

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2008 calendar year, or tax year beginning Jul 01, 2008, and ending Jun 30, 2009

B Check if applicable:
 Address change
 Name change
 Initial return
 Termination
 Amended return
 Application pending

C Name of organization, number and street, city, town, state, and ZIP code
 Please use IRS label or print or type. See Specific Instructions.
 Memorial Hospital & Medical Center of Cumberland Inc
 600 Memorial Avenue
 Cumberland MD 21502-0539

D Employer identification number
 52-1246048

E Telephone number
 240-964-8007

F Name and address of principal officer: Michele R Martz
 PO Box 539 Cumberland MD 21502-

G Gross receipts \$ 142523206.

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www.wmhs.com

K Type of organization: Corporation Trust Association Other ▶

L Year of formation: 1981 **M** State of legal domicile: MD

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: The mission of the Health System is to improve the health status and quality of life of the individuals and the communities served, especially those in need		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	13
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of employees (Part V, line 2a)	5	1161
	6 Total number of volunteers (estimate if necessary)	6	294
	7a Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	362621.
b Net unrelated business taxable income from Form 990-T, line 34	7b	41472.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	573148.	834601.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	124077392.	130377919.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2890123.	543417.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	515499.	1198938.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	128056162.	132954875.
	14 Benefits paid to or for members (Part IX, column (A), line 4)		
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	55229959.	56250887.
	16a Professional fundraising fees (Part IX, column (A), line 11e)		
	b Total fundraising expenses, (Part IX, column (D), line 25) ▶		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	67505269.	70639076.
18 Total expenses - Add lines 13-17 (must equal Part IX, column (A), line 25)	122735228.	126889963.	
19 Revenue less expenses. Subtract line 18 from line 12	5320934.	6064912.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Year	End of Year
	21 Total liabilities (Part X, line 26)	487159314.	497705629.
	22 Net assets or fund balances. Subtract line 21 from line 20	402567072.	418921437.
		84592242.	78784192.

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 ▶ Michele R. Martz 11/12/09
 Signature of officer Date
 Michele R Martz VP - Finance
 Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed) address, and ZIP + 4 ▶	EIN ▶	Phone no. ▶	

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

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors?		X
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		X
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III		
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	X	
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10	Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V	X	
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a	Did the organization maintain an office, employees, or agents outside of the U.S.?	X	
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I	X	
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III		X
17	Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I		X
18	Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19	Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	X	
21	Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22	Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25.	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
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?		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
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		X
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	X	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III		X

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable	1a	59
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	X
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	1161
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <i>Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)</i>	2b	X
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	3a	X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	X
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	X
b	If "Yes," enter the name of the foreign country: <u> KY </u> See the instructions for exceptions and 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	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
c	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c	
6a	Did the organization solicit any contributions that were not tax deductible?	6a	X
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 provide goods or services in exchange for any quid pro quo contribution of more than \$75?	7a	X
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	X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h	
8	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and Section 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	X
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distribution under section 4966?	9a	X
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	X
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	

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

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

1a Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List 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 the organization did not compensate any officer, director, trustee, or key employee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Kheder Ashker		X								
John Davis		X								
David Dewitt		X								
Brian J Hasslinger MD		X								
Elizabeth Hurlitz-Schwab		X								
Sharon Nicol		X								
Frederick Thayer		X								
Donald Alexander				X						
Robert Dawson MD				X						
M Kathryn Burkey				X						
Kim Leonard				X						
Mary Pirolozzi				X						
Barry Ronan Pres, CEO	40			X				420418.	31028.	
James Raver Senior VP	40				X			307483.	14870.	
Thomas Dowdell VP, COO	40			X				244589.	23312.	
Kimberly Repac VP, CFO	40			X				230273.	20698.	
Nancy Adams Senior VP	40				X			175823.	18271.	

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	833253.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	1348.				
	g Noncash contributions included in lines 1a-1f		\$				
	h Total. Add lines 1a-1f			834601.			
Program Service Revenue	2a Patient care	Business Code	32596902.	32596902.			
	b Ancillary care		82663342.	82663342.			
	c Clinics & home care		9021328.	9021328.			
	d Emergency care		5743870.	5743870.			
	e Partnership income		352477.	352477.			
	f All other program service revenue						
	g Total. Add lines 2a-2f			130377919.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		1523099.			1523099.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross Rents	(i) Real	402190.				
		(ii) Personal	4045.				
	b Less: rental expenses		565678.				
	c Rental income or (loss)		-163488.		4045.	-163488.	
	d Net rental income or (loss)			-159443.			
	7a Gross amount from sales of assets other than inventory	(i) Securities	8014821.				
		(ii) Other	8150.				
	b Less: cost or other basis and sales expenses		9002653.				
	c Gain or (loss)		-987832.		8150.		
	d Net gain or (loss)			-979682.	-979682.		
	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 Unrelated program		812900	358576.		358576.		
b Excluded revenue			194499.			194499.	
c Related programs			213417.	213417.			
d All other revenue			591889.			591889.	
e Total. Add lines 11a-11d			1358381.				
12 Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e			132954875.	129611654.	362621.	2145999.	

Part X Balance Sheet

		(A)		(B)			
		Beginning of year		End of year			
Assets	1	Cash - non-interest-bearing	954821.	1	5377008.		
	2	Savings and temporary cash investments	6679359.	2	-9713895.		
	3	Pledges and grants receivable, net		3			
	4	Accounts receivable, net	14230855.	4	15117349.		
	5	Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L		5			
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6			
	7	Notes and loans receivable, net	15677.	7			
	8	Inventories for sale or use	2475601.	8	2429284.		
	9	Prepaid expenses and deferred charges	1798652.	9	1966914.		
	10a	Land, buildings, and equipment: cost basis	10a	348185078.			
	b	Less: accumulated depreciation. Complete Part VI of Schedule D	10b	82837675.	157629434.	10c	265347403.
	11	Investments - publicly traded securities	12459474.	11	11533977.		
	12	Investments - other securities. See Part IV, line 11		12			
	13	Investments - program-related. See Part IV, line 11		13			
	14	Intangible assets		14			
	15	Other assets. See Part IV, line 11	290915441.	15	205647589.		
16	Total assets. Add lines 1 through 15 (must equal line 34)	487159314.	16	497705629.			
Liabilities	17	Accounts payable and accrued expenses	33140648.	17	30093619.		
	18	Grants payable		18			
	19	Deferred revenue	120473.	19	72281.		
	20	Tax-exempt bond liabilities	348650000.	20	348650000.		
	21	Escrow account liability. Complete Part IV of Schedule D		21			
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	7551.	22	7551.		
	23	Secured mortgages and notes payable to unrelated third parties		23			
	24	Unsecured notes and loans payable		24			
	25	Other liabilities. Complete Part X of Schedule D	20648400.	25	40097986.		
	26	Total liabilities. Add lines 17 through 25	402567072.	26	418921437.		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets	77121272.	27	71362116.		
	28	Temporarily restricted net assets	6228222.	28	6386296.		
	29	Permanently restricted net assets	1242748.	29	1035780.		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> 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	84592242.	33	78784192.			
34	Total liabilities and net assets/fund balances	487159314.	34	497705629.			

Part XI Financial Statements and Reporting

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a	X
b	Were the organization's financial statements audited by an independent accountant?	2b	X
c	If "Yes" to lines 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	X
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	X
b	If "Yes," did the organization undergo the required audit or audits?	3b	X

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, lines 6, 7, 8, 9, 10, 11, or 12.**

OMB No. 1545-0047

2008

Open to Public Inspection

Name of the organization

Memorial Hospital & Medical Center

Employer identification number

52-1246048

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	3	
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year	7,287,179.	
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- | | |
|---|--|
| <input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure) | <input type="checkbox"/> Preservation of an historically important land area |
| <input type="checkbox"/> Protection of natural habitat | <input type="checkbox"/> Preservation of certified historic structure |
| <input type="checkbox"/> Preservation of open space | |
- 2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.
- | | Held at the End of the Year |
|--|-----------------------------|
| a Total number of conservation easements | 2a |
| b Total acreage restricted by conservation easements | 2b |
| c Number of conservation easements on a certified historic structure included in (a) | 2c |
| d Number of conservation easements included in (c) acquired after 8/17/06 | 2d |
- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____
- 4 Number of states where property subject to conservation easement is located ▶ _____
- 5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds? Yes No
- 6 Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year ▶ _____
- 7 Amount of expenses incurred in monitoring, inspecting, and enforcing 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 XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1 a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
- (i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
- (ii) Assets included in Form 990, Part X ▶ \$ _____
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items:
- a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
- b Assets included in Form 990, Part X ▶ \$ _____

Part XIV Supplemental Information (continued)

Part V, Line 4

Intended uses of the income from the Pugh Endowment funds are to provide free beds and free service to those who may become patients and who through financial inability may be unable to make provision for their own medical and/or surgical relief

**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

▶ To be completed by organizations that answer "Yes" to Form 990, Part IV, line 20.
▶ Attach to Form 990.

OMB No. 1545-0047

2008

Open to Public Inspection

Name of the organization: **Memorial Hospital & Medical Center**
Employer identification number: **52-1246048**

Part I Charity Care and Certain Other Community Benefits at Cost (Optional for 2008)

- | | | Yes | No |
|--|-----------|-----|----|
| 1 a Does the organization have a charity care policy? If "No," skip to question 6a | 1a | | |
| b If "Yes," is it a written policy? | 1b | | |
| 2 If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals. | | | |
| <input type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals | | | |
| <input type="checkbox"/> Generally tailored to individual hospitals | | | |
| 3 Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients. | | | |
| a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care: | 3a | | |
| <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % | | | |
| b Does the organization use FPG to determine eligibility for providing discounted care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care: | 3b | | |
| <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % | | | |
| c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care. | | | |
| 4 Does the organization's policy provide free or discounted care to the "medically indigent"? | 4 | | |
| 5 a Does the organization budget amounts for free or discounted care provided under its charity care policy? | 5a | | |
| b If "Yes," did the organization's charity care 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 | | |
| 6 a Does the organization prepare an annual community benefit report? | 6a | | |
| b If "Yes," does the organization make it available to the public? | 6b | | |

Complete the following table using the worksheets provided in the Sch H instr. Don't submit these worksheets with the Sch H.

7 Charity Care and Certain Other Community Benefits at Cost	(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
Charity Care and Means-Tested Government Programs						
a Charity care at cost (from Worksheets 1 and 2)						0.00
b Unreimbursed Medicaid (from Worksheet 3, column a)						0.00
c Unreimbursed costs-other means-tested government programs (from Worksheet 3, column b)						0.00
d Total Charity Care and Means-Tested Gov't Programs						0.00
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						0.00
f Health professions education (from Worksheet 5)						0.00
g Subsidized health services (from Worksheet 6)						0.00
h Research (from Worksheet 7) ..						0.00
i Cash and in-kind contributions to community groups (from Worksheet 8)						0.00
j Total Other Benefits						0.00
k Total (line 7d and 7j)						0.00

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information
For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees
▶ **Attach to Form 990. to be completed by organizations that
answered "Yes" to Form 990, Part IV, line 23.**

OMB No. 1545-0047

2008

**Open to Public
Inspection**

Name of the organization
Memorial Hospital & Medical Center

Employer identification number
52-1246048

Part I Questions Regarding Compensation

Yes	No
-----	----

1 a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input checked="" type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input checked="" type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input checked="" type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

- | | | | |
|---|-----------|-------------------------------------|--|
| b If line 1a is 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 | <input checked="" type="checkbox"/> | |
| 2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? | 2 | <input checked="" type="checkbox"/> | |

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 or other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

- | | | | |
|--|-----------|-------------------------------------|-------------------------------------|
| 4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a: | | | |
| a Receive a severance payment or change of control payment? | 4a | | <input checked="" type="checkbox"/> |
| b Participate in, or receive payment from, a supplemental nonqualified retirement plan? | 4b | <input checked="" type="checkbox"/> | |
| c Participate in, or receive payment from, an equity-based compensation arrangement? | 4c | | <input checked="" type="checkbox"/> |

Only 501(c)(3) and 501(c)(4) organizations must complete lines 5-8.

- | | | | |
|--|-----------|--|-------------------------------------|
| 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 | | <input checked="" type="checkbox"/> |
| b Any related organization? | 5b | | <input checked="" type="checkbox"/> |
| 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 | | <input checked="" type="checkbox"/> |
| b Any related organization? | 6b | | <input checked="" type="checkbox"/> |
| 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 | | <input checked="" type="checkbox"/> |
| 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 Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III | 8 | | <input checked="" type="checkbox"/> |

For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Schedule J (Form 990) 2008

Part III Supplemental Information

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

Question 1a

President/Chief Executive Officer is allowed companion travel for two trips per year. The organization also provides annual social club dues and tax preparation fees for the President/CEO

**SCHEDULE K
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).

OMB No. 1545-0047

2008

Open to Public Inspection

Name of the organization

Memorial Hospital & Medical Center

Employer identification number

52-1246048

Part I Bond Issues (Required for 2008)

(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	
						Yes	No	Yes	No
A MHHEFA	52-0936091	574217ZY4	11/14/2006	68,650,000.	Replace facility		X		X
B MHHEFA	52-0936091	574217ZZ1	11/14/2006	2,180,000.	Defease old bond		X		X
C									
D									
E									

Part II Proceeds (Optional for 2008)

	A		B	C	D	E
	Yes	No				
1 Total proceeds of issue						
2 Gross proceeds in reserve funds						
3 Proceeds in refunding or defeasance escrows						
4 Other unspent proceeds						
5 Issuance costs from proceeds						
6 Working capital expenditures from proceeds						
7 Capital expenditures from proceeds						
8 Year of substantial completion	2009					
	Yes	No	Yes	No	Yes	No
9 Were the bonds issued as part of a current refunding issue?						
10 Were the bonds issued as part of an advance refunding issue?						
11 Has the final allocation of proceeds been made?						
12 Does the organization maintain adequate books and records to support the final allocation of proceeds?						

Part III Private Business Use (Optional for 2008)

	A		B		C		D		E	
	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 with respect to the financed property which may result in private business use?										

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

Schedule K (Form 990) 2008

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

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Attach to Form 990 or Form 990-EZ.
▶ To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

OMB No. 1545-0047

2008

Open To Public
Inspection

Name of the organization Memorial Hospital & Medical Center **Employer identification number** 52-1246048

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

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____

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

Part II Loans to and/or From Interested Persons.

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person & purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Hasslinger Recr, Inc G		X	224,797.	117,084.		X	X		X	
Smith S MD Recr, Inc G		X	135,045.	39,562.		X	X		X	

Total ▶ \$ 156,646.

Part III Grants or Assistance Benefiting Interested Persons.

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
Kheder Ashker, MD	Board Member	180,000.	Neurosurgeon		X
Mary Beth Pirolozzi	Board Member	24,000.	Contributions		X
Kimberly S Repac	Sr VP, CFO	17,921,938.	MD Phy Care Dir		X
Barry P Ronan	President, CEO	17,921,938.	MD Phy Care Trea		X
Barry P Ronan	President, CEO	134,210.	Susq Bank Board		X

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule L (Form 990 or 990-EZ) 2008

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

▶ Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

OMB No. 1545-0047

2008

Open to Public
Inspection

Name of the organization

Memorial Hospital & Medical Center

Employer identification number

52-1246048

Form 990, Part VI, Section A, Question 2

Thomas C Dowdell, Kimberly S Repac, and Elizabeth Hurwitz-Schwab serve on the Board of the United Way of the Potomac Highlands of which Mary Beth Pirolozzi is the Executive Director

M Kathryn Burkey also serves on the Board of First United Corporation and First United Bank and Trust of which Frederick A Thayer is an officer

Form 990, Part VI, Section A, Question 4

WMHS Braddock Hospital Corporation filed Articles of Amendment with a name change to Western Maryland Health System Corporation on August 24, 2009

Form 990, Part VI, Section A, Question 10

On an annual basis, the Executive Committee of the Board of Directors meets to review IRS Form 990 and 990T before it is filed with the Internal Revenue Service

The Vice President of Financial Services for the hospital presents an executive summary and then provides a detailed review and explanation of each form

Any open items or questions are resolved prior to the timely filing of the form on November 15th

Subsequent to its review, the Executive Committee reports back to the Board regarding its oversight of the Form 990

Name of the organization Memorial Hospital & Medical Center	Employer identification number 52-1246048
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Form 990, Part VI, Section B, Question 15

The Board appoints a Compensation Committee, comprised solely of independent directors, none of which have a conflict of interest with respect to the compensation arrangement, to be accountable for setting reasonable compensation packages for each officer or key employee, including the CEO. The Compensation Committee develops, consistent with the organizations philosophy and principles, the annual performance goals and criteria to be used in determining merit increases and variable compensation criteria for officers and key employees. The Compensation Committee also hires a qualified independent compensation and benefits specialist, independent expert, to review, analyze and provide benchmarking data for the total compensation and benefits packages of officers and key employees. Appropriate comparability data is obtained from the independent experts, ie total economic benefits paid by similarly situated organizations, both taxable and tax-exempt, for similar job responsibilities. The Committees written records include the 1 terms of the arrangement with the disqualified person, including the date the arrangement was approved 2 a list of members present during the debate on the transaction, and how the members voted when it was approved, and 3 a description of the comparable data relied on by the Committee. Key deliberations of the Committee are also documented in minutes which were approved at the next Committee meeting

Part V Transactions With Related Organizations

Note. Complete line 1 if any entity is listed in Parts II, III, or IV.

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?

	1a	1b	1c	1d	1e	1f	1g	1h	1i	1j	1k	1l	1m	1n	1o	1p	1q	1r
a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity	X		X															
b Gift, grant, or capital contribution to other organization(s)																		
c Gift, grant, or capital contribution from other organization(s)																		
d Loans or loan guarantees to or for other organization(s)																		
e Loans or loan guarantees by other organization(s)																		
f Sale of assets to other organization(s)																		
g Purchase of assets from other organization(s)																		
h Exchange of assets																		
i Lease of facilities, equipment, or other assets to other organization(s)																		
j Lease of facilities, equipment, or other assets from other organization(s)																		
k Performance of services or membership or fundraising solicitations for other organization(s)																		
l Performance of services or membership or fundraising solicitations by other organization(s)																		
m Sharing of facilities, equipment, mailing lists, or other assets																		
n Sharing of paid employees																		
o Reimbursement paid to other organization for expenses																		
p Reimbursement paid by other organization for expenses																		
q Other transfer of cash or property to other organization(s)																		
r Other transfer of cash or property from other organization(s)																		

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

(A) Name of other organization(s)	(B) Transaction type (a-r)	(C) Amount involved
Western Maryland Health System Corporation Inc	h, k, l, m, no	56,677,988.
Western Maryland Health System Corporation Inc	p, d, e, g, r	
Memorial Health Care Foundation	i, c	1,200.
Johnson Heights Medical Building Partnership	j, p, a	306,968.
Haystack Consolidated Services	a	39,040.
Sacred Heart Foundation	i, c	1,200.