☐ The hospital facility's policy was not in writing			
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d	☐ Other (describe in Section C)			

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.			
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	☑ Other (describe in Section C)			
21	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	21		✓
	If "Yes," explain in Section C.			
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	22		✓
	If "Yes," explain in Section C.			

Part V Facility Information *(continued)*

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

Schedule H, Part V, Section B, Line 3-Doctors Hospital Inc - HOSPITAL PERFORMED A WRITTEN SURVEY TO THE COMMUNITY IN FISCAL 2013

Schedule H, Part V, Section B, Line 6-Doctors Hospital Inc - During FY 2014, in order to help attempt to meet the health needs identified in the Community Health Needs Assessment, the Hospital developed a Transitional Care Department and applied for grants to open a community clinic and a mobile clinic, both of which are expected to open late next fiscal year.

Schedule H, Part V, Section B, Line 7-Doctors Hospital Inc - UNMET HEALTH NEEDS Illiteracy-Illiteracy was identified in the CHNA. The hospital does not have the specialized resources capabilities needed to provide this type of program. The hospital will continue to work with the Prince George's county officials to see how we can assist.

Schedule H, Part V, Section B, Line 12-Doctors Hospital Inc - Maryland is a waiver state and the HSCRC provides the allowable rates that hospitals can charge for inpatient and outpatient hospital services.

Schedule H, Part V, Section B, Line 14-Doctors Hospital Inc - The hospital discovered that its FAP policy and application were not available on its updated website as of June 30, 2013. Subsequently, the hospital added the FAP policy and application to its website for its customers.

Schedule H, Part V, Section B, Line 20-Doctors Hospital Inc - The hospital facility provides a discount of 25% off of gross charges for the provision of emergency and other medically necessary care to any individual that is eligible for financial assistance under the hospital facility's financial Assistance policy. Pursuant to the Health Services Cost Review Commission (HSCRC) all-payor system for hospitals in the state of Maryland, the greatest discount off of gross charges for the provision of emergency and other medically necessary care permitted to any commercial insurer or Medicare is 6%. As a result, the hospital facility was able to determine it did not charge any financial assistance policy eligible patients more than the amounts generally billed to individuals who have insurance covering such care.

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? 6

Name and address	Type of Facility (describe)
1 Spine Team of Maryland 8116 Good Luck Road Lanham, MD, 20706	The Clinic combines expertise in non-surgical treatment of back and neck pain with spine surgeons.
2 Spine Team of Maryland, ENT Services 8116 Good Luck Road Lanham, MD, 20706	The Center for Ear Nose and Throat is a comprehensive ENT clinic.
3 Spine Team of Maryland, ENT 9131 Piscataway Rd Ste 410 Clinton, MD, 20754	The Center for Ear Nose and Throat is a comprehensive ENT clinic.
4 Capital Orthopedics Specialists LLC 8116 Good Luck Road Lanham, MD, 20706	orthopedic physician practice
5 Capital Orthopedics Specialists LLC 4000 Mitchellville Road, B116 Bowie, MD, 20716	orthopedic physician practice
6 Capital Orthopedics Specialists LLC 7501 Surrats Road, Ste 110 and 301 Clintin, MD, 20735	orthopedics physician practice
7 Doctors Regional Cancer Center 8116 Good Luck Road Lanham, MD, 20706	cancer treatment center
8 Sleep Center 8118 Good Luck Road Lanham, MD, 20706	sleep center facility with 10 beds
9	
10	

Part VI Supplemental Information

Provide the following information.

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

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

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

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

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

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

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

Schedule H, Part I, Line 3a - The hospital provides free care to those individuals that have family income below 200% of the federal poverty guidelines, as well as discounted care (at a minimum 25% discount rate) to individuals that have family income below 300% of the federal poverty guidelines. In addition, patients whose family income is between 200 and 500 percent of the federal poverty guidelines may receive discounted care when the hospital debt exceeds 25% of the family gross income for the family unit, and such eligibility will remain active during a 12 month period beginning on the date which the reduced cost medically necessary care was initiated. All immediate family members within the family household who have medical debts at the hospital will be considered. In order to promote the provision of financial assistance to patients that would qualify under the hospital's financial assistance policy, the hospital utilizes presumptive charity care. Self-pay patients may qualify for presumptive charity care by submitting proof of enrollment in certain social service programs, including: (1) household with child in free or reduced lunch program, (2) Supplemental Nutritional Assistance Program, (3) Low income household energy assistance program, (4) Primary Adult Care Program and (5) Womens, Infants, and Children Program. In addition, the hospital uses an eligibility verification system, pursuant to which, if a patient is found to qualify for a program such as pharmacy only or physician only coverage, the hospital may provide presumptive charity care. Furthermore, the hospital utilizes a credit scoring software. If the patient's family income is indicated to be below 200% of the federal poverty guidelines pursuant to use of the credit scoring software, then presumptive charity care may be provided. Patients may not qualify for financial assistance, if the patient has monetary assets in excess of $10,000, excluding up to $150,000 in a primary residence and retirement benefits where the IRS has granted preferential treatment.

Schedule H, Part I, Line 7 - Maryland's regulatory system creates a unique process for hospital payment that differs from the rest of the nation. The Health Services Cost Review Commission (HSCRC) determines payment through a rate setting process. All payors, including governmental payors, pay the same amount for the same services delivered at the same hospital. Maryland's unique all payor system includes a method for referencing uncompensated care in each payor's rates, which does not enable Maryland hospitals to break out any direct offsetting revenue related to uncompensated care. Community benefit expenses are equal to Medicaid revenues in Maryland, as such, the net effect is zero. The exception to this is the impact on the hospital of its share of the Medicaid assessment. In recent years, the state of Maryland has closed fiscal gaps in the state Medicaid budget by assessing hospitals through the rate setting system.

Schedule H, Part I, Line 7, Column f - Maryland's regulatory system creates a unique process for hospital payment that differs from the rest of the nation. The Health Services Cost Review Commission (HSCRC) determines payment through a rate setting process. All payors, including governmental payors, pay the same amount for the same services delivered at the same hospital. Maryland's unique all payor system includes a method for referencing uncompensated care in each payor's rates, which does not enable Maryland hospitals to break out any direct offsetting revenue related to uncompensated care.

Schedule H, Part II - DCH supports community health care efforts.

Schedule H, Part III, Section A, Line 4 - Below is the footnote to the organization's financial statements that describes bad debt expense, "Net patient service revenue and net patient accounts receivable are reported at estimated net realizable amounts from patients, third party payers, and others for services rendered. Discounts ranging from 2.25% to 8% of Hospital charges are given to Medicare, Medicaid, and

Part VI- Supplemental Information (Continued)

certain approved commercial health insurance providers and health maintenance organizations. In addition, these payers routinely review patient billings and deny payments for certain charges that they deem medically unnecessary or performed without appropriate pre-authorization. Discounts and denials are recorded as reductions of net patient service revenue. Accounts receivable from these third-party have been adjusted to reflect the difference between charges and the estimated reimbursable amounts. The Company bills third party payers directly for services provided. Insurance coverage and credit information are obtained from patients upon admission when available. No collateral is obtained for patient accounts receivable. Patient accounts receivable deemed to be uncollectible by management have been written off. An allowance for doubtful accounts is recorded based on historical trends for patient accounts receivable that are anticipated to become uncollectible in future periods." The company estimates that only a de minims amount of its bad debt expense is attributable to patients eligible under the organization's financial assistance policy. The company widely publicizes its financial assistance policy and regularly utilizes presumptive charity to ensure that patients that would qualify under the hospital's financial assistance policy do in fact receive financial assistance.

Schedule H, Part III, Section B, Line 8 - used Medicare cost report

Schedule H, Part III, Section C, Line 9a - A patient is classified as a financial assistance patient by reference to the financial assistance policy of the Hospital (FAP). The FAP sets forth the criteria for patients to qualify for free or discounted care. In assessing a patient's eligibility for financial assistance under the FAP, the Hospital assesses whether the patient's family income is below a certain percentage of the federal poverty guidelines, as well as whether incurred charges are significant when compared to the patient's family income. Patients who have insurance may still qualify for financial assistance for their portion of the amount due. Our policy states that at any time the patient can qualify for financial assistance, even after collection efforts have begun. If the patient qualifies for financial assistance after collection efforts have commenced, all collection efforts by the hospital will cease immediately. Furthermore, if the patient qualifies for financial assistance after payment have been made by the patient, the appropriate refund will be made by the hospital.

Schedule H, Part III, Section C, Line 9b - A patient is classified as a financial assistance patient by reference to the financial assistance policy of the Hospital (FAP). The FAP sets forth the criteria for patients to qualify for free or discounted care. In assessing a patient's eligibility for financial assistance under the FAP, the Hospital assesses whether the patient's family income is below a certain percentage of the federal poverty guidelines, as well as whether incurred charges are significant when compared to the patient's family income. Patients who have insurance may still qualify for financial assistance for their portion of the amount due. Our policy states that at any time the patient can qualify for financial assistance, even after collection efforts have begun. If the patient qualifies for financial assistance after collection efforts have commenced, all collection efforts by the hospital will cease immediately. Furthermore, if the patient qualifies for financial assistance after payment have been made by the patient, the appropriate refund will be made by the hospital.

Schedule H, Part VI, Line 2 - The hospital assesses the health care needs of the communities it serves, in addition to the needs assessments reported in Part V, Section B using surveys to the physicians, the patients, and in FY2013, the community assessment survey.

Schedule H, Part VI, Line 3 - The organization makes an attempt to inform and educate patients and persons who may be billed for patient care about their eligibility for assistance under federal, state or local governmental programs or under the organization's financial assistance policy. The organization publishes notices of the financial assistance policy in local newspapers annually. There are signs noting the available of financial assistance posted at emergency registration, outpatient registration and at the hospital's business office in patient waiting areas. A summary of the financial assistance policy, written in Spanish and English, as well as who to call for questions about the financial assistance policy or how to register for medical assistance, is available in the patient lobby waiting areas of the hospital. Furthermore, a summary of the financial assistance policy is provided to every inpatient at the time of admission, as well as with the patient's bill. Finally, an overview of the financial assistance policy is provided to all hospital employees as part of the employees' orientation in order to help those employees provide direction and assistance to patients with questions regarding the financial assistance policy.

Schedule H, Part VI, Line 4 - The hospital serves Prince Geoge's County of Maryland. The hospital attends many health fairs throughout the community and focuses on diabetes check ups.

Schedule H, Part VI, Line 5 - Doctors Community Hospital is governed by a Board of Directors that is comprised almost entirely of independent persons who reside within the Doctors Community Hospital's community. The Hospital extends medical staff privileges to all qualified physicians for all of its departments. All financial surpluses that are generated are used exclusively to further the exempt purposes of the hospital.

Schedule H, Part VI, Line 6 - Doctors Community Hospital currently operates 195 licensed medical/surgical beds, admits 10,000 patients

Part VI- Supplemental Information (Continued)

annually and employs about 1400 individuals. Our medical staff is comprised of more than 600 physicians. The hospital offers a broad range of inpatient and outpatient services, a number of specialty and sub-specialty services, and a full range of ancillary and support services. The Board of Directors are citizens of the community who provide leadership to management to meet the needs of the community. Any surplus funds are use to improve the physical plant and purchase state of the art equipment to provide a better service for the community.

Schedule H, Part VI, Line 7 - State of Maryland.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52-1638026

Part I Questions Regarding Compensation

			Yes	No
1a	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.			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e.g., maid, chauffeur, chef)		
b	If any of the boxes 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	1b		
2	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?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☑ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		✓
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	✓	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		✓
	If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III			
	Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		✓
b	Any related organization?	5b		✓
	If "Yes" to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		✓
b	Any related organization?	6b		✓
	If "Yes" to line 6a or 6b, describe in Part III.			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	✓	
8	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	8		✓
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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

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

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

	(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported as deferred in prior Form 990
			(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	Paula L Bruening, Vice President, Patient Care	(i)	224,574	20,000	8,716	31,572	4,485	289,347	0
		(ii)	0	0	0	0	0	0	0
2	Thomas J Crowley, Executive Vice President - retired	(i)	0	120,129	0	0	0	120,129	
		(ii)	0	0	0	0	0	0	
3	Camille Bash, Treasurer	(i)	239,939	30,000	0	50,007	141	320,087	0
		(ii)	0	0	0	0	0	0	0
4	Philip B Down, CEO	(i)	742,961	280,674	6,880	403,775	26,920	1,461,210	0
		(ii)	0	0	0	0	0	0	0
5	Alan Johnson, CIO	(i)	165,195	15,000	0	54,630	2,355	237,180	0
		(ii)	0	0	0	0	0	0	0
6	Paul Hagens, Vice President Human Resources	(i)	106,742	10,000	0	0	4,918	121,660	0
		(ii)	0	0	0	0	0	0	0
7	Paul R Grenaldo, Executive Vice President	(i)	277,628	35,000	0	52,543	7,009	372,180	0
		(ii)	0	0	0	0	0	0	
8	Gabriel Jaffe MD, Vice President Medical Affairs	(i)	217,041	15,000	0	0	0	232,041	0
		(ii)	0	0	0	0	0	0	0
9	Charlene B Lundgren, Vice President Human Resources - retired	(i)	91,015	54,044	11,137	0	0	156,196	0
		(ii)	0	0	0	0	0	0	0
10	Dennis P Scanlon, Treasurer-retired	(i)	11,064	76,298	58,398	0	0	145,760	0
		(ii)	0	0	0	0	0	0	
11	Robyn Webb-Williams, Vice President Foundation	(i)	108,137	10,000	0	2,403	3,118	123,658	0
		(ii)	0	0	0	0	0	0	0
12	Donald Yablonowitz MD, UR Medical Director	(i)	102,580	3,208	0	0	0	105,788	0
		(ii)	0	0	0	0	0	0	0
13		(i)							
		(ii)							
14		(i)							
		(ii)							
15		(i)							
		(ii)							
16		(i)							
		(ii)							

Part III Supplemental Information

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

Schedule J, Part I, Line 3 - Doctors Community Hospital used the following methods to determine the CEO's compensation: Compensation Committee, written employment contract, independent compensation consultant, compensation survey or study, form 990 of other organizations, and recommended by the Compensation Committee and approved by the Doctors Community Hospital Board. The compensation of Vice Presidents following these processes, except that there are no other written contracts.

Schedule J, Part I, Line 4 - Dennis Scanlon, the retired CFO, receives monthly payments from the DCH Option Plan.

Schedule J, Part I, Line 7 - Doctors Community Hospital, to determine the CEO's compensation. Doctors Community Hospital used the following methods to determine the CEO's compensation: Compensation Committee, written employment contract, independent compensation consultant, compensation survey or study, form 990 of other organizations, and recommended by the Compensation Committee and approved by the Doctors Community Hospital Board. As part of the process, the Compensation Committee reviews results of the organization and the executive of organizational financial, quality of care, patient statisfaction, and similar goals and makes incentive compensation awards based on this performance.

Schedule J, Part II - In 2010, the Compensation Committee determined that the President and Chief Executive Officer, Philip B. Down, declined base salary increases and incentive compensation payments in prior years of employment amounting to at least $504,237. Subject to Mr. Downs agreement to stay employed through and not retire before June 30, 2015, the Compensation Committee resolved to pay this $504,237 amount to Mr. Down at the end of the period ending June 30, 2015. The Compensation Consultants apprised the Compensation Committee that this payment would be in keeping with market norms. The present value of the amount accrued as deferred compensation during 2013 was $151,691. In 2013, the Compensation Committee negotiated an extension of Mr. Downs employment commitment until June 30, 2017 and a commitment from him to provide additional services in the case of a change in control. As part of these agreements, the Compensation Committee established a supplemental retirement arrangement for Mr. Down. This arrangement also was confirmed as normative by the Compensation Committee's outside consultants. This arrangement requires that Mr. Down remain employed through and not retire before June 30, 2017. The present value of the amount accrued as deferred compensation during 2013 was $243,584.

SCHEDULE K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52-1638026

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
							Yes	No	Yes	No	Yes	No
A	Maryland Health and Higher Educational Facilities 2010 Bonds Authority Series 2010	52-0936091	5742176Y6	05/05/2010	80,798,114	Refinanced 2008 bond and financed equipment purchase		✓		✓		✓
B	Maryland Health and Higher Educational Facilities 2007 Bond Authority	52-0936091	5742158L6	01/04/2007	80,633,539	Refin'd existing bonds, finance equipment purchase		✓		✓		✓
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	300,000	14,085,000		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	81,144,484	82,579,769		
4	Gross proceeds in reserve funds	7,690,998	10,179,469		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	1,365,771	1,199,456		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	9,977,796	9,303,808		
11	Other spent proceeds	59,160,000	60,879,388		
12	Other unspent proceeds	5,435,937	4,285,870		
13	Year of substantial completion	2015	2015		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	✓		✓					
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	✓		✓					
c	Are there any research agreements that may result in private business use of bond-financed property?		✓		✓				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %		0 %		%		%
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %		0 %		%		%
6	Total of lines 4 and 5		0 %		0 %		%		%
7	Does the bond issue meet the private security or payment test?		✓		✓				
8a	Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		✓		✓				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		✓		✓				

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

Schedule K, Part I, Column f-05/05/2010 80,798,114 Maryland Health and Higher Educational Facilities - Bond funds are used to renovate the hospital's patient rroms, ED and operating suites.

Schedule K, Part IV, Line 2c-01/04/2007 80,633,539 Maryland Health and Higher Educational Facilities - the date of the computatin was August 24, 2011

SCHEDULE L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open To Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52-1638026

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

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	(d) Corrected? No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

	(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	(d) Loan to or from the organization? From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	(g) In default? No	(h) Approved by board or committee? Yes	(h) Approved by board or committee? No	(i) Written agreement? Yes	(i) Written agreement? No
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
Total						▶ $							

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

	(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part IV **Business Transactions Involving Interested Persons.**
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

	(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) Sharing of organization's revenues? No
(1)	Sch L, Stmt 1					
(2)						
(3)						
(4)						
(5)						
(6)						
(7)						
(8)						
(9)						
(10)						

Part V **Supplemental Information**
Provide additional information for responses to questions on Schedule L (see instructions).

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization	Employer identification number
DOCTORS HOSPITAL INC	52-1638026

Form 990, Header, Line A - We requested extension to 5/15/2015 and are filing on time.

Form 990, Part VI, Section B, Line 11b - The 990 is prepared by the CFO, reviewed by the President and tax advisor, and then submitted to each member of the Board for their review. Any comments/questions from the Board members are reflected in the 990 that is filed by the organization.

Form 990, Part VI, Section B, Line 12c - Doctors Community Hospital (DCH) has adopted a Conflict of Interest Policy covering DCH and its wholly-controlled supporting organization Doctors Community Hospital Foundation (DCHF). Pursuant to such Conflict of Interest Policy, each Board member and officer of the organization is required to complete a written conflict of interest statement annually. The information received is used to both address the concerns raised by the Charter and By-Laws of DCH and DCHF, as well as to provide additional information regarding officer and directors, which will heighten awareness of their business transactions, experience, background, abilities and accomplishments, and of the community that DCH and DCHF seek to serve.

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

Form 990, Part VI, Section C, Line 19 - These documents are available upon requests. We also file these documents with the State of Maryland Health Services Cost Review Commission.

Form 990, Part XI, Line 9 - Asset transfers, assets released from restriction for operations, and Pension change.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization

DOCTORS HOSPITAL INC

Employer identification number

52-1638026

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

(a) Name, address, and EIN (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) See Schedule R, Part VII, Statement 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	(g) Section 512(b)(13) controlled entity? No
(1) See Schedule R, Part VII, Statement 2							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							

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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Sch R, Stmt 3												
(2)												
(3)												
(4)												
(5)												
(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	(i) No
(1) See Schedule R, Part VII, Statement 4									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									

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

			Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.				
1	During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II–IV?			
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		✓
b	Gift, grant, or capital contribution to related organization(s)	1b	✓	
c	Gift, grant, or capital contribution from related organization(s)	1c		✓
d	Loans or loan guarantees to or for related organization(s)	1d		✓
e	Loans or loan guarantees by related organization(s)	1e		✓
f	Dividends from related organization(s)	1f		✓
g	Sale of assets to related organization(s)	1g		✓
h	Purchase of assets from related organization(s)	1h		✓
i	Exchange of assets with related organization(s)	1i		✓
j	Lease of facilities, equipment, or other assets to related organization(s)	1j	✓	
k	Lease of facilities, equipment, or other assets from related organization(s)	1k		✓
l	Performance of services or membership or fundraising solicitations for related organization(s)	1l		✓
m	Performance of services or membership or fundraising solicitations by related organization(s)	1m	✓	
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	✓	
o	Sharing of paid employees with related organization(s)	1o	✓	
p	Reimbursement paid to related organization(s) for expenses	1p		✓
q	Reimbursement paid by related organization(s) for expenses	1q	✓	
r	Other transfer of cash or property to related organization(s)	1r		✓
s	Other transfer of cash or property from related organization(s)	1s		✓

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

(a) Name of related organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
See Schedule R, Part VII, Statement 5			
(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**

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

Description of Covered Relationships and Transaction Thresholds

		Amt. involved
Name	Doctors Community Hospital Foundation Inc	120,000
Transaction type	n	
Method of determining amt. involved	Hospital offers rental space	
Name	Doctors Community Health Ventures Inc	3,173,859
Transaction type	b	
Method of determining amt. involved	Thehospital support the start up costs through net asset transfers to Ventures	
Name	Doctors Community Hospital Foundation Inc	40,000
Transaction type	m	
Method of determining amt. involved	Fundraising is performed by Foundation for hospital	
Name	Doctors Regional Cancer Center	175,000
Transaction type	q	
Method of determining amt. involved	Payroll and benefits of Director is reimbursed by DRCC to the hospital	

Description of Identification of Related Organizations Taxable as a Partnership

		Share of total income	Share of end-of-year assets	Code V-UBI amount	Percentage Ownership
Name and EIN	Sleep Center (52-1953798)	1,129,663	378,663		60%
Address	8118 Good Luck Road Lanham, MD 20706				
Primary activity	Sleep services for residents of Prince George's County				
State or foreign country	MD				
Direct controlling entity	Doctors Community Hospital				
Predominant income	Related				
Disproportionate allocations?	No				
General or managing partner?	No				
Name and EIN	Doctors Regional Cancer Center (20-8889327)	347,938	2,508,569		60%
Address	8116 Good Luck Road Lanham, MD 20706				
Primary activity	Cancer treatments for Prince George's Residents				
State or foreign country	MD				
Direct controlling entity	Doctors Community Hospital				
Predominant income	Related				
Disproportionate allocations?	No				
General or managing partner?	No				
Name and EIN	Magnolia Gardens Nursing Home (52-1961563)				0%
Address	8200 Good Luck Road Lanham, MD 20706				
Primary activity	nursing home				
State or foreign country	MD				
Direct controlling entity	Doctors Community Health Ventures				
Predominant income	Related				
Disproportionate allocations?	No				
General or managing partner?	No				

Description of Related Organizations Taxable as a Corporation or Trust

		Share of total income	Share of end-of-year assets	PercentageControlled ownershipOrg
Name and EIN	Doctors Community Health Ventures Inc (52-1884380)	-2,027,711	20,013,984	100%Yes
Address	8118 Good Luck Road Lanham, MD 20706			
Primary activity	Wholly owned for profit entity of Doctors Hospital Inc			
State or foreign country	MD			
Direct controlling entity	Doctors Community Hospital			
Type of entity	C			

Description of Identification of Disregarded Entities

		Total income	End-of-year assets
Name and EIN	Spine Team of Maryland (27-2049767)	1,256,969	776,758
Address	8116 Good Luck Road Lanham, MD 20706		
Primary activities	neuro and ENT clinics		
State or foreign country	MD		
Direct controlling entity	Doctors Hospital Inc		
Name and EIN	Capital Orthopedics Specialists LLC (90-0983677)	4,889,927	1,933,927
Address	8116 Good Luck Road Lanham, MD 20706		
Primary activities	orthopedics physican practice		
State or foreign country	MD		
Direct controlling entity	Doctorrs Hospital Inc		

Description of Identification of Related Tax-Exempt Organizations

Name and EIN	Doctors Community Hospital Foundation Inc (52-1712338)
Address	8118 Good Luck Road Lanham, MD 20706
Primary activities	To raise funds for Doctors Hospital Inc Capital needs
State or foreign country	MD
Exempt code section	501 (c) (3)
Public charity status	509 (a) (3)
Direct controlling entity	Doctors Community Hospital
512(b)(13) controlled organization?	Yes

Contractor Compensation

Name and address:	Description Of Services	Compensation
Case Management Covenants 20 Corporate Cntr 10420 Little Patuxent Pkwy Columbia, MD 21044-3511	case management and coding	253,495
Metropolitan Neurosurgery Metropolitan Neurosurgery 8401 Connecticut Ave Suite 220 Chevy Chase, MD 20815	medical director	171,858
Ann M Haley 7811 Vanity Fair Drive Greenbelt, MD 20770	speech language pathologist	127,124
Javanshir Janani MD PC PO Box 59425 Potomac, MD 20859	physician services	116,204
Tri State Nurse Associates 5327 Grovemont Drive Elkridge, MD 21075	agency nurses	121,931
Total:		**790,612**

Reasonable Cause Explanations

Explanation
We received extension to file 5/15/2015 and are filing on time

Activity Or Mission Description

Description

Hospital currently operates 200 licensed medical/surgical beds, admits 10,000 patients annually, and employs 1,500 individuals Our medical staff is comprised of more than 600 physicians The hospital offers a broad range of inpatient and outpatient services, a number of specialty and subspecialty services, and a full range of ancillary and support services

Description of Business Transactions Involving Interested Persons

		Amount of transaction
Name	Robert Bonaventure	496,460
Relationship with organization	Board Member	
Description of transaction	the total fees paid were determined based on a bidding process and were to cover Security Services at the Hospital Mr Boneventure abstains from voting with regard to this service and is not a member of the Organization's Compensation Committee	
Sharing Of Revenues	No	
Name	Philip B Down Jr	110,000
Relationship with organization	Son of President/CEO	
Description of transaction	consultant to assists with leases and other financial projections	
Sharing Of Revenues	No	

Audited Consolidated Financial Statements and Other Financial Information

Doctors Community Hospital and Subsidiaries

June 30, 2014 and 2013

– Contents –

DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

- Independent Auditors' Report -

The Board of Directors
Doctors Community Hospital and Subsidiaries
Lanham, Maryland

We have audited the accompanying consolidated financial statements of Doctors Community Hospital and Subsidiaries (the "Hospital"), which comprise the consolidated balance sheets as of June 30, 2014, and the related consolidated statements of operations and other changes in net assets, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

1410 Spring Hill Road, Suite 500, Tysons, VA 22102 | T 703.970.0400 | F 703.970.0401 | dhgllp.com

Opinion

In our opinion, the 2014 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Doctors Community Hospital and Subsidiaries as of June 30, 2014, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements as of June 30, 2013, were audited by Cohen, Rutherford, + Knight, P.C., certain of whose shareholders joined Dixon Hughes Goodman LLP as of June 1, 2014, and whose report dated October 15, 2013, expressed an unmodified opinion on those statements.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information presented in the supplemental schedules is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations, and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management, 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 as a whole.

Tysons, Virginia
October 14, 2014

Dixon Hughes Goodman LLP

Consolidated Balance Sheets
Doctors Community Hospital and Subsidiaries

ASSETS	June 30 2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 25,859,996	$ 25,123,464
Assets whose use is limited for debt service - *Note B*	6,975,671	6,925,305
Patient accounts receivable, less uncollectible accounts of $8,243,666 and $7,887,543	25,317,369	25,529,632
Other amounts receivable	4,394,636	4,239,635
Inventories	3,558,048	3,612,320
Prepaid expenses	2,476,124	2,094,249
TOTAL CURRENT ASSETS	68,581,844	67,524,605
INVESTMENTS		
Marketable securities -- *Note B*	14,325,294	13,513,806
Joint ventures and equity investments -- *Note C*	4,301,945	4,277,759
	18,627,239	17,791,565
ASSETS WHOSE USE IS LIMITED -- *Note B*		
Investments held by trustee or authority, less current portion	20,616,604	22,658,419
LAND, BUILDINGS, AND EQUIPMENT, NET -- *Note E*	116,477,584	121,823,767
DEFERRED FINANCING COSTS, NET	2,007,218	2,160,314
GOODWILL -- *Note L*	2,948,390	2,494,734
OTHER ASSETS -- *Note I*	22,992,957	21,825,131
TOTAL ASSETS	$ 252,251,836	$ 256,278,535

See the accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets – Continued
Doctors Community Hospital and Subsidiaries

LIABILITIES	June 30 2014	2013
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 14,943,813	$ 16,114,344
Salaries, wages, and related items	11,410,022	11,182,729
Advances from third party payers	7,834,889	6,690,340
Interest payable to bondholders	4,043,381	4,102,931
Current portion of long-term obligations - *Note F*	4,944,793	4,396,299
TOTAL CURRENT LIABILITIES	43,176,898	42,486,643
NONCURRENT LIABILITIES		
Other noncurrent liabilities - *Note I*	12,959,854	12,493,813
Pension obligation - *Note I*	5,564,662	5,969,173
Long-term obligations, net of current portion - *Note F*	143,952,393	148,638,270
TOTAL LIABILITIES	205,653,807	209,587,899
NET ASSETS		
Unrestricted	43,016,230	43,000,823
Noncontrolling interest	1,924,807	2,127,165
TOTAL UNRESTRICTED NET ASSETS	44,941,037	45,127,988
Temporarily restricted - *Note M*	1,656,992	1,562,648
TOTAL NET ASSETS	46,598,029	46,690,636
COMMITMENTS AND CONTINGENCIES - *Notes F, G, H, I and K*		
TOTAL LIABILITIES AND NET ASSETS	$ 252,251,836	$ 256,278,535

See the accompanying notes to the consolidated financial statements.

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

	Year Ended June 30 2014	2013
REVENUE		
Patient service revenue, net of contractual allowances and discounts – *Note A*	$ 206,438,060	$ 191,725,858
Provision for bad debts	(6,833,168)	(4,317,821)
Net patient service revenue less provision for bad debts	199,604,892	187,408,037
Other operating revenue -- *Note A*	4,309,093	7,951,345
Pledges and contributions	222,477	408,247
Net assets released from restrictions used for operations	304,906	106,673
TOTAL OPERATING REVENUE	204,441,368	195,874,302
EXPENSES		
Salaries and wages	90,581,114	86,757,025
Employee benefits	15,406,330	15,171,707
Purchased services -- *Note D*	30,995,624	30,476,771
Supplies	34,591,586	34,705,354
Other expenses – *Notes G and H*	14,160,455	13,127,190
Depreciation -- *Note E*	9,569,518	9,866,727
Amortization	153,096	156,899
Fundraising	182,953	189,133
Interest – *Note F*	7,905,678	8,140,974
TOTAL EXPENSES	203,546,354	198,591,780
INCOME (LOSS) FROM OPERATIONS	895,014	(2,717,478)
NONOPERATING GAINS (LOSSES)		
Gain/(Loss) on sale of property	(80,162)	117,684
Unrealized gain/(loss) on trading securities -- *Note B*	2,572	(117,655)
Gain/(loss) in joint ventures -- *Note C*	(165,621)	1,302,371
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	651,803	(1,415,078)
Subsidiary distributions to noncontrolling interest-holders	(1,187,426)	(1,225,600)
Pension - related changes other than net periodic pension cost - *Note I*	160,998	1,615,830
DECREASE IN UNRESTRICTED NET ASSETS	$ (374,625)	$ (1,024,848)

See the accompanying notes to the consolidated financial statements.

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

	Year Ended June 30, 2014			Year Ended June 30, 2013		
	Total	Controlling Interests	Noncontrolling Interests	Total	Controlling Interests	Noncontrolling Interests
UNRESTRICTED NET ASSETS						
Excess of revenue over expenses (expenses over revenue)	$ 651,803	$ (333,265)	$ 985,068	$ (1,415,078)	$ (2,534,718)	$ 1,119,640
Dividends paid to noncontrolling interest-holders	(1,187,426)	0	(1,187,426)	(1,225,600)	0	(1,225,600)
Pension - related changes other than net periodic pension cost – *Note I*	160,998	160,998	0	1,615,830	1,615,830	0
DECREASE IN UNRESTRICTED NET ASSETS AND NONCONTROLLING INTERESTS	(374,625)	(172,267)	(202,358)	(1,024,848)	(918,888)	(105,960)
TEMPORARILY RESTRICTED NET ASSETS						
Restricted contributions	586,922	586,922	0	616,423	616,423	0
Net assets released from restrictions for operations	(304,904)	(304,904)	0	(106,673)	(106,673)	0
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	282,018	282,018	0	509,750	509,750	0
INCREASE/(DECREASE) IN NET ASSETS	(92,607)	109,751	(202,358)	(515,098)	(409,138)	(105,960)
NET ASSETS, BEGINNING OF YEAR	46,690,636	44,563,471	2,127,165	47,205,734	44,972,609	2,233,125
NET ASSETS, END OF YEAR	$ 46,598,029	$ 44,673,222	$ 1,924,807	$ 46,690,636	$ 44,563,471	$ 2,127,165

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows
Doctors Community Hospital and Subsidiaries

	Year Ended June 30	
OPERATING ACTIVITIES AND OTHER GAINS	**2014**	**2013**
Decrease in net assets	$ (92,607)	$ (515,098)
Adjustments to reconcile increase decrease in net assets to net cash and cash equivalents provided by operating activities		
Restricted contributions received	(586,922)	(616,423)
Depreciation	9,569,518	9,866,727
Provision for bad debts	6,833,168	4,317,821
Unrealized loss (gain) on investments	(2,572)	117,655
Gain on sale of property	80,162	(117,684)
Realized loss (gain) on sale of investments	122,027	(2,695)
Amortization on bond issue and premium and discount	17,327	(144,975)
Increase in joint ventures and equity investments	165,621	(1,389,681)
Increase (decrease) in.		
Accounts payable and accrued expenses, exclusive of accrual for equipment costs	(1,170,531)	310,387
Accrued salaries, wages, and related items	227,293	930,575
Advances from third party payers	1,144,549	(1,258,376)
Pension obligation	(404,511)	(1,606,483)
Interest payable	(59,550)	(49,701)
Other liabilities	466,041	469,846
Decrease (increase) in		
Net patient accounts receivable	(6,620,905)	(849,571)
Other receivables	(155,001)	(468,247)
Inventories	54,272	85,954
Deferred financing costs	0	156,899
Prepaid expenses and other assets	(1,549,701)	(1,034,673)
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES AND OTHER GAINS	8,037,678	8,202,257
INVESTING ACTIVITIES		
Net sales of trading investments, including assets whose use is limited	1,060,506	1,765,739
Increase in Goodwill	(453,656)	0
Increase in joint ventures and equity investments	(189,807)	0
Proceeds from sale on property	0	238,740
Purchase of property, plant and equipment	(3,585,479)	(6,811,029)
NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES	(3,168,436)	(4,806,550)

(Continued)

Consolidated Statements of Cash Flows - continued
Doctors Community Hospital and Subsidiaries

	Year Ended June 30	
FINANCING ACTIVITIES	**2014**	**2013**
Principal payments on debt	(4,719,632)	(3,809,406)
Restricted contributions received	586,922	616,423
NET CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES	(4,132,710)	(3,192,982)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVILENTS	736,532	202,725
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,123,464	24,920,739
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 25,859,996	$ 25,123,464
SUPPLEMENTAL DISCLOSURE OF NON CASH INFORMATION:		
Acquisition of equipment under capital lease	$ 718,018	$ 498,260

See the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
Doctors Community Hospital and Subsidiaries

Note A – Organization and Summary of Significant Accounting Principles

Organization

Doctors Community Hospital (the Hospital) is a not-for-profit, non-stock corporation that operates an acute care general hospital facility licensed for 198 beds. The Hospital serves the health care needs of the residents of Prince George's County, the District of Columbia, and the greater Washington, D.C. metropolitan area. The Hospital has several wholly owned/controlled subsidiaries: Doctors Community Health Ventures, Inc. (Health Ventures), Doctors Community Hospital Foundation, Inc. (the Foundation), and Doctors Community Healthcare Programs (CHP).

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

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

CHP consists of four wholly owned/controlled entities: Spine Team Maryland, LLC (STM), Capital Orthopedics Specialists, LLC (COS), Doctors Community Hospital Clinics (CLINICS), LLC and DCH Integrated Healthcare Network, LLC (CIN). STM is a limited liability company formed in Maryland for the purpose of providing medical and surgical services for the residents of Prince Georges County and surrounding areas. COS is a limited liability company formed in Maryland for the purpose of providing surgical services for the residents of Prince Georges County and surrounding areas. CLINICS is a limited liability company formed in Maryland for the purpose of providing outpatient medical care for the residents of Prince Georges County and surrounding areas. The CIN is a limited liability company formed in Maryland for the purpose of providing a program of clinical integration and an accountable care organization among health care providers serving the residents of Prince Georges County and surrounding areas.

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

Principles of Consolidation

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

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

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

Patient Revenue and Accounts Receivable

Net patient service revenue and net patient accounts receivable are reported at estimated net realizable amounts from patients, third party payers, and others for services rendered. Discounts ranging from 2.25% to 8% of Hospital charges are given to Medicare, Medicaid, and certain approved commercial health insurance providers and health maintenance organizations. In addition, these payers routinely review patient billings and deny payments for certain charges that they deem medically unnecessary or performed without appropriate pre-authorization. Discounts and denials are recorded as reductions of net patient service revenue. Accounts receivable from these third-party payers have been adjusted to reflect the difference between charges and the estimated reimbursable amounts.

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

The Hospital signed a new agreement with HSCRC titled Global Budget Revenue (GBR) in December 2013, effective July 1, 2013. This agreement defines the patient revenue methodology for the hospitals in Maryland. The Commission defines the GBR in the Hospital's agreement as follows: "The Global Budget Revenue ("GBR") model is a revenue constraint and quality improvement system designed by the Maryland Health Services Cost Review Commission ("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 Hospital's mission to provide the highest value of care possible to its patients and the communities it serves." ("HSCRC – see Note J)

Patient Revenue and Accounts Receivable – Continued

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

	2014	2013
Medicare	42%	43%
Medicaid	16%	15%
Blue Cross Blue Shield	18%	18%
Other third-party payers	19%	19%
Self-pay patients	5%	5%
	100%	100%

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

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

	2014	2013
Medicare	30%	32%
Medicaid	24%	16%
Blue Cross Blue Shield	10%	8%
Other third-party payers	20%	18%
Self-pay patients	16%	26%
	100%	100%

Patient service revenue, net of contractual allowances and discounts and after the provision for bad debts, is described in the table below for fiscal years 2014 and 2013. Amounts classified as self pay do not include coinsurance and deductibles related to third party payers

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

Patient Revenue and Accounts Receivable – Continued

	2014	2013
Gross patient revenue		
Third party payers	$ 240,113,397	$ 238,344,007
Self pay	12,726,263	11,410,812
Total gross patient revenue	$ 252,839,660	$ 249,754,819
Deductions:		
Discounts and allowances	(31,674,913)	(42,139,465)
Charity care	(14,726,686)	(15,889,496)
Net patient service revenue	206,438,061	191,725,858
Less: provisions for bad debt	(6,833,168)	(4,317,821)
Net patient service revenue	$ 199,604,893	$ 187,408,037

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

Inventories

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

Land, Buildings, and Equipment

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

Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital and the Foundation has been limited by donors to a specific time period or purpose. As of June 30, 2014 and 2013, the Company had no permanently restricted net assets. Temporarily restricted net assets are available to fund various health care services and other community benefits provided by the Hospital. The Company's

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

policy is to treat restricted contributions recorded and released in the same fiscal year as unrestricted contributions.

Excess of Revenue over Expenses/ (Expenses over Revenue)

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

Charity Care

A patient is classified as a charity patient by reference to certain established policies of the Hospital. These policies define charity services as those services for which no payment is anticipated. In assessing a patient's ability to pay, the Hospital utilizes the generally recognized poverty income levels in the local community, but also includes certain cases where incurred charges are significant when compared to income.

Under current accounting standards, the Company is required to report the cost of providing charity care The cost of charity care provided by the Hospital and DRCC totaled $14,730,363 and $15,889,496 for the years ended June 30, 2014 and 2013, respectively. Rates charged by the Hospital for regulated services are determined based on assessment of direct and indirect cost calculated pursuant to the methodology established by the Maryland Health Services Cost Review Commission ("HSCRC" – see *Note J*), and therefore the cost of charity services noted above for the Hospital are equivalent to its established rates for those services. For any charity services rendered by the Company other than from the Hospital, the cost of charity care is calculated by applying the estimated total cost-to-charge ratio for the non-Hospital services to the total amount of charges for services provided to patients benefitting from the charity care policies of the Company's non-Hospital affiliates. These charges are excluded from consolidated net patient service revenue.

The Hospital receives a payment from the HSCRC with respect to an Uncompensated Care Fund ("UCC") established for rate-regulated hospitals in Maryland. The UCC is intended to provide Maryland hospitals with funds to support the provision of uncompensated care at those hospitals. The Hospital received $1,866,843 for 2014 and $923,876 for 2013 in UCC payments. All hospitals contribute to the Health Care Coverage Fund (HCCF) that supports the expansion of Medicaid eligibility and support the Medicaid program. The Hospital contributed $2,252,528 for 2014 and $2,376,776 for 2013 to HCCF.

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

Contributions and Pledges

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

The Hospital and Foundation write off any grants and pledges receivable that are considered uncollectible; accordingly, there is no allowance for doubtful accounts recorded for these grants and pledges. Grants and pledges receivable have not been discounted because management considers the effect to be immaterial. The balance of pledges receivable was $356,883 and $333,062 at June 30, 2014 and 2014, respectively, and is included in other amounts receivable in the accompanying consolidated balance sheets.

Other Operating Revenues

The Hospital met compliance requirements to receive incentive payments for upgrading and implementing certified electronic health record systems and becoming a meaningful user under the provisions of the American Recovery and Reinvestment Act of 2009. The Hospital recognized $1,275,567 and $5,165,622 of meaningful use incentives during the years ended June 30, 2014 and 2013, respectively, and reported these amounts as other operating revenue in the accompanying statements of operations and other changes in unrestricted net assets. The portion of the meaningful use incentive earned during fiscal year 2014 and 2013 that was not yet received is $1,026,592 and $1,785,555 and is recorded as other amounts receivable in the accompanying consolidated balance sheets.

Advertising Costs

The Hospital expenses advertising costs as they are incurred. Advertising expense was $867,959 and $533,778 for the fiscal years June 30, 2014 and 2013, respectively, and is reported as other expense in the accompanying consolidated statements of operations and other changes in unrestricted net assets.

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

Functional Expenses

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

	Year Ended June 30	
	2014	2013
Health care services	$ 146,160,835	$ 142,518,752
Management and general	56,840,325	55,423,959
Fundraising	545,194	649,069
	$ 203,546,354	$ 198,591,780

Deferred Financing Costs

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

	2014	2013
Deferred financing costs	$ 3,008,043	$ 3,008,043
Accumulated amortization	(1,000,825)	(847,729)
	$ 2,007,218	$ 2,160,314

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

2015	$ 149,133
2016	144,974
2017	140,603
2018	136,015
2019	131,192
	$ 701,917

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

Fair Value of Financial Instruments

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

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

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

- **Long-term debt**: Fair values of the Hospital's fixed-rate debt are based on current traded values.

Income Taxes

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

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

The Hospital and the Foundation had no unrecognized tax benefits or such amounts were immaterial during the periods presented. For tax periods with respect to which no unrelated business income was recognized, no tax return was required. Tax periods for which no return is filed remain open for examination indefinitely. Although informational returns were filed for the Hospital and the Foundation, no tax returns were filed during 2014 and 2013.

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

Health Ventures is subject to corporate income tax, and incurred an income tax liability of $0 for each year ended June 30, 2014 and 2013.

DRCC and Sleep Center are Maryland limited liability companies that have not elected to be taxed as a corporation under current Treasury regulations. DRCC and Sleep Center are owned by more than one member. As such, DRCC and Sleep Center are subject to the partnership tax rules under Subchapter K of the Internal Revenue Code of 1986 (IRC), as amended. Under these rules DRCC and Sleep Center are not subject to federal or state income tax, but must file annual information returns indicating their gross and taxable income to determine the tax results to their members.

The CHP entities are Maryland limited liability companies that have not elected to be taxed as corporations under current treasury regulations CHP entities are wholly owned by the Hospital. As such, each CHP entity is a "disregarded entity" under current IRC regulations.

Goodwill

Goodwill represents the excess of cost over the fair value of assets acquired. Management evaluates goodwill for impairment on an annual basis. Management reviewed the carrying value reported for goodwill in the accompanying consolidated balance sheets for impairment and believes there is none as of June 30, 2014 (see *Note L*)

Subsequent Events

Subsequent events have been evaluated by management through October 14, 2014, which is the date the consolidated financial statements were available to be issued.

Note B – Investments

The following is a summary of investment securities:

	As of June 30	
	2014	2013
Marketable securities:		
Cash and cash equivalents		
Cash	$ 79	$ 679
Money market funds	7,265,647	10,394,775
Equity		
Mutual funds	7,059,568	3,118,352
	$ 14,325,294	$ 13,513,806
Assets whose use is limited:		
Cash and cash equivalents		
Money market funds	$ 13,995,368	$ 8,941,538
Fixed maturity		
U.S. government agency bonds/notes	13,596,906	20,642,186
	$ 27,592,275	$ 29,583,724

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

Note B - Assets Whose Use is Limited

	As of June 30	
	2013	2013
Funds held by Trustee or Authority:		
Debt service reserve fund	$ 27,592,275	$ 29,583,724
Less assets required for current obligations	(6,975,671)	(6,925,305)
	$ 20,616,604	$ 22,658,419

Note B – Investments – Continued

Investment return is summarized as follows:

	Other Operating Revenue	Non Operating Gains (Losses)	Total
2014			
Interest and dividend income	$ 295,859	$ 0	$ 295,859
Net realized gains	(122,027)	0	(122,027)
Net unrealized loss	0	2,572	2,572
Investment fees	(27,265)	0	(27,265)
	$ 146,566	$ 2,572	$ 149,138
2013			
Interest and dividend income	$ 195,125	$ 0	$ 195,125
Net realized gains	2,695	0	2,695
Net unrealized loss	0	(117,655)	(117,655)
Investment fees	(26,038)	0	(26,038)
	$ 171,783	$ (117,655)	$ 54,128

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

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

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

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

Note B – Investments – Continued

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

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

Fair values of the Company's investments in mutual funds classified at Level 1 are based on quoted market prices. Fair values for the Company's fixed maturity securities (corporate debt and federal government obligations) are based on prices provided by its investment managers and its custodian bank Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Each designate specific pricing services or indexes for each sector of the market based upon the provider's experience. The Company's federal government obligations and government backed securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

Note B – Investments – Continued

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2014.

	Level 1	Level 2	Level 3	Total Fair Value
Cash and Cash Equivalents				
Cash	$ 79	$ 0	$ 0	$ 79
Money Market Funds	0	21,261,016	0	21,261,016
Fixed Income				
U S Government Agency Bonds/Notes	0	13,596,906	0	13,596,906
Equity Securities				
Mutual Funds				
Short-Term Bond	545,535	0	0	545,535
Merger Arbitrage	6,058,037	0	0	6,058,037
World Bond	351,410	0	0	351,410
Floating Rate Bonds	212,872	0	0	212,872
High-Yield Bond	271,052	0	0	271,052
Intermediate-Term Bond	235,081	0	0	235,081
Equity Large Blend	301,401	0	0	301,401
Long/Short Equity	267,859	0	0	267,859
Moderate Allocation	307,287	0	0	307,287
Mid-Cap Growth	449,097	0	0	449,097
Real Estate	209,357	0	0	209,357
Foreign Large Blend	1,125,126	0	0	1,125,126
Large Blend	270,255	0	0	270,255
Diversified Emerging Markets	306,921	0	0	306,921
Large Growth	156,461	0	0	156,461
Small Growth	353,914	0	0	353,914
Total assets	$ 11,421,743	$ 34,857,922	$ 0	$ 46,279,665

The total Investments of $46,284,410 includes deposits in transit of $4,745 plus financial instruments of $46,279,665. The above table includes financial instruments of $4,366,839 included in other assets on the consolidated balance sheet for deferred compensation and other arrangements.

Note B – Investments – Continued

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2013:

	Level 1	Level 2	Level 3	Total Fair Value
Cash and Cash Equivalents				
Cash	$ 679	$ 0	$ 0	$ 679
Money Market Funds	0	19,336,313	0	19,336,313
Fixed Income				
U.S. Government Agency Bonds/Notes	0	20,642,187	0	20,642,187
Equity Securities				
Mutual Funds				
Short Government	1,146,782	0	0	1,146,782
Ultrashort Bond	798,149	0	0	798,149
Short-Term Bond	1,618,506	0	0	1,618,506
Intermediate Government	768,331	0	0	768,331
Market Neutral	10,101	0	0	10,101
World Bond	291,125	0	0	291,125
High-Yield Bond	221,094	0	0	221,094
Intermediate-Term Bond	216,217	0	0	216,217
Moderate Allocation	74,735	0	0	74,735
Mid-Cap Growth	368,443	0	0	368,443
Real Estate	181,215	0	0	181,215
Foreign Large Blend	917,340	0	0	917,340
Large Blend	216,532	0	0	216,532
Diversified Emerging Markets	231,627	0	0	231,627
Large Growth	117,348	0	0	117,348
Small Growth	263,029	0	0	263,029
Total assets	$ 7,441,252	$ 39,978,500	$ 0	$ 47,419,752

There were no significant transfers between fair value hierarchy levels for the years ended June 30, 2014 and 2013.

Note C – Joint Ventures and Equity Investments

Health Ventures invests in corporations and other forms of business consistent with the mission and strategic plan of the Company. Health Ventures' unconsolidated investments are carried at cost or at equity depending on the percentage of ownership and control. Health Venture's investment in Magnolia Gardens L.L.C. is not consolidated with the financial statements of the Company because Health Ventures does not control the investee. The investment income of these joint ventures and equity investments is reported in non-operating gains/losses in the accompanying consolidated statements of operations and other changes in unrestricted net assets. These investments, which are reported as noncurrent assets in the accompanying consolidated statements, are summarized as follows as of June 30:

Name	Percent Ownership	Accounting Method	2014	2013
Magnolia Gardens LLC	51%	Equity	$ 3,477,137	$ 3,240,305
Metropolitan Ambulatory Urological Institute, LLC	30%	Equity	87,258	78,330
Diagnostic Imaging, LLC	50%	Equity	737,550	959,124
			$ 4,301,945	$ 4,277,759

Note D – Related Party Transactions

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

The Hospital advanced funds to Health Ventures in its establishment of Metropolitan Medical Group, LLC (MMS). Since MMS is wholly owned by Health Ventures, the amounts loaned to MMS have been eliminated in consolidation.

A member of the board of directors maintains a business that had transactions with the Hospital that amounted to $494,640 and $465,317 for the years ended June 30, 2014 and 2013, respectively. The Medical Director of Radiology for the Hospital is an investor in Diagnostic Imaging, LLC, which is an unconsolidated subsidiary of Health Ventures.

Note E – Land, Buildings, and Equipment

Land, buildings, and equipment are summarized as follows:

Name	Useful Life	June 30 2014	June 30 2013
Land improvements	10-40 Years	$ 3,809,176	$ 3,809,176
Buildings	4-40 Years	125,455,198	124,956,992
Leasehold improvements	4-40 Years	2,434,001	2,506,001
Furniture and equipment	2-20 Years	82,156,651	80,940,538
Equipment under capital lease obligations	2-20 Years	10,399,214	10,209,215
		224,254,240	222,421,922
Less accumulated depreciation		116,908,275	107,654,905
		107,345,965	114,767,017
Construction in progress		2,993,117	918,248
Land		6,138,502	6,138,502
		$ 116,477,584	$ 121,823,767

Accumulated depreciation includes accumulated amortization of capital leased equipment in the amount of $4,161,728 and $3,625,467 as of June 30, 2014 and 2013, respectively. Depreciation expense related to capital leased equipment was $1,193,793 and $1,139,367 for fiscal year 2014 and 2013, respectively.

Note F – Long-Term Debt

Long-term indebtedness consisted of the following:

	June 30	
	2014	2013
Maryland Health and Higher Education Facilities Authority Revenue Bonds, Series 2007A:		
4.00% term bonds due July 1, 2013	$ 0	$ 2,580,000
5.00% term bonds due July 1, 2020	21,890,000	21,890,000
5.00% term bonds due July 1, 2027	30,795,000	30,795,000
5 00% term bonds due July 1, 2029	10,915,000	10,915,000
Maryland Health and Higher Education Facilities Authority Revenue Bonds, Series 2010:		
5 30% term bonds due July 1, 2025	5,030,000	5,330,000
5.625% term bonds due July 1, 2030	9,095,000	9,095,000
5 75% term bonds due July 1, 2038	68,245,000	68,245,000
Capital Orthopedics Practice Purchase	350,428	0
Capital leases	2,819,628	4,291,670
	149,140,056	153,141,670
Current portion of long-term debt	(4,944,793)	(4,396,299)
Original issue premium, net of accumulated amortization	1,484,325	1,658,412
Original issue discount, net of accumulated amortization	(1,727,195)	(1,765,513)
	$ 143,952,393	$ 148,638,270

The fair value of the Company's long-term debt, based on quoted market prices, was $150,048,105 and $149,981,460 at June 30, 2014 and 2013, respectively.

Note F – Long-Term Debt – Continued

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

2015	$ 4,944,793
2016	4,207,445
2017	3,414,849
2018	3,537,970
2019	3,650,000
2020 and after	129,385,000
	$ 149,140,056

Total interest paid for the years ended June 30, 2014 and 2013 was $7,805,067 and $8,055,098, respectively.

Revenue Bonds

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

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

The Series 2010 Bonds and the Series 2007 Bonds are secured by the revenue and accounts receivable of the Hospital. The Hospital is required to maintain certain debt ratios as defined by the Agreement. In the opinion of the management, the Hospital has complied with the required covenants for 2014 and 2013.

Note F – Long-Term Debt – Continued

Other Debt

During 2008, DRCC obtained a $4,000,000 revolving line of credit from a commercial lender to finance the acquisition of certain medical equipment. The line of credit was converted to a capital lease during 2009. The outstanding principal balance was $1,766,359 and $2,523,453 on June 30, 2014 and 2013, respectively. Beginning in October 2009, monthly payments of principal and interest at 6.8% per annum become due. Aggregate future principal payments as of June 30, 2014 are as follows:

2015	$	784,871
2016		813,688
2017		104,849
2018		62,970
	$	1,766,378

In July 2012, DRCC refinanced the capital lease. The refinanced balance was $2,711,191 at an interest rate of 3.6%. Other debt includes the Hospital's obligations under various other capital leases (see *Note H*).

In September 2013, the Hospital acquired an orthopedic practice. The payment for the practice included a down payment and 23 monthly payments. The amount paid in FY 2014 was $394,572 and the remaining liability totals $350,428 as of June 30, 2014.

Note G – Medical Malpractice and Workers' Compensation Insurance

From October 18, 2001 to October 31, 2004, the Hospital maintained occurrence-based professional liability insurance with a per-claim limit of $8,000,000 and aggregate annual limit of $10,000,000 with a commercial carrier. The Hospital was liable for a deductible up to $250,000 for each occurrence up to a maximum of $750,000 Prior to October 18, 2001, the Hospital's policy had no deductible. Effective November 1, 2004, due to the commercial carrier discontinuing services in Maryland and rising insurance costs, the Hospital purchased coverage on a claims-made basis from Freestate Healthcare Insurance Company, Ltd., a group captive formed by several Maryland hospitals The Hospital owns a partial interest in the captive that is accounted for using the cost method. The cost of $15,000 is recorded in other noncurrent assets in the accompanying consolidated balance sheets as of June 30, 2014 and 2013. Premiums are expensed as incurred and are established based on the Hospital's historical experience supplemented as necessary with industry experience. The total premium is allocated to each of the shareholders based on their experience. Retrospective premium assessments and credits are calculated based on the aggregate experience of all named insureds under the policy. Each named insured's assessment of credit is based on the percentage of their actual exposure to the actual exposure of all named insureds. In management's opinion, the assets of Freestate are sufficient to meet its obligations as of June 30, 2014. If the financial condition of Freestate were to materially deteriorate in the future, and Freestate

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

was unable to pay its claim obligations, the responsibility to pay those claims would return to the member hospitals.

The captive is responsible for claims up to $1,000,000 for each and every loss event. Additional coverage has been purchased for all claims in excess of $1,000,000 to a limit of $6,000,000 effective March 1, 2006. The estimated unpaid loss liability reserved by the captive for the Hospital was $7,760,584 and $7,332,914 at June 30, 2014 and 2013, respectively. These amounts are included in long term assets and long term liabilities in the accompanying consolidated balance sheets. The liability for all claims incurred but not reported for the Hospital was $1,242,792 and $1,314,231 at June 30, 2014 and 2013, respectively. In accordance with current accounting standards, the June 30, 2014 and 2013 unpaid loss liabilities are recorded in noncurrent liabilities and the related anticipated insurance recoveries were reported in noncurrent assets, in the accompanying consolidated balance sheets. The Hospital engages a consulting actuary to assist in the determination of all professional liability claims incurred but not reported.

The Hospital is self-insured against workers' compensation claims up to a per-claim limit of $500,000 with an annual limitation of approximately $1,000,000. A liability has been recorded for all known claims and an estimate for claims incurred but not reported in the amount of $312,102 and $713,992 at June 30, 2014 and 2013, respectively. These amounts are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Note H – Leases

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

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

Note H – Leases - Continued

Future minimum lease payments as of June 30, 2014 are as follows:

	Capital Leases	Operating Leases
2015	$ 1,621,322	$ 1,916,842
2016	1,030,487	1,876,380
2017	104,849	1,446,584
2018	62,970	1,239,495
2019 and thereafter	-	3,473,191
Total minimum lease payments	2,819,628	9,952,493
Current portion of capital leases	(1,621,322)	
Capital lease obligations, less current portion	$ 1,198,306	

Total rental expense reported in the accompanying consolidated statements of operations and other changes in unrestricted net assets for the years ended June 30, 2014 and 2013 was $4,389,620 and $4,039,310, respectively.

Note I – Retirement Plans

The Hospital froze the defined benefit pension plan that it sponsors (the Plan) in 2011, which covered substantially all employees. The Plan curtailment was recognized in 2011. The decision to terminate in the Plan has not been made by the board of directors. The benefits are based on years of service and employee compensation during years of employment. The Hospital's funding policy is to make sufficient contributions to the Plan to comply with the minimum funding provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Hospital expects to contribute $1,011,842 to the Plan during 2015 to keep the funding levels at the IRS requirements. The measurement date of the Plan is June 30.

Note I – Retirement Plans – Continued

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

	For the Year Ended	
	2014	2013
Accumulated Benefit Obligation	$ 22,243,504	$ 21,113,509
Change in Benefit Obligation		
Benefit Obligation at beginning of year	$ 21,113,509	$ 22,021,920
Interest cost	842,064	770,733
Actuarial loss/(gain)	978,837	(1,240,851)
Benefits paid	(690,906)	(438,293)
Benefit Obligation at End of Year	$ 22,243,504	$ 21,113,509
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 15,144,336	$ 14,446,264
Actual return on plan assets	1,644,471	789,666
Employer contributions	580,941	346,699
Benefits paid	(690,906)	(438,293)
Fair Value of Plan Assets at End of Year	$ 16,678,842	$ 15,144,336
Funded Status (Pension Obligation)	$ (5,564,662)	$ (5,969,173)
Components of Net Periodic Benefit Costs		
Interest cost	842,064	770,733
Expected return on plan assets	(906,673)	(889,123)
Recognition of loss from change in measurement date	402,037	474,436
Net Period Pension Costs	$ 337,428	$ 356,046

Note I – Retirement Plans – Continued

The total amount recognized in unrestricted net assets in the accompanying consolidated financial statements for 2014 and 2013 is as follows:

	2014	2013
Net loss	$ 8,258,310	$ 8,419,308
Prior service costs	0	0
	$ 8,258,310	$ 8,419,308

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

	2014	2013
Equity securities	39%	40%
Fixed maturity	61%	60%
	100%	100%

Plan assets are invested to ensure that the Plan has the ability to pay all benefit and expense obligations when due, to maximize return within prudent levels of risk for pension assets, and to maintain a funding cushion for unexpected developments. The target weighted-average asset allocation of pension investments was 50% equities and 50% fixed maturity securities and cash as of June 30, 2014.

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

2015	$ 2,022,201
2016	792,762
2017	1,017,056
2018	1,276,859
2019	1,199,765
2020 - 2024	6,901,764
Total	$ 13,210,407

Note I – Retirement Plans – Continued

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

	2014	2013
Discount rate	3.85%	4.30%
Expected return on Plan assets	6.50%	6.50%
Rate of compensation increase	N/A	N/A

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2014:

	Level 1	Level 2	Level 3	Total Fair Value
Equity Securities				
Mutual Funds				
Diversified Emerging Mkts	$ 463,577	$ 0	$ 0	$ 463,577
Foreign Large Blend	369,470	0	0	369,470
Foreign Small/Mid Growth	93,747	0	0	93,747
High Yield Bond	1,744,697	0	0	1,744,697
Inflation-Protected Bond	1,652,923	0	0	1,652,923
Intermediate Government	1,634,118	0	0	1,634,118
Intermediate-Term Bond	2,621,475	0	0	2,621,475
Large Growth	1,479,316	0	0	1,479,316
Large Value	1,283,333	0	0	1,283,333
Mid-Cap Growth	909,283	0	0	909,283
Mid-Cap Value	931,320	0	0	931,320
Multisector Bond	2,558,017	0	0	2,558,017
Small Growth	375,837	0	0	375,837
Small Value	561,729	0	0	561,729
Total assets	$ 16,678,842	$ 0	$ 0	$ 16,678,842

Note I – Retirement Plans – Continued

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2013:

	Level 1	Level 2	Level 3	Total Fair Value
Equity Securities				
Mutual Funds				
Diversified emerging markets	$ 302,772	$ 0	$ 0	$ 302,772
Foreign large blend	317,085	0	0	317,085
Foreign small/mid growth	168,542	0	0	168,542
Inflation-protected bond	1,438,426	0	0	1,438,426
Intermediate government	2,072,049	0	0	2,072,049
Intermediate-term bond	3,281,486	0	0	3,281,486
Large growth	1,371,019	0	0	1,371,019
Large value	1,239,208	0	0	1,239,208
Mid-cap growth	839,180	0	0	839,180
Mid-cap value	857,523	0	0	857,523
Multisector bond	2,358,510	0	0	2,358,510
Small growth	375,371	0	0	375,371
Small value	523,165	0	0	523,165
Total assets	$ 15,144,336	$ 0	$ 0	$ 15,144,336

There were no significant transfers between fair value hierarchy levels for the years ended June 30, 2014 and 2013.

The Hospital has a deferred compensation plan that permits certain executives to defer receiving a portion of their compensation The deferred amounts are included in other assets in the accompanying consolidated balance sheets. The associated liability of an equal amount is included in other liabilities in the accompanying consolidated balance sheets. The liability recorded regarding the deferred compensation was $3,956,478 and $3,846,668 as of June 30, 2014 and 2013, respectively. During 2014 and 2013, distributions of $360,855 and $1,075,072 were made to participants in the deferred compensation plan, respectively.

The Hospital is the beneficiary of split dollar life insurance policies in place for certain executives. Approximately $9,300,000 is included in other assets at June 30, 2014 and 2013, which is the amount that could be realized by the Hospital under the insurance contracts.

Note J – Maryland Health Services Cost Review Commission

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

In January 2014, the State of Maryland signed a new CMS waiver focused on population health. The current rate of reimbursement for principally all hospital inpatient and outpatient services to patients under the Medicare and Medicaid programs is based on an agreement between the Centers for Medicare and Medicaid Services and the Commission. This agreement is based upon a waiver from Medicare reimbursement principles under Section 1814(b) of the Social Security Act and will continue as long as all third-party payers elect to be reimbursed under this program, the rate of increase for costs per hospital services is below the national average, and other specific quality indicators are met. In anticipation of this new waiver, the Commission developed a new methodology on the rate orders provided to the hospitals which is called Global Budgeted Rate (GBR).

The Commission defines the GBR in the Hospital's agreement as follows: "The Global Budget Revenue ("GBR") model is a revenue constraint and quality improvement system designed by the Maryland Health Services Cost Review Commission ("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 Hospital's mission to provide the highest value of care possible to its patients and the communities it serves "

The Hospital signed its GBR in December 2013, effective July 1, 2013. Management believes that a waiver program will remain in effect at least through June 2015. At June 30, 2014, the Hospital was in compliance with the GBR agreement.

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

Note K – Commitments and Contingencies

Litigation

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

Risk Factors

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

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

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

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

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

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

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

Note K – Commitments and Contingencies – Continued

Risk Factor - Continued

operating results and cash flows of the Hospital. In June 2013 the Hospital was surveyed by Joint Commission and received a full three-year Joint Commission accreditation through July 2016.

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

Construction Commitments

The Hospital has entered into a contract related to a construction project. The total contract committed to by the Company was approximately $8,400,000. As of June 30, 2014, the remaining commitment under the contract was approximately $7,200,000.

Note L – Goodwill

The Company uses the acquisition method of accounting to record goodwill when purchasing physician practices and other similar entities. The table below presents goodwill that has been recorded as of June 30 for the following acquisitions:

	June 30	
	2014	2013
Cancer center	$ 1,062,531	$ 1,062,531
Orthopedic practice	376,316	0
Nursing home	766,285	766,285
Cancer center	646,975	646,975
Surgical practice	77,340	0
ENT practice	18,943	18,943
	$ 2,948,390	$ 2,494,734

Note M – Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of June 30 for the following programs and projects:

	2014	2013
Nancy Heilman Scholarship Fund	$ 1,479	$ 1,479
Brian Erfan Memorial Fund	5,850	5,850
Jane Schafer Scholarship Fund	10,785	10,784
Rehabilitation Services	12,937	12,937
Cardiac Rehab Services	1,622	3,962
Borden Breast Center	20,000	20,000
Surgical Services	930,812	591,032
Diabetes Center	0	1,424
Lymphedema Center	12,976	20,000
Smoking Grant	9,684	0
Community Outreach	213	0
Komen Grant	618,439	892,984
UASI 2008 grant	2,177	2,177
MHA HPP Disaster Grant	19	19
Health fair Screening	30,000	0
	$ 1,656,992	$ 1,562,648

Consolidating Balance Sheet Information
Doctors Community Hospital and Subsidiaries
June 30, 2014

ASSETS	DOCTORS COMMUNITY HOSPITAL	DOCTORS COMMUNITY HOSPITAL FOUNDATION, INC	DOCTORS COMMUNITY HEALTH VENTURES, INC	DOCTORS REGIONAL CANCER CENTER, LLC	DOCTORS COMMUNITY HOSPITAL SLEEP CENTER, LLC	DOCTORS COMMUNITY HEALTHCARE PROGRAMS	ELIMINATIONS	CONSOLIDATED
CURRENT ASSETS								
Cash and cash equivalents	$ 23,387,055	$ 447,316	$ 200,126	$ 814,017	$ 314,191	$ 697,291	$ 0	$ 25,859,996
Assets whose use is limited for debt service	6,975,671	0	0	0	0	0	0	6,975,671
Patient accounts receivable, net	20,982,049	0	2,251,137	952,418	28,720	1,103,045	0	25,317,369
Other amounts receivable	3,630,522	482,760	9,529	118,888	0	152,937	0	4,394,636
Inventories	3,478,600	0	3,951	0	75,497	0	0	3,558,048
Prepaid expenses	2,306,675	10,779	13,866	118,900	0	25,904	0	2,476,124
TOTAL CURRENT ASSETS	60,760,572	940,855	2,478,609	2,004,223	418,408	1,979,177	0	68,581,844
INVESTMENTS								
Marketable securities	14,162,333	162,961	0	0	0	0	0	14,325,294
Investment in Doctors Regional Cancer Center	2,508,569	0	0	0	0	0	(2,508,569)	0
Investment in Sleep Services of America, Inc	378,663	0	0	0	0	0	(378,663)	0
Joint ventures and equity investments	0	0	4,301,945	0	0	0	0	4,301,945
Due to DCH	23,479,651	0	0	0	300,564	0	(23,780,215)	0
	40,529,216	162,961	4,301,945	0	300,564	0	(26,667,447)	18,627,239
ASSETS WHOSE USE IS LIMITED								
Investments held by trustee or authority, less current portic	20,616,604	0	0	0	0	0	0	20,616,604
Land and land improvements	9,947,647	0	0	0	0	0	0	9,947,647
Building and fixed equipment	117,393,104	0	0	0	0	476,040	0	117,869,144
Medical office building	8,062,095	0	0	0	0	0	0	8,062,095
Major movable equipment	82,656,553	0	800,370	9,344,376	1,308,385	404,143	0	94,513,827
Construction in progress	2,993,147	0	0	0	0	0	0	2,993,147
Accumulated depreciation	(109,576,355)	0	(489,764)	(5,353,493)	(1,243,705)	(244,958)	0	(116,908,275)
LAND, BUILDINGS, AND EQUIPMENT, NET	111,476,190	0	310,606	3,990,883	64,680	635,225	0	116,477,584
DEFERRED FINANCING COSTS, NET	2,007,218	0	0	0	0	0	0	2,007,218
GOODWILL	1,438,847	0	766,285	646,975	0	96,283	0	2,948,390
OTHER ASSETS	23,082,957	0	10,000	0	0	0	(100,000)	22,992,957
TOTAL ASSETS	$ 259,911,604	$ 1,103,816	$ 7,867,445	$ 6,642,081	$ 783,652	$ 2,710,685	$ (26,767,447)	$ 252,251,836

See Independent Auditors' Report.

Consolidating Balance Sheet Information
Doctors Community Hospital and Subsidiaries
June 30, 2014

LIABILITIES AND NET ASSETS	DOCTORS COMMUNITY HOSPITAL	DOCTORS COMMUNITY HOSPITAL FOUNDATION, INC	DOCTORS COMMUNITY HEALTH VENTURES, INC	DOCTORS REGIONAL CANCER CENTER, LLC	DOCTORS COMMUNITY HOSPITAL SLEEP CENTER, LLC	DOCTORS COMMUNITY HEALTHCARE PROGRAMS	ELIMINATIONS	CONSOLIDATED
CURRENT LIABILITIES								
Accounts payable and accrued expenses	$ 14,310,596	$ 9,081	$ 83,228	$ 617,391	$ 119,883	$ 104,199	$ (300,565)	$ 14,943,813
Due to DCH	0	58,378	0	77,377	32,664	9,051,754	(9,220,173)	-
Salaries, wages, and related items	10,762,794	0	737,500	0	0	(90,272)	0	11,410,022
Advances from third party payers	7,834,889	0	0	0	0	0	0	7,834,889
Interest payable to bondholders	4,043,381	0	0	0	0	0	0	4,043,381
Current portion of long-term obligation	4,125,140	0	0	784,872	0	34,781	0	4,944,793
TOTAL CURRENT LIABILITIES	41,076,800	67,459	820,728	1,479,640	152,547	9,100,462	(9,520,738)	43,176,898
NONCURRENT LIABILITIES								
Other noncurrent liabilities	12,959,854	0	0	0	0	0	0	12,959,854
Pension obligation, net of current portion	5,564,662	0	0	0	0	0	0	5,564,662
Long-term obligations, net of current portion	142,961,411	0	14,259,479	981,507	0	9,475	(14,259,479)	143,952,393
TOTAL LIABILITIES	202,562,727	67,459	15,080,207	2,461,147	152,547	9,109,937	(23,780,217)	205,653,807
NET ASSETS AND MEMBERS' EQUITY								
Unrestricted	56,728,242	0	0	0	0	(1,842,484)	(11,869,528)	43,016,230
Members' equity	0	0	(7,212,762)	4,180,934	631,105	(4,556,768)	6,957,491	0
Noncontrolling interest	0	0	0	0	0	0	1,924,807	1,924,807
Total unrestricted net assets	56,728,242	0	(7,212,762)	4,180,934	631,105	(6,399,252)	(2,987,230)	44,941,037
Temporarily restricted	620,635	1,036,357	0	0	0	0	0	1,656,992
TOTAL NET ASSETS	57,348,877	1,036,357	(7,212,762)	4,180,934	631,105	(6,399,252)	(2,987,230)	46,598,029
TOTAL NET ASSETS AND LIABILITIES	$ 259,911,604	$ 1,103,816	$ 7,867,445	$ 6,642,081	$ 783,652	$ 2,710,685	$ (26,767,447)	$ 252,251,836

See Independent Auditors' Report.

Consolidating Balance Sheet Information
Doctors Community Hospital and Subsidiaries
For the Year Ended June 30, 2014

	DOCTORS COMMUNITY HOSPITAL	DOCTORS COMMUNITY HOSPITAL FOUNDATION, INC	DOCTORS COMMUNITY HEALTH VENTURES, INC	DOCTORS REGIONAL CANCER CENTER, LLC	DOCTORS COMMUNITY HOSPITAL SLEEP CENTER, LLC	DOCTORS COMMUNITY HEALTHCARE PROGRAMS	ELIMINATIONS	CONSOLIDATED
UNRESTRICTED NET ASSETS								
OPERATING REVENUE								
Inpatient revenue	$ 129,691,646	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 129,691,646
Outpatient revenue	89,447,130	0	9,436,970	7,250,796	3,282,789	13,730,328	0	123,148,013
Contractuals	(36,402,914)	0	(2,317,977)	0	0	(7,680,708)	0	(46,401,599)
Net patient service revenue, net of contractual allowances and discounts	$ 182,735,862	$ 0	$ 7,118,993	$ 7,250,796	$ 3,282,789	$ 6,049,620	$ 0	$ 206,438,060
Less provision for bad debts	(6,838,297)	0	0	(20,029)	0	25,158	0	(6,833,168)
Net patient service revenue less provision for bad debt	175,897,565	0	7,118,993	7,230,767	3,282,789	6,074,778	0	199,604,892
Other operating revenue	4,687,403	6,343	-	36,690	120,370	96,646	(638,357)	4,309,095
Pledges and contributions	6,120	216,357	0	0	0	0	0	222,477
Net assets released from restrictions used for operations	304,904	0	0	0	0	0	0	304,904
TOTAL OPERATING REVENUE	180,895,992	222,700	7,118,993	7,267,457	3,403,159	6,171,424	(638,357)	204,441 368
EXPENSES								
Salaries and wages	77,218,444	259,850	7,141,301	0	758,819	5,202,700	0	90,581,114
Employee benefits	13,511,218	65,087	661,235	0	156,741	1,012,049	0	15,406,330
Purchased services	24,031,951	11,083	492,099	4,995,572	241,065	1,223,854	0	30,995,624
Supplies	33,985,253	17,157	252,133	54,459	47,019	235,564	0	34,591,586
Other expenses	11,515,900	9,065	814,841	902,064	209,220	1,347,724	(638,359)	14,160,455
Depreciation	8,553,474	0	98,290	656,654	107,523	153,577	0	9,569,518
Amortization	153,096	0	0	0	0	0	0	153,096
Fundraising	0	182,953	0	0	0	0	0	182,953
Interest	7,826,868	0	0	78,810	0	0	0	7,905,678
TOTAL EXPENSES	176,796,204	545,195	9,459,899	6,687,559	1,520,387	9,175,468	(638,359)	203,546,354
INCOME (LOSS) FROM OPERATIONS	4,099,788	(322,495)	(2,340,906)	579,898	1,882,772	(3,004,044)	2	895,014
NONOPERATING INCOME								
Loss from sale of property	(80,162)	0	0	0	0	0	0	(80,162)
Unrealized loss on trading securities	2,572	0	0	0	0	0	0	2,572
Equity (loss) in joint ventures	1,477,601	0	(165,621)	0	0	0	(1,477,601)	(165,621)
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	5,499,799	(322,495)	(2,506,527)	579,898	1,882,772	(3,004,044)	(1,477,599)	651,803
Net asset transfer	(134,820)	134,820	0	0	0	0	0	0
Dividends paid	0	0	0	(784,564)	(2,184,000)	0	1,781,138	(1,187,426)
Contributions	0	586,922	0	0	0	0	0	586,922
Net assets released from restrictions for use in operations	(274,544)	(30,360)	0	0	0	0	0	(304,904)
Pension - related changes other than net periodic pension cost	160,998	0	0	0	0	0	0	160,998
Increase (decrease) in net assets	5,251,433	368,887	(2,506,527)	(204,666)	(301,228)	(3,004,044)	303,539	(92,607)
Net assets, beginning of year	52,097,444	667,471	(4,706,235)	4,385,600	932,333	(3,395,208)	(3,290,769)	46,690,636
Net assets, end of year	$ 57,348,877	$ 1,036,358	$ (7,212,762)	$ 4,180,934	$ 631,105	$ (6,399,252)	$ (2,987 230)	$ 46,598,029

See Independent Auditors' Report.