

**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:  
 Western MD Health System Corp Inc  
 PO Box 539  
 12400 Willowbrook Road  
 Cumberland MD 21501-0539

**D** Employer identification number: 52-0591531

**E** Telephone number: 240-964-8007

**G** Gross receipts: \$ 189193005.

**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 ▶

**F** Name and address of principal officer: MICHELE R MARTZ  
 PO BOX 539 Cumberland MD 21501-0539

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

**J** Website: ▶ WMHS.COM

**K** Type of organization:  Corporation  Trust  Association  Other ▶

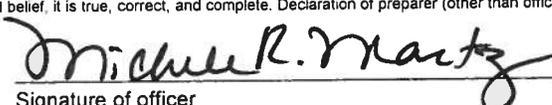
**L** Year of formation: 1905 **M** State of legal domicile: MD

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: The mission of Western MD Health System is to improve the health status and quality of life of the individuals and the communities served, especially those in need		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	13
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	10
	<b>5</b> Total number of employees (Part V, line 2a)	<b>5</b>	1514
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	295
	<b>7a</b> Total gross unrelated business revenue from Part VIII, line 12, column (C)	<b>7a</b>	672417.
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>		
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	469327.	206041.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	171092428.	185977413.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1343896.	678847.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1843127.	2123437.
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	174748778.	188985738.
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)		
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	69336622.	74439178.
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)		
	<b>b</b> Total fundraising expenses, (Part IX, column (D), line 25) ▶		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	101855863.	109785900.
	<b>18</b> Total expenses - Add lines 13-17 (must equal Part IX, column (A), line 25)	171192485.	184225078.
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	3556293.	4760660.	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Year</b>	<b>End of Year</b>
	<b>21</b> Total liabilities (Part X, line 26)	103782130.	105199605.
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	35934572.	44391468.
		67847558.	60808137.

**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** ▶  11/12/09  
 Signature of officer Date  
 MICHELE R MARTZ VICE PRESIDENT, FINANCIAL SERV  
 Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature ▶ Date ▶ Check if self-employed  Preparer's identifying number (see instructions) ▶  
 Firms 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

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

**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	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		X
5	<b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> 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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b	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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable	<b>1a</b>	87
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	X
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	<b>2a</b>	1514
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)	<b>2b</b>	X
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	<b>3a</b>	X
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	<b>3b</b>	X
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>	X
<b>b</b>	If "Yes," enter the name of the foreign country: <u>K Y</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	X
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	X
<b>c</b>	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	<b>5c</b>	
<b>6a</b>	Did the organization solicit any contributions that were not tax deductible?	<b>6a</b>	X
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?	<b>7a</b>	X
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>	X
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>	
<b>e</b>	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	X
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>	X
<b>g</b>	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	
<b>h</b>	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	<b>7h</b>	
<b>8</b>	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and Section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>	X
<b>9</b>	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distribution under section 4966?	<b>9a</b>	X
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>	X
<b>10</b>	<b>Section 501(c)(7) organizations. Enter:</b>		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations. Enter:</b>		
<b>a</b>	Gross income from members or shareholders	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	<b>12b</b>	

**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 Hasslinger MD		X								
Elizabeth Huritz-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	189250.			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	16791.			
	g	Noncash contributions included in lines 1a-1f		\$			
	h	<b>Total. Add lines 1a-1f</b>		206041.			
Program Service Revenue			Business Code				
	2a	Ancillary Care		134885489.	134885489.		
	b	Patient Care		40091341.	40091341.		
	c	Clinics, AMDC		7548872.	7548872.		
	d	Emergency Care		3048177.	3048177.		
	e	Investment Income		403534.	403534.		
	g	<b>Total. Add lines 2a-2f</b>		185977413.			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		678847.		678847.	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6a	(i) Real		(ii) Personal			
		Gross Rents	352603.				
		Less: rental expenses	207267.				
	c	Rental income or (loss)	145336.				
	d	<b>Net rental income or (loss)</b>		145336.		145336.	
	7a	(i) Securities		(ii) Other			
		Gross amount from sales of assets other than inventory					
		Less: cost or other basis and sales expenses					
		d	<b>Net gain or (loss)</b>				
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18		a			
		Less: direct expenses	b				
		c	<b>Net income or (loss) from fundraising events</b>				
9a	Gross income from gaming activities. See Part IV, line 19		a				
	Less: direct expenses	b					
	c	<b>Net income or (loss) from gaming activities</b>					
10a	Gross sales of inventory, less returns and allowances		a				
	Less: cost of goods sold	b					
	c	<b>Net income or (loss) from sales of inventory</b>					
Miscellaneous Revenue			Business Code				
11a	Unrelated	621500	672417.		672417.		
b	Other Revenue		1305684.	1188406.	117278.		
c							
d	All other revenue						
e	<b>Total. Add lines 11a-11d</b>		1978101.				
12	<b>Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e</b>		188985738.	187165819.	672417.	941461.	

**Part X Balance Sheet**

		(A)		(B)		
		Beginning of year		End of year		
Assets	1	Cash - non-interest-bearing .....	21853593.	1	34359439.	
	2	Savings and temporary cash investments .....	3702196.	2	1901155.	
	3	Pledges and grants receivable, net .....		3		
	4	Accounts receivable, net .....	20558233.	4	19214670.	
	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 .....		7		
	8	Inventories for sale or use .....	3543933.	8	3905142.	
	9	Prepaid expenses and deferred charges .....	4508387.	9	3618427.	
	10a	Land, buildings, and equipment: cost basis .....	10a	150046659.		
	b	Less: accumulated depreciation. Complete Part VI of Schedule D .....	10b	123622832.	10c	26423827.
	11	Investments - publicly traded securities .....		11		
	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 .....	13410659.	15	15776945.	
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	103782130.	16	105199605.		
Liabilities	17	Accounts payable and accrued expenses .....	26035892.	17	22506919.	
	18	Grants payable .....		18		
	19	Deferred revenue .....		19		
	20	Tax-exempt bond liabilities .....		20		
	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 .....		22		
	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 .....	9898680.	25	21884549.	
	26	<b>Total liabilities.</b> Add lines 17 through 25 .....	35934572.	26	44391468.	
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 .....	62976653.	27	54109812.	
	28	Temporarily restricted net assets .....	4321927.	28	6188433.	
	29	Permanently restricted net assets .....	548978.	29	509892.	
	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	<b>Total net assets or fund balances</b> .....	67847558.	33	60808137.	
	34	<b>Total liabilities and net assets/fund balances</b> .....	103782130.	34	105199605.	

**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 of Contributors**

▶ Attach to Form 990, 990-EZ, and 990-PF.

**2008**

<b>Name of the organization</b> Western MD Health System Corp Inc	<b>Employer identification number</b> 52-0591531
--	---

**Organization type (check one):**

- | Filers of:         | Section:   |
|--------------------|--|
| Form 990 or 990-EZ | <input checked="" type="checkbox"/> 501(c) 3 (enter number) organization                           |
|                    | <input type="checkbox"/> 4947(a)(1) nonexempt charitable trust not treated as a private foundation |
|                    | <input type="checkbox"/> 527 political organization  |
| Form 990-PF        | <input type="checkbox"/> 501(c)(3) exempt private foundation                                       |
|                    | <input type="checkbox"/> 4947(a)(1) nonexempt charitable trust treated as a private foundation     |
|                    | <input type="checkbox"/> 501(c)(3) taxable private foundation                                      |

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.)

**General Rule**

- For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

**Special Rules**

- For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use exclusively for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ..... ▶ \$ \_\_\_\_\_

**Caution:** Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** answer "No" on Part IV, line 2 of their Form 990, or check the box in the heading of their Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule B (Form 990, 990-EZ, or 990-PF) (2008)  
 These instructions will be issued separately.

**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 Western MD Health System Corp Inc Employer identification number 52-0591531

**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	
2 Aggregate contributions to (during year) .....		
3 Aggregate grants from (during year) .....		
4 Aggregate value at end of year .....	4,454,126.	
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? .....

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)? .....

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 - Endowment

provision for their own medical and/or surgical relief

The Anderson Family Foundation endowment fund is restricted for use to  
address hospital-acquired infections



**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 **Western MD Health System Corp Inc** Employer identification number **52-0591531**

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

	Yes	No
<b>1 a</b> Does the organization have a charity care policy? If "No," skip to question 6a .....		
<b>1 b</b> If "Yes," is it a written policy? .....		
<b>2</b> 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"/> Generally tailored to individual hospitals		
<input type="checkbox"/> Applied uniformly to most hospitals		
<b>3</b> Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients.		
<b>a</b> 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: .....	<b>3a</b>	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
<b>b</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: .....	<b>3b</b>	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other 0 _____ %		
<b>c</b> 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.		
<b>4</b> Does the organization's policy provide free or discounted care to the "medically indigent"? .....	<b>4</b>	
<b>5 a</b> Does the organization budget amounts for free or discounted care provided under its charity care policy? .....	<b>5a</b>	
<b>5 b</b> If "Yes," did the organization's charity care expenses exceed the budgeted amount? .....	<b>5b</b>	
<b>5 c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? .....	<b>5c</b>	
<b>6 a</b> Does the organization prepare an annual community benefit report? .....	<b>6a</b>	
<b>6 b</b> If "Yes," does the organization make it available to the public? .....	<b>6b</b>	

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

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

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

Schedule H (Form 990) 2008

**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

Western MD Health System Corp Inc

Employer identification number

52-0591531

**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

<b>1b</b>	X	
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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?

<b>2</b>	X	
----------	---	--

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:

- |           |   |   |
|-----------|---|---|
| <b>4a</b> |   | X |
| <b>4b</b> | X |   |
| <b>4c</b> |   | X |
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only 501(c)(3) and 501(c)(4) organizations 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:

- |           |  |   |
|-----------|--|---|
| <b>5a</b> |  | X |
| <b>5b</b> |  | X |
- 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:

- |           |  |   |
|-----------|--|---|
| <b>6a</b> |  | X |
| <b>6b</b> |  | X |
- 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

<b>7</b>		X
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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

<b>8</b>		X
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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.

Part 1a - Chief Executive Officer is allowed companion travel for two trips per year. The organization also provides annual social club dues and tax return preparation fees for the President/CEO

Multiple horizontal lines for supplemental information.



**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

Western MD Health System Corp Inc

Employer identification number

52-0591531

Part III, Line 4d - Other program services

Emergency Medical Care - Emergency Room Visits - 23,066

Part VI, Section A, Line 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 serves on the Board of First United Corporation and First United Bank and Trust of which Frederick A Thayer is an officer

Part VI, Section A, Line 4

WMHS Braddock Hospital Corporation filed Articles of Amendment with a name change to Western Maryland Health System Corporation on 8/24/09

Part VI, Section A, Line 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 IRS. 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 Western MD Health System Corp Inc	Employer identification number 52-0591531
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Part VI, Section B, Line 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							X	X						X	X
b Gift, grant, or capital contribution to other organization(s)																		
c Gift, grant, or capital contribution from other organization(s)			X															
d Loans or loan guarantees to or for other organization(s)				X														
e Loans or loan guarantees by other organization(s)					X													
f Sale of assets to other organization(s)						X												
g Purchase of assets from other organization(s)							X											
h Exchange of assets								X										
i Lease of facilities, equipment, or other assets to other organization(s)									X									
j Lease of facilities, equipment, or other assets from other organization(s)										X								
k Performance of services or membership or fundraising solicitations for other organization(s)											X							
l Performance of services or membership or fundraising solicitations by other organization(s)												X						
m Sharing of facilities, equipment, mailing lists, or other assets													X					
n Sharing of paid employees														X				
o Reimbursement paid to other organization for expenses															X			
p Reimbursement paid by other organization for expenses																X		
q Other transfer of cash or property to other organization(s)																	X	
r Other transfer of cash or property from other organization(s)																		X

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

(A) Name of other organization(s)	(B) Transaction type (a-r)	(C) Amount involved
(1) Memorial Hospital & Medical Center	h, k, l, m, n, o	56,677,988.
(2) Memorial Hospital & Medical Center	p, d, e, q, r	
(3) Haystack Imaging	i, k, m, n, p,	14,403,227.
(4) Haystack Imaging	q, r	
(5)		
(6)		