

PUBLIC DISCLOSURE COPY

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2021

Department of the Treasury
Internal Revenue Service

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

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Open to Public Inspection

A For the **2021** calendar year, or tax year beginning 07/01, 2021, and ending 06/30, 20 22

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization JAMES LAWRENCE KERNAN HOSPITAL, INC.
 Doing business as UM REHABILITATION & ORTHOPAEDIC INSTITUTE
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
2200 KERNAN DRIVE
 City or town, state or province, country, and ZIP or foreign postal code
BALTIMORE, MD 21207

D Employer identification number 52-0591639

E Telephone number (410) 448-2500

F Name and address of principal officer: CYNTHIA KELLEHER
SAME AS C ABOVE

G Gross receipts \$ 158,745,900

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list. See instructions.
H(c) Group exemption number ▶

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

J Website: ▶ WWW.UMMS.ORG/REHAB

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: 1895 **M** State of legal domicile: MD

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>JAMES L KERNAN HOSPITAL DELIVERS INNOVATIVE, HIGH-QUALITY, AND COST EFFECTIVE REHABILITATION AND SURGICAL SERVICES TO THE COMMUNITY AND REGION.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	12
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5	Total number of individuals employed in calendar year 2021 (Part V, line 2a)	5	816
	6	Total number of volunteers (estimate if necessary)	6	41
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year <u>5,660,369</u>	Current Year <u>975,310</u>
	9	Program service revenue (Part VIII, line 2g)	<u>116,760,305</u>	<u>121,924,283</u>
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<u>1,435,480</u>	<u>6,837,776</u>
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<u>1,598,498</u>	<u>2,653,285</u>
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<u>125,454,652</u>	<u>132,390,654</u>
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	<u>10,000</u>	<u>0</u>
	14	Benefits paid to or for members (Part IX, column (A), line 4)	<u>0</u>	<u>0</u>
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	<u>52,916,896</u>	<u>54,355,265</u>
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	<u>0</u>	<u>0</u>
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>0</u>		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	<u>62,813,352</u>	<u>65,920,173</u>
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	<u>115,740,248</u>	<u>120,275,438</u>	
19	Revenue less expenses. Subtract line 18 from line 12	<u>9,714,404</u>	<u>12,115,216</u>	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year <u>214,130,610</u>	End of Year <u>213,574,759</u>
	21	Total liabilities (Part X, line 26)	<u>58,442,630</u>	<u>61,906,708</u>
	22	Net assets or fund balances. Subtract line 21 from line 20	<u>155,687,980</u>	<u>151,668,051</u>

Part II Signature Block

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

Sign Here

Signature of officer: MARINA BOGIN, CFO Date: _____
 Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: AMBER GAZICA Preparer's signature: _____ Date: _____
 Check if self-employed PTIN: P01391011
 Firm's name ▶ ERNST & YOUNG U.S. LLP Firm's EIN ▶ 34-6565596
 Firm's address ▶ 1101 NEW YORK AVE NW, WASHINGTON, DC 20005 Phone no. (202) 327-6000

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:
JAMES L KERNAN HOSPITAL, DOING BUSINESS AS UM REHABILITATION &
ORTHOPAEDIC INSTITUTE (UM REHAB), DELIVERS INNOVATIVE, HIGH-QUALITY,
AND COST EFFECTIVE REHABILITATION AND SURGICAL SERVICES TO THE
COMMUNITY AND REGION.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 97,025,658 including grants of \$ 0) (Revenue \$ 124,577,568)
UM REHAB OWNS AND OPERATES A MEDICAL, SURGICAL AND REHABILITATION HOSPITAL WITH 137 LICENSED
BEDS. UM REHAB PROVIDES CHARITY CARE TO PATIENTS WHO ARE UNABLE TO PAY. SUCH PATIENTS ARE
IDENTIFIED BASED ON INFORMATION OBTAINED FROM THE PATIENTS AND SUBSEQUENT ANALYSIS. BECAUSE THE
HOSPITAL DOES NOT EXPECT COLLECTION OF AMOUNTS DETERMINED AS CHARITY CARE, THEY ARE NOT REPORTED
AS REVENUE BASED ON ESTABLISHED RATES. UM REHAB ESTIMATES THAT \$1,023,000 OF CHARITY CARE AT
COST WAS PROVIDED IN THE YEAR ENDED JUNE 30, 2022. OVERALL, UM REHAB DELIVERS INNOVATIVE HIGH
QUALITY, COST EFFECTIVE SURGICAL AND REHABILITATION SERVICES TO ITS COMMUNITY.

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

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

4d Other program services (Describe on Schedule O.)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 97,025,658

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

	Yes	No
1a Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable		
b Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable		
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		

Part V Statements Regarding Other IRS Filings and Tax Compliance <i>(continued)</i>		Yes	No		
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	816		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. See instructions.	2b		✓	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a			✓
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			✓
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			✓
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			✓
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a			✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	Organizations that may receive deductible contributions under section 170(c).				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			✓
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			✓
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			✓
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			✓
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8			
9	Sponsoring organizations maintaining donor advised funds.				
a	Did the sponsoring organization make any taxable distributions under section 4966?	9a			
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b			
10	Section 501(c)(7) organizations. Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations. Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.				
a	Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			✓
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	14b			
15	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.	15			✓
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16			✓
17	Section 501(c)(21) organizations. Did the trust, any disqualified person, or mine operator engage in any activities that would result in the imposition of an excise tax under section 4951, 4952 or 4953? If "Yes," complete Form 6069.	17			

Part VI Governance, Management, and Disclosure. For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		
	1a 12		
b	Enter the number of voting members included on line 1a, above, who are independent		
	1b 9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		<input checked="" type="checkbox"/>
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?		<input checked="" type="checkbox"/>
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		<input checked="" type="checkbox"/>
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		<input checked="" type="checkbox"/>
6	Did the organization have members or stockholders?	<input checked="" type="checkbox"/>	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	<input checked="" type="checkbox"/>	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	<input checked="" type="checkbox"/>	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	<input checked="" type="checkbox"/>	
b	Each committee with authority to act on behalf of the governing body?	<input checked="" type="checkbox"/>	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O		<input checked="" type="checkbox"/>

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

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

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► MD
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain on Schedule O)
- 19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records ►
 AMY M MYERS, 900 ELKRIDGE LANDING ROAD - 3 EAST, LINTHICUM, MD 21090, (443) 462-3573

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, Form 1099-MISC, and/or box 1 of Form 1099-NEC) 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.

See the instructions for the order in which to list the persons above.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/ 1099-MISC/ 1099-NEC)	(E) Reportable compensation from related organizations (W-2/ 1099-MISC/ 1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MOHAN SUNTHA, MD PRESIDENT AND CEO, UMMS	1.0 60.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	3,436,975	40,732
(2) MICHELLE GOURDINE, MD DIRECTOR	1.0 43.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	766,797	80,435
(3) KAREN E DOYLE, MBA FORMER ASSISTANT SECRETARY	0.0 40.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	502,587	42,899
(4) KRISHNAB GOURAB, MD VP MEDICAL AFFAIRS AND CMO	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	452,980	0	75,642
(5) CYNTHIA A KELLEHER PRESIDENT, CEO AND SECRETARY	40.0 1.0	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	483,497	0	34,431
(6) CHRISTINA L CAFFO DIRECTOR	1.0 40.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	342,268	23,857
(7) THOMAS J MERKLE PHYSICIAN	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	312,156	0	37,482
(8) MARINA BOGIN VP AND CFO	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	274,981	0	57,215
(9) LOBNA ZADA DENTAL CLINICAL CHIEF	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	297,009	0	26,688
(10) DANIEL T SHELLY VP OPERATIONS	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	223,600	0	36,387
(11) SCOTT D LANGLOIS NURSE	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	217,188	0	14,512
(12) SHERRY Y LAMONS NURSE	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	201,833	0	24,942
(13) CHERYL D LEE, RN, MSN VP PATIENT SERVICES AND CNO	40.0 0.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	197,593	0	12,622
(14) GEORGE BROUILLET, JR, MD CHAIRMAN	1.0 0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	0	0

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) HENRY A GRANDIZIO, CPA TREASURER	1.0 1.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(16) MICHAEL T WILMOT VICE CHAIRMAN	1.0 1.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(17) ASHFAQ S HASAN DIRECTOR	1.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(18) BRYAN T PUGH DIRECTOR	1.0 1.0	<input checked="" type="checkbox"/>						0	0	0
(19) DANNY BELLAMY DIRECTOR	1.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(20) MARY BARRON DIRECTOR	1.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(21) PETER CRINO, MD DIRECTOR (ENDED 03/22)	1.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(22) VICTORIA MARCHESE, PHD DIRECTOR	1.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(23) WILLIAM V STACK DIRECTOR	1.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(24)										
(25)										
1b Subtotal								2,660,837	5,048,627	507,844
c Total from continuation sheets to Part VII, Section A								0	0	0
d Total (add lines 1b and 1c)								2,660,837	5,048,627	507,844

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **▶** 103

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
UM BALTIMORE, PO BOX 41427, BALTIMORE, MD 21203	HEALTHCARE SERVICES	10,693,910
CI DESIGNS INC DBA SILVA, 8740 CHERRY LN, UNIT B-27, LAUREL, MD 20707	CONSTRUCTION	2,843,022
CROSS COUNTRY STAFFING INC, PO BOX 404674, ATLANTA, GA 30384	AGENCY STAFFING	2,397,535
MARYLAND MECHANICAL SYSTEMS INC, 300 SOUTH HAVEN ST, BALTIMORE, MD 21224	HVAC	1,532,194
CORBETT TECHNOLOGY SOLUTIONS, PO BOX 791586, BALTIMORE, MD 21279-1586	INFORMATION TECHNOLOGY	805,328
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶	38	

Part VIII Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants, and Other Similar Amounts	1a	Federated campaigns	1a 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 0				
	d	Related organizations	1d 49,829				
	e	Government grants (contributions)	1e 925,481				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 0				
	g	Noncash contributions included in lines 1a-1f	1g \$ 0				
	h	Total. Add lines 1a-1f ▶		975,310			
	Program Service Revenue	2a	PATIENT SERVICE REVENUE ----- Business Code 622110	121,924,283	121,924,283	0	0
b		-----					
c		-----					
d		-----					
e		-----					
f		All other program service revenue	0	0	0	0	
g		Total. Add lines 2a-2f ▶		121,924,283			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶	544,260	0	0	544,260	
	4	Income from investment of tax-exempt bond proceeds ▶					
	5	Royalties ▶					
	6a	Gross rents	(i) Real				
			(ii) Personal				
	b	Less: rental expenses	6b				
	c	Rental income or (loss)	6c 0	0			
	d	Net rental income or (loss) ▶					
	7a	Gross amount from sales of assets other than inventory	(i) Securities	32,648,762	0		
			(ii) Other				
	b	Less: cost or other basis and sales expenses	7b 26,355,246	0			
	c	Gain or (loss)	7c 6,293,516	0			
	d	Net gain or (loss) ▶		6,293,516	0	0	6,293,516
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	8a					
b	Less: direct expenses	8b					
c	Net income or (loss) from fundraising events ▶						
9a	Gross income from gaming activities. See Part IV, line 19	9a					
b	Less: direct expenses	9b					
c	Net income or (loss) from gaming activities ▶						
10a	Gross sales of inventory, less returns and allowances		0				
			0				
b	Less: cost of goods sold	10b					
c	Net income or (loss) from sales of inventory ▶						
Miscellaneous Revenue	11a	OUTPATIENT PHARMACY ----- Business Code 446110	1,120,066	1,120,066	0	0	
	b	VENDING ----- 621999	2,750	2,750	0	0	
	c	DISCOUNTS ----- 621999	595	595	0	0	
	d	All other revenue	900099	1,529,874	1,529,874	0	0
	e	Total. Add lines 11a-11d ▶		2,653,285			
12	Total revenue. See instructions ▶		132,390,654	124,577,568	0	6,837,776	

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2	Grants and other assistance to domestic individuals. See Part IV, line 22				
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	1,409,051	650,573	758,478	0
6	Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	43,229,722	34,767,331	8,462,391	0
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,427,561	1,148,110	279,451	0
9	Other employee benefits	5,125,597	4,122,241	1,003,356	0
10	Payroll taxes	3,163,334	2,544,099	619,235	0
11	Fees for services (nonemployees):				
a	Management				
b	Legal				
c	Accounting				
d	Lobbying	3,387	0	3,387	0
e	Professional fundraising services. See Part IV, line 17				
f	Investment management fees	66,064	0	66,064	0
g	Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Schedule O.)	33,719,572	24,137,273	9,582,299	0
12	Advertising and promotion	9,316	7,492	1,824	0
13	Office expenses	283,853	228,288	55,565	0
14	Information technology				
15	Royalties				
16	Occupancy	1,653,479	1,329,804	323,675	0
17	Travel	7,049	5,669	1,380	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	157,489	126,660	30,829	0
20	Interest	435,000	349,847	85,153	0
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	7,877,206	6,335,211	1,541,995	0
23	Insurance	2,122,710	2,074,945	47,765	0
24	Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
a	<u>MEDICAL SUPPLIES</u>	13,392,778	13,392,778	0	0
b	<u>BAD DEBT</u>	4,215,638	4,215,638	0	0
c	<u>REPAIRS & MAINTENANCE</u>	867,861	697,974	169,887	0
d	<u>MINOR EQUIPMENT</u>	173,007	139,140	33,867	0
e	All other expenses	935,764	752,585	183,179	0
25	Total functional expenses. Add lines 1 through 24e	120,275,438	97,025,658	23,249,780	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	17,027,333	1	24,722,856
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	14,603,753	4	18,332,931
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)	0	6	0
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	1,295,984	8	1,696,757
	9 Prepaid expenses and deferred charges	252,564	9	539,474
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 133,511,755		
	b Less: accumulated depreciation	10b 89,910,047	44,613,742	10c 43,601,708
	11 Investments—publicly traded securities	24,456,000	11	29,774,000
	12 Investments—other securities. See Part IV, line 11	29,318,600	12	20,216,174
	13 Investments—program-related. See Part IV, line 11	0	13	0
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	82,562,634	15	74,690,859
16 Total assets. Add lines 1 through 15 (must equal line 33)	214,130,610	16	213,574,759	
Liabilities	17 Accounts payable and accrued expenses	16,876,136	17	31,353,932
	18 Grants payable		18	
	19 Deferred revenue	750,024	19	578,744
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D	40,816,470	25	29,974,032
	26 Total liabilities. Add lines 17 through 25	58,442,630	26	61,906,708
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions	107,596,189	27	107,352,259
	28 Net assets with donor restrictions	48,091,791	28	44,315,792
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds		29	
	30 Paid-in or capital surplus, or land, building, or equipment fund		30	
	31 Retained earnings, endowment, accumulated income, or other funds		31	
32 Total net assets or fund balances	155,687,980	32	151,668,051	
33 Total liabilities and net assets/fund balances	214,130,610	33	213,574,759	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	132,390,654
2	Total expenses (must equal Part IX, column (A), line 25)	2	120,275,438
3	Revenue less expenses. Subtract line 2 from line 1	3	12,115,216
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	155,687,980
5	Net unrealized gains (losses) on investments	5	(11,613,739)
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain on Schedule O)	9	(4,521,406)
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	151,668,051

Part XII Financial Statements and Reporting

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

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		<input checked="" type="checkbox"/>
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	<input checked="" type="checkbox"/>	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	<input checked="" type="checkbox"/>	
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?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits.	<input checked="" type="checkbox"/>	

**SCHEDULE A
(Form 990)**

Public Charity Status and Public Support

OMB No. 1545-0047

2021

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Name of the organization JAMES LAWRENCE KERNAN HOSPITAL, INC.	Employer identification number 52-0591639
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Part I Reason for Public Charity Status. (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990).)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vii)**. (Complete Part II.)
- 9 An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 An organization that normally receives (1) more than 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
 - f Enter the number of supported organizations
 - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total						

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2021 (line 6, column (f), divided by line 11, column (f))	14	%
15 Public support percentage from 2020 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2021. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test—2020. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2021. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2020. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

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

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2021 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2020 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2021 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2020 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests—2021. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support tests—2020. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

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

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

		Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer lines 3b and 3c below.</i>		
3b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
3c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.</i>		
4b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
4c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
5b	Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
5c	Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
9b	Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
9c	Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i>		
10b	Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

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

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

1	Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
a	<input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b	<input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c	<input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a governmental entity (see instructions).		
2	Activities Test. Answer lines 2a and 2b below.		
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.		
	2a		
b	Did the activities described on line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
	2b		
3	Parent of Supported Organizations. Answer lines 3a and 3b below.		
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? If "Yes" or "No," provide details in Part VI .		
	3a		
b	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		
	3b		

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

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

Section A—Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	
Section B—Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (<i>explain in detail in Part VI</i>):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	
Section C—Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Schedule A (Form 990) 2021

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

Section D—Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	1
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3
4	Amounts paid to acquire exempt-use assets	4
5	Qualified set-aside amounts (prior IRS approval required—provide details in Part VI)	5
6	Other distributions (describe in Part VI). See instructions.	6
7	Total annual distributions. Add lines 1 through 6.	7
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	8
9	Distributable amount for 2021 from Section C, line 6	9
10	Line 8 amount divided by line 9 amount	10

Section E—Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2021	(iii) Distributable Amount for 2021
1 Distributable amount for 2021 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2021 (reasonable cause required—explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2021			
a From 2016			
b From 2017			
c From 2018			
d From 2019			
e From 2020			
f Total of lines 3a through 3e			
g Applied to underdistributions of prior years			
h Applied to 2021 distributable amount			
i Carryover from 2016 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2021 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2021 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2021, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI . See instructions.			
6 Remaining underdistributions for 2021. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2022. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2017			
b Excess from 2018			
c Excess from 2019			
d Excess from 2020			
e Excess from 2021			

Schedule B (Form 990)

Department of the Treasury Internal Revenue Service

Schedule of Contributors

Attach to Form 990 or Form 990-PF. Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2021

Name of the organization JAMES LAWRENCE KERNAN HOSPITAL, INC.

Employer identification number 52-0591639

Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ [checked] 501(c)(3) (enter number) organization
[] 4947(a)(1) nonexempt charitable trust not treated as a private foundation
[] 527 political organization
Form 990-PF [] 501(c)(3) exempt private foundation
[] 4947(a)(1) nonexempt charitable trust treated as a private foundation
[] 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

- [checked] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- [] For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test...
[] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor...
[] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor...

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990), but it must answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990).

Name of organization JAMES LAWRENCE KERNAN HOSPITAL, INC.	Employer identification number 52-0591639
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Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	----- ----- -----	\$ 727,985	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	----- ----- -----	\$ 197,496	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	----- ----- -----	\$ 49,829	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization JAMES LAWRENCE KERNAN HOSPITAL, INC.	Employer identification number 52-0591639
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Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----

Name of organization JAMES LAWRENCE KERNAN HOSPITAL, INC.	Employer identification number 52-0591639
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Part III *Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor.* Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ \$ _____
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

SCHEDULE C
(Form 990)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2021

Department of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

Open to Public Inspection

If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (See separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (See separate instructions), then

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

Name of organization JAMES LAWRENCE KERNAN HOSPITAL, INC.	Employer identification number 52-0591639
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV. See instructions for definition of "political campaign activities."
- 2 Political campaign activity expenditures. See instructions ▶ \$
- 3 Volunteer hours for political campaign activities. See instructions

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

Cat. No. 50084S

Schedule C (Form 990) 2021

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a	Total lobbying expenditures to influence public opinion (grassroots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		✓	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
c Media advertisements?		✓	
d Mailings to members, legislators, or the public?		✓	
e Publications, or published or broadcast statements?		✓	
f Grants to other organizations for lobbying purposes?		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
i Other activities?	✓		3,387
j Total. Add lines 1c through 1i			3,387
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures. See instructions	5	

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (See instructions); and Part II-B, line 1. Also, complete this part for any additional information.

SEE NEXT PAGE

Part IV

Supplemental Information. Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

Return Reference - Identifier	Explanation
SCHEDULE C, PART II-B, LINE 1 - DETAILED DESCRIPTION OF THE LOBBYING ACTIVITY	THE ORGANIZATION DOES NOT ENGAGE IN ANY DIRECT LOBBYING ACTIVITIES. THE ORGANIZATION PAYS MEMBERSHIP DUES TO THE MARYLAND HOSPITAL ASSOCIATION (MHA) AND THE AMERICAN HOSPITAL ASSOCIATION (AHA). MHA AND AHA ENGAGE IN MANY SUPPORT ACTIVITIES INCLUDING LOBBYING AND ADVOCATING FOR THEIR MEMBER HOSPITALS. THE MHA AND AHA REPORTED THAT 2.52% AND 26.47% OF MEMBER DUES WERE USED FOR LOBBYING PURPOSES AND AS SUCH, THE ORGANIZATION HAS REPORTED THIS AMOUNT ON SCHEDULE C PART II-B AS LOBBYING ACTIVITIES.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

2021

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Go to www.irs.gov/Form990 for instructions and the latest information.

Name of the organization: JAMES LAWRENCE KERNAN HOSPITAL, INC. Employer identification number: 52-0591639

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4 for values, 5-6 for Yes/No questions.

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

Form with multiple rows for questions 1-9 regarding conservation easements, including a table for 'Held at the End of the Tax Year'.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Form with rows 1a-2b for questions regarding art and historical treasures collections.

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

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

- a** Public exhibition
- b** Scholarly research
- c** Preservation for future generations
- d** Loan or exchange program
- e** Other

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

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

Part IV Escrow and Custodial Arrangements.

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

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

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

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

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? **Yes** **No**

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

Part V Endowment Funds.

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

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

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

- a** Board designated or quasi-endowment ▶%
- b** Permanent endowment ▶%
- c** Term endowment ▶%

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

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

- (i)** Unrelated organizations
- (ii)** Related organizations

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

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

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

Part VI Land, Buildings, and Equipment.

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		697,964		697,964
b Buildings		76,732,306	47,911,521	28,820,785
c Leasehold improvements		0	0	0
d Equipment		52,653,430	41,424,929	11,228,501
e Other		3,428,055	573,597	2,854,458
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				43,601,708

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely held equity interests		
(3) Other		
(A) OTHER SECURITIES	20,216,174	END OF YEAR MARKET VALUE
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) . ▶	20,216,174	

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) . ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) ECONOMIC INT IN KERNAN ENDOWMENT	42,771,544
(2) ECONOMIC INT IN UMMS FND	1,523,034
(3) OTHER A/R	(970,238)
(4) ESCROW	476,766
(5) CONSTR FUND	17,914,000
(6) LT ASSET	12,480,000
(7) LT ASSET FINANCING LEASE	495,753
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	74,690,859

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) DUE TO UMMS	17,574,055
(3) ADVANCES FROM THIRD PARTY PAYORS	10,509,517
(4) PATIENT A/R CREDIT BALANCES	927,207
(5) FINANCING LEASE	516,262
(6) OTHER LIABILITIES	446,991
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	29,974,032

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

Part XIII

Supplemental Information. Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference - Identifier	Explanation
SCHEDULE D, PART X, LINE 2 - FIN 48 (ASC 740) FOOTNOTE	THE ORGANIZATION IS A SUBSIDIARY OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (THE CORPORATION). THE CORPORATION ADOPTED THE PROVISIONS OF ASC 740, ACCOUNTING FOR UNCERTAINTY IN THE INCOME TAXES (FIN 48) ON JULY 1, 2007. THE FOOTNOTE RELATED TO ASC 740 IN THE CORPORATION'S AUDITED FINANCIAL STATEMENTS IS AS FOLLOWS: THE CORPORATION FOLLOWS A THRESHOLD OF MORE-LIKELY-THAN-NOT FOR RECOGNITION AND DERECOGNITION OF TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. MANAGEMENT DOES NOT BELIEVE THAT THERE ARE ANY UNRECOGNIZED TAX LIABILITIES OR BENEFITS THAT SHOULD BE RECOGNIZED.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2021

Open to Public Inspection

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**
 ▶ **Attach to Form 990.**
 ▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

Department of the Treasury
Internal Revenue Service

Name of the organization JAMES LAWRENCE KERNAN HOSPITAL, INC.	Employer identification number 52 0591639
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Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	✓	
1b If "Yes," was it a written policy?	✓	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free care</i> ? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____%	✓	
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted care</i> ? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%	✓	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	✓	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	✓	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		✓
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?		
6a Did the organization prepare a community benefit report during the tax year?	✓	
b If "Yes," did the organization make it available to the public?	✓	

7 Financial Assistance 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
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			822,083	0	822,083	0.71
b Medicaid (from Worksheet 3, column a)			0	0	0	0.00
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0.00
d Total. Financial Assistance and Means-Tested Government Programs	0	0	822,083	0	822,083	0.71
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			194,361	0	194,361	0.17
f Health professions education (from Worksheet 5)			4,357,800	0	4,357,800	3.75
g Subsidized health services (from Worksheet 6)			5,106,412	1,662,912	3,443,500	2.97
h Research (from Worksheet 7)			0	0	0	0.00
i Cash and in-kind contributions for community benefit (from Worksheet 8)			81,580	0	81,580	0.07
j Total. Other Benefits	0	0	9,740,153	1,662,912	8,077,241	6.96
k Total. Add lines 7d and 7j	0	0	10,562,236	1,662,912	8,899,324	7.67

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

Cat. No. 50192T

Schedule H (Form 990) 2021

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing			0	0	0	0.00
2 Economic development			0	0	0	0.00
3 Community support			0	0	0	0.00
4 Environmental improvements			0	0	0	0.00
5 Leadership development and training for community members			0	0	0	0.00
6 Coalition building			0	0	0	0.00
7 Community health improvement advocacy			0	0	0	0.00
8 Workforce development			0	0	0	0.00
9 Other			0	0	0	0.00
10 Total	0	0	0	0	0	0.00

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	✓
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	3,387,687
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.	3	0
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	33,043,698
6	Enter Medicare allowable costs of care relating to payments on line 5	6	30,956,893
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	2,086,805
8	Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

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

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group 1

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

		Yes	No
Community Health Needs Assessment			
1	Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		✓
2	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		✓
3	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	✓	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The significant health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j	<input type="checkbox"/> Other (describe in Section C)		
4	Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>20</u>		
5	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	✓	
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		✓
6b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		✓
7	Did the hospital facility make its CHNA report widely available to the public?	✓	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a	<input checked="" type="checkbox"/> Hospital facility's website (list url): <u>(SEE STATEMENT)</u>		
b	<input type="checkbox"/> Other website (list url): _____		
c	<input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d	<input type="checkbox"/> Other (describe in Section C)		
8	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	✓	
9	Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>20</u>		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website?	✓	
a	If "Yes," (list url): <u>https://www.umms.org/rehab/community/health-needs-assessment</u>		
b	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
11	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		✓
12b	If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group 1

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:	✓	
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>2</u> <u>0</u> <u>0</u> % and FPG family income limit for eligibility for discounted care of <u>3</u> <u>0</u> <u>0</u> %		
b	<input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input checked="" type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	✓	
15	Explained the method for applying for financial assistance? If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):	✓	
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Was widely publicized within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	✓	
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
c	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations		
j	<input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group 1

	Yes	No
17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment?	✓	
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	✓	
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs (if not, describe in Section C)		
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C)		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C)		
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C)		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

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

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group 1

		Yes	No
22	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d	<input checked="" type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	23	✓
	If "Yes," explain in Section C.		
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	24	✓
	If "Yes," explain in Section C.		

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

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 3E - THE SIGNIFICANT HEALTH NEEDS OF THE COMMUNITY</p>	<p>THE SIGNIFICANT HEALTH NEEDS ARE A PRIORITIZED DESCRIPTION OF THE SIGNIFICANT HEALTH NEEDS OF THE COMMUNITY AND IDENTIFIED THROUGH THE CHNA.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 5 - INPUT FROM PERSONS WHO REPRESENT BROAD INTERESTS OF COMMUNITY SERVED</p>	<p>Facility Name: JAMES LAWRENCE KERNAN HOSPITAL, INC.</p> <p>Description: The University of Maryland Rehabilitation & Orthopaedic Institute (UM Rehab) utilized two major frameworks for completing its most recent Community Health Needs Assessment (CHNA) in fiscal year 2021. To complete this comprehensive assessment of the needs of the community, the Association for Community Health Improvement's (ACHI) 9-step Community Health Assessment Process was utilized as an organizing methodology. An additional 5-component assessment and engagement strategy was also utilized to lead the data collection methodology. Data was collected from multiple sources, groups, and individuals and integrated into a comprehensive document which was utilized at a meeting in March 2021 of the UM Rehab & Ortho Community Health Leadership Team. During that meeting, priorities were identified using the collected data and an adapted version of the Catholic Health Association's (CHA) priority setting criteria. The identified priorities were also validated by the larger leadership team of UM Rehabilitation & Orthopaedic Institute.</p> <p>UM Rehab & Ortho used primary and secondary sources of data as well as quantitative and qualitative data and consulted with numerous individuals and organizations during the CHNA, including other University of Maryland Medical System (UMMS) Baltimore City-based hospitals (University of Maryland Medical Center Downtown and Midtown Campuses), community leaders, community partners, the University of Maryland Baltimore (UMB) academic community, the general public, local health experts, and the Baltimore City Health Department.</p> <p>Data was collected from the five major areas outlined above to complete a comprehensive assessment of the community's needs. Data is presented in Section III of this summary and includes primary and secondary sources of data. The University of Maryland Rehabilitation & Orthopaedic Institute participates in several local coalitions including, Baltimore City Mayor's Commission on Disability as well as partnerships with many community-based organizations. This assessment report was approved by the UM Rehab Community Health Leadership Team in May and by the Board of Directors on June 15, 2021.</p> <p>A) Community Perspective The community's perspective was obtained through one survey offered to the public using several methods throughout Baltimore City. A 6-item survey queried Baltimore City residents to identify their top health concerns and their top barriers in accessing health care. (See Appendix for the actual survey)</p> <p>Methods 6-item survey distributed in FY2021 using the following methods: *Participating hospitals collected data throughout the city *Distributed in person and offered online *Offered in English, Spanish, and Russian *Collected 21 surveys *All Baltimore City zip codes were represented in the responses</p> <p>Results *Top 3 Health Concerns: *Diabetes *Smoking/Tobacco Use *Heart Disease/High Blood Pressure</p> <p>UM Rehab's Disabled Community Top Barriers to Healthcare</p> <p>*Lack of Insurance *Cost of Healthcare *Lack of transportation *Insurance not Accepted *Difficulty getting an appointment</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 7 - HOSPITAL FACILITY'S WEBSITE (LIST URL)</p>	<p>https://www.umms.org/rehab/community/health-needs-assessment</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 11 - HOW HOSPITAL FACILITY IS ADDRESSING NEEDS IDENTIFIED IN CHNA</p>	<p>Facility Name: JAMES LAWRENCE KERNAN HOSPITAL, INC.</p> <p>Description: Analysis of all quantitative and qualitative data described in the above section identified the following top three areas of need within Baltimore City and UM Rehab & Ortho's service area for disabled adults. These top priorities represent the intersection of documented unmet community health needs and the organization's key strengths and mission. These priorities were identified and approved by the UM Rehab & Ortho Community Leadership Team and validated with the larger UM Rehab & Ortho leadership team:</p> <p>1)Quality of Life 2)Transition to the Community 3)Community Education/ Awareness</p> <p>Programming for the community is based on the identified needs above and examples include The Adapted Sports program, Living Well with Chronic Disease programs, a Dental Clinic for disabled, and several other programs. The UM Rehab & Ortho's identified core priorities and programming target the intersection of the identified community needs and the organization's key strengths and mission.</p> <p>Several additional topic areas were identified by the Community Health Improvement Leadership Team during the CHNA process including: Behavioral/mental health, safe housing, transportation, and substance abuse. While UM Rehab & Ortho will focus the majority of its efforts on the identified strategic programs outlined in the table below, the organization will review the complete set of needs identified in the CHNA for future collaboration and work. These areas, while still important to the health of the community, will be met through either existing programs at the Medical Center (i.e. Methadone clinics, Residential Psychiatric program) or through collaboration with other health care organizations as needed. Additionally, substance abuse programming is already integrated into existing programs such as the Think First for Teens program. The additional unmet needs not addressed by UM Rehab & Ortho will also continue to be addressed by key Baltimore City governmental agencies and existing community-based organizations.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 13B - ELIGIBILITY FOR FREE OR DISCOUNTED CARE</p>	<p>Facility Name: JAMES LAWRENCE KERNAN HOSPITAL, INC.</p> <p>Description: THE FINANCIAL ASSISTANCE POLICY EXPLAINS SEVERAL ELIGIBILITY CRITERIA, INCLUDING PARTICIPATION IN MEDICAID/MEDICARE PROGRAMS AS WELL AS ELIGIBILITY UNDER VARIOUS STATE REGULATIONS. IN ADDITION TO FPG, THE INCOME LEVELS DEFINED BY THE MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE (MD DHMH) ARE USED TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE. THE MD DHMH INCOME LEVELS ARE MORE GENEROUS THAT THE FPG INCOME LEVELS.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 16A - FAP AVAILABLE WEBSITE</p>	<p>https://www.umms.org/rehab/patients-visitors/for-patients/financial-assistance</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 16B - FAP APPLICATION FORM WEBSITE</p>	<p>https://www.umms.org/rehab/patients-visitors/for-patients/financial-assistance</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 16C - PLAIN LANGUAGE FAP SUMMARY WEBSITE</p>	<p>https://www.umms.org/rehab/patients-visitors/for-patients/financial-assistance</p>

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 0

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Return Reference - Identifier	Explanation
SCHEDULE H, PART I, LINE 3C - CRITERIA FOR FREE OR DISCOUNTED CARE	<p>UM REHAB IS COMMITTED TO PROVIDING FINANCIAL ASSISTANCE TO PERSONS WHO HAVE HEALTH CARE NEEDS AND ARE UNINSURED, UNDERINSURED, INELIGIBLE FOR A GOVERNMENT PROGRAM, OR OTHERWISE UNABLE TO PAY, FOR MEDICALLY NECESSARY CARE BASED ON THEIR INDIVIDUAL FINANCIAL SITUATION. IN ADDITION TO FPG, THE INCOME LEVELS DEFINED BY THE MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE (MD DHMH) ARE USED TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE. THE MD DHMH INCOME LEVELS ARE MORE GENEROUS THAN THE FPG INCOME LEVELS.</p> <p>THE FAP ALSO USES A FINANCIAL HARDSHIP THRESHOLD WHEN DETERMINING ELIGIBILITY. A PATIENT WITH MEDICAL DEBT EXCEEDING 25% OF FAMILY ANNUAL HOUSEHOLD INCOME MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE.</p>
SCHEDULE H, PART I, LINE 6B - RELATED ORGANIZATION REPORT	<p>THE ORGANIZATION ANNUALLY FILES A COMMUNITY BENEFIT REPORT AS REQUIRED BY THE MARYLAND HSCRC. THE REPORT CAN BE FOUND AT HTTPS://HSCRC.STATE.MD.US/PAGES/INIT_CB.ASPX.</p>
SCHEDULE H, PART I, LINE 7 - EXPLANATION OF COSTING METHODOLOGY USED FOR CALCULATING LINE 7 TABLE	<p>MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE.</p> <p>COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO. ADDITIONALLY, NET REVENUES FOR MEDICAID SHOULD REFLECT THE FULL IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT.</p>
SCHEDULE H, PART I, LINE 7, COL (F) - BAD DEBT EXPENSE EXCLUDED FROM FINANCIAL ASSISTANCE CALCULATION	4,215,638
SCHEDULE H, PART III, LINE 2 - METHODOLOGY USED TO ESTIMATE BAD DEBT	<p>THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) STARTED SETTING HOSPITAL RATES IN 1974. AT THAT TIME, THE HSCRC APPROVED RATES APPLIED ONLY TO COMMERCIAL INSURERS. IN 1977, THE HSCRC NEGOTIATED A WAIVER FROM MEDICARE HOSPITAL PAYMENT RULES FOR MARYLAND HOSPITALS TO BRING THE FEDERAL MEDICARE PAYMENTS UNDER HSCRC CONTROL.</p> <p>IN 2014, MARYLAND'S WAIVER WITH MEDICARE WAS RENEGOTIATED AND UPDATED TO REFLECT THE CURRENT HEALTHCARE ENVIRONMENT. UNDER THIS NEW WAIVER, SEVERAL CRITERIA WERE ESTABLISHED TO MONITOR THE SUCCESS OF THE SYSTEM IN CONTROLLING HEALTHCARE COSTS AND THE CONTINUANCE OF THE WAIVER ITSELF:</p> <ol style="list-style-type: none"> 1. REVENUE GROWTH PER CAPITA 2. MEDICARE HOSPITAL REVENUE PER BENEFICIARY 3. MEDICARE ALL PROVIDER REVENUE GROWTH PER BENEFICIARY 4. MEDICARE READMISSION RATES 5. HOSPITAL ACQUIRED CONDITION RATE
SCHEDULE H, PART III, LINE 3 - FAP ELIGIBLE PATIENT BAD DEBT CALCULATION METHODOLOGY	<p>BECAUSE OF THE UNIQUE PAYMENT SYSTEM DESCRIBED ON LINE 2 (ABOVE), THE HOSPITAL IS UNABLE TO ESTIMATE HOW MUCH OF THE AMOUNT REPORTED IN LINE 2 IS ATTRIBUTED TO PATIENTS WHO WOULD APPLY UNDER THE FAP.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART III, LINE 4 - FOOTNOTE IN ORGANIZATION'S FINANCIAL STATEMENTS DESCRIBING BAD DEBT</p>	<p>THE CORPORATION RECORDS REVENUES AND ACCOUNTS RECEIVABLE FROM PATIENTS AND THIRD-PARTY PAYORS AT THEIR ESTIMATED NET REALIZABLE VALUE. REVENUE IS REDUCED FOR ANTICIPATED DISCOUNTS UNDER CONTRACTUAL ARRANGEMENTS AND FOR CHARITY CARE. AN ESTIMATED PROVISION FOR BAD DEBTS IS RECORDED IN THE PERIOD THE RELATED SERVICES ARE PROVIDED BASED UPON ANTICIPATED UNCOMPENSATED CARE, AND IS ADJUSTED AS ADDITIONAL INFORMATION BECOMES AVAILABLE.</p> <p>THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS. PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY. THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE MODIFICATIONS TO THE PROVISION FOR BAD DEBTS AND TO ESTABLISH AN ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES. AFTER COLLECTION OF AMOUNTS DUE FROM INSURERS, THE CORPORATION FOLLOWS INTERNAL GUIDELINES FOR PLACING CERTAIN PAST DUE BALANCES WITH COLLECTION AGENCIES.</p> <p>FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE CORPORATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR BAD DEBTS, ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS, PROVISION FOR BAD DEBTS, AND CONTRACTUAL ADJUSTMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY. FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS OR WITH BALANCES REMAINING AFTER THE THIRD-PARTY COVERAGE HAD ALREADY PAID, THE CORPORATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS HISTORICAL COLLECTIONS, WHICH INDICATES THAT MANY PATIENTS ULTIMATELY DO NOT PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE DISCOUNTED RATES AND THE AMOUNTS COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS.</p>
<p>SCHEDULE H, PART III, LINE 8 - DESCRIBE EXTENT ANY SHORTFALL FROM LINE 7 TREATED AS COMMUNITY BENEFIT AND COSTING METHOD USED</p>	<p>THE ORGANIZATION FILES ANNUALLY A COMMUNITY BENEFIT REPORT WITH THE STATE OF MARYLAND'S HEALTH SERVICES COST REVIEW COMMISSION (HSCRC). THE HSCRC, WHICH OPERATES UNDER A MEDICARE WAIVER, DOES NOT CONSIDER MEDICARE SHORTFALL AS COMMUNITY BENEFIT. THE COSTING METHODOLOGY USED BY THE ORGANIZATION IS A COST-TO-CHARGE RATIO.</p>
<p>SCHEDULE H, PART III, LINE 9B - DID COLLECTION POLICY CONTAIN PROVISIONS ON COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR ASSISTANCE</p>	<p>THE ORGANIZATION EXPECTS PAYMENT AT THE TIME THE SERVICE IS PROVIDED. OUR POLICY IS TO COMPLY WITH ALL STATE AND FEDERAL LAW AND THIRD PARTY REGULATIONS AND TO PERFORM ALL CREDIT AND COLLECTION FUNCTIONS IN A DIGNIFIED AND RESPECTFUL MANNER. EMERGENCY SERVICES WILL BE PROVIDED TO ALL PATIENTS REGARDLESS OF ABILITY TO PAY. FINANCIAL ASSISTANCE IS AVAILABLE FOR PATIENTS BASED ON FINANCIAL NEED AS DEFINED IN THE FINANCIAL ASSISTANCE POLICY. THE ORGANIZATION DOES NOT DISCRIMINATE ON THE BASIS OF AGE, RACE, CREED, SEX OR ABILITY TO PAY.</p> <p>PATIENTS WHO ARE UNABLE TO PAY MAY REQUEST A FINANCIAL ASSISTANCE APPLICATION AT ANY TIME PRIOR TO SERVICE OR DURING THE BILLING AND COLLECTION PROCESS, EVEN IN EXCESS OF 240 DAYS FOLLOWING THE FIRST POST-DISCHARGE BILLING STATEMENT. THE ORGANIZATION MAY REQUEST THE PATIENT TO APPLY FOR MEDICAL ASSISTANCE PRIOR TO APPLYING FOR FINANCIAL ASSISTANCE. THE ACCOUNT WILL NOT BE FORWARDED FOR COLLECTION DURING THE MEDICAL ASSISTANCE APPLICATION PROCESS OR THE FINANCIAL ASSISTANCE APPLICATION PROCESS. NO EXTRAORDINARY COLLECTION ACTIONS (ECAS) WILL OCCUR EARLIER THAN 120 DAYS FROM SUBMISSION OF FIRST BILL TO THE PATIENT AND WILL BE PRECEDED BY NOTICE 30 DAYS PRIOR TO COMMENCEMENT OF THE ACTION. AVAILABILITY OF FINANCIAL ASSISTANCE WILL BE COMMUNICATED TO THE PATIENT AND A PRESUMPTIVE ELIGIBILITY REVIEW WILL OCCUR PRIOR TO ANY ACTION BEING TAKEN. IF A PATIENT IS DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE AFTER AN ECA IS INITIATED, THE ORGANIZATION WILL TAKE REASONABLE MEASURES TO REVERSE THE ECAS AGAINST THE PATIENT ACCOUNT.</p>
<p>SCHEDULE H, PART VI, LINE 2 - NEEDS ASSESSMENT</p>	<p>SINCE FISCAL YEAR 2012, UM REHABILITATION & ORTHOPEDIC INSTITUTE HAS COMPLETED A COMPREHENSIVE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) EVERY THREE YEARS. TO COMPLETE THIS COMPREHENSIVE ASSESSMENT OF THE NEEDS OF THE COMMUNITY IN FISCAL YEAR 2021, THE ASSOCIATION FOR COMMUNITY HEALTH IMPROVEMENT'S (ACHI) 9-STEP COMMUNITY HEALTH ASSESSMENT PROCESS WAS UTILIZED AS AN ORGANIZING METHODOLOGY. THE UM REHAB & ORTHO'S COMMUNITY HEALTH LEADERSHIP TEAM SERVED AS THE LEAD TEAM TO OVERSEE THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WITH INPUT FROM OTHER UNIVERSITY OF MARYLAND MEDICAL SYSTEM BALTIMORE CITY-BASED HOSPITALS, COMMUNITY LEADERS, THE ACADEMIC COMMUNITY, THE PUBLIC, HEALTH EXPERTS, AND THE BALTIMORE CITY HEALTH DEPARTMENT. UNIVERSITY OF MARYLAND REHABILITATION & ORTHOPEDIC INSTITUTE ADOPTED THE ASSOCIATION FOR COMMUNITY HEALTH IMPROVEMENT (ACHI) 9-STEP PROCESS TO LEAD THE ASSESSMENT PROCESS AND AN ADDITIONAL 5-COMPONENT ASSESSMENT AND ENGAGEMENT STRATEGY TO LEAD THE DATA COLLECTION METHODOLOGY.</p> <p>DATA WAS COLLECTED FROM THE MAJOR AREAS OF THE COMMUNITY'S PERSPECTIVE, HEALTH EXPERTS' OPINIONS, AND COMMUNITY LEADERS' PERSPECTIVES ALONG WITH A REVIEW OF SOCIAL DETERMINANTS OF HEALTH AND EPIDEMIOLOGIC DATA TO COMPLETE A COMPREHENSIVE ASSESSMENT OF THE COMMUNITY'S NEEDS. DATA INCLUDES PRIMARY AND SECONDARY SOURCES OF DATA. THIS COMMUNITY HEALTH NEEDS ASSESSMENT REPORT WAS APPROVED BY THE UM REHAB COMMUNITY HEALTH LEADERSHIP TEAM IN MAY AND BY THE BOARD OF DIRECTORS ON JUNE 15, 2021. HTTPS://WWW.UMMS.ORG/REHAB/COMMUNITY/HEALTH-NEEDS-ASSESSMENT</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 3 - PATIENT EDUCATION</p>	<p>PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE - PATIENTS ARE INFORMED OF THEIR ELIGIBILITY FOR ASSISTANCE THROUGH SIGNAGE IN ADMITTING AND REGISTRATION AREAS, ONLINE, IN THE PATIENT HANDBOOKS, IN LOCAL NEWSPAPERS, AND WITH PATIENT INFORMATION SHEETS.</p> <p>*LANGUAGE TRANSLATIONS A.REQUIREMENT: THE NEW 501(R) REGULATIONS LOWERED THE LANGUAGE TRANSLATION THRESHOLD FOR LIMITED ENGLISH PROFICIENT (LEP) POPULATIONS TO THE LOWER OF 5% OF LEP INDIVIDUALS IN THE COMMUNITY SERVED/1000-LEP INDIVIDUALS. UNIVERSITY OF MARYLAND REHABILITATION & ORTHOPEDIC INSTITUTE TRANSLATED ITS FINANCIAL ASSISTANCE POLICY INTO THE FOLLOWING LANGUAGES: ENGLISH, SPANISH, FRENCH, RUSSIAN, CHINESE, KOREAN, VIETNAMESE, AND TAGALOG.</p> <p>*PLAIN LANGUAGE SUMMARY A.REQUIREMENT: THE NEW 501(R) REGULATIONS REQUIRE A PLAIN LANGUAGE SUMMARY OF THE FAP THAT IS CLEAR, CONCISE, AND EASY FOR A PATIENT TO UNDERSTAND. UNIVERSITY OF MARYLAND REHABILITATION & ORTHOPEDIC INSTITUTE CREATED A NEW PLAIN LANGUAGE SUMMARY OF ITS FINANCIAL ASSISTANCE POLICY IN ADDITION TO ITS ALREADY-EXISTING PATIENT INFORMATION SHEET.</p>
<p>SCHEDULE H, PART VI, LINE 4 - COMMUNITY INFORMATION</p>	<p>THE LARGER REGIONAL PATIENT MIX OF UNIVERSITY OF MARYLAND REHABILITATION & ORTHOPEDIC INSTITUTE CONSISTS OF DISABLED ADULTS FROM THE METROPOLITAN AREA, STATE, AND REGION. FOR PURPOSES OF COMMUNITY BENEFITS PROGRAMMING AND THE FY'21 COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), THE COMMUNITY BENEFIT SERVICE AREA (CBSA) OF UM REHAB & ORTHO INCLUDES DISABLED ADULTS FROM BALTIMORE CITY AND THE SURROUNDING COUNTIES OF BALTIMORE, HOWARD, AND ANNE ARUNDEL.</p> <p>IT IS ESTIMATED THAT 7.3% OF MARYLANDERS UNDER 65 YEARS OF AGE HAVE SOME TYPE OF DISABILITY. THIS PREVALENCE ACCOUNTS FOR 441,808 MARYLANDERS WHO NEED SOME TYPE OF SUPPORT AND/OR RESOURCES TO IMPROVE THEIR DAILY QUALITY OF LIFE. THESE INDIVIDUALS REPORT BARRIERS TO HEALTH WHICH INCLUDE MOBILITY, TRANSPORTATION, LIMITED RECREATIONAL OPTIONS, UNEMPLOYMENT, INSURANCE COVERAGE, AND MENTAL HEALTH ISSUES.</p> <p>DISABILITY* IN THE UM REHAB & ORTHO SERVICE AREA ANNE ARUNDEL CO, 58, 838, BALTIMORE CITY, 95,416, BALTIMORE CO, 92,959, HOWARD CO, 24,919 *DISABILITY DEFINED AS MILD TO SEVERE VISUAL, HEARING, AMBULATORY, COGNITIVE, SELF-CARE, AND INDEPENDENT LIVING. SOURCE: LOCAL DISABILITY DATA FOR PLANNERS</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH</p>	<p>THE UM REHABILITATION & ORTHOPEDIC INSTITUTE PROMOTES THE HEALTH OF ITS COMMUNITY IN A VARIETY OF WAYS. PROGRAMMING IS BASED ON THE STRATEGIC PRIORITIES IDENTIFIED IN THE CHNA. THE FOLLOWING THREE PROGRAMS HIGHLIGHT THE MAJOR COMMUNITY HEALTH INITIATIVES TO ADDRESS THE THREE MAJOR PRIORITIES OF: *QUALITY OF LIFE *TRANSITION TO THE COMMUNITY *COMMUNITY AWARENESS</p> <p>THE UNIVERSITY OF MARYLAND REHABILITATION & ORTHOPEDIC INSTITUTE HAS COMMUNITY HEALTH PROGRAMMING IN EACH OF THE ABOVE STRATEGIC COMMUNITY PRIORITIES. THE FOLLOWING IS AN EXAMPLE OF KEY INITIATIVES FROM THREE OF THE ABOVE PRIORITIES.</p> <p>IDENTIFIED NEED/PRIORITY: QUALITY OF LIFE: ACTIVE LIFESTYLE</p> <p>IDENTIFIED NEED: ADAPTED SPORTS PROGRAM THROUGH PATIENT AND COMMUNITY RESIDENT SURVEYS AS WELL AS KEY INFORMANT INTERVIEWS, THE ADAPTED SPORTS PROGRAM WAS IDENTIFIED AS PART OF THE COMMUNITY HEALTH NEEDS ASSESSMENT FY'21 AS A VALUED SERVICE WHICH ADDRESSES A NEED FOR PHYSICAL ACTIVITY IN THE DISABLED POPULATION. A NEED TO EXPAND THE PROGRAM WAS ALSO IDENTIFIED TO FURTHER MEET HEALTH, FITNESS, SOCIAL AND OVERALL QUALITY OF LIFE NEEDS.</p> <p>HOSPITAL INITIATIVE: THE ADAPTED SPORTS PROGRAMS PROVIDE EXPOSURE AND OPPORTUNITIES TO PARTICIPATE IN ADAPTED SPORTS TO IMPROVE HEALTH, FITNESS, SOCIAL AND OVERALL QUALITY OF LIFE FOR INDIVIDUALS WITH PHYSICAL DISABILITIES. -ADAPTED SPORTS FESTIVAL -WHEELCHAIR RUGBY TEAM -WHEELCHAIR BASKETBALL CLINIC -ADAPTED GOLF PROGRAM -AMPUTEE WALKING/RUNNING CLINIC</p> <p>PRIMARY OBJECTIVES OF INITIATIVE:ADAPTED SPORTS PROGRAM 1)INCREASE PHYSICAL ACTIVITY (MARYLAND SHIP) 2)INCREASE AWARENESS & BENEFITS OF ADAPTED SPORTS FOR DISABLED INDIVIDUALS 3)INCREASE SELF-REPORTED QUALITY OF LIFE OF DISABLED ADULTS</p> <p>SINGLE OR MULTI-YEAR PLAN:ALL PROGRAMS ARE MULTI-YEAR, ONGOING INITIATIVES.</p> <p>KEY COLLABORATORS IN DELIVERY: UNITED STATES OLYMPIC COMMITTEE UNITED STATES PARALYMPIC COMMITTEE BALTIMORE MUNICIPAL GOLF CORPORATION - FOREST PARK GOLF COURSE BALTIMORE CITY RECREATION AND PARKS BALTIMORE COUNTY RECREATION AND PARKS</p> <p>IMPACT OF HOSPITAL INITIATIVE: THE ADAPTED SPORTS PROGRAM MAXIMIZES PARTICIPATION FOR INDIVIDUALS WITH DISABILITIES IN ADAPTED RECREATIONAL AND COMPETITIVE SPORTS, IN ORDER TO PROMOTE INDEPENDENCE, SELF-CONFIDENCE, HEALTH AND OVERALL WELL-BEING THROUGH STRUCTURED, INDIVIDUAL AND TEAM SPORTS</p> <p>METRICS: *# OF PARTICIPANTS *% OF PARTICIPANTS WHO REPORT LEARNING ABOUT ADAPTED SPORTS THAT THEY CAN PARTICIPATE IN *% OF PARTICIPANTS WHO REPORT POSITIVE IMPACT ON LIFE (PARTICIPANTS OF THE ADAPTED SPORTS PROGRAM COMPLETE A SURVEY REGARDING THE IMPACT OF THE PROGRAM ON AWARENESS OF PROGRAMS AVAILABLE IN THE COMMUNITY, IMPACT ON HEALTH, FITNESS, SOCIALIZATION AND OVERALL QUALITY OF LIFE.)</p> <p>EVALUATION OF OUTCOMES FY22: *ADAPTIVE GOLF SUPPORTED 60 INDIVIDUALS IN FY22 *WHEELCHAIR TENNIS SUPPORTED 4 INDIVIDUALS IN FY22 *WHEELCHAIR BASKETBALL SUPPORTED 50 INDIVIDUALS IN FY22 * WHEELCHAIR RUGBY SUPPORTED 10 INDIVIDUALS IN FY22</p> <p>CONTINUATION OF INITIATIVE: UM REHAB WILL CONTINUE TO MONITOR PERFORMANCE AND OUTCOME MEASURES ANNUALLY. THIS PRIORITY AND THE ACCOMPANYING INITIATIVES WILL CONTINUE AS LONG AS THERE CONTINUES TO BE INTEREST AND PERCEIVED BENEFIT TO OUR PARTICIPANTS.</p> <p>IDENTIFIED NEED: TRANSITION TO THE COMMUNITY - LIVING WELL WITH CHRONIC DISEASE PROGRAMS THROUGH PATIENT AND RESIDENT SURVEYS AS WELL AS KEY INFORMANT INTERVIEWS, A NEED FOR ONGOING EDUCATION ON HOW TO LIVE WITH A DISABILITY WAS IDENTIFIED AS PART OF THE COMMUNITY HEALTH NEEDS ASSESSMENT FY'21.</p> <p>HOSPITAL INITIATIVE: LIVING WELL WITH CHRONIC DISEASE PROGRAMS THE UM REHABILITATION & ORTHOPEDIC INSTITUTE SERVE DISABLED ADULTS WHO HAVE LIMITED ACCESS TO ONGOING SUPPORT AND EDUCATION IN THE COMMUNITY. THE LIVING WELL WITH CHRONIC DISEASE PROGRAM IS AN EVIDENCE-BASED SERIES OF WORKSHOPS FOR INDIVIDUALS WITH A CHRONIC CONDITION LIKE A DISABILITY ALONG WITH THEIR CAREGIVERS. THIS EVIDENCE-BASED INITIATIVE WAS DEVELOPED BY STANFORD UNIVERSITY AND IS USED NATIONALLY. THE WORKSHOP IS SCRIPTED TO DELIVER HIGH FIDELITY BUT IS ALSO VERY INTERACTIVE WITH SMALL GROUPS. THE RESULTS HAVE BEEN VERY POSITIVE THROUGHOUT THE US.</p> <p>PRIMARY OBJECTIVES OF INITIATIVE: 1) TO IMPROVE HEALTH LITERACY AND SELF-CARE OF INDIVIDUALS WITH CHRONIC CONDITIONS, REDUCE HEALTH COMPLICATIONS AND THE NEED FOR EMERGENCY ROOM VISITS.</p> <p>SINGLE OR MULTI-YEAR PLAN: ONGOING INITIATIVE</p> <p>KEY COLLABORATORS IN DELIVERY:</p>

Return Reference - Identifier	Explanation
	<p>UNIVERSITY OF MARYLAND MEDICAL CENTER MAC, INC.</p> <p>IMPACT OF HOSPITAL INITIATIVE: OUTCOMES ARE EVALUATED BY TRACKING THE NUMBER OF VISITS THAT TAKE PLACE IN THE DENTAL CLINIC EACH YEAR, AND MEASURING THE PERCENT OF VISITS THAT ARE PREVENTIVE.</p> <p>METRICS: *# OF PARTICIPANTS *% OF PARTICIPANTS COMPLETING PROGRAM</p> <p>EVALUATION OF OUTCOMES FY22: * THIS PROGRAM WAS PAUSED DURING THE COVID CRISIS; LEADERSHIP HAS DECIDED NOT TO RESTART THE PROGRAM.</p> <p>CONTINUATION OF INITIATIVE: THIS IS AN ONGOING INITIATIVE WHICH IS SLATED TO CONTINUE INDEFINITELY BECAUSE IT ADDRESSES THE UNIQUE EDUCATIONAL NEEDS OF PHYSICALLY DISABLED ADULTS.</p> <p>IDENTIFIED NEED: TRANSITION TO THE COMMUNITY - DENTAL CLINIC THROUGH PATIENT AND STAFF FOCUS GROUPS AS WELL AS KEY INFORMANT INTERVIEWS, THE DENTAL CLINIC WAS IDENTIFIED AS PART OF THE COMMUNITY HEALTH NEEDS ASSESSMENT FY'21 AS A VALUED SERVICE CURRENTLY PROVIDED.</p> <p>HOSPITAL INITIATIVE: DENTAL CLINIC THE UM REHABILITATION & ORTHOPEDIC INSTITUTE DENTAL CLINIC SERVES CHILDREN AND ADULTS WHO HAVE LIMITED ACCESS TO ORAL HEALTH CARE IN THE COMMUNITY. THIS POPULATION INCLUDES SPECIAL HEALTH CARE NEEDS (SHCN) PATIENTS (INDIVIDUALS WHO ARE MENTALLY AND/OR PHYSICALLY DISABLED), AS WELL AS MANY CHILDREN IN THE MARYLAND MEDICAID PROGRAM. THE DENTAL CLINIC AT UM REHAB IS ONE OF THE FEW PROVIDERS IN THE STATE WHO SERVES BOTH PEDIATRIC AND ADULT SHCN POPULATIONS. THESE INDIVIDUALS MAY NOT RECEIVE CARE OTHERWISE AS MANY DENTISTS IN THE COMMUNITY ARE NOT COMFORTABLE PERFORMING DENTAL SERVICES FOR SPECIAL HEALTH CARE NEEDS PATIENTS.</p> <p>PRIMARY OBJECTIVES OF INITIATIVE: 1)INCREASE CHILDREN RECEIVING DENTAL CARE (MARYLAND SHIP) 2)DECREASE EMERGENCY DEPARTMENT VISIT RATE FOR DENTAL CARE (MARYLAND SHIP) 3)INCREASE NUMBER OF DENTAL TREATMENTS AVAILABLE TO DISABLED POPULATION 4)IMPROVE THE ORAL HEALTH FOR THOSE PATIENTS WITH SPECIAL NEEDS AND WHO HAVE LIMITED ACCESS TO GOOD DENTAL CARE.</p> <p>SINGLE OR MULTI-YEAR PLAN: ONGOING INITIATIVE; HAS EXISTED FOR MANY YEARS AND WILL CONTINUE INDEFINITELY.</p> <p>KEY COLLABORATORS IN DELIVERY: UNIVERSITY OF MARYLAND SCHOOL OF DENTISTRY *HYGIENIST PROGRAM *4TH YEAR DENTAL STUDENTS (EXTERNSHIP PROGRAM) BALTIMORE CITY COMMUNITY COLLEGE *HYGIENIST PROGRAM COMMUNITY COLLEGE OF BALTIMORE COUNTY, DUNDALK *HYGIENIST PROGRAM</p> <p>IMPACT OF HOSPITAL INITIATIVE: PATIENTS WITH LIMITED ACCESS TO GOOD DENTAL CARE EXPERIENCE REDUCED HEALTH CARE COSTS AND IMPROVED PATIENT CARE BY RECEIVING TREATMENT FOR DENTAL DISEASE IN THE DENTAL CLINIC INSTEAD OF IN THE ER. OUTCOMES ARE EVALUATED BY TRACKING THE NUMBER OF VISITS THAT TAKE PLACE IN THE DENTAL CLINIC EACH YEAR, AND MEASURING THE PERCENT OF VISITS THAT ARE PREVENTIVE.</p> <p>METRICS: *# OF VISITS *% OF VISITS WHICH WERE PREVENTIVE *% OF VISITS WHICH WERE EMERGENT</p> <p>EVALUATION OF OUTCOMES IN FY22: *6,514 TOTAL VISITS *74% WERE PREVENTIVE * 22% RESTORATIVE *4% WERE EMERGENT</p> <p>CONTINUATION OF INITIATIVE: THE DENTAL CLINIC HAS EXISTED FOR MANY YEARS AND WILL CONTINUE INDEFINITELY</p> <p>UM REHABILITATION & ORTHOPEDIC INSTITUTE OPERATES UNDER A UNIQUE REGULATORY SYSTEM THAT CAPS HOSPITAL REVENUES AND PROVIDES ADJUSTMENTS TO ALLOW FOR POPULATION HEALTH IMPROVEMENT INVESTMENTS. UNDER MARYLAND'S GLOBAL BUDGET REVENUE MODEL, UM REHABILITATION & ORTHOPEDIC INSTITUTE REPORTS ON A REGULAR BASIS HOW IT IS INVESTING IN EFFORTS TO IMPROVE POPULATION HEALTH. UM REHABILITATION & ORTHOPEDIC INSTITUTE PROVIDES ON-GOING SERVICES THAT ARE FUNDAMENTAL TO ADDRESSING THE IDENTIFIED COMMUNITY HEALTH NEEDS THAT DEMONSTRATE THE EXTENT TO WHICH OUR COMMITMENT TO SERVE OUR COMMUNITY IS INTEGRATED INTO OUR CARE DELIVERY MODEL.</p> <p>WE HAVE A STRONG FOCUS ON TREATING PATIENTS WITH CHRONIC CONDITIONS. UNIVERSITY OF MARYLAND REHABILITATION AND ORTHOPEDIC INSTITUTE WORKS TO COORDINATE CARE, ENSURE SMOOTH TRANSITIONS AND PROMOTE DISEASE SELF-MANAGEMENT STRATEGIES AT EVERY STEP OF A PATIENT'S JOURNEY - WHETHER AT HOME, IN THE COMMUNITY, OR WITHIN OUR HOSPITAL.</p>

Return Reference - Identifier	Explanation
	RESOURCES ARE EMBEDDED THROUGHOUT THE HOSPITAL AND IN THE COMMUNITY SO THAT EVERY PATIENT RECEIVES THE SAME LEVEL OF CARE COORDINATION. COMMUNITY HEALTH WORKERS REACH OUT TO PATIENTS WHO ARE IDENTIFIED AS BEING HIGH RISK FOR READMISSION OR IN NEED OF CRITICAL RESOURCES. CLOSE RELATIONSHIPS ARE MAINTAINED WITH SKILLED NURSING FACILITIES AND HOME HEALTH AGENCIES SO THAT TRANSFERS FROM THE HOSPITAL TO THESE FACILITIES ARE SMOOTH, AND THE HIGHEST QUALITY OF CARE IS CONSTANTLY DELIVERED.
SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH CONT	WE ARE PROUD TO SERVE OUR COMMUNITY AND APPRECIATE OUR PARTNERS WHO ALLOW US TO FULFILL OUR MISSION. WE WILL ALWAYS DO WHAT IS RIGHT FOR THE PATIENT, NO MATTER WHERE THEY ARE IN THEIR HEALTH JOURNEY, AND WILL ALWAYS STRIVE TO HAVE OUR PATIENTS RECEIVE CARE IN THE COMMUNITY THEY RESIDE. AS A PART OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) WE ARE SHAPING A NEW PARADIGM IN CARE DELIVERY THAT WE BELIEVE SHOULD BE THE FUTURE STANDARD OF CARE.
SCHEDULE H, PART VI, LINE 6 - DESCRIPTION OF AFFILIATED GROUP	THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (UMMS) IS A PRIVATE, NOT-FOR-PROFIT CORPORATION PROVIDING COMPREHENSIVE HEALTHCARE SERVICES THROUGH AN INTEGRATED REGIONAL NETWORK OF HOSPITALS AND RELATED CLINICAL ENTERPRISES. UMMS WAS CREATED IN 1984 WHEN ITS FOUNDING HOSPITAL WAS PRIVATIZED BY THE STATE OF MARYLAND. OVER ITS 30-YEAR HISTORY, UMMS EVOLVED INTO A MULTI-HOSPITAL SYSTEM WITH ACADEMIC, COMMUNITY AND SPECIALTY SERVICE MISSIONS REACHING PRIMARILY ACROSS MARYLAND. AS PART OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS), THE UM REHABILITATION & ORTHOPEDIC INSTITUTE UNDERSTANDS THAT HEALTH CARE GOES BEYOND THE WALLS OF THE HOSPITAL AND INTO THE COMMUNITY IT SERVES. UMMS HOSPITALS ARE COMMITTED TO STRENGTHENING THEIR NEIGHBORING COMMUNITIES. IN DOING SO, THE UM REHABILITATION & ORTHOPEDIC INSTITUTE ASSESSES THE COMMUNITY'S HEALTH NEEDS, IDENTIFIES KEY PRIORITIES, AND RESPONDS WITH SERVICES, PROGRAMS AND INITIATIVES, WHICH MAKE A POSITIVE, SUSTAINED IMPACT ON THE HEALTH OF THE COMMUNITY. WITH REPRESENTATION FROM ALL UMMS HOSPITALS, THE MEDICAL SYSTEM'S COMMUNITY HEALTH IMPROVEMENT COUNCIL COORDINATES THE EFFECTIVE AND EFFICIENT UTILIZATION AND DEPLOYMENT OF RESOURCES FOR COMMUNITY-BASED ACTIVITIES AND EVALUATES HOW SERVICES AND ACTIVITIES MEET TARGETED COMMUNITY NEEDS WITHIN DEFINED GEOGRAPHIC AREAS. THE UM REHABILITATION & ORTHOPEDIC INSTITUTE IS COMMITTED TO HEALTH EDUCATION, ADVOCACY, COMMUNITY PARTNERSHIPS, AND ENGAGING PROGRAMS WHICH FOCUS ON HEALTH AND WELLNESS FOR THE DISABLED ADULT COMMUNITY IN BALTIMORE CITY AND BALTIMORE, HOWARD, AND ANNE ARUNDEL COUNTIES.
SCHEDULE H, PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT	MD

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

JAMES LAWRENCE KERNAN HOSPITAL, INC.

Compensation Information

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

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2021

Open to Public Inspection

Employer identification number

52-0591639

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on 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 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 type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input 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 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in or receive payment from a supplemental nonqualified retirement plan?
- c** Participate in or receive payment from an equity-based compensation arrangement?
- If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on 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?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a		✓
4b	✓	
4c		✓
5a		✓
5b		✓
6a		✓
6b		✓
7	✓	
8		✓
9		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC and/or 1099-NEC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 MOHAN SUNTHA, MD PRESIDENT AND CEO, UMMS	(i)	0	0	0	0	0	0	0
	(ii)	1,855,961	1,215,728	365,286	11,600	29,132	3,477,707	0
2 MICHELLE GOURDINE, MD DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	554,006	191,522	21,269	79,953	482	847,232	0
3 KAREN E DOYLE, MBA FORMER ASSISTANT SECRETARY	(i)	0	0	0	0	0	0	0
	(ii)	297,415	155,317	49,855	11,600	31,299	545,486	0
4 KRISHNAB GOURAB, MD VP MEDICAL AFFAIRS AND CMO	(i)	342,131	86,936	23,913	45,538	30,104	528,622	0
	(ii)	0	0	0	0	0	0	0
5 CYNTHIA A KELLEHER PRESIDENT, CEO AND SECRETARY	(i)	297,527	111,616	74,354	11,600	22,831	517,928	0
	(ii)	0	0	0	0	0	0	0
6 CHRISTINA L CAFEO DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	228,197	76,642	37,429	10,058	13,799	366,125	0
7 THOMAS J MERKLE PHYSICIAN	(i)	233,354	78,591	211	8,705	28,777	349,638	0
	(ii)	0	0	0	0	0	0	0
8 MARINA BOGIN VP AND CFO	(i)	214,128	57,794	3,059	28,864	28,351	332,196	0
	(ii)	0	0	0	0	0	0	0
9 LOBNA ZADA DENTAL CLINICAL CHIEF	(i)	295,124	0	1,885	14,500	12,188	323,697	0
	(ii)	0	0	0	0	0	0	0
10 DANIEL T SHELLY VP OPERATIONS	(i)	164,826	38,036	20,738	23,874	12,513	259,987	0
	(ii)	0	0	0	0	0	0	0
11 SCOTT D LANGLOIS NURSE	(i)	208,266	8,120	802	7,133	7,379	231,700	0
	(ii)	0	0	0	0	0	0	0
12 SHERRY Y LAMONS NURSE	(i)	176,493	25,150	190	6,720	18,222	226,775	0
	(ii)	0	0	0	0	0	0	0
13 CHERYL D LEE, RN, MSN VP PATIENT SERVICES AND CNO	(i)	129,513	48,156	19,924	5,484	7,138	210,215	0
	(ii)	0	0	0	0	0	0	0
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III

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

Return Reference - Identifier	Explanation
<p>SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN</p>	<p>DURING THE FISCAL YEAR- ENDED JUNE 30, 2022, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN THE UMMS SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN. THE INDIVIDUALS LISTED BELOW HAVE NOT VESTED IN THE PLAN THEREFORE THE ACCRUED CONTRIBUTION TO THE PLAN FOR THE FISCAL YEAR IS REPORTED ON SCHEDULE J, PART II, COLUMN C, RETIREMENT AND OTHER DEFERRED COMPENSATION:</p> <p>KRISHNAB GOURAB, MD MICHELLE GOURDINE, MD MARINA BOGIN DANIEL T SHELLY</p> <p>DURING THE FISCAL YEAR-ENDED JUNE 30, 2022, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN. THE INDIVIDUALS LISTED BELOW HAVE VESTED IN THE PLAN IN A PRIOR YEAR, THEREFORE THE CONTRIBUTIONS TO THE PLAN FOR THE FISCAL YEAR ARE REPORTED AS TAXABLE COMPENSATION AND REPORTED ON SCHEDULE J, PART II, LINE B (III), OTHER REPORTABLE COMPENSATION:</p> <p>KAREN DOYLE, \$37,676 CHERYL D LEE, \$12,339 CYNTHIA KELLEHER, \$50,110 MOHAN SUNTHA, MD, \$342,614 CHRISTINA L CAFFEO, \$16,728</p>
<p>SCHEDULE J, PART I, LINE 7 - NON-FIXED PAYMENTS</p>	<p>BONUSES PAID ARE BASED ON A NUMBER OF VARIABLES INCLUDING BUT NOT LIMITED TO INDIVIDUAL GOAL ACHIEVEMENTS AS WELL AS ORGANIZATION OPERATION ACHIEVEMENTS. THE FINAL DETERMINATION OF THE BONUS AMOUNT IS DETERMINED AND APPROVED BY THE BOARD AS PART OF THE OVERALL COMPENSATION REVIEW OF THE OFFICERS AND KEY EMPLOYEES.</p>

**SCHEDULE O
(Form 990)**

Department of Treasury Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

- ▶ Attach to Form 990 or 990-EZ.
- ▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the Organization
JAMES LAWRENCE KERNAN HOSPITAL, INC.

Employer Identification Number
52-0591639

Return Reference - Identifier	Explanation
FORM 990, PART IV, LINE 24A - TAX EXEMPT BOND ISSUE	<p>PURSUANT TO A MASTER LOAN AGREEMENT DATED DECEMBER 1, 2017 (THE "MASTER LOAN AGREEMENT"), AS AMENDED, UMMS AND SEVERAL OF ITS SUBSIDIARIES HAVE ISSUED DEBT THROUGH THE MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY (THE "AUTHORITY"). AS SECURITY FOR THE PERFORMANCE OF THE BOND OBLIGATION UNDER THE MASTER LOAN AGREEMENT, THE AUTHORITY MAINTAINS A SECURITY INTEREST IN THE REVENUE OF THE OBLIGORS. THE MASTER LOAN AGREEMENT CONTAINS CERTAIN RESTRICTIVE COVENANTS. THESE COVENANTS REQUIRE THAT RATES AND CHARGES BE SET AT CERTAIN LEVELS, LIMIT INCURRENCE OF ADDITIONAL DEBT, REQUIRE COMPLIANCE WITH CERTAIN OPERATING RATIOS AND RESTRICT THE DISPOSITION OF ASSETS.</p> <p>THE OBLIGATED GROUP UNDER THE MASTER LOAN AGREEMENT INCLUDES UMMS, UM ROI, UM MIDTOWN, UM BALTIMORE WASHINGTON, SHORE HEALTH (UM MEMORIAL AND UM DORCHESTER), UM CHESTER RIVER, UM CHARLES REGIONAL, UM ST. JOSEPH, UM UPPER CHESAPEAKE, UM HARFORD MEMORIAL, UM LAUREL, UM PRINCE GEORGE'S, BOWIE HEALTH CENTER (BOWIE), AND THE UMMS FOUNDATION. EACH MEMBER OF THE OBLIGATED GROUP IS JOINTLY AND SEVERALLY LIABLE FOR THE REPAYMENT OF THE OBLIGATIONS UNDER THE MASTER LOAN AGREEMENT OF THE CORPORATION'S \$1,909,376,000 OF OUTSTANDING AUTHORITY BONDS ON JUNE 30, 2022. ALL OF THE BONDS WERE ISSUED IN THE NAME OF UMMS AND ARE REPORTED ON SCHEDULE K OF ITS FORM 990.</p>
FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS	<p>UMMS IS THE SOLE MEMBER OF UM REHAB. UMMS MAY ELECT ONE OR MORE BOARD MEMBERS OF THE GOVERNING BODY AND ALL DECISIONS OF THE GOVERNING BODY MUST BE APPROVED BY UMMS.</p>
FORM 990, PART VI, LINE 7A - MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	<p>UMMS IS THE SOLE MEMBER OF UM REHAB. UMMS MAY ELECT ONE OR MORE BOARD MEMBERS OF THE GOVERNING BODY.</p>
FORM 990, PART VI, LINE 7B - DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	<p>THE FOLLOWING DECISIONS OF THE GOVERNING BODY ARE AMONG THOSE SUBJECT TO THE APPROVAL OF THE MEMBER: AMENDMENT OF CHARTER DOCUMENTS; DISSOLUTION OF THE ORGANIZATION; STRATEGIC PLANS; PARTICIPATION IN JOINT VENTURES; LEASES OR INTERCOMPANY TRANSFERS OF ASSETS, SUBJECT TO CERTAIN DOLLAR THRESHOLDS; ANNUAL OPERATING AND CAPITAL BUDGETS; ACQUISITION OR DISPOSITION OF AN ENTITY OR SUBSTANTIALLY ALL ASSETS; MERGER OR CONSOLIDATION OF ENTITY; MORTGAGE, PLEDGE OR DISPOSITION OF PROPERTY; AND INCURRENCE OF DEBT OR REAL PROPERTY, SUBJECT TO CERTAIN DOLLAR THRESHOLDS.</p>
FORM 990, PART VI, LINE 11B - REVIEW OF FORM 990 BY GOVERNING BODY	<p>THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM ("UMMS") PREPARES THE IRS FORM 990 FOR UMMS AND ITS AFFILIATES. INFORMATION NEEDED TO COMPLETE THE RETURN IS GATHERED BY ACCOUNTING PERSONNEL IN THE FINANCE SHARED SERVICES DEPARTMENT UNDER THE SUPERVISION OF THE UMMS TAX DIRECTOR. DRAFT RETURNS ARE PREPARED USING IRS-APPROVED TAX SOFTWARE.</p> <p>ONCE A DRAFT RETURN IS PREPARED, IT UNDERGOES MULTIPLE LEVELS OF REVIEW BOTH INTERNALLY BY UMMS TAX & FINANCE PERSONNEL, AND EXTERNALLY BY ERNST & YOUNG LLP. FOLLOWING ANY NECESSARY CHANGES TO THE RETURN, A FINAL DRAFT IS REVIEWED BY EACH AFFILIATE'S VICE PRESIDENT OF FINANCE AND/OR CFO.</p> <p>PRIOR TO FILING THE IRS FORM 990, THE ORGANIZATION'S BOARD CHAIRMAN, TREASURER, GOVERNANCE COMMITTEE, FINANCE COMMITTEE OR OTHER MEMBER(S) OF THE BOARD WITH SIMILAR AUTHORITY WILL REVIEW THE IRS FORM 990. ALL BOARD MEMBERS ARE PROVIDED WITH A COPY OF THE FINAL IRS FORM 990 BEFORE FILING.</p>

Return Reference - Identifier	Explanation
<p>FORM 990, PART VI, LINE 12C - CONFLICT OF INTEREST POLICY</p>	<p>THE FILING ORGANIZATION FOLLOWS THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) CONFLICTS OF INTEREST POLICY, WHICH REQUIRES THAT ALL COVERED PERSONS DISCLOSE CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS OF INTEREST BETWEEN THEIR PERSONAL INTERESTS AND THE INTERESTS OF THE ORGANIZATION, OR ANY ENTITY CONTROLLED BY OR OWNED IN SUBSTANTIAL PART BY THE ORGANIZATION. COVERED PERSONS MEANS ANY MEMBER OF THE ORGANIZATION'S BOARD OF DIRECTORS, A MEMBER OF A COMMITTEE OF THE BOARD, AN OFFICER, OR AN EMPLOYEE OF ORGANIZATION (INCLUDING SUBSIDIARIES) AT THE VP LEVEL OR ABOVE.</p> <p>THE ORGANIZATION OR ITS SOLE MEMBER IS RESPONSIBLE FOR ADMINISTERING AND ENFORCING THE CONFLICTS OF INTEREST POLICY (POLICY). THE GOVERNANCE COMMITTEE (OR OTHER BOARD COMMITTEE HAVING SIMILAR AUTHORITY) REVIEWS ANY AND ALL CONFLICTS, SHALL REPORT ANNUALLY TO THE FULL BOARD ON THE ADMINISTRATION, INFRACTIONS, AND ENFORCEMENT OF THE POLICY AND SHALL REPORT AT THE EARLIEST OPPORTUNITY ALL MATTERS OF CONCERN TO THE FULL BOARD IN EXECUTIVE SESSION WHILE INTERESTED PARTIES ARE RECUSED.</p> <p>THE ORGANIZATION OR ITS SOLE MEMBER'S COMPLIANCE OFFICER IS THE RESPONSIBLE ADMINISTRATIVE AUTHORITY TO ASSIST THE BOARD IN ADMINISTERING AND ENFORCING THE CONFLICTS OF INTEREST POLICY AND BRINGING CONCERNS TO THE GOVERNANCE COMMITTEE. A QUESTIONNAIRE WHICH DISCLOSES POTENTIAL CONFLICTS OF INTEREST IS DISTRIBUTED ANNUALLY TO COVERED PERSONS. THE CHIEF COMPLIANCE OFFICER OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (UMMS) DISTRIBUTES AND COLLECTS THE RESPONSES FOR UMMS AND OTHER AFFILIATES.</p> <p>THE CHIEF COMPLIANCE OFFICER REVIEWS ALL DISCLOSURE STATEMENTS FOR COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY AND ANY/ALL RELATED UMMS POLICIES TO IDENTIFY ALL ACTUAL OR POTENTIAL CONFLICTS OF INTEREST. THE CHIEF COMPLIANCE OFFICER PREPARES AND SUBMITS TO THE GOVERNANCE COMMITTEE ANNUAL AND UPDATED (WHERE APPLICABLE) REPORTS SUMMARIZING ALL RELEVANT INFORMATION CONTAINED IN THE DISCLOSURE STATEMENTS. WITH RESPECT TO THE OTHER ENTITIES IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM, THE CHIEF COMPLIANCE OFFICER MAY BE CALLED FOR CONSULT.</p> <p>IF THE GOVERNANCE COMMITTEE DETERMINES THAT A CONFLICT OF INTEREST EXISTS, THE GOVERNANCE COMMITTEE SHALL NOTIFY THE COVERED PERSON, THE UMMS CHIEF EXECUTIVE OFFICER, AND THE UMMS BOARD CHAIR AND FURTHER WILL NOTIFY THE FULL BOARD AT ITS NEXT MEETING. FURTHERMORE, IN THE EVENT THE GOVERNANCE COMMITTEE DETERMINES THAT AN ACTUAL OR PERCEIVED CONFLICT OF INTEREST EXISTS, THE COMMITTEE SHALL DECIDE HOW TO ADDRESS THE CONFLICT OF INTEREST. IF THE GOVERNANCE COMMITTEE DETERMINES THAT A CONFLICT OF INTEREST EXISTS BUT THAT UMMS MAY ENTER INTO THE SUBJECT TRANSACTION OR ARRANGEMENT, THE INTERESTED COVERED PERSON SHALL BE RECUSED FROM ALL DELIBERATIONS AND DECISIONS CONCERNING SAID TRANSACTION OR ARRANGEMENT, ANY ARRANGEMENTS WITH THAT ENTITY, AND COMPENSATION OR BENEFITS FOR OFFICERS, DIRECTORS, AND TRUSTEES. . FURTHERMORE, THE CHAIR OF THE BOARD AND THE CHAIRS OF THE GOVERNANCE COMMITTEE AND THE AUDIT AND COMPLIANCE COMMITTEE SHALL NOT HAVE ANY BUSINESS TRANSACTIONS WITH UMMS, NOR SHALL THEIR FAMILY MEMBERS.</p> <p>IF THE GOVERNANCE COMMITTEE DETERMINES THAT A COVERED PERSON HAS USED THEIR POSITION TO ACCRUE EXCESS BENEFITS OR TO KNOWINGLY ASSIST OTHERS IN ACCRUING EXCESS BENEFITS IN ANY WAY AT THE EXPENSE OF UMMS, THE GOVERNANCE COMMITTEE SHALL RECOMMEND TO THE EXECUTIVE COMMITTEE APPROPRIATE CORRECTIVE ACTION TO BE TAKEN.</p> <p>ALL INVITATIONS FOR BIDS, PROPOSALS OR SOLICITATIONS FOR OFFERS INCLUDE THE FOLLOWING PROVISION:</p> <p>ANY VENDOR, SUPPLIER OR CONTRACTOR MUST DISCLOSE ANY ACTUAL OR POTENTIAL TRANSACTION WITH ANY ORGANIZATION OFFICER, DIRECTOR, EMPLOYEE OR MEMBER OF THE MEDICAL STAFF, INCLUDING FAMILY MEMBERS WITHIN FIVE DAYS OF THE TRANSACTION. FAILURE TO COMPLY WITH THIS PROVISION IS A MATERIAL BREACH OF AGREEMENT.</p>
<p>FORM 990, PART VI, LINE 15A - PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL</p>	<p>THE ORGANIZATION DETERMINES THE EXECUTIVE COMPENSATION PAID TO ITS EXECUTIVES IN THE FOLLOWING MANNER PRESCRIBED IN THE IRS REGULATIONS:</p> <p>EXECUTIVE COMPENSATION PACKAGES ARE DETERMINED BY A COMMITTEE OF THE BOARD THAT IS COMPOSED ENTIRELY OF BOARD MEMBERS WHO HAVE NO CONFLICT OF INTEREST. THE COMMITTEE ACQUIRES CREDIBLE COMPARABILITY MARKET DATA CONCERNING THE COMPENSATION PACKAGES OF SIMILARLY SITUATED EXECUTIVES.</p> <p>THE COMMITTEE CAREFULLY REVIEWS THAT DATA, THE EXECUTIVE'S PERFORMANCE AND THE PROPOSED COMPENSATION PACKAGES DURING THE DECISION MAKING PROCESS. THE COMMITTEE MEMORIALIZES ITS DELIBERATIONS IN DETAILED MINUTES REVIEWED AND ADOPTED AT THE NEXT-FOLLOWING MEETING.</p> <p>THE COMMITTEE SEEKS AN OPINION OF COUNSEL THAT IT HAS MET THE REQUIREMENTS OF THE IRS INTERMEDIATE SANCTIONS REGULATIONS.</p>

Return Reference - Identifier	Explanation																																			
FORM 990, PART VI, LINE 15B - PROCESS TO ESTABLISH COMPENSATION OF OTHER OFFICERS OR KEY EMPLOYEES	<p>THE ORGANIZATION DETERMINES THE EXECUTIVE COMPENSATION PAID TO ITS EXECUTIVES IN THE FOLLOWING MANNER PRESCRIBED IN THE IRS REGULATIONS:</p> <p>EXECUTIVE COMPENSATION PACKAGES ARE DETERMINED BY A COMMITTEE OF THE BOARD THAT IS COMPOSED ENTIRELY OF BOARD MEMBERS WHO HAVE NO CONFLICT OF INTEREST. THE COMMITTEE ACQUIRES CREDIBLE COMPARABILITY MARKET DATA CONCERNING THE COMPENSATION PACKAGES OF SIMILARLY SITUATED EXECUTIVES.</p> <p>THE COMMITTEE CAREFULLY REVIEWS THAT DATA, THE EXECUTIVE'S PERFORMANCE AND THE PROPOSED COMPENSATION PACKAGES DURING THE DECISION MAKING PROCESS. THE COMMITTEE MEMORIALIZES ITS DELIBERATIONS IN DETAILED MINUTES REVIEWED AND ADOPTED AT THE NEXT-FOLLOWING MEETING.</p> <p>THE COMMITTEE SEEKS AN OPINION OF COUNSEL THAT IT HAS MET THE REQUIREMENTS OF THE IRS INTERMEDIATE SANCTIONS REGULATIONS.</p>																																			
FORM 990, PART VI, LINE 19 - REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC	<p>THE ORGANIZATION'S GOVERNING DOCUMENTS ARE MADE PUBLICLY AVAILABLE THROUGH THE STATE OF MARYLAND VIA THE SECRETARY OF STATE'S OFFICE. THE CONFLICT OF INTEREST POLICY IS GENERALLY AVAILABLE ON THE ORGANIZATION'S OR AFFILIATE'S WEBSITE. FINANCIAL STATEMENTS ARE MADE PUBLICLY AVAILABLE ON A QUARTERLY BASIS THROUGH FILINGS ON THE ELECTRONIC MUNICIPAL MARKET ACCESS ("EMMA") SYSTEM.</p>																																			
FORM 990, PART VII, SECTION A - HOURS ON RELATED ENTITIES	<p>UMMS IS A MULTI-ENTITY HEALTH CARE SYSTEM THAT INCLUDES 13 ACUTE CARE HOSPITALS, 1 ACUTE CARE HOSPITAL OWNED IN A JOINT VENTURE ARRANGEMENT AND VARIOUS SUPPORTING ENTITIES. A NUMBER OF INDIVIDUALS PROVIDE SERVICES TO VARIOUS ENTITIES WITHIN THE SYSTEM. IN GENERAL, THE OFFICERS AND KEY EMPLOYEES OF UMMS AVERAGE IN EXCESS OF 40 HOURS PER WEEK SERVING THE DIFFERENT ENTITIES THAT COMPRISE UMMS.</p>																																			
FORM 990, PART VII, SECTION B, LINE 1 - INDEPENDENT CONTRACTORS	<p>INDEPENDENT CONTRACTORS OF THE FILING ORGANIZATION ARE PAID AND REPORTED BY THE PARENT CORPORATION, UMMS. UMMS ISSUES THE FORMS 1099 FOR THESE VENDOR PAYMENTS, WHILE THE FILING ORGANIZATION REPORTS THE EXPENSES FOR ITS INDEPENDENT CONTRACTORS ON PART VII, SECTION B, LINE 1 ON ITS FORM 990.</p>																																			
FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES	<table border="1"> <thead> <tr> <th data-bbox="467 930 751 999">(a) Description</th> <th data-bbox="760 930 946 999">(b) Total Expenses</th> <th data-bbox="954 930 1133 999">(c) Program Service Expenses</th> <th data-bbox="1141 930 1320 999">(d) Management and General Expenses</th> <th data-bbox="1328 930 1513 999">(e) Fundraising Expenses</th> </tr> </thead> <tbody> <tr> <td data-bbox="467 1003 751 1031">PHYSICIAN SERVICES</td> <td data-bbox="760 1003 946 1031">11,171,713</td> <td data-bbox="954 1003 1133 1031">11,171,713</td> <td data-bbox="1141 1003 1320 1031">0</td> <td data-bbox="1328 1003 1513 1031">0</td> </tr> <tr> <td data-bbox="467 1035 751 1083">CORPORATE ALLOCATIONS</td> <td data-bbox="760 1035 946 1083">8,026,914</td> <td data-bbox="954 1035 1133 1083">0</td> <td data-bbox="1141 1035 1320 1083">8,026,914</td> <td data-bbox="1328 1035 1513 1083">0</td> </tr> <tr> <td data-bbox="467 1087 751 1115">CONTRACT SERVICES</td> <td data-bbox="760 1087 946 1115">7,938,812</td> <td data-bbox="954 1087 1133 1115">6,384,758</td> <td data-bbox="1141 1087 1320 1115">1,554,054</td> <td data-bbox="1328 1087 1513 1115">0</td> </tr> <tr> <td data-bbox="467 1119 751 1146">TEMP LABOR</td> <td data-bbox="760 1119 946 1146">6,575,336</td> <td data-bbox="954 1119 1133 1146">6,575,336</td> <td data-bbox="1141 1119 1320 1146">0</td> <td data-bbox="1328 1119 1513 1146">0</td> </tr> <tr> <td data-bbox="467 1150 751 1178">OTHER</td> <td data-bbox="760 1150 946 1178">6,797</td> <td data-bbox="954 1150 1133 1178">5,466</td> <td data-bbox="1141 1150 1320 1178">1,331</td> <td data-bbox="1328 1150 1513 1178">0</td> </tr> <tr> <td data-bbox="467 1182 751 1209">Total</td> <td data-bbox="760 1182 946 1209">33,719,572</td> <td data-bbox="954 1182 1133 1209">24,137,273</td> <td data-bbox="1141 1182 1320 1209">9,582,299</td> <td data-bbox="1328 1182 1513 1209">0</td> </tr> </tbody> </table>	(a) Description	(b) Total Expenses	(c) Program Service Expenses	(d) Management and General Expenses	(e) Fundraising Expenses	PHYSICIAN SERVICES	11,171,713	11,171,713	0	0	CORPORATE ALLOCATIONS	8,026,914	0	8,026,914	0	CONTRACT SERVICES	7,938,812	6,384,758	1,554,054	0	TEMP LABOR	6,575,336	6,575,336	0	0	OTHER	6,797	5,466	1,331	0	Total	33,719,572	24,137,273	9,582,299	0
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PHYSICIAN SERVICES	11,171,713	11,171,713	0	0																																
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FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table border="1"> <thead> <tr> <th data-bbox="467 1245 1304 1272">(a) Description</th> <th data-bbox="1312 1245 1513 1272">(b) Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="467 1276 1304 1304">CHANGE IN UMMS FOUNDATION</td> <td data-bbox="1312 1276 1513 1304">- 271,288</td> </tr> <tr> <td data-bbox="467 1308 1304 1335">CHANGE IN KERNAN ENDOWMENT SUPPORT</td> <td data-bbox="1312 1308 1513 1335">- 3,525,912</td> </tr> <tr> <td data-bbox="467 1339 1304 1367">CORP DEPRECIATION ALLOCATION</td> <td data-bbox="1312 1339 1513 1367">1,174,514</td> </tr> <tr> <td data-bbox="467 1371 1304 1398">IT ENTERPRISE AND ROAD MAP ALLOCATION</td> <td data-bbox="1312 1371 1513 1398">- 1,512,000</td> </tr> <tr> <td data-bbox="467 1402 1304 1430">OTHER</td> <td data-bbox="1312 1402 1513 1430">- 386,720</td> </tr> </tbody> </table>	(a) Description	(b) Amount	CHANGE IN UMMS FOUNDATION	- 271,288	CHANGE IN KERNAN ENDOWMENT SUPPORT	- 3,525,912	CORP DEPRECIATION ALLOCATION	1,174,514	IT ENTERPRISE AND ROAD MAP ALLOCATION	- 1,512,000	OTHER	- 386,720																							
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**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

JAMES LAWRENCE KERNAN HOSPITAL, INC.

Related Organizations and Unrelated Partnerships

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

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2021

Open to Public Inspection

Employer identification number
52-0591639

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) SHIPLEY'S PHYSICAL THERAPY CENTER, LLC (52-2061788) 2200 KERNAN DRIVE, BALTIMORE, MD 21207	HEALTHCARE	MD	1,997,000	85,000	UM REHAB
(2) UM REHAB INSTITUTE OF SOUTHERN MARYLAND 2200 KERNAN DRIVE, BALTIMORE, MD 20207	HEALTHCARE	MD	0	0	UM REHAB
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) BALTIMORE WASHINGTON EMERGENCY PHYS INC (52-1756326) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	501(C)(3)	12 TYPE I	BWHS		✓
(2) BALTIMORE WASHINGTON HEALTHCARE SERVICES (52-1830243) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	501(C)(3)	12 TYPE I	UMBWMS		✓
(3) BALTIMORE WASHINGTON MEDICAL CENTER INC (52-0689917) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	501(C)(3)	3	UMBWMS		✓
(4) UM BALTIMORE WASHINGTON MEDICAL SYSTEM (52-1830242) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	501(C)(3)	12 TYPE I	UMMSC		✓
(5) NORTH ARUNDEL DEVELOPMENT CORPORATION (52-1318404) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	REAL ESTATE	MD	501(C)(2)		NCC		✓
(6) NORTH COUNTY CORPORATION (52-1591355) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	REAL ESTATE	MD	501(C)(2)		UMBWMS		✓
(7) (SEE STATEMENT)							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512–514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) (SEE STATEMENT)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) (SEE STATEMENT)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity		✓
b Gift, grant, or capital contribution to related organization(s)	✓	
c Gift, grant, or capital contribution from related organization(s)	✓	
d Loans or loan guarantees to or for related organization(s)		✓
e Loans or loan guarantees by related organization(s)	✓	
f Dividends from related organization(s)		✓
g Sale of assets to related organization(s)		✓
h Purchase of assets from related organization(s)		✓
i Exchange of assets with related organization(s)		✓
j Lease of facilities, equipment, or other assets to related organization(s)		✓
k Lease of facilities, equipment, or other assets from related organization(s)		✓
l Performance of services or membership or fundraising solicitations for related organization(s)		✓
m Performance of services or membership or fundraising solicitations by related organization(s)	✓	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	✓	
o Sharing of paid employees with related organization(s)	✓	
p Reimbursement paid to related organization(s) for expenses	✓	
q Reimbursement paid by related organization(s) for expenses		✓
r Other transfer of cash or property to related organization(s)	✓	
s Other transfer of cash or property from related 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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512–514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part II

Identification of Related Tax-Exempt Organizations (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(7) CHESTER RIVER HEALTH FOUNDATION INC (52-1338861) 100 BROWN STREET, CHESTERTOWN, MD 21620	FUNDRAISING	MD	501(C)(3)	8	UMSRH		✓
(8) UNIV OF MD SHORE REGIONAL HEALTH, INC (52-2046500) 100 BROWN STREET, CHESTERTOWN, MD 21620	HEALTHCARE	MD	501(C)(3)	12 TYPE I	UMMSC		✓
(9) CHESTER RIVER HOSPITAL CENTER (52-0679694) 100 BROWN STREET, CHESTERTOWN, MD 21620	HEALTHCARE	MD	501(C)(3)	3	UMSRH		✓
(10) CHESTER RIVER MANOR INC (52-6070333) 200 MORGNEC ROAD, CHESTERTOWN, MD 21620	HEALTHCARE	MD	501(C)(3)	10	UMSRH		✓
(11) MARYLAND GENERAL CLINICAL PRACTICE GROUP (52-1566211) 827 LINDEN AVENUE, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	12 TYPE II	UMMTH		✓
(12) UNIVERSITY OF MARYLAND MIDTOWN HEALTH, INC (52-1175337) 827 LINDEN AVENUE, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	12 TYPE II	UMMSC		✓
(13) MARYLAND GENERAL HOSPITAL INC (52-0591667) 827 LINDEN AVENUE, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	3	UMMTH		✓
(14) CARE HEALTH SERVICES INC (52-1510269) 219 SOUTH WASHINGTON STREET, EASTON, MD 21601	HEALTHCARE	MD	501(C)(3)	10	SHS		✓
(15) MEMORIAL HOSPITAL FOUNDATION INC (52-1282080) 219 SOUTH WASHINGTON STREET, EASTON, MD 21601	FUNDRAISING	MD	501(C)(3)	12 TYPE I	SHS		✓
(16) UNIVERSITY OF MARYLAND COMMUNITY MEDICAL (52-1874111) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	3	UMSRH		✓
(17) SHORE HEALTH SYSTEM INC (52-0160538) 219 SOUTH WASHINGTON STREET, EASTON, MD 21601	HEALTHCARE	MD	501(C)(3)	3	UMSRH		✓
(18) UMMS FOUNDATION, INC (52-2238893) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	FUNDRAISING	MD	501(C)(3)	12 TYPE I	UMMSC		✓
(19) UNIVERSITY OF MARYLAND CHARLES REGIONAL (52-2155576) PO BOX 1070, LA PLATA, MD 20646	HEALTHCARE	MD	501(C)(3)	12 TYPE III-FI	UMMSC		✓
(20) UNIVERSITY OF MD MEDICAL SYSTEM CORP (52-1362793) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	3	N/A		✓
(21) CIVISTA MEDICAL CENTER, INC (52-0445374) PO BOX 1070, LA PLATA, MD 20646	HEALTHCARE	MD	501(C)(3)	3	UMCRH		✓
(22) CHARLES REGIONAL MEDICAL CENTER FOUNDATION (52-1414564) PO BOX 1070, LA PLATA, MD 20646	FUNDRAISING	MD	501(C)(3)	12 TYPE I	UMCRH		✓
(23) UNIV OF MD ST. JOSEPH FOUNDATION, INC (52-1681044) 7601 OSLER DRIVE, TOWSON, MD 21204	FUNDRAISING	MD	501(C)(3)	12 TYPE I	UMSJHS		✓
(24) UMSJ HEALTH SYSTEM, LLC (46-2097818) 7601 OSLER DRIVE, TOWSON, MD 21204	HEALTHCARE	MD	501(C)(3)	3	UMMSC		✓
(25) HARFORD MEMORIAL HOSPITAL, INC (52-0591484) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	501(C)(3)	3	UMUCHS		✓
(26) UM UPPER CHESAPEAKE HEALTH SYSTEM, INC (52-1398513) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	501(C)(3)	12 TYPE III-O	UMMSC		✓
(27) UPPER CHESAPEAKE HEALTH FOUNDATION, INC (52-1398507) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	FUNDRAISING	MD	501(C)(3)	12 TYPE I	UMUCHS		✓
(28) UPPER CHESAPEAKE MEDICAL CENTER, INC (52-1253920) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	501(C)(3)	3	UMUCHS		✓
(29) UPPER CHESAPEAKE MEDICAL SERVICES, INC (52-1501734) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	501(C)(3)	10	UMUCHS		✓

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(30) UPPER CHESAPEAKE PROPERTIES, INC (52-1907237) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	REAL ESTATE	MD	501(C)(2)		UMUCHS		✓
(31) UPPER CHES RESIDENTIAL HOSPICE HOUSE, INC (26-0737028) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HOSPICE	MD	501(C)(3)	10	UMUCHS		✓
(32) HARFORD CRISIS CENTER, INC. (52-1229742) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HOME CARE	MD	501(C)(3)	12 TYPE II	UMUCHS		✓
(33) UM CAPITAL REGION HEALTH, INC (82-3596114) 250 W PRATT ST, STE 2400, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	12 TYPE III-FI	UMMSC		✓
(34) JAMES LAWRENCE KERNAN HOSP ENDOW FD (23-7360743) 2200 KERNAN DRIVE, BALTIMORE, MD 21207	FUNDRAISING	MD	501(C)(3)	12 TYPE II	N/A		✓
(35) DIMENSIONS HEALTH CORPORATION (52-1289729) 901 HARRY S. TRUMAN DRIVE N, UPPER MARLBORO, MD 20774	HEALTHCARE	MD	501(C)(3)	3	UMMSC		✓
(36) DIMENSIONS HEALTHCARE ASSOCIATES (52-1902711) 901 HARRY S. TRUMAN DRIVE N, UPPER MARLBORO, MD 20774	HEALTHCARE	MD	501(C)(3)	12 TYPE I	UMCAPRH		✓

Part III

Identification of Related Organizations Taxable as a Partnership (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) ARUNDEL PHYSICIANS ASSOCIATES (52-2000762) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	APA, INC	N/A	N/A	N/A		✓			✓	
(2) BALTIMORE WASHINGTON IMAGING (20-0806027) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	UMBWMS	N/A	N/A	N/A		✓			✓	
(3) UNIVERSITYCARE LLC (52-1914892) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	HEALTHCARE	MD	UMMSC	N/A	N/A	N/A		✓			✓	
(4) O'DEA MEDICAL ARTS LIMITED PAR (52-1682964) 7601 OSLER DRIVE, TOWSON, MD 21204	RENTAL	MD	SJMC PROP.	N/A	N/A	N/A		✓			✓	
(5) ADVANCED IMAGING AT ST JOSEPH (52-1958002) 7601 OSLER DRIVE, TOWSON, MD 21204	HEALTHCARE	MD	UMSJMC	N/A	N/A	N/A		✓			✓	
(6) UNIVERSITY OF MARYLAND CHARLES (30-0956382) PO BOX 1070, LAPLATA, MD 20646	HEALTHCARE	MD	UMCRCP	N/A	N/A	N/A		✓			✓	
(7) BALTIMORE ASC VENTURES, LLC (82-4133899) 7620 YORK ROAD, TOWSON, MD 21204	HEALTHCARE	DE	UMSJMC	N/A	N/A	N/A		✓			✓	
(8) UCHS/UMMS REAL ESTATE TRUST (27-6803540) 520 UPPER CHESAPEAKE DRIVE, BEL AIR, MD 21014	HOLDING CO	MD	UMMSC	N/A	N/A	N/A		✓			✓	
(9) UM CHESAPEAKE SURGERY CENTER, LLC (87-3038857) 515 SOUTH TOLLGATE ROAD, BEL AIR, MD 21014	HEALTHCARE	MD	UCHV	N/A	N/A	N/A		✓			✓	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (continued)

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C-corp, S-corp or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) ARUNDEL PHYSICIANS ASSOCIATES, INC (52-1992649) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(2) BALTIMORE WASHINGTON HEALTH ENTERPRISES (52-1936656) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(3) BW PROFESSIONAL SERVICES, INC (52-1655640) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(4) NA EXECUTIVE BUILDING CONDO ASSN, INC 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	REAL ESTATE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(5) UM CHARLES REGIONAL CARE PARTNERS (52-2176314) PO BOX 1070, LA PLATA, MD 20646	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(6) UNIVERSITY MIDTOWN PROF CENTER (52-1891126) 827 LINDEN AVENUE, BALTIMORE, MD 21201	REAL ESTATE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(7) UNIVERSITY OF MARYLAND HEALTH ADVANTAGE (46-1411902) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	INSURANCE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(8) UNIVERSITY OF MARYLAND HEALTH PARTNERS (45-2815803) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	INSURANCE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(9) UNIVERSITY OF MARYLAND MEDICAL SYSTEM HE (45-2815722) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	INSURANCE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(10) UPPER CHESAPEAKE HEALTH VENTURES, INC (52-2031264) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(11) UPPER CHESAPEAKE MEDICAL CENTER LAND CON (77-0674478) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	REAL ESTATE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(12) UPPER CHESAPEAKE MEDICAL OFFICE BUILDING (52-1946829) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	REAL ESTATE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(13) SHORE ORTHOPEDICS, INC (37-1817262) 219 S WASHINGTON STREET, EASTON, MD 21601	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(14) MADISON MANOR, INC (52-1269059) 5801 42ND AVE, HYATTSVILLE, MD 20781	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(15) AFFILIATED ENTERPRISES, INC (52-1542144) 3001 HOSPITAL DRIVE, CHEVERLY, MD 20785	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(16) DIMENSIONS ASSURANCE LTD (98-0348082) PO BOX 1363, GENESIS BLDG, GRAND CAYMAN, CJ	INSURANCE	CAYMAN ISLANDS	N/A	C CORPORATION	N/A	N/A	N/A		✓
(17) RIVERSIDE HEALTH OF DELAWARE, INC (46-3205820) 1966 GREENSPRING DRIVE, STE 600, TIMONIUM, MD 21093	HEALTHCARE	DE	N/A	C CORPORATION	N/A	N/A	N/A		✓
(18) RIVERSIDE HEALTH OF DC, INC (46-1411713) 1966 GREENSPRING DRIVE, STE 600, TIMONIUM, MD 21093	HEALTHCARE	DC	N/A	C CORPORATION	N/A	N/A	N/A		✓

CONSOLIDATED FINANCIAL STATEMENTS

University of Maryland Medical System Corporation and Subsidiaries
Years Ended June 30, 2022 and 2021
With Report of Independent Auditors

Ernst & Young LLP



University of Maryland Medical System Corporation and Subsidiaries

Consolidated Financial Statements

Years Ended June 30, 2022 and 2021

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Report of Independent Auditors

The Board of Directors
University of Maryland Medical System Corporation

Opinion

We have audited the consolidated financial statements of University of Maryland Medical System Corporation and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation at June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Supplementary Information

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

Ernst & Young LLP

October 21, 2022

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Balance Sheets
(In Thousands)

	June 30	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 244,529	\$ 858,543
Assets limited as to use, current portion	68,258	54,457
Accounts receivable:		
Patient accounts receivable, net	571,609	529,825
Other	292,147	223,549
Inventories	97,453	105,076
Prepaid expenses and other current assets	38,709	32,233
Total current assets	<u>1,312,705</u>	<u>1,803,683</u>
Investments	1,431,494	1,355,157
Assets limited as to use, less current portion	935,258	1,338,262
Property and equipment, net	2,828,105	2,753,060
Investments in joint ventures	98,016	103,098
Other assets	493,912	501,852
Total assets	<u>\$ 7,099,490</u>	<u>\$ 7,855,112</u>
Liabilities and net assets		
Current liabilities:		
Trade accounts payable	\$ 412,458	\$ 429,032
Accrued payroll and benefits	341,609	343,770
Advances from third-party payors	266,121	563,933
Lines of credit	81,000	113,000
Other current liabilities	135,616	133,624
Long-term debt subject to short-term remarketing arrangements	-	153,510
Current portion of long-term debt	38,399	29,751
Total current liabilities	<u>1,275,203</u>	<u>1,766,620</u>
Long-term debt, less current portion and amount subject to short-term remarketing arrangements	1,900,234	1,788,367
Other long-term liabilities	541,269	757,633
Interest rate swap liabilities	106,721	203,609
Total liabilities	<u>3,823,427</u>	<u>4,516,229</u>
Net assets:		
Without donor restrictions	3,041,971	3,036,143
With donor restrictions	234,092	302,740
Total net assets	<u>3,276,063</u>	<u>3,338,883</u>
Total liabilities and net assets	<u>\$ 7,099,490</u>	<u>\$ 7,855,112</u>

See accompanying notes to consolidated financial statements.

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
(In Thousands)

	Year Ended June 30	
	2022	2021
Operating revenue, gains, and other support:		
Net patient service revenue	\$ 4,523,407	\$ 4,288,842
State and county support	13,600	20,025
CARES Act – provider relief funds	22,683	155,723
Other revenue	333,367	305,251
Total operating revenue, gains, and other support	<u>4,893,057</u>	<u>4,769,841</u>
Operating expenses:		
Salaries, wages, and benefits	2,608,080	2,428,690
Expendable supplies	864,693	882,966
Purchased services	784,386	705,847
Contracted services	328,391	305,273
Depreciation and amortization	267,187	244,277
Interest expense	40,145	32,467
Total operating expenses	<u>4,892,882</u>	<u>4,599,520</u>
Operating income from continuing operations	175	170,321
Nonoperating income and expenses, net:		
Unrestricted contributions	3,508	3,882
(Loss) equity in net income of joint ventures	(904)	11,230
Investment income, net	155,850	41,377
Change in fair value of investments	(304,297)	184,661
Change in fair value of undesignated interest rate swaps	96,888	65,325
Other nonoperating losses, net	(33,212)	(38,888)
Loss on early extinguishment of debt	–	(8,565)
(Deficit) excess of revenues over expenses from continuing operations	<u>(81,992)</u>	<u>429,343</u>
Gain (loss) on discontinued operations, net	–	(529)
(Deficit) excess of revenues over expenses	<u>\$ (81,992)</u>	<u>\$ 428,814</u>

Continued on page 6

University of Maryland Medical System Corporation and Subsidiaries

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

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2020	\$ 2,055,346	\$ 755,964	\$ 2,811,310
Excess of revenues over expenses from continuing operations	429,343	–	429,343
Loss on discontinued operations, net	(529)	–	(529)
Investment gains, net	–	15,589	15,589
State support for capital	–	15,189	15,189
Contributions, net	–	15,603	15,603
Net assets released from restrictions used for operations and nonoperating activities	–	(7,597)	(7,597)
Net assets released from restrictions used for purchase of property and equipment	386,238	(386,238)	–
Change in economic and beneficial interests in the net assets of related organizations	120,495	(107,725)	12,770
Change in funded status of defined benefit pension plans	52,567	–	52,567
Other	(7,317)	1,955	(5,362)
Increase (decrease) in net assets	980,797	(453,224)	527,573
Balance at June 30, 2021	3,036,143	302,740	3,338,883
Deficit of revenues over expenses from continuing operations	(81,992)	–	(81,992)
Investment losses, net	–	(9,443)	(9,443)
State support for capital	500	910	1,410
Contributions, net	14,044	15,909	29,953
Net assets released from restrictions used for operations and nonoperating activities	–	(5,925)	(5,925)
Net assets released from restrictions used for purchase of property and equipment	66,729	(66,729)	–
Change in economic and beneficial interests in the net assets of related organizations	1,244	(3,602)	(2,358)
Change in funded status of defined benefit pension plans	2,180	–	2,180
Other	3,123	232	3,355
Increase (decrease) in net assets	5,828	(68,648)	(62,820)
Balance at June 30, 2022	<u>\$ 3,041,971</u>	<u>\$ 234,092</u>	<u>\$ 3,276,063</u>

See accompanying notes to consolidated financial statements.

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended June 30	
	2022	2021
Operating activities		
(Decrease) increase in net assets	\$ (62,820)	\$ 527,573
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	267,187	244,277
Amortization of bond premium and deferred financing costs	(2,456)	(2,438)
Net realized losses (gains) and change in fair value of investments	148,447	(226,038)
Equity in net loss (income) of joint ventures	904	(11,230)
Change in economic and beneficial interests in net assets of related organizations	3,602	(14,741)
Change in fair value of interest rate swaps	(96,888)	(65,325)
Change in funded status of defined benefit pension plans	(2,180)	(52,567)
Restricted contributions, grants and other support, net	(7,376)	(46,381)
Loss on early extinguishment of debt	-	8,565
Loss on divestiture of UM Health Plans	-	3,266
Change in operating assets and liabilities:		
Patient accounts receivable	(41,784)	(57,474)
Other receivables, prepaid expenses, other current assets, and other assets	(78,994)	(97,198)
Inventories	7,623	803
Trade accounts payable, accrued payroll and benefits, other current liabilities, and other long-term liabilities	(59,775)	336,434
Advances from third-party payors	(447,812)	(210,014)
Net cash (used in) provided by operating activities	<u>(372,322)</u>	<u>337,512</u>
Investing activities		
Purchases and sales of investments and assets limited as to use, net	(119,745)	(467,307)
Purchases of alternative investments	(198,475)	(72,432)
Sales of alternative investments	342,050	91,351
Purchases of property and equipment	(363,384)	(440,572)
Sale of UM Health Plan, LLC net cash proceeds	4,587	65,555
Transfer of funds from UCH Legacy Funding Corp	-	122,504
Distributions from joint ventures, net	2,951	2,327
Net cash used in investing activities	<u>(332,016)</u>	<u>(698,574)</u>

Continued on page 8

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Statements of Cash Flows (continued)
(In Thousands)

	Year Ended June 30	
	2022	2021
Financing activities		
Proceeds from long-term debt	\$ 268,355	\$ 783,994
Payment of debt issuance costs	(1,333)	(5,484)
Repayment of long-term debt and finance leases	(297,561)	(470,528)
Repayments of lines of credit, net	(32,000)	(80,500)
Restricted contributions, grants, and other support	7,376	46,381
UM Health Plan, LLC earnout proceeds	8,500	—
Net cash (used in) provided by financing activities	<u>(46,663)</u>	<u>273,863</u>
Net decrease in cash, cash equivalents, and restricted cash	(751,001)	(87,199)
Cash, cash equivalents, and restricted cash, beginning of year	<u>1,125,424</u>	<u>1,212,623</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 374,423</u>	<u>\$ 1,125,424</u>
Cash and cash equivalents	\$ 244,529	\$ 858,543
Restricted cash included in assets limited as to use	<u>129,894</u>	<u>266,881</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 374,423</u>	<u>\$ 1,125,424</u>
Discontinued operations		
Operating activities	<u>\$ (1,094)</u>	<u>\$ (6,452)</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest, net of amounts capitalized	<u>\$ 39,766</u>	<u>\$ 32,737</u>
Amount included in accounts payable for construction in progress	<u>\$ 40,913</u>	<u>\$ 62,065</u>

See accompanying notes to consolidated financial statements.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (In Thousands)

June 30, 2022

1. Organization and Summary of Significant Accounting Policies

Organization

The University of Maryland Medical System Corporation (the Corporation or UMMS) is a private, not-for-profit corporation, providing comprehensive healthcare services through an integrated regional network of hospitals and related clinical enterprises. UMMS was created in 1984 when its founding hospital was privatized by the State of Maryland. Prior to that time, the founding hospital was state-owned, operated and financed as part of the University of Maryland, now a part of the University System. As part of the privatization process, the Maryland General Assembly and the University of Maryland's Board of Regents adopted legislation (the Governance Legislation) separating the major health care delivery components from the University System to UMMS. This Governance Legislation provides for a certain level of oversight by the State of Maryland to ensure UMMS' founding purposes are consistently set forth in its functions and operating practices.

Over its history, UMMS evolved into a multi-hospital system with academic, community and specialty service missions reaching primarily across Maryland. In continuing partnership with the University of Maryland School of Medicine, UMMS operates healthcare programs that improve the physical and mental health of thousands of people each day.

The accompanying consolidated financial statements include the accounts of the Corporation, its wholly owned subsidiaries, and entities controlled by the Corporation. In addition, the Corporation maintains equity interests in various unconsolidated joint ventures, which are described in Note 5. The significant operating divisions of the Corporation are described in further detail below.

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

Recent Acquisitions and Divestitures

During the year ended June 30, 2021, the Corporation signed a letter of intent to sell the assets and liabilities of UM Health Plans, which included both the Medicaid Plan and Medicare Advantage Plan. Based on the criteria in Accounting Standards Codification (ASC) 205, *Discontinued Operations*, it was determined that the pending sale met the criteria for discontinued operations treatment.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

For the years ended June 30, 2022 and 2021, operating revenues from discontinued operations were \$0 and approximately \$117,112, respectively. For the years ended June 30, 2022 and 2021, operating and nonoperating expenses from discontinued operations were \$0 and approximately \$114,375, respectively. The transaction was completed on October 10, 2020, resulting in a loss on sale of \$3,266, which is included in the net loss from discontinued operations of \$529 for the year ended June 30, 2021.

University of Maryland Medical Center (Medical Center)

The Medical Center, which is a major component of UMMS, is a 806-bed academic medical center located in Baltimore. The Medical Center has served as the teaching hospital of the School of Medicine of the University System of Maryland, Baltimore since 1823. As part of the privatization in 1984, only clinical faculty members of the School of Medicine may serve as medical staff of the Medical Center.

The Medical Center is comprised of two operating divisions: University Hospital, which includes the Greenebaum Cancer Center, and Shock Trauma Center. University Hospital, which generates approximately 80% of the Medical Center's admissions and patient days, is a tertiary teaching hospital providing over 70 clinical services and programs. The Greenebaum Cancer Center specializes in the treatment of cancer patients and is a site for clinical cancer research. The Shock Trauma Center, which specializes in emergency treatment of patients suffering severe trauma, generates approximately 20% of admissions and patient days.

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

The Corporation has certain agreements with various departments of the University of Maryland School of Medicine concerning the provision of professional and administrative services to the Corporation and its patients. Total expense under these agreements in the years ended June 30, 2022 and 2021 was approximately \$201,321 and \$190,417, respectively.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

University of Maryland Rehabilitation and Orthopaedic Institute (ROI)

ROI is comprised of a medical/surgical and rehabilitation hospital in Baltimore with 136 licensed beds, which includes rehabilitation beds, chronic care beds, medical/surgical beds, and off-site physical therapy facilities.

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

University of Maryland Medical Center Midtown Campus (Midtown)

Midtown is located in Baltimore city and is comprised of University of Maryland Midtown Hospital (UM Midtown), with 180 licensed beds, including 100 acute care beds and 80 chronic care beds and a wholly owned subsidiary providing primary care.

University of Maryland Baltimore Washington Medical System, Inc. (Baltimore Washington)

Baltimore Washington is located in Anne Arundel County, a suburb of Baltimore city, and is a health system comprised of University of Maryland Baltimore Washington Medical Center (UM Baltimore Washington), a 285-bed acute care hospital providing a broad range of services, and several wholly owned subsidiaries providing emergency physician and other services.

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

University of Maryland Shore Regional Health System (Shore Regional)

Shore Regional is a health system located on the Eastern Shore of Maryland. Shore Regional owns and operates University of Maryland Memorial Hospital (UM Memorial), a 97-bed acute care hospital providing inpatient and outpatient services in Easton, Maryland; University of Maryland Cambridge (UM Cambridge), a 34-bed acute care hospital providing inpatient and outpatient services that transitioned to a freestanding medical facility, in November 2021, providing outpatient services in Cambridge, Maryland; University of Maryland Chester River Hospital Center (UM Chester River), a 12-bed acute care hospital providing inpatient and outpatient services to the residents of Kent and Queen Anne's counties; Shore Emergency Center at Queenstown (Shore Emergency Center), a free-standing emergency center; Memorial Hospital Foundation (Memorial Foundation), a nonprofit corporation established to solicit donations for the benefit of UM Memorial; Chester River Health Foundation (Chester River Foundation), a nonprofit corporation established to solicit donations for the benefit of UM Chester River; and several other subsidiaries providing various outpatient and home care services.

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

University of Maryland Charles Regional Health System, Inc. (Charles Regional)

Charles Regional owns and operates University of Maryland Charles Regional Medical Center (UM Charles Regional), which is comprised of a 99-bed acute care hospital and other community healthcare resources providing inpatient and outpatient services to the residents of Charles County in Southern Maryland.

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

St. Joseph owns and operates University of Maryland St. Joseph Medical Center (UM St. Joseph), a 219-bed, Catholic acute care hospital located in Towson, Maryland, as well as other subsidiaries providing inpatient and outpatient services to the residents of Baltimore County.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

University of Maryland Upper Chesapeake Health System (Upper Chesapeake)

Upper Chesapeake is a health system located in Harford County, Maryland. Upper Chesapeake's healthcare delivery system includes two acute care hospitals, University of Maryland Upper Chesapeake Medical Center (UM Upper Chesapeake), a 161-bed acute care hospital and University of Maryland Harford Memorial Hospital (UM Harford Memorial), an 82-bed acute care hospital; a physician practice; a land holding company; and Upper Chesapeake Health Foundation.

University of Maryland Capital Region Health (Capital Region)

Capital Region is a health system located in Prince George's County. Capital Region owns and operates the new state-of-the-art UM Capital Region Medical Center (UM Prince George's), a 254-bed acute care teaching hospital providing an array of services, including emergency medicine, behavioral health, cardiac surgery, women's and infants health and a Level II Trauma Center; UM Laurel Medical Center (UM Laurel), a free standing medical facility providing emergency medicine and outpatient surgery and UM Bowie Health Center (UM Bowie) a free standing medical facility providing emergency medicine and diagnostic imaging and lab services.

University of Maryland Medical System Foundation, Inc. (UM Medicine Foundation)

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

University of Maryland Quality Care Network (QCN)

QCN, a wholly owned subsidiary of UMMS, is a network comprised of UMMS-employed physicians and independent physician practices in the UMMS service area. The participants bear shared responsibility for the care of a defined population of patients and can contract as one entity with payors.

Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents, excluding amounts shown within investments and assets limited as to use, consist of cash and interest-bearing deposits with maturities of three months or less from the date of purchase. Cash and cash equivalent balances may exceed amounts insured by federal agencies and, therefore, bear a risk of loss. The Corporation has not experienced such losses on these funds.

Investments and Assets Limited as to Use

The Corporation's investment portfolios, except alternative investments, are classified as trading and are reported in the consolidated balance sheets as long-term assets at June 30, 2022 and 2021. Unrealized holding gains and losses on trading securities with readily determinable market values, as well as alternative investments, are included in nonoperating income. Investment income, including realized gains and losses, is included in nonoperating income in the accompanying consolidated statements of operations and changes in net assets.

Assets limited as to use include investments set aside at the discretion of the board of directors for the replacement or acquisition of property and equipment, investments held by trustees under bond indenture agreements and self insurance trust arrangements, and assets whose use is restricted by donors. Restricted investments are recorded in net assets with donor restrictions unless otherwise required by the donor or state law. Assets limited as to use also include the Corporation's economic interests in financially interrelated organizations (Note 13).

Alternative investments, which the Corporation defines to include multi-strategy commingled funds, hedge funds, hedge fund-of-funds, and private equity investments, are recorded under the equity method of accounting. The equity method reflects the Corporation's share of the net asset values, as a practical expedient, which is based on the unit values of the interest as determined by the issuer sponsoring such interest dividing the fund's net assets at fair value by its units outstanding at the valuation dates. Because certain investments are not readily marketable, their fair value is subject to additional uncertainty and, therefore, values realized upon disposition may vary significantly from current reported values.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

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

Inventories

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

Economic Interests in Financially Interrelated Organizations

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

Property and Equipment

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

Buildings	20 to 40 years
Building and leasehold improvements	5 to 15 years
Equipment	3 to 15 years

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

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

Deferred Financing Costs

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

Impairment of Long-Lived Assets

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

Impairment losses of \$2,274 and \$2,900 were recorded for the years ended June 30, 2022 and 2021, respectively.

Investments in Joint Ventures

When the Corporation does not have a controlling interest in an entity where less than 50% of the voting common stock is owned or does not exert a significant influence over the entity, the Corporation applies the equity method of accounting.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

Self-Insurance

Under the Corporation's self-insurance programs (general and professional liability, workers' compensation, and employee health and long-term disability benefits), incurred claims are estimated primarily based upon actuarial methods which include incurred but not reported claims analysis and reported claims the severity of incidents and the expected timing of claim payments. These estimates are continually reviewed and adjusted as necessary based on experience. These adjustments are recorded within the current period operating income.

Net Assets

The Corporation classifies net assets based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions represent contributions, gifts, and grants, which have no donor-imposed restrictions or which arise as a result of operations. Net assets with donor restrictions are subject to donor-imposed restrictions that must or will be met either by satisfying a specific purpose and/or passage of time. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for specific purposes. The restrictions associated with these net assets generally pertain to patient care, specific capital projects, and funding of specific hospital operations and community outreach programs.

Net Patient Service Revenue and Patient Accounts Receivable

In accordance with ASC 606, *Revenue from Contracts with Customers*, net patient service revenue, which includes hospital inpatient services, hospital outpatient services, physician services, and other patient services revenue, is recorded at the transaction price estimated by the Corporation to reflect the total consideration due from patients and third-party payors (including commercial payors and government programs) and others. Revenue is recognized over time as performance obligations are satisfied in exchange for providing goods and services in patient care. Revenue is recorded as these goods and services are provided. The services provided to a patient during an inpatient stay or outpatient visit represent a bundle of goods and services that are distinct and accounted for as a single performance obligation.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

The Corporation's estimate of the transaction price includes the Corporation's standard charges for the goods and services provided, with a reduction recorded related to explicit price concessions for such items as contractual allowances, charity care, potential adjustments that may arise from payment and other reviews, and implicit price concessions, such as uncollectible amounts. The price concessions are determined using the portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. Based on historical experience, a significant portion of the self-pay population will be unable or unwilling to pay for services and only the amount anticipated to be collected is recognized in the transactions price. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of change. Subsequent changes that are determined to be the result of an adverse change in the payor's or patient's ability to pay are considered bad debt expense and recorded within operating expenses. Estimates for uncollectible amounts are based on the historical collections experience for similar payors and patients, current market conditions, and other relevant factors. The Corporation recognizes a significant amount of patient service revenue even though it does not assess the patient's ability to pay.

The standard charges for goods and services for the Medical Center, ROI, Midtown, Baltimore Washington, Shore Regional, Charles Regional, St. Joseph, Upper Chesapeake, and Capital Region reflects actual charges to patients based on rates established by the State of Maryland Health Services Cost Review Commission (HSCRC) in effect during the period in which the services are rendered. See Note 20 for further discussion on the HSCRC and regulated rates.

Patient accounts are recorded at the net realizable value based on certain assumptions determined by each payor. For third-party payors, including Medicare, Medicaid, and commercial insurance, the net realizable value is based on the estimated contractual adjustments which are based on approved discounts on charges as permitted by the HSCRC. For self-pay accounts, which include patients who are uninsured and the patient responsibility portion for patients with insurance, the net realizable value is determined using estimates of historical collection experience.

The Corporation has elected to apply the optional exemption in ASC 606-10-50-14a, as all performance obligations relate to contracts with a duration of less than one year. Under this exemption, the Corporation was not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Any unsatisfied or partially unsatisfied performance obligations at the end of the year are completed within days or weeks of the end of the year.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

Net patient service revenue by line of business is as follows:

	Year Ended June 30	
	2022	2021
Hospital inpatient and outpatient services	\$ 4,233,750	\$ 4,013,287
Physician services	284,410	267,800
Other	5,247	7,755
Net patient service revenue	\$ 4,523,407	\$ 4,288,842

Charity Care

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

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

- Financial assistance brochures and other information are posted at each point of service. When patients have questions or concerns, they are encouraged to call a toll-free number to reach customer service representatives during the business day. Financial assistance programs are published on the Corporation's website and are included on the statements provided to patients.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

- The Corporation offers assistance to patients in completing the applications for Medicaid or other government payment assistance programs, or applying for care under the Corporation's charity care policy, if applicable. The Corporation also employs an external firm to assist in the eligibility process.
- Any patient, whether covered by insurance or not, may meet with a UMMS representative and receive financial counseling from UMMS' dedicated financial assistance unit.

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

The amounts reported as charity care represent the cost of rendering such services. Costs incurred are estimated based on the cost to charge ratio for each hospital and applied to charity care charges. The Corporation estimates the total direct and indirect costs to provide charity care were approximately \$49,429 and \$48,257 for the years ended June 30, 2022 and 2021, respectively.

Nonoperating Income and Expenses, Net

Other activities that are only indirectly related to the Corporation's primary business of delivering healthcare services are recorded as nonoperating income and expenses, and include investment income, equity in the net income of joint ventures, general donations and fund-raising activities, inherent contributions, changes in fair value of investments, changes in fair value of undesignated interest rate swaps, and settlement payments on interest rate swaps that do not qualify for hedge accounting treatment. Settlement payments on interest rate swaps were approximately \$23,661 and \$24,527 for the years ended June 30, 2022 and 2021, respectively, and are reported within other nonoperating losses, net.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments

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

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

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

All derivative instruments are reported as other assets or interest rate swap liabilities in the consolidated balance sheets and measured at fair value. Currently, the Corporation is accounting for its interest rate swaps as economic hedges at fair value, with changes in the fair value recognized in other nonoperating income and expenses.

(Deficit) Excess of Revenue over Expenses from Continuing Operations

The accompanying consolidated statements of operations and changes in net assets include a performance indicator, (deficit) excess of revenues over expenses from continuing operations. Changes in net assets without donor restrictions that are excluded from the performance indicator, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which, by donor restrictions, were to be used for the purpose of acquiring such assets), changes in the funded status of defined benefit pension plans, and other items that are required by generally accepted accounting principles to be reported separately.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Corporation and most of its subsidiaries are not-for-profit corporations formed under the laws of the State of Maryland, organized for charitable purposes and recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code), pursuant to Section 501(a) of the Code. The effect of the taxable status of its for-profit subsidiaries is not material to the consolidated financial statements.

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

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the promise becomes unconditional. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Such amounts are classified as other revenue or transfers and additions to property and equipment. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions on the accompanying consolidated statements of operations and changes in net assets. Contributed nonfinancial assets received from donors are subsequently monetized.

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements

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

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

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

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

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices including within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

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

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

As of June 30, 2022 and 2021, the Level 2 assets and liabilities listed in the fair value hierarchy tables presented in Notes 3 and 11 utilize the following valuation techniques and inputs:

Cash Equivalents

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

U.S. Government and Agency Securities

The fair value of investments in U.S. Government, state, and municipal obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads. U.S. Government and agency securities also include treasury notes that are based on quoted market prices in active markets.

Corporate Obligations

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

corporate obligations is primarily determined using techniques consistent with the income approach, such as a discounted cash flow model. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes. Corporate obligations also include commercial paper that is based on quoted market prices in active markets.

Derivative Liabilities

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

Alternative Investments

Alternative investments measured at fair value represent funds included on the consolidated balance sheet that are reported using NAV as a practical expedient. These amounts are not required to be categorized in the fair value hierarchy. The fair value of these investments is based on the net asset value information provided by the general partners. Fair value is based on the proportionate share of the NAV based on the most recent partners' capital statements received from the general partners. Certain alternative investments are utilizing NAV to calculate fair value and are included in alternative investments in the fair value hierarchy tables presented in Note 3.

Commitments and Contingencies

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

Going Concern

Management evaluates whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date the consolidated financial statements are issued. As of the date of this report, there are no conditions or events that raise substantial doubt about the Corporation's ability to continue as a going concern.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

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

2. COVID-19 Pandemic and the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020

In response to COVID-19, the CARES Act was signed into law on March 27, 2020. The CARES Act authorizes funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Relief Fund). Payments from the Relief Fund are to be used to prevent, prepare for, and respond to COVID-19 and shall reimburse the recipient for health care related expenses or lost revenues attributable to COVID-19. Such amounts are not required to be repaid, provided the recipients attest to and comply with the terms and conditions.

The U.S. Department of Health and Human Services' distributions from the Relief Fund include general distribution and targeted distributions to support hospitals in high impact areas and rural providers. For the years ended June 30, 2022 and 2021, the Corporation received and recognized as other operating revenue approximately \$22,683 and \$155,723, respectively, in relief funding.

In April 2020, the Corporation requested Medicare advanced payments under the Centers for Medicare & Medicaid Services' Accelerated and Advanced Payment Program designed to increase cash flow to Medicare providers and suppliers impacted by COVID-19. The Medicare advanced payment program allows eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. The Corporation received approximately \$641,300 of advanced payments with repayment to occur based upon the terms and conditions of the program. The remaining balance of \$105,063 as of June 30, 2022 represents contract liabilities under Topic 606 and is recorded in advances from third-party payors within the accompanying consolidated balance sheet as of June 30, 2022.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

2. COVID-19 Pandemic and the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 (continued)

The CARES Act provided for deferred payment of the employer portion of social security taxes through December 31, 2020, with 50% of the deferred amount due December 31, 2021, and the remaining 50% due December 31, 2022. At June 30, 2022, the Corporation deferred \$38,331, which is recorded in accrued payroll in the accompanying consolidated balance sheet.

3. Investments and Assets Limited as to Use

The carrying values of assets limited as to use were as follows:

	June 30	
	2022	2021
Investments held for collateral	\$ 6,840	\$ 117,474
Debt service and reserve funds	55,873	56,384
Construction funds – held by trustee	336,591	496,355
Construction funds – held by the Corporation	96,629	128,756
Board designated funds	90,000	137,528
Self-insurance trust funds	240,220	277,274
Funds restricted by donors	117,870	115,853
Economic and beneficial interests in the net assets of related organizations (Note 13)	59,493	63,095
Total assets limited as to use	<u>1,003,516</u>	<u>1,392,719</u>
Less amounts available for current liabilities	(68,258)	(54,457)
Total assets limited as to use, less current portion	<u>\$ 935,258</u>	<u>\$ 1,338,262</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Investments and Assets Limited as to Use (continued)

The carrying values of assets limited as to use were as follows:

	Investments Held for Collateral	Debt Service and Reserve Funds	Construction Funds	Board Designated Funds	Self- Insurance Trust Funds	Funds Restricted by Donors	Economic and Beneficial Interests	Total
June 30, 2022								
Cash and cash equivalents	\$ -	\$ 54,132	\$ 163,575	\$ 65,312	\$ 604	\$ 8,816	\$ -	\$ 292,439
Corporate obligations	-	-	45,410	2,028	5,775	8,032	-	61,245
Fixed income funds	-	-	-	2,345	2,272	20,838	-	25,455
U.S. Government and agency securities	6,840	1,741	224,235	1,307	11,243	10,093	-	255,459
Common stocks, including mutual funds	-	-	-	6,141	5,750	45,639	-	57,530
Alternative investments	-	-	-	12,867	2,080	24,452	-	39,399
Assets held by other organizations	-	-	-	-	212,496	-	59,493	271,989
Total assets limited as to use	<u>\$ 6,840</u>	<u>\$ 55,873</u>	<u>\$ 433,220</u>	<u>\$ 90,000</u>	<u>\$ 240,220</u>	<u>\$ 117,870</u>	<u>\$ 59,493</u>	<u>\$ 1,003,516</u>
June 30, 2021								
Cash and cash equivalents	\$ 72,439	\$ 17,856	\$ 285,949	\$ 62,057	\$ 2,133	\$ 19,393	\$ -	\$ 459,827
Corporate obligations	-	-	-	3,206	6,653	-	-	9,859
Fixed income funds	-	-	-	10,127	-	17,063	-	27,190
U.S. Government and agency securities	45,035	38,528	339,162	927	7,667	1,208	-	432,527
Common stocks, including mutual funds	-	-	-	40,923	8,975	50,069	-	99,967
Alternative investments	-	-	-	20,288	7,787	28,120	-	56,195
Assets held by other organizations	-	-	-	-	244,059	-	63,095	307,154
Total assets limited as to use	<u>\$ 117,474</u>	<u>\$ 56,384</u>	<u>\$ 625,111</u>	<u>\$ 137,528</u>	<u>\$ 277,274</u>	<u>\$ 115,853</u>	<u>\$ 63,095</u>	<u>\$ 1,392,719</u>

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Investments and Assets Limited as to Use (continued)

The related restricted cash and cash equivalents included in investments held for collateral, debt service and reserve funds, construction funds (held by trustee), and funds restricted by donors are included in the accompanying consolidated statements of cash flows for the years ended June 30, 2022 and 2021.

The carrying values of investments were as follows:

	June 30	
	2022	2021
Cash and cash equivalents	\$ 93,020	\$ 229,597
Corporate obligations	121,256	18,569
Fixed income funds	92,294	86,415
U.S. Government and agency securities	208,956	36,013
Common stocks	388,013	304,043
Alternative investments:		
Hedge funds/private equity	61,449	222,861
Commingled funds	466,506	457,659
	\$ 1,431,494	\$ 1,355,157

Alternative investments include hedge fund, private equity, and commingled investment funds, which are valued using the equity method of accounting. As of June 30, 2022, the majority of these alternative investments are subject to 30 day or less notice requirements and are available to be redeemed on at least a monthly basis. Approximately \$55,655 of the alternative investments were subject to 31–60-day notice requirements and can only be redeemed monthly, quarterly, or annually. Other funds, totaling approximately \$78,546, are subject to over 60-day notice requirements and can only be redeemed quarterly or annually. There is approximately \$12,623 of other funds that are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from three to ten years. The Corporation had approximately \$5,767 of unfunded commitments in alternative investments as of June 30, 2022.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

3. Investments and Assets Limited as to Use (continued)

The following table presents investments and assets limited as to use that are measured at fair value on a recurring basis at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Cash and cash equivalents	\$ 93,020	\$ —	\$ —	\$ 93,020
Corporate obligations	46,795	74,461	—	121,256
Fixed income funds	92,294	—	—	92,294
U.S. Government and agency securities	168,767	40,189	—	208,956
Common stocks, including mutual funds	388,013	—	—	388,013
	<u>\$ 788,889</u>	<u>\$ 114,650</u>	<u>\$ —</u>	<u>\$ 903,539</u>
Alternative investments, reported using NAV:				
Hedge funds/private equity				61,449
Commingled funds				466,506
Total investments				<u>\$ 1,431,494</u>
Assets limited as to use:				
Cash and cash equivalents	\$ 292,439	\$ —	\$ —	\$ 292,439
Corporate obligations	3,093	58,152	—	61,245
Fixed income funds	25,455	—	—	25,455
U.S. Government and agency securities	236,003	19,456	—	255,459
Common stocks, including mutual funds	57,530	—	—	57,530
Investments held by other organizations	—	—	59,493	59,493
	<u>\$ 614,520</u>	<u>\$ 77,608</u>	<u>\$ 59,493</u>	<u>\$ 751,621</u>
Alternative investments, reported using NAV:				
Investments held by other organizations*				212,496
Hedge funds/private equity				17,875
Commingled funds				21,524
				<u>\$ 1,003,516</u>

*“Investments held by other organizations” recorded using the NAV as a practical expedient include assets of the MMCIP Self-insurance Trust, which holds Level 1, Level 2 and alternative investments within its portfolios. Alternative investments include hedge fund, private equity, and commingled investment funds, which are valued using the equity method of accounting. As of June 30, 2022, the majority of these alternative investments are subject to 30 day or less notice requirements and are available to be redeemed on at least a monthly basis.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Investments and Assets Limited as to Use (continued)

The following table presents investments and assets limited as to use that are measured at fair value on a recurring basis at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Cash and cash equivalents	\$ 229,597	\$ —	\$ —	\$ 229,597
Corporate obligations	—	18,569	—	18,569
Fixed income funds	86,415	—	—	86,415
U.S. Government and agency securities	22,643	13,370	—	36,013
Common stocks, including mutual funds	304,043	—	—	304,043
	<u>\$ 642,698</u>	<u>\$ 31,939</u>	<u>\$ —</u>	<u>674,637</u>
Alternative investments, reported using NAV:				
Hedge funds/private equity				222,861
Commingled funds				457,659
Total investments				<u>\$ 1,355,157</u>
Assets limited as to use:				
Cash and cash equivalents	\$ 459,827	\$ —	\$ —	\$ 459,827
Corporate obligations	—	9,859	—	9,859
Fixed income funds	27,190	—	—	27,190
U.S. Government and agency securities	421,558	10,969	—	432,527
Common stocks, including mutual funds	99,967	—	—	99,967
Investments held by other organizations	—	—	63,095	63,095
	<u>\$ 1,008,542</u>	<u>\$ 20,828</u>	<u>\$ 63,095</u>	<u>1,092,465</u>
Alternative investments, reported using NAV:				
Investments held by other organizations*				244,059
Hedge funds/private equity				20,058
Commingled funds				36,137
				<u>\$ 1,392,719</u>

*“Investments held by other organizations” recorded using the NAV as a practical expedient include assets of the MMCIP Self-insurance Trust, which holds Level 1, Level 2 and alternative investments within its portfolios. Alternative investments include hedge fund, private equity, and commingled investment funds, which are valued using the equity method of accounting. As of June 30, 2021, the majority of these alternative investments are subject to 30 day or less notice requirements and are available to be redeemed on at least a monthly basis.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

3. Investments and Assets Limited as to Use (continued)

Changes to Level 1 and Level 2 securities between June 30, 2022 and 2021 were the result of strategic investments and reinvestments, interest income earnings, and changes in the fair value of investments.

The Corporation's total return on its investments and assets limited as to use was as follows:

	Year Ended June 30	
	2022	2021
Dividends and interest, net of fees	\$ 14,120	\$ 12,011
Net realized gains	146,745	31,395
Change in fair value of trading securities and alternative investments	<u>(318,755)</u>	198,221
Total investment return	<u>\$ (157,890)</u>	<u>\$ 241,627</u>

Total investment return is classified in the accompanying consolidated statements of operations and changes in net assets as follows:

	Year Ended June 30	
	2022	2021
Nonoperating investment income, net	\$ 155,850	\$ 41,377
Change in fair value of unrestricted investments	(304,297)	184,661
Investment (losses) gains on net assets with donor restrictions	<u>(9,443)</u>	15,589
Total investment return	<u>\$ (157,890)</u>	<u>\$ 241,627</u>

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

4. Property and Equipment

The following is a summary of property and equipment:

	June 30	
	2022	2021
Land	\$ 205,013	\$ 182,586
Buildings	2,047,527	1,833,517
Building and leasehold improvements	1,208,625	1,118,868
Equipment	2,341,278	2,182,368
Construction in progress	320,396	500,982
	6,122,839	5,818,321
Less accumulated depreciation and amortization	(3,294,734)	(3,065,261)
	\$ 2,828,105	\$ 2,753,060

Interest cost capitalized was \$19,242 and \$23,843 for the years ended June 30, 2022 and 2021, respectively.

Remaining contractual commitments on construction projects were approximately \$138,925 at June 30, 2022.

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

5. Investments in Joint Ventures

The Corporation has equity method investments of approximately \$98,016 and \$103,098 at June 30, 2022 and 2021, respectively, in the following unconsolidated joint ventures:

	Ownership %	2022	2021
Mt. Washington Pediatric Hospital, Inc. (Mt. Washington)	50%	\$ 74,407	\$ 78,478
Terrapin Insurance	50%	975	975
Other investments	10%–51%	22,634	23,645
		\$ 98,016	\$ 103,098

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

5. Investments in Joint Ventures (continued)

The Corporation recorded equity in net (loss) income of \$(904) and \$11,230 related to these joint ventures for the years ended June 30, 2022 and 2021, respectively.

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

	2022			
	Mt. Washington	Terrapin	Others	Total
Current assets	\$ 20,063	\$ 45,504	\$ 29,670	\$ 95,237
Noncurrent assets	135,745	318,139	44,401	498,285
Total assets	<u>\$ 155,808</u>	<u>\$ 363,643</u>	<u>\$ 74,071</u>	<u>\$ 593,522</u>
Current liabilities	\$ 17,945	\$ 1,893	\$ 5,310	\$ 25,148
Noncurrent liabilities	6,555	359,800	16,445	382,800
Net assets	131,308	1,950	52,316	185,574
Total liabilities and net assets	<u>\$ 155,808</u>	<u>\$ 363,643</u>	<u>\$ 74,071</u>	<u>\$ 593,522</u>
Total operating revenue	\$ 60,916	\$ 85,535	\$ 86,040	\$ 232,491
Total operating expenses	(64,586)	(63,725)	(72,923)	(201,234)
Total nonoperating (losses) gains, net	(6,280)	(21,810)	499	(27,591)
Contributions from (to) owners	-	-	(14,263)	(14,263)
Other changes in net assets, net	486	-	(3,701)	(3,215)
Decrease in net assets	<u>\$ (9,464)</u>	<u>\$ -</u>	<u>\$ (4,348)</u>	<u>\$ (13,812)</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

5. Investments in Joint Ventures (continued)

	2021			
	Mt. Washington	Terrapin	Others	Total
Current assets	\$ 38,597	\$ 27,718	\$ 42,638	\$ 108,953
Noncurrent assets	133,176	347,714	57,369	538,259
Total assets	<u>\$ 171,773</u>	<u>\$ 375,432</u>	<u>\$ 100,007</u>	<u>\$ 647,212</u>
Current liabilities	\$ 20,715	\$ 1,145	\$ 22,819	\$ 44,679
Noncurrent liabilities	7,018	372,337	13,592	392,947
Net assets	144,040	1,950	63,596	209,586
Total liabilities and net assets	<u>\$ 171,773</u>	<u>\$ 375,432</u>	<u>\$ 100,007</u>	<u>\$ 647,212</u>
Total operating revenue	\$ 65,855	\$ 18,318	\$ 94,130	\$ 178,303
Total operating expenses	(61,478)	(40,848)	(77,157)	(179,483)
Total nonoperating gains (losses), net	10,579	22,530	493	33,602
Contributions from (to) owners	—	—	(10,797)	(10,797)
Other changes in net assets, net	6,852	—	(2,288)	4,564
Increase in net assets	<u>\$ 21,808</u>	<u>\$ —</u>	<u>\$ 4,381</u>	<u>\$ 26,189</u>

6. Leases

The Corporation determines if an arrangement is a lease at inception. Operating leases are included in other assets, other current liabilities, and other long-term liabilities on the consolidated balance sheets. Finance leases are included in property, plant, and equipment, other current liabilities, and other long-term liabilities on the accompanying consolidated balance sheets.

The Corporation's leases primarily consist of real estate leases for medical and administrative office buildings and the Corporation determines if an arrangement is a lease at inception of the contract. Operating leases are included in other assets, other current liabilities, and other long-term liabilities on the consolidated balance sheet. Finance leases are included in property, plant, and equipment, other current liabilities, and other long-term liabilities on the accompanying consolidated balance sheets.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

6. Leases (continued)

Lease liabilities are recognized based on the present value, net of the future minimum lease payments over the lease term using the Corporation's incremental borrowing rate based on the information available at commencement. The ROU asset is derived from the lease liability and also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Certain lease agreements for real estate include payments based on actual common area maintenance expenses, and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in purchased services, net, but are not included in the ROU asset or liability balances. Lease agreements may include one or more renewal options which are at the Corporation's sole discretion. The Corporation does not consider the renewal options to be reasonably likely to be exercised; therefore, they are not included in ROU assets and lease liabilities. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term for operating leases.

In accordance with ASC 842, *Leases*, the Corporation has elected to not recognize ROU assets and lease liabilities for short-term leases with a lease term of 12 months or less. The Corporation recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term. Variable lease payments associated with these leases are recognized and presented in the same manner as all other leases.

The following table summarizes the components of operating and finance lease assets and liabilities classified as current and noncurrent on the accompanying consolidated balance sheets:

	Consolidated Balance Sheet Classification	June 30	
		2022	2021
Operating leases			
Operating lease ROU assets	Other assets	\$ 89,633	\$ 98,378
Operating lease obligation – current	Other current liabilities	(14,098)	(14,551)
Operating lease obligation – long-term	Other long-term liabilities	(79,414)	(87,039)
Finance leases			
Finance lease ROU assets	Property and equipment, net	\$ 37,123	\$ 38,144
Current finance lease liabilities	Other current liabilities	(448)	(433)
Long-term finance lease liabilities	Other long-term liabilities	(44,922)	(44,370)

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

6. Leases (continued)

The components of lease expense were as follows:

	Year Ended June 30	
	2022	2021
Finance lease expense:		
Amortization of ROU assets	\$ 1,022	\$ 3,819
Interest on lease liabilities	1,574	2,519
Total finance lease expense	2,596	6,338
Operating lease expense	18,648	20,765
Short-term/variable lease expense	13,718	14,713
Total lease expense	<u>\$ 34,962</u>	<u>\$ 41,816</u>

Commitments related to noncancelable operating and finance leases for each of the next five years and thereafter as of June 30, 2022 are as follows:

	Operating	Finance
2023	\$ 16,603	\$ 2,006
2024	15,292	2,006
2025	13,850	2,006
2026	12,272	2,006
2027	8,050	2,006
Thereafter	42,285	47,050
Total	108,352	57,080
Less: Present value discount	(14,840)	(11,710)
Lease liabilities	<u>\$ 93,512</u>	<u>\$ 45,370</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

6. Leases (continued)

Other information is as follows:

	Year Ended June 30	
	2022	2021
Weighted average remaining lease terms (in years):		
Finance leases	8.52	9.52
Operating leases	9.15	9.44
Weighted average discount rate:		
Finance leases	3.53%	3.53%
Operating leases	2.95%	3.25%

7. Line of Credit

For the years ended June 30, 2022 and 2021, the Corporation had a \$250,000 revolving line of credit outstanding with a syndicate of banking partners. The line of credit is annually renewing, and the current expiration date is August 25, 2022. Interest is calculated based on an optional base rate or percentage of 1-month London Interbank Offered Rate (LIBOR) plus a credit spread. As of June 30, 2022 and 2021, the amount outstanding on the line of credit was \$81,000 and \$113,000, respectively. The calculated interest rates as of June 30, 2022 and 2021 were a range from 4.75% to 0.89%.

Subsequent to year end (Note 21), on August 23, 2022, the Corporation amended the term and structure of the revolving line of credit facility. The revised facility is certified as a parity obligation under the Medical System's Master Loan Agreement, which is described in Note 8, and its term was extended by three years (expiration date of August 23, 2025). In addition, the interest calculation was amended to replace the percentage of 1-month LIBOR variable rate option, with a variable rate option that is based on the Secured Overnight Financing Rate (SOFR).

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

8. Long-Term Debt and Other Borrowings

Long-term debt consists of the following:

	Interest Rate	Payable in Fiscal Year(s)	June 30 2022	June 30 2021
MHHEFA project revenue bonds:				
Corporation issue, payments due annually UCHS Term Loan:				
Series 2021A/B Bonds	Variable rate	2023–2043 ⁽¹⁾	\$ 268,355	\$ –
Series 2020B/D Bonds	3.05%–5.00%	2041–2051	752,680	752,680
Series 2017D/E Bonds	4.00%–4.17%	2045–2049	189,965	189,965
Series 2017B/C Bonds	2.96%–5.00%	2018–2040	238,840	250,150
Series 2017A Bonds	Variable rate	2017–2043 ⁽¹⁾	–	41,635
Series 2016A–F Bonds	Variable rate	2017–2042 ⁽¹⁾	193,825	304,565
Series 2015 Bonds	3.63%–5.00%	2016–2042	70,585	72,140
Series 2013 Bonds	4.00%–5.00%	2014–2044	115,055	115,055
Series 2008D/E Bonds	Variable rate	2025–2042	50,000	105,000
Series 2007A Bonds	Variable rate	2008–2035	–	73,280
MHHEFA Pooled Loan Program	Variable rate	2017–2035	14,250	15,200
Other long-term debt:				
Term loans	1.86%–4.44%	2009–2023	5,906	6,331
Other loans, mortgages and notes payable	3.25%–6.50%	Monthly, 2001–2035	9,915	12,678
Total debt			1,909,376	1,938,679
Less current portion of long-term debt			38,399	29,751
Less long-term debt subject to short-term remarketing agreements			–	153,510 ⁽¹⁾
			1,870,977	1,755,418
Plus unamortized premiums and discounts, net			41,037	44,522
Less unamortized deferred financing costs			(11,780)	(11,573)
			\$ 1,900,234	\$ 1,788,367

⁽¹⁾Mandatory bond repurchases are scheduled to occur in the following (fiscal years), unless the bondholding bank and the Obligated Group agree to an extension: 2016B (2027), 2016C (2024), 2016F (2027), 2021A (2028) and 2021B (2025).

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

8. Long-Term Debt and Other Borrowings (continued)

Pursuant to an Amended and Restated Master Loan Agreement, dated December 1, 2017 (UMMS Master Loan Agreement), the Corporation and several of its subsidiaries have issued debt through Maryland Health and Higher Educational Facilities Authority (MHHEFA or the Authority). As security for the performance of the bond obligation under the Master Loan Agreement, the Authority maintains a security interest in the revenue of the obligors. The UMMS Master Loan Agreement contains certain restrictive covenants. These covenants require that rates and charges be set at certain levels, limit incurrence of additional debt, require compliance with certain operating ratios and restrict the disposition of assets.

The Obligated Group under the UMMS Master Loan Agreement includes the Medical Center, ROI, UM Midtown, UM Baltimore Washington, Shore Health (UM Memorial and UM Dorchester), UM Chester River, UM Charles Regional, UM St. Joseph, UM Upper Chesapeake, UM Harford Memorial, UM Laurel, UM Prince George's, Bowie Health Center (Bowie), and the UM Medicine Foundation. Each member of the Obligated Group is jointly and severally liable for the repayment of the obligations under the UMMS Master Loan Agreement.

Under the terms of the UMMS Master Loan Agreement and other loan agreements, certain funds are required to be maintained on deposit with the Master Trustee to provide for repayment of the obligations of the Obligated Group (Note 3).

On July 2, 2020, MHHEFA issued \$152,680 of tax-exempt Revenue Bonds, Series 2020B, and \$600,000 taxable Revenue Bonds, Series 2020D. The proceeds were used for the purpose of refinancing existing debt, including the repayment of the Upper Chesapeake term loan and the redemption of the Series 2008F, 2010, and 2013A Bonds. The remaining proceeds are to be used for the purpose of financing a portion of the costs of construction and equipping of certain capital projects related to the Medical Center, Baltimore Washington, Shore Regional, Upper Chesapeake and Capital Region.

On December 8 and 22, 2021, MHHEFA issued \$160,845 of tax-exempt Revenue Bonds, Series 2021A, and \$107,510 taxable Revenue Bonds, Series 2021B. The proceeds were used for the purpose of refinancing existing debt, including the redemption of the Series 2007A, 2008E, 2016A, 2016D and 2017A Bonds.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

8. Long-Term Debt and Other Borrowings (continued)

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

2023	\$ 38,399
2024	192,006
2025	39,711
2026	35,896
2027	173,355
Thereafter	<u>1,430,009</u>
	<u>\$ 1,909,376</u>

The Corporation's Series 2008D Bonds are variable rate demand bonds requiring remarketing agents to purchase and remarket any bonds tendered before the stated maturity date. The reimbursement obligations with respect to the letters of credit are evidenced and secured by the respective bonds. To provide liquidity support for the timely payment of any bonds that are not successfully remarketed, the Corporation has entered into a letter-of-credit agreement with a banking institution. The agreement has a term that expires in 2027. If the bonds are not successfully remarketed, the Corporation is required to pay an interest rate specified in the letter-of-credit agreement, and the principal repayment of bonds may be accelerated to require repayment in 48 months from the date of the failed remarketing. The Corporation has reflected the amount of its long-term debt that is subject to these short-term remarketing arrangements within the consolidated balance sheet according to the maturity of the bond's related letter of credit agreements. In the event that bonds are not remarketed, the Corporation maintains available letters of credit and has the ability to access other sources to obtain the necessary liquidity to comply with accelerated repayment terms. All variable rate demand bonds were successfully remarketed as of June 30, 2022 and 2021.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

8. Long-Term Debt and Other Borrowings (continued)

The approximate interest rates on outstanding debt bearing interest at variable rates were as follows:

	June 30	
	2022	2021
Series 2008D Bonds	0.61%	0.02%
Series 2008E Bonds	–	0.01
Series 2007A Bonds	–	0.02
Series 2016A Bonds	–	1.07
Series 2016B Bonds	1.72	0.95
Series 2016C Bonds	1.76	0.68
Series 2016D Bonds	–	0.91
Series 2016E Bonds	1.57	0.80
Series 2016F Bonds	1.12	0.78
Series 2017A Bonds	–	0.60
Series 2021A Bonds	1.45	–
Series 2021B Bonds	1.19	–
Series 1985 Pooled Loan Program (MHHEFA)	1.00	0.50

9. Interest Rate Risk Management

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

9. Interest Rate Risk Management (continued)

At June 30, 2022 and 2021, the Corporation's notional values of outstanding interest rate swaps and the corresponding mark-to-market values are as follows:

	Notional Amount	Pay Rate	Receive Rate	Maturity Date	Mark to Market
June 30, 2022					
Swap #1	\$ 75,981	3.59%	70% 1-month LIBOR	7/1/2031	\$ (4,251)
Swap #2	84,000	3.93	68% 1-month LIBOR	7/1/2041	(18,554)
Swap #3	21,000	4.24	68% 1-month LIBOR	7/1/2041	(5,444)
Swap #4	29,050	3.99	67% 1-month LIBOR	7/1/2034	(3,424)
Swap #5	23,570	3.54	70% 1-month LIBOR	7/1/2031	(1,280)
Swap #6	196,000	3.93	68% 1-month LIBOR	7/1/2041	(21,760)
Swap #7	49,000	4.24	68% 1-month LIBOR	7/1/2041	(6,361)
Swap #8	67,800	4.00	67% 1-month LIBOR	7/1/2034	(1,973)
Swap #9	1,705	3.63	67% 1-month LIBOR	7/1/2032	(80)
Swap #10	89,275	3.92	67% 1-month LIBOR	1/1/2043	(6,351)
Swap #11	70,400	0.51	67% 1-month LIBOR + 0.5133%	1/1/2038	(957)
Swap #12	196,000	4.02	68% 1-month LIBOR	10/1/2028	(21,551)
Swap #13	49,000	4.33	68% 1-month LIBOR	10/1/2028	(6,347)
Swap #14	67,800	4.09	67% 1-month LIBOR	10/1/2028	(6,051)
Swap #15	89,275	3.99	67% 1-month LIBOR	11/3/2028	(8,948)
					(113,332)
Valuation adjustments					6,611
Total					<u>\$ (106,721)</u>
June 30, 2021					
Swap #1	\$ 78,551	3.59%	70% 1-month LIBOR	7/1/2031	\$ (10,785)
Swap #2	84,000	3.93	68% 1-month LIBOR	7/1/2041	(33,829)
Swap #3	21,000	4.24	68% 1-month LIBOR	7/1/2041	(9,346)
Swap #4	30,800	3.99	67% 1-month LIBOR	7/1/2034	(6,709)
Swap #5	24,380	3.54	70% 1-month LIBOR	7/1/2031	(3,297)
Swap #6	196,000	3.93	68% 1-month LIBOR	7/1/2041	(78,952)
Swap #7	49,000	4.24	68% 1-month LIBOR	7/1/2041	(22,021)
Swap #8	71,825	4.00	67% 1-month LIBOR	7/1/2034	(15,698)
Swap #9	2,075	3.63	67% 1-month LIBOR	7/1/2032	(299)
Swap #10	92,475	3.92	67% 1-month LIBOR	1/1/2043	(28,611)
Swap #11	73,160	0.51	67% 1-month LIBOR + 0.5133%	1/1/2038	1,887
					(207,660)
Valuation adjustments					4,051
Total					<u>\$ (203,609)</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

9. Interest Rate Risk Management (continued)

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

The Corporation recorded a net nonoperating gain on changes in the fair value of nonqualifying interest rate swaps of \$96,888 and \$65,325 for the years ended June 30, 2022 and 2021, respectively.

The swap agreements are included in the consolidated balance sheets at their fair value of \$106,721 and \$203,609 as of June 30, 2022 and 2021, respectively, an amount that is based on observable inputs other than quoted market prices in active markets for identical liabilities (Level 2 in the fair value hierarchy).

The Corporation is subject to a collateral posting requirement with two of its swap counterparties. Collateral posting requirements are based on the Corporation's long-term debt credit ratings, as well as the net liability position of total interest rate swap agreements outstanding with that counterparty. The amount of such posted collateral was \$6,840 and \$117,600 at June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the Corporation met its collateral posting requirement through the use of collateralized investments and cash equivalents, which were selected and purchased by the Corporation and subsequently transferred to the custody of the swap counterparty. The amount of posted investments that is required to meet the collateral requirement is computed daily and is accounted for as a component of the Corporation's assets limited as to use on the accompanying consolidated balance sheets as of that date. Any excess investment value is considered a component of the Corporation's unrestricted investment portfolio and is included in investments on the accompanying consolidated balance sheets as of that date.

In November 2021, UMMS executed four interest rate swap novation agreements with two counterparty banks. The novations resulted in the placement of \$341,400 of UMMS' existing swap exposure with substitute counterparties for a period of seven years; at the close of the seven-year period, the novated swaps will resume cash flows to their original counterparty banks. The novated swaps bear an incremental swapped-to-fixed rate, but do not require the posting of any collateral during their seven-year duration. UMMS' total swap exposure and total mark-to-market were unchanged as a result of the novations.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Other Liabilities

Other liabilities consist of the following:

	June 30	
	2022	2021
Professional and general liabilities	\$ 417,331	\$ 380,715
Advances from third party payors	–	150,000
Accrued pension obligations	–	66,011
Lease obligations – operating	93,512	101,590
Lease obligations – finance	45,370	44,803
Deferred payroll taxes	–	38,331
Accrued interest payable	28,243	27,883
Other miscellaneous	92,429	81,924
Total other liabilities	<u>676,885</u>	<u>891,257</u>
Less current portion	<u>(135,616)</u>	<u>(133,624)</u>
Other long-term liabilities	<u>\$ 541,269</u>	<u>\$ 757,633</u>

11. Retirement Plans

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

Defined Benefit Plans

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

11. Retirement Plans (continued)

Baltimore Washington Medical Center Pension Plan (Baltimore Washington Plan) – A noncontributory defined benefit pension plan covering full-time employees who have been employed for at least one year and have reached 21 years of age. In 2018, Baltimore Washington closed the defined benefit pension plan to new hires.

On June 30, 2015, the Corporation amended the Baltimore Washington Medical Center Pension Plan to provide for the merger of the Midtown Plan and the Charles Regional Plan into the Baltimore Washington Plan and to change the name of the newly consolidated plan to the University of Maryland Medical System Corporate Pension Plan (the Corporate Plan). All provisions of the respective previous plans shall continue to apply to the respective applicable participants. All of the assets of the three formerly separate plans are now available to pay benefits for all participants under the newly consolidated Corporate Plan.

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

Dimensions Health Corporation Pension Plan (Capital Region Pension Plan) – A noncontributory defined benefit pension plan covering substantially all employees. For employees not covered under collective-bargaining agreements and employees who are represented by the 1199 SEIU Health Care Workers East – Health Care Workers union (formerly District 1199E-DC, SEIU union and formerly Local No. 63 union), the Plan operates as a cash balance plan. The annual contribution by the Corporation is allocated to individual employee accounts based on years of service and the individual's retirement account. For employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union (formerly Professional Staff Nurses Association union), benefits are based on years of service and average final compensation. On December 31, 2007, the Capital Region Pension Plan was frozen. No further benefit accruals will be made to the Plan. The Plan freeze substantially reduces annual funding obligations beginning with Plan year 2008. The Corporation's funding policy is to contribute such actuarially determined amounts as necessary to provide assets sufficient to meet the benefits to be paid to the Plan participants and to meet the funding requirements of the Employees Retirement Income Security Act of 1974 (ERISA).

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

11. Retirement Plans (continued)

Dimensions Health Corporation Post Retirement Benefit Plans (Capital Region Post Retirement Benefit Plans) – A postretirement health care plan is provided to both salaried and non-salaried employees who have retired and certain other employees who were eligible to retire prior to July 1, 1995. The plan is contributory for those who retired prior to July 1, 1995, with retiree contributions adjusted annually. Employees who retired on July 1, 1995 and later are eligible to participate in the plan by paying 100% of the premiums without corporate contributions. The Corporation's policy has been to fund this plan on an as needed basis.

A defined postretirement life insurance plan is a noncontributory plan for all eligible retirees prior to July 1, 2001. For employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union, the plan was no longer offered to new retirees as of July 1, 1999. Effective July 1, 2001, the plan was modified to become contributory for the nonunion employees and employees represented by the 1199 SEIU Health Care Workers East – Health Care Workers union who retired prior to July 1, 2001 and for the employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union who retired prior to July 1, 1999. The Corporation's policy has been to fund its share of these benefits as they are incurred.

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

11. Retirement Plans (continued)

The following tables set forth the combined benefit obligations and assets of the defined benefit plans:

	June 30	
	2022	2021
Change in projected benefit obligations:		
Benefit obligations at beginning of year	\$ 435,067	\$ 448,997
Settlements	–	(18,623)
Service cost	3,005	3,378
Interest cost	12,737	13,168
Actuarial (gain) loss and other	(68,769)	4,973
Benefit payments	(21,458)	(16,826)
Projected benefit obligations at end of year	<u>\$ 360,582</u>	<u>\$ 435,067</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 369,056	\$ 318,094
Actual return on plan assets	(50,249)	63,831
Settlements	–	(18,623)
Employer contributions	76,654	22,580
Benefit payments	(21,458)	(16,826)
Fair value of plan assets at end of year	<u>\$ 374,003</u>	<u>\$ 369,056</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

11. Retirement Plans (continued)

The funded status of the plans and amounts recognized as accrued payroll and benefits and other long-term liabilities in the accompanying consolidated balance sheets are as follows:

	June 30	
	2022	2021
Funded status, end of period:		
Fair value of plan assets	\$ 374,003	\$ 369,056
Projected benefit obligations	<u>360,582</u>	<u>435,067</u>
Net funded status	<u>\$ 13,421</u>	<u>\$ (66,011)</u>
Accumulated benefit obligation at end of year	<u>\$ 359,715</u>	<u>\$ 433,076</u>
Amounts recognized in consolidated balance sheets at June 30:		
Accrued pension asset (obligation)	\$ 13,421	\$ (66,011)
	<u>\$ 13,421</u>	<u>\$ (66,011)</u>
Amounts recognized in net assets without donor restrictions at June 30:		
Net actuarial loss	\$ (52,714)	\$ (54,745)
Prior service cost	<u>(841)</u>	<u>(990)</u>
	<u>\$ (53,555)</u>	<u>\$ (55,735)</u>

During fiscal year 2022, the Corporation contributed a total of \$76,654 to the plans, including an incremental contribution of \$60,000 to the Capital Region Pension Plan. As a result, the net funded status of the plans was significantly improved during the year and was in a surplus position as of June 30, 2022.

The estimated amounts that will be amortized from net assets without donor restrictions into net periodic pension cost in fiscal year 2022 are as follows:

Net actuarial loss	\$ 2,268
Prior service cost	<u>74</u>
	<u>\$ 2,342</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

11. Retirement Plans (continued)

The components of net periodic (credit) benefit cost are as follows:

	Year Ended June 30	
	2022	2021
Service cost	\$ 3,005	\$ 3,378
Interest cost	12,737	13,168
Expected return on plan assets	(19,458)	(18,275)
Prior service cost recognized	149	72
Recognized losses	2,969	11,918
Net periodic (credit) benefit cost	<u>\$ (598)</u>	<u>\$ 10,261</u>

Components of net benefit cost other than the service cost of \$3,005 and \$3,378 in 2022 and 2021, respectively, were recorded in other nonoperating losses, net in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2022 and 2021. Service cost is included as a component of fringe benefits, which is recorded as salaries, wages, and benefits in the accompanying consolidated statements of operations and changes in net assets.

The following table presents the weighted average assumptions used to determine benefit obligations for the plans:

	June 30	
	2022	2021
Discount rate	4.37%–4.86%	2.34%–3.02%
Rate of compensation increase (for nonfrozen plan)	3.00%	3.00%
Interest crediting rate	3.00%–5.00%	3.00%–5.00%

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

11. Retirement Plans (continued)

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

	Year Ended June 30	
	2022	2021
Discount rate	2.35%–3.02%	2.35%–3.05%
Rate of compensation increase (for nonfrozen plan)	3.00%	3.00%
Expected long-term return on plan assets	5.00%–5.50%	5.50%–6.00%

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

The Corporation’s pension plans’ target allocation and weighted average asset allocations at the measurement date of June 30, 2022 and 2021, by asset category, are as follows:

Asset Category	Target Allocation	Percentage of Plan Assets as of June 30	
		2022	2021
Cash and cash equivalents	0%–20%	6%	5%
Fixed income securities	75%–85%	85	35
Equity securities	15%–25%	8	41
Global assets allocation	0%	–	11
Hedge funds/private equity	0%–20%	1	8
		100%	100%

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

11. Retirement Plans (continued)

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

The table below presents the Corporation's combined investable assets of the defined benefit pension plans aggregated by the fair value hierarchy as described in Note 1:

	Level 1	Level 2	Level 3	Investments Reported at NAV*	Total
June 30, 2022					
Cash and cash equivalents	\$ 24,504	\$ —	\$ —	\$ —	\$ 24,504
Corporate obligations	—	—	—	—	—
Government and agency bonds	—	—	—	—	—
Fixed income funds	10,556	—	—	—	10,556
Common stocks	22,912	—	—	—	22,912
Equity mutual funds	4,402	—	—	—	4,402
Alternative investments:					
Hedge funds/private equity	—	—	—	4,681	4,681
Commingled funds	—	—	—	306,948	306,948
	<u>\$ 62,374</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 311,629</u>	<u>\$ 374,003</u>
June 30, 2021					
Cash and cash equivalents	\$ 19,803	\$ —	\$ —	\$ —	\$ 19,803
Corporate obligations	—	12,798	—	—	12,798
Government and agency bonds	12,869	18,366	—	—	31,235
Fixed income funds	29,002	—	—	—	29,002
Common stocks	34,419	—	—	—	34,419
Equity mutual funds	89,229	—	—	—	89,229
Alternative investments:					
Hedge funds/private equity	—	—	—	30,149	30,149
Commingled funds	—	—	—	122,421	122,421
	<u>\$ 185,322</u>	<u>\$ 31,164</u>	<u>\$ —</u>	<u>\$ 152,570</u>	<u>\$ 369,056</u>

*Fund investments reported at NAV as practical expedient.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

11. Retirement Plans (continued)

Alternative investments include hedge funds and commingled investment funds. The majority of these alternative investments held as of June 30, 2022 are subject to notice requirements of 30 days or less and are available to be redeemed on at least a monthly basis. There are funds, totaling \$4,531, which are subject to notice requirements of 30-60 days and are available to be redeemed on a monthly or quarterly basis. Funds totaling \$6,748 are subject to notice requirements of 75 to 90 days and can be redeemed monthly or quarterly. The Corporation had no unfunded commitments as of June 30, 2022.

The Corporation expects to contribute \$6,794 to its defined benefit pension plans for the fiscal year ended June 30, 2023.

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

2023	\$	24,754
2024		24,429
2025		24,884
2026		25,069
2027		25,156
2028–2032		121,928

The expected benefits to be paid are based on the same assumptions used to measure the Corporation's benefit obligation at June 30, 2022.

Defined Contribution Plans

The Corporation offers a number of defined contribution benefits through 403(b) and 401(k) programs that were established by its affiliate hospitals. These plans allow for deferral of compensation or employer matching of compensation, subject to vesting requirements.

Total annual retirement costs incurred by the Corporation for the previously discussed defined contribution plans were \$55,017 and \$51,023 for the years ended June 30, 2022 and 2021, respectively. Such amounts are included in salaries, wages, and benefits in the accompanying consolidated statements of operations and changes in net assets.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

12. Net Assets with Donor Restrictions

Net assets are restricted primarily for the following purposes:

	June 30	
	2022	2021
Facility construction and renovations, research, education, and other:		
Capital Region	\$ 4,848	\$ 42,851
All others	169,751	196,794
Economic and beneficial interests in the net assets of related organizations	59,493	63,095
	\$ 234,092	\$ 302,740

Net assets were released from donor restrictions by expending funds satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	Year Ended June 30	
	2022	2021
Purchases of equipment and construction costs	\$ 66,729	\$ 386,238
Research, education, uncompensated care, and other	5,925	7,597
	\$ 72,654	\$ 393,835

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

Interpretation of Relevant Law

The Corporation has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

12. Net Assets with Donor Restrictions (continued)

made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds are classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Corporation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Corporation
7. The investment policies of the Corporation

Endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022			
Donor-restricted endowment funds	\$ 765	\$ 70,315	\$ 71,080
June 30, 2021			
Donor-restricted endowment funds	\$ 126	\$ 60,287	\$ 60,413

Donor restricted endowment funds within net assets with donor restrictions whose use is restricted in perpetuity were \$55,359 and \$54,907 as of June 30, 2022 and 2021, respectively.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

12. Net Assets with Donor Restrictions (continued)

Funds with Deficiencies

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

Investment Strategies

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

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

The Corporation monitors the endowment funds' returns and appropriates average returns for use. In establishing this practice, the Corporation considered the long-term expected return on its endowment. This is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

13. Economic and Beneficial Interests in the Net Assets of Related Organizations

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

The following is a summary of economic and beneficial interests in the net assets of financially interrelated organizations:

	June 30	
	2022	2021
Economic interests in:		
The James Lawrence Kernan Hospital Endowment Fund, Incorporated	\$ 42,776	\$ 46,297
Baltimore Washington Medical Center Foundation, Inc.	11,243	12,297
Total economic interests	<u>54,019</u>	<u>58,594</u>
Beneficial interest in the net assets of:		
Dorchester General Hospital Foundation, Inc.	4,145	3,172
Prince George's Hospital Center Foundation, Inc.	1,267	1,267
Laurel Regional Hospital Auxiliary, Inc.	62	62
	<u>\$ 59,493</u>	<u>\$ 63,095</u>

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

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

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

**13. Economic and Beneficial Interests in the Net Assets of Related Organizations
(continued)**

The Prince George's Hospital Center Foundation, Inc.; the Laurel Regional Hospital Auxiliary, Inc.; and the Laurel Regional Hospital Foundation, Inc. were established to solicit contributions from the general public solely for the funding of capital acquisitions and operations of the associated Capital Region hospitals. Capital Region does not have control over the policies or decisions of these entities. In the current year the Prince George's Hospital Center Foundation, Inc. changed its name to University of Maryland Capital Region Health Foundation, Inc. and the Laurel Regional Hospital Foundation, Inc. was closed, and its assets were transferred into the new University of Maryland Capital Region Health Foundation, Inc.

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

	June 30	
	2022	2021
Current assets	\$ 5,848	\$ 5,461
Noncurrent assets	53,645	57,735
Total assets	<u>\$ 59,493</u>	<u>\$ 63,196</u>
Current liabilities	\$ —	\$ 101
Net assets	<u>59,493</u>	<u>63,095</u>
Total liabilities and net assets	<u>\$ 59,493</u>	<u>\$ 63,196</u>
Total operating revenue	\$ 3,230	\$ 6,179
Total operating expense	(661)	2,117
Other changes in net assets	(6,171)	(116,021)
Total decrease in net assets	<u>\$ (3,602)</u>	<u>\$ (107,725)</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

14. State and County Support

The Corporation received \$3,600 and \$3,500 in support for the Shock Trauma Center operations from the State of Maryland for the years ended June 30, 2022 and 2021, respectively.

In support of Capital Region operations, the Corporation received the following:

	Year Ended June 30	
	2022	2021
State of Maryland	\$ 10,000	\$ 15,000
Prince George's County government	–	483
Magruder Memorial Hospital Trust	–	1,042
	<u>\$ 10,000</u>	<u>\$ 16,525</u>

The State of Maryland appropriates funds for construction costs incurred, equipment purchases made, and other capital support. The Corporation recognizes this support as the funds are expended for the intended projects. The Corporation expended and recorded \$1,410 and \$15,189 during the years ended June 30, 2022 and 2021, respectively.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

15. Functional Expenses

The Corporation provides healthcare services to residents within its geographic location. Expenses related to providing these services, based on management's estimates of expense allocations, are as follows:

	Healthcare Services				Corporate	Total
	Hospital & Ambulatory	Retail Pharmacy	Physician Practices	Risk Taking	Services, Other, and Eliminations	
Year ended June 30, 2022						
Operating expenses:						
Salaries, wages, and benefits	\$ 1,961,817	\$ 8,162	\$ 305,291	\$ 5,032	\$ 327,778	\$ 2,608,080
Expendable supplies	692,521	120,358	41,642	30	10,142	864,693
Purchased services:						
Purchased services	936,823	16,837	68,285	4,662	(242,221)	784,386
Contracted services	345,759	—	30,062	—	(47,430)	328,391
Depreciation and amortization	261,082	—	2,271	—	3,834	267,187
Interest expense	39,430	—	—	—	715	40,145
Total operating expenses	<u>\$ 4,237,432</u>	<u>\$ 145,357</u>	<u>\$ 447,551</u>	<u>\$ 9,724</u>	<u>\$ 52,818</u>	<u>\$ 4,892,882</u>
Year ended June 30, 2021						
Operating expenses:						
Salaries, wages, and benefits	\$ 1,808,585	\$ 7,167	\$ 292,180	\$ 3,950	\$ 316,808	\$ 2,428,690
Expendable supplies	727,209	98,385	39,515	31	17,826	882,966
Purchased services:						
Purchased services	940,438	13,611	70,092	1,673	(319,967)	705,847
Contracted services	311,675	—	36,209	—	(42,611)	305,273
Depreciation and amortization	234,050	—	2,268	—	7,959	244,277
Interest expense	41,429	—	—	—	(8,962)	32,467
Total operating expenses	<u>\$ 4,063,386</u>	<u>\$ 119,163</u>	<u>\$ 440,264</u>	<u>\$ 5,654</u>	<u>\$ (28,947)</u>	<u>\$ 4,599,520</u>

Corporate services are allocated primarily using a percentage of net patient service revenue.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

16. Liquidity and Availability of Resources

The Corporation had financial assets available to management for general expenditure within one year of the financial reporting date, or June 30, 2022 and 2021, as follows:

	2022	2021
Cash and cash equivalents	\$ 244,529	\$ 858,543
Receivables, net	863,756	753,374
Assets limited as to use – board designated	90,000	137,528
Investments	1,431,494	1,355,157
Total financial assets available within one year	2,629,779	3,104,602
Less:		
Amounts unavailable for general expenditures within one year due to:		
Alternative investments subject to lockup restrictions	12,623	26,000
Total financial assets available to management for general expenditure within one year	\$ 2,617,156	\$ 3,078,602

17. Insurance

The Corporation maintains self-insurance programs for professional and general liability risks, employee health, employee long-term disability, and workers' compensation. The accrued liabilities for these programs were as follows:

	June 30	
	2022	2021
Professional and general liabilities	\$ 417,331	\$ 380,715
Employee health	24,292	23,360
Employee long-term disability	3,002	3,792
Workers' compensation	27,483	25,627
Total self-insured liabilities	472,108	433,494
Less current portion	(67,201)	(64,189)
	\$ 404,907	\$ 369,305

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

17. Insurance (continued)

The Corporation provides for and funds the present value of the costs for professional and general liability claims and insurance coverage related to the projected liability from asserted and unasserted incidents, which the Corporation believes may ultimately result in a loss. In management's opinion, these accruals provide an adequate and appropriate loss reserve. The professional and general malpractice liabilities presented above include \$280,763 and \$253,670 as of June 30, 2021 and 2020, respectively, for which related insurance receivables have been recorded within other assets on the accompanying consolidated balance sheets.

The Corporation and each of its affiliates are self-insured for professional and general liability claims up to the limits of \$1,000 on individual claims and \$3,000 in the aggregate on an annual basis. For amounts in excess of these limits, the risk of loss has been transferred to Terrapin, an unconsolidated joint venture. Terrapin provides insurance for claims in excess of \$1,000 individually and \$3,000 in the aggregate up to \$165,000 individually and \$227,000 in the aggregate under claims made policies between the Corporation and Terrapin. For claims in excess of Terrapin's coverage limits, if any, the Corporation retains the risk of loss.

As discussed in Note 5, Terrapin is a joint venture corporation in which a 50% equity interest is owned by the Corporation and a 50% equity interest is owned by University of Maryland Faculty Physicians, Inc.

Total malpractice insurance expense, net of investment return on self-insurance trust funds, for the Corporation during the years ended June 30, 2022 and 2021, was approximately \$137,206 and \$29,661, respectively.

18. Business and Credit Concentrations

The Corporation provides healthcare services through its inpatient and outpatient care facilities, located in the State of Maryland. The Corporation generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits receivable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, workers' compensation, health maintenance organizations (HMOs), and commercial insurance policies).

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(In Thousands)

18. Business and Credit Concentrations (continued)

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

The Corporation had receivables from patients and third-party payors as follows:

	June 30	
	2022	2021
Medicare	35%	31%
Medicaid	20	29
Commercial insurance and HMOs	35	33
Self-pay and others	10	7
	100%	100%

The Corporation recorded net patient service revenues from patients and third-party payors as follows:

	Year Ended June 30	
	2022	2021
Medicare	42%	41%
Medicaid	24	24
Commercial insurance and HMOs	30	31
Self-pay and others	4	4
	100%	100%

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

19. Certain Significant Risks and Uncertainties

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

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

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

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

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

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

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) (In Thousands)

19. Certain Significant Risks and Uncertainties (continued)

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

20. Maryland Health Services Cost Review Commission

Effective July 1, 2013, the Health System and the Health Services Cost Review Commission (HSCRC) agreed to implement the Global Budget Revenue (GBR) methodology for the following hospitals: Medical Center, ROI, UM Midtown, UM Baltimore Washington, UM Charles Regional, UM St. Joseph, UM Memorial, UM Dorchester, UM Chester River, Shore Emergency Center, UM Upper Chesapeake, UM Harford Memorial, UM Prince George's, and UM Laurel. The agreements will continue each year and on July 1 of each year thereafter; the agreements will renew for a one-year period unless they are canceled by the HSCRC or by the Corporation. The agreements were in place for the years ended June 30, 2022 and 2021. The GBR model is a revenue constraint and quality improvement system designed by the HSCRC to provide hospitals with strong financial incentives to manage their resources efficiently and effectively in order to slow the rate of increase in healthcare costs and improve healthcare delivery processes and outcomes. The GBR model is consistent with the Corporation's mission to provide the highest value of care possible to its patients and the communities it serves.

The GBR agreements establish a prospective, fixed revenue base "GBR cap" for the upcoming year. This includes both inpatient and outpatient regulated services. Under GBR, a hospital's revenue for all HSCRC regulated services is predetermined for the upcoming year, regardless of changes in volume, service mix intensity, or mix of inpatient or outpatient services that occurred during the year. The GBR agreement allows the Corporation to adjust unit rates, within certain limits, to achieve the overall revenue base for the Corporation at year-end. Any overcharge or undercharge versus the GBR cap is prospectively subtracted from the subsequent year's GBR cap. Although the GBR cap is fixed each year, it does not adjust for changes in volume or service mix. The GBR cap is also adjusted annually for inflation, and for changes in payor mix and uncompensated care. The Corporation will receive an annual adjustment to its cap for the change

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued) *(In Thousands)*

20. Maryland Health Services Cost Review Commission (continued)

in population in the Corporation's service areas. GBR is designed to encourage hospitals to operate efficiently by reducing excess utilization and managing patients in the appropriate care delivery setting. The HSCRC also may impose various other revenue adjustments, which could be significant in the future.

21. Subsequent Events

The Corporation evaluated all events and transactions that occurred after June 30, 2022 and through October 21, 2022, the date the consolidated financial statements were issued. Other than described below, the Corporation did not have any material subsequent events during the period.

On August 23, 2022, the Corporation amended the term and structure of the revolving line of credit facility (see Note 7).

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