

# Return of Organization Exempt From Income Tax

# 2008

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

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

**A For the 2008 calendar year, or tax year beginning** 07/01, 2008, and ending 06/30, 2009

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>Please use IRS label or print or type. See Specific Instructions.</b>	<b>C Name of organization</b> FREDERICK MEMORIAL HOSPITAL, INC. Doing Business As		<b>D Employer identification number</b> 52-0591612
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite		<b>E Telephone number</b> (240) 566-3300
		400 WEST 7TH STREET City or town, state or country, and ZIP + 4 FREDERICK, MD 21701		<b>G Gross receipts \$</b> 316,201,829.
		<b>F Name and address of principal officer:</b> THOMAS A. KLEINHANZL 400 WEST 7TH STREET FREDERICK, MD 21701		<b>H(a) Is this a group return for affiliates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b) Are all affiliates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
<b>I Tax-exempt status:</b> <input checked="" type="checkbox"/> 501(c)(3) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>J Website:</b> WWW.FMH.ORG		<b>H(c) Group exemption number</b> ▶
<b>K Type of organization:</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L Year of formation:</b> 1897 <b>M State of legal domicile:</b> MD	

## Part I Summary

Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities: TO CONTRIBUTE TO THE HEALTH AND WELL-BEING OF AREA RESIDENTS BY PROVIDING QUALITY HEALTHCARE IN A CARING, COST EFFICIENT, SAFE AND CONVENIENT MANNER.		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	16
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	12
	<b>5</b> Total number of employees (Part V, line 2a)	<b>5</b>	3,074
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	744
	<b>7a</b> Total gross unrelated business revenue from Part VIII, line 12, column (C)	<b>7a</b>	524,105.
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	NONE	
Revenue	<b>8</b> Contribution and grants (Part VIII, line 1h)	Prior Year	Current Year
	<b>9</b> Program service revenue (Part VIII, line 2g)	2,674,245.	4,115,496.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	268,600,022.	285,540,207.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,015,161.	-3,545,599.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,453,498.	1,789,877.
	<b>12</b>	277,742,926.	287,899,981.
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	NONE	100,000.
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)		
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	139,031,814.	152,677,049.
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)		
	<b>b</b> Total fundraising expenses, Part IX, column (D), line 25	617,964.	
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	132,658,374.	136,526,716.
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	271,690,188.	289,303,765.
Net Assets or Fund Balances	<b>19</b> Revenue less expenses. Subtract line 18 from line 12	6,052,738.	-1,403,784.
	<b>20</b> Total assets (Part X, line 16)	Beginning of Year	End of Year
	<b>21</b> Total liabilities (Part X, line 26)	363,488,232.	355,525,760.
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20.	201,601,183.	211,722,268.
<b>22</b>	161,887,049.	143,803,492.	

## Part II Signature Block

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

**Sign Here** ▶ Signature of officer \_\_\_\_\_ Date \_\_\_\_\_

▶ Type or print name and title \_\_\_\_\_

<b>Paid Preparer's Use Only</b>	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's identifying number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG U. S. LLP 1901 6TH AVENUE NORTH SUITE 1200 BIRMINGHAM, AL 35203		EIN ▶	34-6565596
			Phone no. ▶	205-251-2000

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

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2008)

**Part III Statement of Program Service Accomplishments** (see instructions)

**1** Briefly describe the organization's mission:

SEE STATEMENT 1

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . .  Yes  No

If "Yes" describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . .  Yes  No

If "Yes," describe these changes on Schedule O.

**4** Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts 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 \$ 259,855,687. including grants of \$ 100,000. ) (Revenue \$ 2,666,084. )

SEE STATEMENT 2

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

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

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

**4e Total program service expenses** ▶ \$ 259,855,687. (Must equal Part IX, Line 25, column (B).)

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

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

		Yes	No
<b>28</b>	During the tax year, did any person who is a current or former officer, director, trustee, or key employee:		
<b>a</b>	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		X
<b>b</b>	Have a family member who had a direct or indirect business relationship with the organization? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		X
<b>c</b>	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		X
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .		X
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .		X
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .		X
<b>32</b>	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> . . . . .		X
<b>33</b>	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	X	
<b>34</b>	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . .	X	
<b>35</b>	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	X	
<b>36</b>	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	X	
<b>37</b>	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .		X

Part V Statements Regarding Other IRS Filings and Tax Compliance

Table with columns for question ID, question text, and Yes/No columns. Includes questions 1a through 12b regarding IRS filings and tax compliance.

Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include questions about voting members, family relationships, management delegation, organizational changes, asset diversions, members, and documentation.

Section B. Policies

Table with 3 columns: Question, Yes, No. Rows include questions about conflict of interest policy, whistleblower policy, document retention, compensation process, and joint ventures.

Section C. Disclosure

Table with 2 columns: Question, Answer. Rows include questions about state filing requirements, public inspection of forms, and disclosure of governing documents.





**Part VIII Statement of Revenue**

52-0591612

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
<b>Contributions, gifts, grants and other similar amounts</b>	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>				
	<b>b</b> Membership dues . . . . .	<b>1b</b>				
	<b>c</b> Fundraising events . . . . .	<b>1c</b>				
	<b>d</b> Related organizations . . . . .	<b>1d</b>				
	<b>e</b> Government grants (contributions) . .	<b>1e</b>				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above .	<b>1f</b>	4,115,496.			
	<b>g</b> Noncash contributions included in lines 1a-1f: \$		1,953.			
	<b>h Total.</b> Add lines 1a-1f . . . . . ▶		4,115,496.			
<b>Program Service Revenue</b>			<b>Business Code</b>			
	<b>2a</b> <u>INPATIENT REVENUE</u>	900099	153,876,927.	153,876,927.		
	<b>b</b> <u>OUTPATIENT REVENUE</u>	621400	129,338,154.	129,338,154.		
	<b>c</b> <u>TRANSCRIPTION SERVICES</u>	561000	528,818.	528,818.		
	<b>d</b> <u>GROUP PURCHASING ( PREMIER)</u>	900099	504,476.	504,476.		
	<b>e</b> <u>RETAIL PHARMACY</u>	446110	405,092.	254,205.	150,887.	
	<b>f</b> All other program service revenue . . . . .	900099	886,740.	886,740.		
	<b>g Total.</b> Add lines 2a-2f . . . . . ▶		285,540,207.			
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		2,649,584.			2,649,584.
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . ▶		NONE			
	<b>5</b> Royalties . . . . . ▶		NONE			
		(i) Real	(ii) Personal			
	<b>6a</b> Gross Rents . . . . .	20,178.				
	<b>b</b> Less: rental expenses . . . . .					
	<b>c</b> Rental income or (loss) . . . . .	20,178.				
	<b>d</b> Net rental income or (loss) . . . . . ▶			20,178.		20,178.
		(i) Securities	(ii) Other			
	<b>7a</b> Gross amount from sales of assets other than inventory . . . . .	21,948,425.				
	<b>b</b> Less: cost or other basis and sales expenses . . . . .	28,143,608.				
	<b>c</b> Gain or (loss) . . . . .	-6,195,183.				
	<b>d</b> Net gain or (loss) . . . . . ▶			-6,195,183.		-6,195,183.
	<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18. . . . . <b>a</b>					
	<b>b</b> Less: direct expenses . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from fundraising events . . . . . ▶			NONE		
	<b>9a</b> Gross income from gaming activities. See Part IV, line 19. . . . . <b>a</b>					
	<b>b</b> Less: direct expenses . . . . . <b>b</b>					
<b>c</b> Net income or (loss) from gaming activities . . . . . ▶			NONE			
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . . <b>a</b>	535,931.					
<b>b</b> Less: cost of goods sold . . . . . <b>b</b>	158,240.					
<b>c</b> Net income or (loss) from sales of inventory. . . . . ▶			377,692.	16,500.	361,192.	
<b>Miscellaneous Revenue</b>		<b>Business Code</b>				
<b>11a</b> <u>CAFETERIA &amp; COFFEE SHOP</u>	722210	1,151,660.			1,151,660.	
<b>b</b> <u>MT. AIRY JOINT VENTURE MANAGEMENT FEE</u>	541610	311,223.			311,223.	
<b>c</b> <u>PREMIER PURCHASING PARTNERSHIP INCOME</u>	541900	-4,473.			-4,473.	
<b>d</b> All other revenue . . . . .	900099	-66,403.			-66,403.	
<b>e Total.</b> Add lines 11a-11d . . . . . ▶		1,392,007.				
<b>12 Total Revenue.</b> Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e . . . . . ▶		287,899,981.	285,339,417.	507,606.	-2,062,538.	

**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) but are not required to complete columns (B), (C), and (D).**

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21 . . .	100,000.	100,000.		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22 . . . . .	NONE			
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16 . . . . .	NONE			
4 Benefits paid to or for members . . . . .	NONE			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	4,054,576.		4,054,576.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . .	NONE			
7 Other salaries and wages . . . . .	118,954,503.	109,154,453.	9,539,707.	260,343.
8 Pension plan contributions (include section 401 (k) and section 403(b) employer contributions) . .	598,546.	550,044.	48,072.	430.
9 Other employee benefits . . . . .	20,337,133.	18,672,815.	1,599,705.	64,613.
10 Payroll taxes . . . . .	8,732,291.	8,024,688.	701,329.	6,274.
11 Fees for services (non-employees):				
a Management . . . . .	NONE			
b Legal . . . . .	626,183.	3,680.	622,503.	
c Accounting . . . . .	277,063.		277,063.	
d Lobbying . . . . .	NONE			
e Professional fundraising services. See Part IV, line 17	NONE			
f Investment management fees . . . . .	348,151.		348,151.	
g Other . . . . .	20,206,986.	17,660,433.	2,514,427.	32,126.
12 Advertising and promotion . . . . .	656,590.	8,610.	539,172.	108,808.
13 Office expenses . . . . .	6,852,200.	6,267,001.	526,197.	59,002.
14 Information technology . . . . .	1,789,597.	1,692,486.	97,111.	
15 Royalties . . . . .	NONE			
16 Occupancy . . . . .	4,077,321.	3,682,287.	395,034.	
17 Travel . . . . .	164,987.	126,717.	38,033.	237.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	NONE			
19 Conferences, conventions, and meetings . . . .	384,414.	295,672.	88,742.	
20 Interest . . . . .	7,220,934.	6,762,405.	440,477.	18,052.
21 Payments to affiliates . . . . .	NONE			
22 Depreciation, depletion, and amortization . . . .	17,622,805.	14,543,134.	3,066,242.	13,429.
23 Insurance . . . . .	1,841,804.	190,561.	1,651,243.	
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a COST OF GOODS SOLD, SUPPLIES	49,403,062.	48,858,750.	538,845.	5,467.
b BAD DEBT EXPENSE	10,646,794.	10,646,794.		
c PROFESSIONAL FEES	8,512,468.	7,922,621.	541,847.	48,000.
d ALL OTHER EXPENSES	5,895,357.	4,692,536.	1,201,638.	1,183.
e				
f All other expenses				
25 <b>Total functional expenses.</b> Add lines 1 through 24f	289,303,765.	259,855,687.	28,830,114.	617,964.
26 <b>Joint Costs.</b> Check here <input type="checkbox"/> If following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation . . . . .				

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing . . . . .	1,705,365.	<b>1</b>	3,872,662.
	<b>2</b> Savings and temporary cash investments . . . . .	23,768,088.	<b>2</b>	27,660,986.
	<b>3</b> Pledges and grants receivable, net . . . . .	4,634,697.	<b>3</b>	4,694,936.
	<b>4</b> Accounts receivable, net . . . . .	40,311,577.	<b>4</b>	40,614,085.
	<b>5</b> Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L . . . . .		<b>5</b>	
	<b>6</b> Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L . . . . .		<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>	
	<b>8</b> Inventories for sales or use . . . . .	4,350,552.	<b>8</b>	3,974,198.
	<b>9</b> Prepaid expenses and deferred charges . . . . .	1,254,897.	<b>9</b>	1,290,470.
	<b>10a</b> Land, buildings, and equipment: cost basis . . . . .	<b>10a</b> 323,228,046.		
	<b>b</b> Less: accumulated depreciation. Complete Part VI of Schedule D. . . . .	<b>10b</b> 150,399,104.	176,516,445.	<b>10c</b> 172,828,942.
	<b>11</b> Investments - publicly traded securities . . . . .	66,477,980.	<b>11</b>	58,778,330.
	<b>12</b> Investments - other securities. See Part IV, line 11 . . . . .		<b>12</b>	
	<b>13</b> Investments - program-related. See Part IV, line 11 . . . . .	37,089,930.	<b>13</b>	34,331,477.
	<b>14</b> Intangible assets . . . . .		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	7,378,701.	<b>15</b>	7,479,674.
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	363,488,232.	<b>16</b>	355,525,760.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	34,346,536.	<b>17</b>	30,580,584.
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities . . . . .	143,828,875.	<b>20</b>	140,482,951.
	<b>21</b> Escrow account liability. Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	2,496,384.	<b>23</b>	1,436,966.
	<b>24</b> Unsecured notes and loans payable . . . . .		<b>24</b>	
<b>25</b> Other liabilities. Complete Part X of Schedule D . . . . .	20,929,388.	<b>25</b>	39,221,767.	
<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	201,601,183.	<b>26</b>	211,722,268.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	155,010,896.	<b>27</b>	136,679,001.
	<b>28</b> Temporarily restricted net assets . . . . .	5,899,976.	<b>28</b>	6,148,314.
	<b>29</b> Permanently restricted net assets . . . . .	976,177.	<b>29</b>	976,177.
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> Total net assets or fund balances . . . . .	161,887,049.	<b>33</b>	143,803,492.	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	363,488,232.	<b>34</b>	355,525,760.	

**Part XI Financial Statements and Reporting**

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .		X
<b>b</b>	Were the organization's financial statements audited by an independent accountant? . . . . .		X
<b>c</b>	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . . . .		
<b>3a</b>	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? . . . . .		X
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? . . . . .		



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.)

Section A. Public Support

Table with 7 columns: (a) 2004, (b) 2005, (c) 2006, (d) 2007, (e) 2008, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1-3; 5 The portion of total contributions by each person; 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2004, (b) 2005, (c) 2006, (d) 2007, (e) 2008, (f) Total. Rows include: 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; 10 Other income. Do not include gain or loss from the sale of capital assets; 11 Total support. Add lines 7 through 10.

12 Gross receipts from related activities, etc. (See instructions.)
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))
15 Public support percentage from 2007 Schedule A, Part IV-A, line 26f
16a 33 1/3% support test - 2008. 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.
16b 33 1/3% support test - 2007. 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.
17a 10%-facts-and-circumstances test - 2008. 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 "fact-and-circumstances" test, check this box and stop here.
17b 10%-facts-and-circumstances test - 2007. 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.
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions

Part III Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Table with 7 columns: Calendar year (or fiscal year beginning in), (a) 2004, (b) 2005, (c) 2006, (d) 2007, (e) 2008, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Gross receipts from admissions, merchandise sold or services performed; 3 Gross receipts from activities that are not an unrelated trade or business; 4 Tax revenues levied for the organization's benefit; 5 The value of services or facilities furnished by a governmental unit; 6 Total; 7a Amounts included on lines 1, 2, and 3 received from disqualified persons; 7b Amounts included on lines 2 and 3 received from other than disqualified persons; 7c Add lines 7a and 7b; 8 Public support (Subtract line 7c from line 6).

Section B. Total Support

Table with 7 columns: Calendar year (or fiscal year beginning in), (a) 2004, (b) 2005, (c) 2006, (d) 2007, (e) 2008, (f) Total. Rows include: 9 Amounts from line 6; 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 10b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975; 10c Add lines 10a and 10b; 11 Net income from unrelated business activities not included in line 10b; 12 Other income. Do not include gain or loss from the sale of capital assets; 13 Total support. (Add lines 9, 10c, 11, and 12.); 14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 3 columns: Description, Line number, Percentage. Rows: 15 Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f)); 16 Public support percentage from 2007 Schedule A, Part IV-A, line 27g.

Section D. Computation of Investment Income Percentage

Table with 3 columns: Description, Line number, Percentage. Rows: 17 Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f)); 18 Investment income percentage from 2007 Schedule A, Part IV-A, line 27h.

19a 33 1/3% support tests - 2008. 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.
19b 33 1/3% support tests - 2007. 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.



**Schedule B**  
(Form 990, 990-EZ,  
or 990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

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

OMB No. 1545-0047

**2008**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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**

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

**Special Rules**

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33<sup>1</sup>/<sub>3</sub>% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) . . . . . ▶ \$ \_\_\_\_\_

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

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. These instructions will be issued separately.

Schedule B (Form 990, 990-EZ, or 990-PF) (2008)

<b>Name of organization</b> FREDERICK MEMORIAL HOSPITAL, INC.	<b>Employer identification number</b> 52-0591612
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**Part I Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	<u>ABRAMS DEVELOPMENT/KINSLEY CONSTRUCTION</u>  <u>7221 LEE DEFOREST DRIVE, SUITE 100</u>  <u>COLUMBIA, MD 21046</u>	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	<u>AUSHERMAN FAMILY FOUNDATION</u>  <u>7420 HAYWARD ROAD, SUITE 203</u>  <u>FREDERICK, MD 21702</u>	\$ 51,350.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	<u>BB&amp;T WEALTH MANAGEMENT</u>  <u>7200 BANK COURT</u>  <u>FREDERICK, MD 21703</u>	\$ 12,050.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	<u>BECHTEL NATIONAL, INC.</u>  <u>5275 WESTVIEW DRIVE</u>  <u>FREDERICK, MD 21703-8306</u>	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	<u>CENTRAL COCA-COLA BOTTLING CO.</u>  <u>100 WESTERN MARYLAND PARKWAY</u>  <u>HAGERSTOWN, MD 21740-5116</u>	\$ 5,100.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	<u>CINDELL CONSTRUCTION COMPANY, INC.</u>  <u>108 BYTE DRIVE, SUITE 200</u>  <u>FREDERICK, MD 21702</u>	\$ 5,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

<b>Name of organization</b> FREDERICK MEMORIAL HOSPITAL, INC.	<b>Employer identification number</b> 52-0591612
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**Part I Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
7	DELAPLAINE FOUNDATION, INC.  244 WEST PATRICK ST., P.O. BOX 3829  FREDERICK, MD 21705-3829	\$ 25,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8	DR. & MRS. EDWARD S. ANDOCHICK  305 UPPER COLLEGE TERRACE  FREDERICK, MD 21701	\$ 5,150.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9	DR. & MRS. P. GREGORY RAUSCH  5527 WOODLYN ROAD  FREDERICK, MD 21703-6965	\$ 5,655.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
10	DR LEEANN M ROCK & DR BRIAN J ANDERSON  5812 WESTERN VIEW PL  MOUNT AIRY, MD 21771	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
11	DRS. ALBERT & CARA SIMMONDS  14504 POPLAR HILL ROAD  DARNESTOWN, MD 20874	\$ 5,250.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
12	DRS. SHESHAGIRI & KUSUM KALAVAR  6015 WHITE FLINT DRIVE  FREDERICK, MD 21702	\$ 5,100.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

<b>Name of organization</b> FREDERICK MEMORIAL HOSPITAL, INC.	<b>Employer identification number</b> 52-0591612
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**Part I Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
13	EMERGENCY PHYSICIAN ASSOCIATES, P. A.  257 WEST PATRICK STREET  FREDERICK, MD 21701	\$ 15,200.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
14	ESTATE OF CLARENCE LEATHERMAN  6201 LEESBURG PIKE  FALLS CHURCH, MD 22044	\$ 8,805.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
15	ESTATE OF EDWARD BLUMENAUER  7360 GUILFORD DR., SUITE 203  FREDERICK, MD 21704	\$ 23,818.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
16	ESTATE OF ELIZABETH R. FRYE  30 WEST PATRICK STREET  FREDERICK, MD 21701	\$ 8,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
17	ESTATE OF KATHLEEN ENGELBRECHT SIER  341 WEST PATRICK  FREDERICK, MD 21701	\$ 71,718.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
18	ESTATE OF LEO AND LEONORA ROCCA  100 NORTH MAIN STREET  WINSTON SALEM, NC 27150	\$ 6,708.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612**Part I** Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
19	<u>ESTATE OF MARY GRACE CASTLE</u> <u>131 WEST PATRICK</u> <u>FREDERICK, MD 21701</u>	\$ <u>150,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
20	<u>ESTATE OF MRS. BENJAMIN SHUFF</u> <u>10 SOUTH MARKET STREET</u> <u>FREDERICK, MD 21701</u>	\$ <u>252,109.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
21	<u>ESTATE OF PHILIP &amp; JANIS WERTHEIMER</u> <u>PO BOX 460</u> <u>FREDERICK, MD 21705</u>	\$ <u>15,453.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
22	<u>FREDERICK MEDICAL &amp; PULMONARY ASSOCIATES</u> <u>1475 TANEY AVENUE, STE. 204</u> <u>FREDERICK, MD 21707</u>	\$ <u>10,500.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
23	<u>FREDERICK MEMORIAL HOSPITAL AUXILIARY</u> <u>400 W. SEVENTH STREET</u> <u>FREDERICK, MD 21701</u>	\$ <u>217,137.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
24	<u>GUELDA IMIRIE</u> <u>7351 WILLOW ROAD, COTTAGE #9</u> <u>FREDERICK, MD 21702</u>	\$ <u>5,167.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612**Part I** Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
25	HARRIET K. FISHER 3403 OAKENSHAW PLACE BALTIMORE, MD 21218	\$ 11,296.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
26	HUGHES NETWORK SYSTEMS 11717 EXPLORATION LANE GERMANTOWN, MD 20876	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
27	K. C. LEE, M.D. 5809 NICHOLSON LN, APT. 1211 ROCKVILLE, MD 20852	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
28	KATHLEEN ALEXANDER MEMORIAL FUND 787 SEVENTH AVENUE NEW YORK, NY 10019	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
29	MD SOCIETY FOR CRIPPLED CHILDREN/ADULTS 86 THOMAS JOHNSON COURT FREDERICK, MD 21702	\$ 20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
30	MR. & MRS. GARY R. SANBOWER 7901 RANNYMEADE DRIVE FREDERICK, MD 21702	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612**Part I** Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
31	MR. & MRS. JACQUES PARE 10150 GREENSWARD LINK IJAMSVILLE, MD 21754	\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
32	MR. & MRS. JAMES M. FREY P. O. BOX 659 MT. AIRY, MD 21771	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
33	MR. & MRS. JEFFREY I. HURWITZ P. O. BOX 674, 11234 EASTERDAY RD FREDERICK, MD 21705	\$ 20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
34	MR. & MRS. LESTER J. POWLEN, JR. 10115 MELODY LANE HAGERSTOWN, MD 21740	\$ 5,100.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
35	MR. & MRS. M. ROBERT RITCHIE, JR. 5630 IJAMSVILLE ROAD IJAMSVILLE, MD 21754	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
36	MR. & MRS. MARTY MILLER 12240 ROUNDWOOD ROAD, UNIT 202 TIMONIUM, MD 21093	\$ 5,709.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612**Part I** Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
37	MR. & MRS. PHILIP A. BERKHEIMER  1500 ROCK CREEK DRIVE  FREDERICK, MD 21702	\$ 5,050.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> <small>(Complete Part II if there is a noncash contribution.)</small>
38	MR. & MRS. TERRENCE W. MCPHERSON  7600 MCKAIG ROAD  FREDERICK, MD 21701	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> <small>(Complete Part II if there is a noncash contribution.)</small>
39	MR. ABE POLLIN  C/O VERIZON CENTER - 601 F STREET, N.W.  WASHINGTON, DC 20004	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> <small>(Complete Part II if there is a noncash contribution.)</small>
40	MR. JAMES M. CAMPBELL  1628 SHOOKSTOWN ROAD  FREDERICK, MD 21702	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> <small>(Complete Part II if there is a noncash contribution.)</small>
41	MR. JAMES M. STOCKMAN  7722 RIDGE ROAD  FREDERICK, MD 21702-3523	\$ 40,833.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> <small>(Complete Part II if there is a noncash contribution.)</small>
42	MR. W. BERT ANDERSON  125 N. EAST STREET  FREDERICK, MD 21701	\$ 6,725.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> <small>(Complete Part II if there is a noncash contribution.)</small>

Name of organization FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612**Part I** Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
43	MRS. HULDA E. HOLTER 6441 JEFFERSON PIKE, #324 FREDERICK, MD 21703-7039	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
44	MRS. NANCY LITTLE 5509 OLD NATIONAL PIKE FREDERICK, MD 21702-3650	\$ 11,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
45	MS. MARY COSTER 5525 WOODLYN ROAD FREDERICK, MD 21703	\$ 31,209.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
46	PATTY POLLATOS FUND, INC. 11102 EAGLETRACE COURT NEW MARKET, MD 21774	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
47	PNC BANK 110 THOMAS JOHNSON DRIVE, SUITE 100 FREDERICK, MD 21702	\$ 57,144.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
48	PRIME DOC ONE WEST PACK SQUARE, SUITE 300 ASHEVILLE, NC 28801	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

<b>Name of organization</b> FREDERICK MEMORIAL HOSPITAL, INC.	<b>Employer identification number</b> 52-0591612
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**Part I Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
49	R. W. WARNER, INC.  P. O. BOX 685, 217 MONROE AVENUE  FREDERICK, MD 21705	\$ 25,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
50	THE FREDERICK NEWS-POST  351 BALLENGER CENTER DRIVE  FREDERICK, MD 21703	\$ 30,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
51	THE G. FRANK THOMAS FOUNDATION, INC.  506 FAIRVIEW AVENUE  FREDERICK, MD 21701	\$ 20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
52	THE GEORGE L. SHIELDS FOUNDATION, INC.  55 EASTON ROAD  WESTPORT, CT 06880	\$ 300,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____  _____  _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____  _____  _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

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

**Political Campaign and Lobbying Activities**  
For Organizations Exempt From Income Tax Under section 501(c) and section 527

OMB No. 1545-0047  
**2008**  
**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

▶ To be completed by organizations described below.  
▶ Attach to Form 990 or Form 990-EZ.

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

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

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

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

**If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax), then**

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

Name of organization <b>FREDERICK MEMORIAL HOSPITAL, INC.</b>	Employer identification number <b>52-0591612</b>
--	---

**Part I-A To be completed by all organizations exempt under section 501(c) and section 527 organizations.**  
See the instructions for Schedule C for details.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures . . . . . ▶ \$ \_\_\_\_\_

3 Volunteer hours . . . . . \_\_\_\_\_

**Part I-B To be completed by all organizations exempt under section 501(c)(3).**  
See the instructions for Schedule C for details.

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 To be completed by all organizations exempt under section 501(c), except section 501(c)(3).**  
See the instructions for Schedule C for details.

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 of direct and indirect exempt function expenditures. Add lines 1 and 2 and enter here and on Form 1120-POL, line 17b . . . . . ▶ \$ \_\_\_\_\_

4 Did the filing organization file **Form 1120-POL** for this year? . . . . .  Yes  No

5 State the names, addresses and employer identification number (EIN) of all section 527 political organizations to which payments were made. Enter the amount paid and indicate if the amount was paid from the filing organization's funds or were political contributions received and 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-.

**Part II-A To be completed by organizations exempt under section 501(c)(3) that filed Form 5768 (election under section 501(h)).** See the instructions for Schedule C for details.

- A** Check  if the filing organization belongs to an affiliated group.  
**B** Check  if the filing organization checked box A and "limited control" provisions apply.

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
<b>1 a</b>	Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .														
<b>b</b>	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .														
<b>c</b>	Total lobbying expenditures (add lines 1a and 1b) . . . . .														
<b>d</b>	Other exempt purpose expenditures . . . . .														
<b>e</b>	Total exempt purpose expenditures (add lines 1c and 1d) . . . . .														
<b>f</b>	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">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.														
<b>g</b>	Grassroots nontaxable amount (enter 25% of line 1f) . . . . .														
<b>h</b>	Subtract line 1g from line 1a. Enter -0- if line g is more than line a . . . . .														
<b>i</b>	Subtract line 1f from line 1c. Enter -0- if line f is more than line c . . . . .														
<b>j</b>	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) Total
<b>2 a</b>	Lobbying non-taxable amount				
<b>b</b>	Lobbying ceiling amount (150% line 2a, column(e))				
<b>c</b>	Total lobbying expenditures				
<b>d</b>	Grassroots non-taxable amount				
<b>e</b>	Grassroots ceiling amount (150% of line 2d, column (e))				
<b>f</b>	Grassroots lobbying expenditures				

Part II-B To be completed by organizations exempt under section 501(c)(3) that have NOT filed Form 5768 (election under section 501(h)). See the instructions for Schedule C for details.

Table with 3 main columns: Question, (a) Yes/No, and (b) Amount. Rows include questions about influencing legislation, volunteers, staff, media, mailings, publications, grants, direct contact, rallies, and other activities.

Part III-A To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6). See the instructions for Schedule C for details.

Table with 3 columns: Question, Yes, No. Rows include questions about dues received, lobbying expenditures, and carryover lobbying.

Part III-B To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, questions 1 and 2 are answered "No" OR if Part III-A, question 3 is answered "Yes." See Schedule C instructions for details.

Table with 3 columns: Question, Yes, No. Rows include questions about dues, non-deductible lobbying expenditures, and carryover amounts.

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5 and Part II-B, line 1i. Also, complete this part for any additional information.

DESCRIPTION OF LOBBYING ACTIVITIES

SCHEDULE C, PART II-B, LINE 1I

EXPENSE IS A PORTION OF DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION,

MARYLAND HOSPITAL ASSOCIATION, MARYLAND NATIONAL CAPITAL HOMECARE

ASSOCIATION AND NATIONAL ASSOCIATION FOR HOME CARE.



SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization

Employer identification number

FREDERICK MEMORIAL HOSPITAL, INC.

52-0591612

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate contributions to (during year), 3 Aggregate grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?, 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit?

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

Form with multiple sections: 1 Purpose(s) of conservation easements held by the organization (check all that apply), 2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year. Includes sub-sections a-d with a table 'Held at the End of the Year' and questions 3-9 regarding monitoring, expenses, and reporting.

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

Form with questions 1a-1b regarding reporting of art, historical treasures, or other similar assets, and 2 regarding reporting of revenues and assets for financial gain.

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

- 3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a  Public exhibition
  - b  Scholarly research
  - c  Preservation for future generations
  - d  Loan or exchange programs
  - e  Other \_\_\_\_\_
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.
- 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 Trust, Escrow and Custodial Arrangements.** Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? . . . . .  Yes  No
- b If "Yes," explain the arrangement in Part XIV and complete the following table:
- |   | Amount |
|---|--------|
| c Beginning balance . . . . .             | 1c     |
| d Additions during the year . . . . .     | 1d     |
| e Distributions during the year . . . . . | 1e     |
| f Ending balance . . . . .                | 1f     |
- 2a Did the organization include an amount on Form 990, Part X, line 21? . . . . .  Yes  No
- b If "Yes," explain the arrangement in Part XIV.

**Part V Endowment Funds.** Complete if organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance . . . . .	976,177.				
b Contributions . . . . .					
c Investment earnings or losses . . . . .					
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .					
f Administrative expenses . . . . .					
g End of year balance . . . . .	976,177.				

- 2 Provide the estimated percentage of the year end balance held as:
- a Board designated or quasi-endowment ▶ \_\_\_\_\_ %
  - b Permanent endowment ▶ 100.0000 %
  - c Term endowment ▶ \_\_\_\_\_ %
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- |                                       | Yes                      | No                                  |
|---------------------------------------|--------------------------|-------------------------------------|
| (i) unrelated organizations . . . . . | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (ii) related organizations . . . . .  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .  Yes  No
- 4 Describe in Part XIV the intended uses of the organization's endowment funds.

**Part VI Investments - Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land . . . . .	2,421,745.			2,421,745.
b Buildings . . . . .	167,725,109.		39,844,905.	127,880,204.
c Leasehold improvements . . . . .	11,493,177.		7,685,180.	3,807,997.
d Equipment . . . . .	139,795,300.		102,869,019.	36,926,281.
e Other . . . . .	1,792,715.			1,792,715.
<b>Total.</b> Add lines 1a-1e. (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				172,828,942.

**Part VII Investments - Other Securities.** 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
Financial derivatives and other financial products . . . . .		
Closely-held equity interests . . . . .		
Other _____		
_____		
_____		
_____		
_____		
_____		
_____		
_____		
_____		
<b>Total.</b> (Column (b) should equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
LIFE INSURANCE POLICY	1,290,038.	FMV
INVESTMENT IN SUBSIDIARIES	19,235,825.	FMV
ASSETS LIMITED AS TO USE	13,805,614.	FMV
_____		
_____		
_____		
_____		
_____		
_____		
_____		
<b>Total.</b> (Column (b) should equal Form 990, Part X, col. (B) line 13.) ▶	34,331,477.	

**Part IX Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
_____	
_____	
_____	
_____	
_____	
_____	
_____	
_____	
_____	
_____	
<b>Total.</b> (Column (b) should equal Form 990, Part X, col. (B) line 15.) ▶	

**Part X Other Liabilities.** See Form 990, Part X, line 25.

(a) Description of liability	(b) Amount	
Federal income taxes		
ADVANCES FROM THIRD PARTIES	7,205,494.	
INTEREST RATE SWAP CONTRACT	8,045,771.	
PENSION LIABILITY	13,306,418.	
MALPRACTICE INSURANCE LIABILITY	3,969,441.	
CAPITAL LEASE OBLIGATIONS	2,065,904.	
OTHER LIABILITIES	4,628,739.	
_____		
_____		
_____		
<b>Total.</b> (Column (b) should equal Form 990, Part X, col. (B) line 25.) ▶	39,221,767.	

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48.

**Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements**

Table with 10 rows for reconciliation of net assets. Columns include line numbers (1-10) and descriptions such as 'Total revenue', 'Total expenses', 'Excess or (deficit) for the year', 'Net unrealized gains', 'Donated services', 'Investment expenses', 'Prior period adjustments', 'Other', 'Total adjustments', and 'Excess or (deficit) for the year per financial statements'.

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

Table with 5 main rows for revenue reconciliation. Sub-rows include 'Net unrealized gains', 'Donated services', 'Recoveries of prior year grants', 'Other', 'Investment expenses not included', and 'Other' under various line numbers (1, 2a-d, 2e, 3, 4a-c, 5).

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

Table with 5 main rows for expense reconciliation. Sub-rows include 'Donated services', 'Prior year adjustments', 'Losses reported', 'Other', 'Investment expenses not included', and 'Other' under various line numbers (1, 2a-d, 2e, 3, 4a-c, 5).

**Part XIV Supplemental Information**

Complete this part to 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; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b.

SEE PAGE 5

Series of horizontal dashed lines provided for entering supplemental information.

**Part XIV Supplemental Information (continued)**

INTENDED USE OF ENDOWMENT FUNDS

SCHEDULE D, PART V, LINE 4

ENDOWMENT FUNDS ARE USED FOR HEALTH CARE SERVICES.

FINANCIAL INTERPRETATION NUMBER 48

SCHEDULE D, PART X

IN JULY 2006, FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) INTERPRETATION

NO. 48 (FIN 48), ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, AN

INTERPRETATION OF FASB STATEMENT NO. 109, ACCOUNTING FOR INCOME TAXES,

WAS ISSUED. FIN 48 CREATES A SINGLE MODEL TO ADDRESS UNCERTAINTY IN TAX

POSITIONS AND CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING

THE MINIMUM RECOGNITION THRESHOLD A TAX POSITION IS REQUIRED TO MEET

BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS. UNDER THE

REQUIREMENTS OF FIN 48, TAX-EXEMPT ORGANIZATIONS COULD NOW BE REQUIRED TO

RECORD AN OBLIGATION AS THE RESULT OF TAX POSITIONS THEY HAVE

HISTORICALLY TAKEN ON VARIOUS TAX EXPOSURE ITEMS. PRIOR TO FIN 48, THE

DETERMINATION OF WHEN TO RECORD A LIABILITY FOR A TAX EXPOSURE WAS BASED

ON WHETHER A LIABILITY WAS CONSIDERED PROBABLE AND REASONABLY ESTIMABLE

IN ACCORDANCE WITH SFAS NO. 5, ACCOUNTING FOR CONTINGENCIES. ON JULY 1,

2007, THE HOSPITAL ADOPTED FIN 48. THE IMPACT OF THE ADOPTION OF FIN 48

ON THE HOSPITAL'S FINANCIAL STATEMENTS WAS NOT SIGNIFICANT.

**SCHEDULE H**

(Form 990)

**Hospitals**

OMB No. 1545-0047

**2008**

**Open to Public Inspection**

▶ To be completed by organizations that answer "Yes" to Form 990,

Part IV, line 20.

▶ Attach to Form 990.

Department of the Treasury  
Internal Revenue Service

Name of the organization

Employer identification number

FREDERICK MEMORIAL HOSPITAL, INC.

52-0591612

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

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

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

**7 Charity Care and Certain Other Community Benefits at Cost**

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>Charity Care and Means-Tested Government Programs</b>						
<b>a</b> Charity care at cost (from Worksheets 1 and 2) . . . . .						
<b>b</b> Unreimbursed Medicaid (from Worksheet 3, column a) . . . . .						
<b>c</b> Unreimbursed costs - other means-tested government programs (from Worksheet 3, column b) . . . . .						
<b>d</b> Total Charity Care and Means-Tested Government Programs . . . . .						
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .						
<b>f</b> Health professions education (from Worksheet 5) . . . . .						
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .						
<b>h</b> Research (from Worksheet 7) . . . . .						
<b>i</b> Cash and in-kind contributions to community groups (from Worksheet 8)						
<b>j</b> Total Other Benefits . . . . .						
<b>k</b> Total (line 7d and 7j) . . . . .						

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

Schedule H (Form 990) 2008

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities. (Optional for 2008)

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

**Part III Bad Debt, Medicare, & Collection Practices** (Optional for 2008)

**Section A. Bad Debt Expense**

- 1 Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .
- 2 Enter the amount of the organization's bad debt expense (at cost) . . . . .
- 3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy . . . . .
- 4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, or rationale for including other bad debt amounts in community benefit.

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

**Section B. Medicare**

- 5 Enter total revenue received from Medicare (including DSH and IME) . . . . .
- 6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .
- 7 Enter line 5 less line 6 - surplus or (shortfall) . . . . .
- 8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit and the costing methodology or source used to determine the amount reported on line 6, and indicate which of the following methods was used:  
 Cost accounting system     Cost to charge ratio     Other

**Section C. Collection Practices**

- 9a Does the organization have a written debt collection policy? . . . . .
- b If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI. . . . .

**Part IV Management Companies and Joint Ventures** (Optional for 2008)

	(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					
14					

**Part V Facility Information (Required for 2008)**

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER - 24 hours	ER - other	Other (Describe)
FREDERICK MEMORIAL HOSPITAL 400 WEST SEVENTH STREET FREDERICK MD 21701	X	X					X		
FMH IMMEDIATE CARE -FREDERICK 850 OAK STREET FREDERICK MD 21701									OUTPATIENT URGENT CARE FACILITY
FMH KLINE HOSPICE HOUSE 7000 KIMMEL ROAD MT AIRY MD 21771									INPATIENT FACILITY FOR HOSPICE PATIENTS
MT AIRY HEALTH SERVICES 1502 SOUTH MAIN STREET MT AIRY MD 21771									OUTPATIENT DIAGNOSTIC CENTER
PARKVIEW MEDICAL GROUP 1502 SOUTH MAIN STREET MT AIRY MD 21771									OUTPATIENT PHYSICIAN CLINIC
PARKVIEW MEDICAL GROUP 3000-D VENTRIE COURT MYERSVILLE MD 21773									OUTPATIENT PHYSICIAN CLINIC
PARKVIEW MEDICAL GROUP 1564 OPOSSUMTOWN PIKE FREDERICK MD 21702									OUTPATIENT PHYSICIAN CLINIC
FMH REGIONAL CANCER CARE THERAPY CENTER 501 WEST SEVENTH STREET FREDERICK MD 21701									OUTPATIENT CANCER TREATMENT CENTER
FMH ROSE HILL 1562 OPOSSUMTOWN PIKE FREDERICK MD 21701									OUTPATIENT DIAGNOSTIC CENTER
UNION BRIDGE FAMILY PRACTICE 104 NORTH MAIN STREET UNION BRIDGE MD 21791									OUTPATIENT PHYSICIAN CLINIC
FMH HOME MEDICAL EQUIPMENT AND SUPPLIES 605 EAST CHURCH STREET FREDERICK MD 21701									DURABLE MEDICAL GOODS ORGANIZATION
FMH HOME HEALTH SERVICES 605 EAST CHURCH STREET, SUITE 2 FREDERICK MD 21701									HOME HEALTH NURSING ORGANIZATION
HOSPICE OF FREDERICK COUNTY PO BOX 1799, 516 TRAIL AVE. FREDERICK MD 21702									HOSPICE CARE ORGANIZATION
FMH ROSE HILL REHAB SERVICES 1562 OPOSSUMTOWN PIKE FREDERICK MD 21702									OUTPATIENT REHABILITATION CLINIC
FMH CRESTWOOD 7196 CRESTWOOD BLVD FREDERICK MD 21703									OUTPATIENT DIAGNOSTIC CENTER
FMH WELLNESS CENTER 5500 BUCKEYSTOWN PIKE FREDERICK MD 21702									OUTPATIENT TREATMENT CENTER







**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

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

GRANTS PAID POLICY

FREDERICK MEMORIAL HOSPITAL PROVIDES FUNDING TO A LOCAL COMMUNITY COLLEGE

(501C3) IN AN EFFORT TO ENHANCE ITS ALLIED HEALTH RESOURCES. THROUGH THIS

PROGRAM, A FORMAL EDUCATION FORUM IS ESTABLISHED RESULTING IN FULLY

ACCREDITED PROGRAMS THAT MEET THE FREDERICK MEMORIAL HOSPITAL'S NEEDS.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

▶ Attach to Form 990. To be completed by organizations  
that answered "Yes" to Form 990, Part IV, line 23.

OMB No. 1545-0047

**2008**

**Open to Public  
Inspection**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

**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 in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

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

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

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

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

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

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a:

**a** Receive a severance payment or change of control payment? . . . . .

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

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

**a** The organization? . . . . .

**b** Any related organization? . . . . .

If "Yes" to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

**a** The organization? . . . . .

**b** Any related organization? . . . . .

If "Yes" to line 6a or 6b, describe in Part III.

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

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

	Yes	No
<b>1b</b>	X	
<b>2</b>	X	
<b>4a</b>		X
<b>4b</b>	X	
<b>4c</b>		X
<b>5a</b>		X
<b>5b</b>		X
<b>6a</b>	X	
<b>6b</b>		X
<b>7</b>		X
<b>8</b>		X

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

Schedule J (Form 990) 2008

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space is needed.

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

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
SEE SCHEDULE J-1	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
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	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						

**Part III Supplemental Information**

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

SUPPLEMENTAL COMPENSATION INFORMATION

SCHEDULE J, PART I, LINE 1A

FREDERICK MEMORIAL HOSPITAL HOLDS TWO CORPORATE MEMBERSHIPS TO A LOCAL

GOLF/COUNTRY CLUB THAT ARE USED BY THE CHIEF EXECUTIVE OFFICER AND THE

CHIEF FUND DEVELOPMENT OFFICER OF THE HOSPITAL. WHILE THE MAJORITY OF THE

FEES ASSOCIATED WITH THE CLUB DUES, ETC. ARE BUSINESS RELATED, GENERAL

PERSONAL USE EXPENSES ARE REIMBURSED BACK TO THE HOSPITAL BY THESE

INDIVIDUALS AS NEEDED.

SUPPLEMENTAL COMPENSATION INFORMATION

SCHEDULE J, PART I, LINE 4B

FREDERICK MEMORIAL HOSPITAL HAS ONE 457(F) NON-QUALIFIED DEFERRED

COMPENSATION PLAN WITH AN EFFECTIVE DATE OF DECEMBER 15, 2004, FOR THE

PRESIDENT AND CHIEF EXECUTIVE OFFICER. UNDER THE PLAN, HE MAY CONTRIBUTE

AMOUNTS FROM HIS COMPENSATION TO THE PLAN AND MAY RECEIVE A DISCRETIONARY

EMPLOYER CONTRIBUTION. EMPLOYEES ARE FULLY VESTED IN ALL EMPLOYEE

CONTRIBUTIONS TO THE PLAN. VESTING IN EMPLOYER CONTRIBUTIONS OCCURS IN

ACCORDANCE WITH THE UNDERLYING PLAN DOCUMENTS. ALL ASSETS OF THE PLAN ARE

**Part III Supplemental Information**

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

HELD IN A SEPARATE TRUST. TOTAL HOSPITAL CONTRIBUTIONS TO THIS PLAN WAS \$78,500 IN FISCAL YEAR 2009.

SUPPLEMENTAL COMPENSATION INFORMATION

SCHEDULE J, PART I, LINE 6A

THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIR, VICE CHAIR, IMMEDIATE PRECEDING CHAIR, CHAIR OF THE FINANCE COMMITTEE AND CHAIR OF THE GOVERNANCE COMMITTEE. ANNUALLY, THE COMMITTEE REVIEWS AND RECOMMENDS TO THE BOARD VARIABLE PAY GOALS FOR THE COMING YEAR, AND PAYMENT LEVELS BASED ON PERFORMANCE FOR THE CURRENT YEAR. THE EXECUTIVE COMPENSATION PHILOSOPHY OF THE BOARD PROVIDES FOR BASE COMPENSATION AT THE 50TH TO 60TH PERCENTILE WITH VARIABLE PAY DESIGNED TO PROVIDE A TARGET OPPORTUNITY FOR TOTAL COMPENSATION TO REACH THE 75TH PERCENTILE. VARIABLE

**Part III Supplemental Information**

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

PAY CRITERIA ARE; CLINICAL QUALITY (33%), CUSTOMER SERVICE (11%), PEOPLE (11%), FINANCIAL VIABILITY (28%), AND GROWTH (17%). GOALS USING THE VARIABLE PAY CRITERIA ARE ESTABLISHED AT BOTH THE CORPORATE AND INDIVIDUAL LEVEL. INDIVIDUAL PAYMENTS ARE BASED ON PERFORMANCE AGAINST CORPORATE GOALS, INDIVIDUAL GOALS, AND DISCRETION OF THE BOARD.

**SCHEDULE J-1  
(Form 990)**

**Continuation Sheet for Schedule J (Form 990)**

OMB No. 1545-0047

**2008**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

▶ **Attach to Form 990 to list additional information  
regarding compensation.**

Name of the organization

Employer identification number

FREDERICK MEMORIAL HOSPITAL, INC.

52-0591612

**Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (Schedule J, Part II)**

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ	
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation					
MANUEL CASIANO	(i)	228,611.	NONE	NONE	9,552.	12,221.	250,384.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
THOMAS KLEINHANZL	(i)	654,508.	NONE	78,500.	25,721.	15,498.	774,227.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
KENNETH COFFEY	(i)	172,006.	NONE	NONE	12,470.	14,880.	199,356.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
MICHAEL GASKINS	(i)	222,413.	NONE	NONE	7,954.	15,051.	245,418.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
ROSE LABRIOLA	(i)	248,139.	NONE	NONE	26,293.	7,347.	281,779.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
MICHELLE MAHAN	(i)	193,862.	NONE	NONE	22,790.	6,198.	222,850.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
TERRY O' MALLEY	(i)	183,354.	NONE	NONE	8,433.	12,062.	203,849.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
DAVID QUIRKE	(i)	225,784.	NONE	NONE	10,208.	7,347.	243,339.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
CRAIG ROSENDALE	(i)	179,111.	NONE	NONE	13,853.	14,688.	207,652.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
JENNIFER TEETER	(i)	144,469.	NONE	NONE	7,944.	12,142.	164,555.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
JOHN VERBUS	(i)	336,550.	NONE	NONE	26,874.	3,598.	367,022.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
JIM WILLIAMS	(i)	179,221.	NONE	NONE	12,880.	12,037.	204,138.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
JOSEPH E ASUNCION MD	(i)	284,684.	NONE	NONE	13,706.	14,486.	312,876.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
EUGENE B CASAGRANDE MD	(i)	265,783.	NONE	13,785.	NONE	14,721.	294,289.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
KIMANH T LE MD	(i)	305,460.	NONE	NONE	13,685.	3,268.	322,413.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
BRIAN M OCONNOR MD	(i)	320,882.	NONE	NONE	18,584.	14,721.	354,187.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE

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

Schedule J-1 (Form 990) 2008

**SCHEDULE J-1  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Continuation Sheet for Schedule J (Form 990)**

▶ Attach to Form 990 to list additional information  
regarding compensation.

OMB No. 1545-0047

**2008**

**Open to Public  
Inspection**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

**Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (Schedule J, Part II)**

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
PAUL G RAUSCH	(i)	380,593.	NONE		19,550.	11,834.	411,977.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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

Schedule J-1 (Form 990) 2008

**SCHEDULE J-2  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Continuation Sheet for Form 990**

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

OMB No. 1545-0047

**2008**

**Open to Public  
Inspection**

Name of the Organization <b>FREDERICK MEMORIAL HOSPITAL, INC.</b>	Employer Identification number 52-0591612
--	--

**Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
MARVIN_AUSHERMAN DIRECTOR	2.	X					NONE	NONE	NONE	
WENDY_BRUNDAGE DIRECTOR	2.	X					NONE	NONE	NONE	
MANUEL_CASIANO VP MED STAFF/PAST CHIEF STAFF	40.	X		X			228,611.	NONE	21,773.	
CAROL_W_EATON PHD DIRECTOR	2.	X					NONE	NONE	NONE	
J_BRIAN_GAENG FORMER DIRECTOR	2.	X					NONE	NONE	NONE	
BERNARD_GOUIN DIRECTOR	2.	X					NONE	NONE	NONE	
PHIL_HAMMOND DIRECTOR	2.	X					NONE	NONE	NONE	
TERESA_R_WILLIAMS_HARRISON FORMER DIRECTOR	2.	X					NONE	NONE	NONE	
PAULA_L_JAGERMANN DIRECTOR	2.	X					NONE	NONE	NONE	
THOMAS_KLEINHANZL PRESIDENT AND CEO	40.	X		X			733,008.	NONE	41,219.	
EARL_MACKINTOSH CHAIRMAN OF THE BOARD	8.	X		X			NONE	NONE	NONE	
JOHN_MOLESWORTH_DO VICE CHIEF OF STAFF	10.	X		X			26,000.	NONE	NONE	
GREG_POWELL PHD VICE CHAIRMAN	6.	X		X			NONE	NONE	NONE	
E._JAMES_REINSCH DIRECTOR	2.	X					NONE	NONE	NONE	
ANNE_HERBERT_ROLLINS DIRECTOR	2.	X					NONE	NONE	NONE	
GERALD_WINNAN MD DIRECTOR	2.	X					NONE	NONE	NONE	
ADRIANE_WODEY SECRETARY AND TREASURER	6.	X		X			NONE	NONE	NONE	
SAEED_ZAIDI MD CHIEF OF STAFF	10.	X		X			NONE	NONE	NONE	
KENNETH_COFFEY VP AND CDO	40.			X			172,006.	NONE	27,350.	
MICHAEL_GASKINS VP FINANCE	40.			X			222,413.	NONE	23,005.	
ROSE_LABRIOLA SR VP PATIENT CARE	40.			X			248,139.	NONE	33,640.	

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

Schedule J-2 (Form 990) 2008



## Supplemental Information on Tax-Exempt Bonds

2008

Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

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

Name of the organization <b>FREDERICK MEMORIAL HOSPITAL, INC.</b>	Employer identification number <b>52-0591612</b>
--	---

**Part I Bond Issues (Required for 2008)**

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						Yes	No	Yes	No
<b>A</b> MARYLAND HEALTH & HIGHER EDUC FACILITIES AUTHORITY	52-0936091	574217XA8	05/23/2006	75,000,000.	SEE SCHEDULE O	X			X
<b>B</b> MARYLAND HEALTH & HIGHER EDUC FACILITIES AUTHORITY	52-0936091	574217Y25	06/30/2008	72,160,000.	SEE SCHEDULE O		X		X
<b>C</b>									
<b>D</b>									
<b>E</b>									

**Part II Proceeds (Optional for 2008)**

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

**Part III Private Business Use (Optional for 2008)**

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

**Part III Private Business Use (Continued)**

	A		B		C		D		E	
	Yes	No								
<b>3a</b> Are there any management or service contracts with respect to the financed property which may result in private business use? . . . . .										
<b>b</b> Are there any research agreements with respect to the financed property which may result in private business use? . . . . .										
<b>c</b> Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property? . . . . .										
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government . . . . . ▶		%		%		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . . . . . ▶		%		%		%		%		%
<b>6</b> Total of lines 4 and 5 . . . . .		%		%		%		%		%
<b>7</b> Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? . . . . .										

**Part IV Arbitrage (Optional for 2008)**

	A		B		C		D		E	
	Yes	No								
<b>1</b> Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue? . . . . .										
<b>2</b> Is the bond issue a variable rate issue? . . . . .										
<b>3a</b> Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records? . . . . .										
<b>b</b> Name of provider . . . . .										
<b>c</b> Term of hedge . . . . .										
<b>4a</b> Were gross proceeds invested in a GIC? . . . . .										
<b>b</b> Name of provider . . . . .										
<b>c</b> Term of GIC . . . . .										
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? . . . . .										
<b>5</b> Were any gross proceeds invested beyond an available temporary period? . . . . .										
<b>6</b> Did the bond issue qualify for an exception to rebate? . . . . .										

Name of the organization

Employer identification number

FREDERICK MEMORIAL HOSPITAL, INC.

52-0591612

AUDITED FINANCIAL STATEMENTS

FORM 990, PART IV, QUESTION 12 AND SCHEDULE D

THE FINANCIAL STATEMENTS OF FREDERICK MEMORIAL HOSPITAL, INC. ARE AUDITED

ON A CONSOLIDATED BASIS BY AN INDEPENDENT ACCOUNTING FIRM UPON

CONCLUSION OF THE AUDIT, A REPORT IS PREPARED AND PUBLISHED IN ACCORDANCE

WITH GAAP.

Name of the organization

Employer identification number

FREDERICK MEMORIAL HOSPITAL, INC.

52-0591612

DESCRIBE THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990

FORM 990, PART VI, QUESTION 10

THE 990 IS PREPARED IN CONJUNCTION WITH OUTSIDE TAX ACCOUNTANTS AND

REVIEWED BY UPPER MANAGEMENT PRIOR TO PROVIDING A COPY TO THE BOARD. COPY

OF FORM 990 WILL BE PROVIDED TO ALL MEMBERS OF THE BOARD PRIOR TO FILING.

Name of the organization FREDERICK MEMORIAL HOSPITAL, INC.	Employer identification number 52-0591612
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DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST

FORM 990, PART VI, QUESTION 12C

THE FREDERICK MEMORIAL HOSPITAL, INC. BOARD OF DIRECTORS IS COMMITTED TO MEETING ITS FIDUCIARY RESPONSIBILITIES AND MAINTAINING ITS DUTY OF LOYALTY TO THE HOSPITAL AND THE COMMUNITY IT SERVES. TO THIS END, THE BOARD WILL EXERCISE VIGILANCE IN IDENTIFYING ANY CONFLICTS OF INTEREST. THE BOARD WILL ALSO MAINTAIN TRANSPARENCY AND OBJECTIVITY IN MAKING DECISIONS ABOUT CONFLICTS OF INTEREST SO THAT THE ORGANIZATION'S MISSION IS ALWAYS THE FIRST PRIORITY. THE CHAIRPERSON (OR VICE CHAIRPERSON IF THE CHAIR IS INVOLVED) WILL NOTIFY ALL DIRECTORS OF A REPORTED CONFLICT OF INTEREST AND DECIDE WHETHER TO TAKE THE MATTER TO THE FULL BOARD TO DECIDE WHETHER A CONFLICT EXISTS AND, IF SO, WHAT ACTION TO TAKE, OR WILL REFER THE MATTER TO THE GOVERNANCE COMMITTEE FOR AN IN-DEPTH EXAMINATION, SUMMARY, AND RECOMMENDATION PRIOR TO A FULL BOARD DISCUSSION AND DECISION. IF TIME IS OF THE ESSENCE, THE CHAIRPERSON OR VICE CHAIRPERSON WILL TAKE THE MATTER TO THE EXECUTIVE COMMITTEE FOR DISCUSSION AND A DECISION, AND WILL THEN NOTIFY THE FULL BOARD. WHERE A CONFLICT OF INTEREST HAS BEEN IDENTIFIED, THE BOARD MEMBER SHALL NOT VOTE OR BE PRESENT FOR THE DISCUSSION OR THE VOTE REGARDING THE TRANSACTION AT EITHER THE FULL BOARD, EXECUTIVE COMMITTEE, OR GOVERNANCE COMMITTEE MEETINGS, EXCEPT TO ANSWER QUESTIONS THAT MAY BE ASKED OF HIM OR HER. TO PREVENT ACTUAL OR PERCEIVED INFLUENCE ON THE BOARD'S DECISION, THE CONFLICTED MEMBER IS PROHIBITED, AFTER INITIAL DISCLOSURE, FROM DISCUSSING THE CONFLICT OF INTEREST EITHER FORMALLY OR INFORMALLY WITH FELLOW DIRECTORS OR WITH MEMBERS OF THE MANAGEMENT. THERE WILL BE AN ANNUAL REVIEW OF ALL BOARD MEMBERS AND OFFICERS TRANSACTIONS PREPARED BY THE ADMINISTRATION AND REVIEWED BY THE GOVERNANCE COMMITTEE AND THE FULL

Name of the organization FREDERICK MEMORIAL HOSPITAL, INC.	Employer identification number 52-0591612
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BOARD OF DIRECTORS. AT THAT TIME, ALL DIRECTORS WILL BE REMINDED OF THE  
 IRS INTERMEDIATE SANCTIONS REGULATION THAT ESTABLISHES EXCISE TAXES AS A  
 SANCTION AGAINST ADMINISTRATORS AND DIRECTORS OF TAX-EXEMPT ORGANIZATIONS  
 WHO PARTICIPATE IN "EXCESS BENEFIT TRANSACTIONS" ( E. G. , UNREASONABLY HIGH  
 EMPLOYMENT COMPENSATION OR BUSINESS DEALS).

Name of the organization FREDERICK MEMORIAL HOSPITAL, INC.	Employer identification number 52-0591612
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OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN

FORM 990, PART VI, QUESTION 15A & 15B

THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. THE EXECUTIVE COMPENSATION PHILOSOPHY OF THE BOARD PROVIDES FOR BASE COMPENSATION AT THE 50TH TO 60TH PERCENTILE OF OUR PEER GROUP. IN ADDITION TO THE BOARD'S COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT COMPENSATION. THE PRESIDENT AND CEO HAVE A WRITTEN EMPLOYMENT CONTRACT.

Name of the organization FREDERICK MEMORIAL HOSPITAL, INC.	Employer identification number 52-0591612
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WRITTEN POLICIES AND PROCEDURES FOR JOINT VENTURES

FORM 990, PART VI, QUESTION 16B

FREDERICK MEMORIAL HOSPITAL USES LEGAL COUNSEL WHEN EVALUATING ANY POTENTIAL JOINT VENTURES WITH FOR-PROFIT ENTITIES. IN ADDITION, TAX EXPOSURES RELATED TO THESE ENTITIES ARE CONSIDERED ANNUALLY IN THE PREPARATION OF THE FIN 48 MEMO REQUIRED AS PART OF THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS. FMH IS IN THE PROCESS OF COMPILING A FORMAL POLICY IN THIS AREA AND PLANS TO ADOPT A POLICY IN THE NEAR FUTURE.

Name of the organization FREDERICK MEMORIAL HOSPITAL, INC.	Employer identification number 52-0591612
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AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC  
 FORM 990, PART VI, QUESTION 19  
 GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY ARE AVAILABLE  
 UPON REQUEST. FREDERICK MEMORIAL HOSPITAL, INC. CONSOLIDATED ANNUAL  
 AUDITED FINANCIAL STATEMENTS ARE AVAILABLE AT OUR PUBLIC WEBSITE, WHICH  
 IS WWW.FMH.ORG.

Name of the organization

Employer identification number

FREDERICK MEMORIAL HOSPITAL, INC.

52-0591612

DESCRIPTION OF TAX-EXEMPT BONDS

SCHEDULE K, PART I, COLUMN F

THE MHHEFA SERIES 2006A AND SERIES 2006B REVENUE BONDS WERE ISSUED TO FINANCE AND REFINANCE COSTS OF CONSTRUCTION, RENOVATION AND EQUIPPING CERTAIN HOSPITAL FACILITIES, AS WELL AS REFUNDING THE SERIES 1993 BONDS.

Name of the organization

Employer identification number

FREDERICK MEMORIAL HOSPITAL, INC.

52-0591612

DESCRIPTION OF TAX-EXEMPT BONDS

SCHEDULE K, PART I, COLUMN F

THE MHHEFA SERIES 2008 REVENUE BONDS, ISSUED ON JUNE 30, 2008 WAS AN

ADVANCE REFUNDING OF THE SERIES 2006 BONDS, WHICH WERE ISSUED ON MAY 23,

2006.

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2008**

**Open to Public  
Inspection**

▶ **Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.**  
▶ **See separate instructions.**

**Name of the organization**

FREDERICK MEMORIAL HOSPITAL, INC.

**Employer identification number**

52-0591612

**Part I Identification of Disregarded Entities**

(A) Name, address, and EIN 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
EMMITSBURG PROPERTIES, LLC 52-1910823 400 WEST SEVENTH STREET FREDERICK, MD 21701	INVESTMENT	MD	-217,000.	2,025,000.	N/A

**Part II Identification of Related Tax-Exempt Organizations**

(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
HOSPICE OF FREDERICK COUNTY, INC. 52-1164513 400 WEST SEVENTH STREET FREDERICK, MD 21701	HOSPICE CARE	MD	501(C)(3)	7	N/A

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

Schedule R (Form 990) 2008

**Part III Identification of Related Organizations Taxable as a Partnership**

(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, investment, unrelated)	(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?	
							Yes	No		Yes	No
ROSEHILL FREDERICK 52-1850020 400 WEST SEVENTH STREET	REAL ESTATE	MD	N/A								
CORPOHS, LLC 52-2248438 400 WEST SEVENTH STREET	OCCUPATIONAL HLTH	MD	N/A								
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**Part IV Identification of Related Organizations Taxable as a Corporation or Trust**

(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
FREDERICK HEALTH SERVICES CORPORATION 52-1851661 400 WEST SEVENTH STREET FREDERICK, MD 21701	MANAGEMENT CO.	MD	N/A	C CORP	-489,000.	5,365,000.	100.0000
FREDERICK SURGICAL SERVICES CORPORATION 52-1642334 400 WEST SEVENTH STREET FREDERICK, MD 21701	HOLDING COMPANY	MD	N/A	C CORP			
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**Part V Transactions With Related Organizations**

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

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

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

(A) Name of other organization(s)	(B) Transaction type (a-r)	(C) Amount involved
(1) CORPOHS, LLC	A( I)	139,339.
(2) ROSEHILL OF FREDERICK, LLC	J	511,824.
(3) CORPOHS, LLC	L	70,174.
(4) CORPOHS, LLC	M	224,655.
(5) HOSPICE OF FREDERICK COUNTY, INCORPORATED	N	573,214.
(6)		



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

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THE MISSION OF FREDERICK MEMORIAL HOSPITAL, INC. IS TO CONTRIBUTE TO THE HEALTH AND WELL-BEING OF AREA RESIDENTS BY PROVIDING QUALITY HEALTHCARE IN A CARING, COST EFFICIENT, SAFE AND CONVENIENT MANNER THROUGH COORDINATED PROGRAMS OF PREVENTION, DIAGNOSIS AND TREATMENT, REHABILITATION AND SUPPORT.

FORM 990, PART III - PROGRAM SERVICES  
=====

4A PROGRAM SERVICE  
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FREDERICK MEMORIAL HEALTHCARE SYSTEM

FREDERICK MEMORIAL HOSPITAL IS A 274 LICENSED BED, ACUTE CARE FACILITY THAT HAS BEEN CARING FOR THE CITIZENS OF FREDERICK, WASHINGTON AND CARROLL COUNTIES FOR OVER 107 YEARS. IN FY 2009, 20,444 PATIENTS WERE ADMITTED TO THE HOSPITAL FOR IN-PATIENT CARE. FROM THE 2-WARD HOSPITAL WITH AN "ACCIDENT ROOM," THAT OPENED AS FREDERICK CITY HOSPITAL IN 1902, FREDERICK MEMORIAL HEALTHCARE SYSTEM HAS GROWN INTO A STATE-OF-THE-ART HEALTHCARE PROVIDER OFFERING SEVERAL SERVICE LINES, DEPARTMENTS, PROGRAMS AND SATELLITE FACILITIES.

MAJOR ACCOMPLISHMENTS IN FISCAL YEAR 2009

INTERVENTIONAL CARDIOLOGY : C-PORT II PROTOCOL

IN MARCH OF 2009, FMH RECEIVED APPROVAL FROM THE MARYLAND HEALTH CARE COMMISSION TO PARTICIPATE IN THE NPPCI (ELECTIVE ANGIOPLASTY) RESEARCH WAIVER PROGRAM. THIS UNANIMOUS DECISION WAS PRECEDED BY A COMPLEX AND LENGTHY APPLICATION PROCESS WHICH FULLY DEMONSTRATED FMH'S ABILITY TO PARTICIPATE IN THIS IMPORTANT RESEARCH PROTOCOL AND PROVIDE ELECTIVE ANGIOPLASTY TO THE FREDERICK COMMUNITY.

ONE OF THE KEY PIECES OF OUR APPROVAL HAS BEEN THE SUCCESS OF THE HOSPITAL'S PRIMARY (EMERGENCY) ANGIOPLASTY (PPCI) PROGRAM FOR PATIENTS EXPERIENCING ACUTE HEART ATTACKS IN THE COMMUNITY. FMH'S MEDIAN DOOR TO BALLOON TIME, AMONG THE BEST IN THE STATE OF MARYLAND, IS CURRENTLY LESS THAN 60 MINUTES, WELL UNDER THE AMERICAN COLLEGE OF CARDIOLOGY STANDARD OF 90 MINUTES. THE SUCCESS OF THE PPCI PROGRAM HAS BEEN DUE TO INCREDIBLE TEAMWORK AND DEDICATION OF MANY GROUPS INCLUDING FMH MEDICAL AND INTERVENTIONAL CARDIOLOGISTS, THE EMERGENCY ROOM PHYSICIANS/STAFF, THE CARDIAC CATH LAB TEAM, AND THE ICU INTENSIVISTS AND NURSING STAFF.

STROKE CENTER OF EXCELLENCE

IN MAY OF 2009 THE MARYLAND INSTITUTE OF EMERGENCY MEDICAL SERVICE SYSTEMS (MIMES) GRANTED THE FMH STROKE PROGRAM A 5-YEAR CENTER OF EXCELLENCE DESIGNATION. THIS IS THE HIGHEST DESIGNATION LEVEL AWARDED BY THE STATE, AND IS AN ACHIEVEMENT OF WHICH WE ARE EXTREMELY PROUD.

ED FAST TRACK OPENS

## FORM 990, PART III - PROGRAM SERVICES

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IN FEBRUARY, CONSTRUCTION WAS COMPLETED ON THE NEW ED FAST TRACK AREA. THE NEW 8-BAY FAST TRACK SPACE EXPANDED THE CAPACITY OF THE FMH EMERGENCY DEPARTMENT BY PROVIDING CARE TO SUB-ACUTE PATIENTS IN A MORE EXPEDITIOUS MANNER, AND IN AN ENVIRONMENT THAT IS SIGNIFICANTLY LESS STRESSFUL THAN THE ED.

## FMH RECEIVES CENTER OF EXCELLENCE STATUS FROM UNITED HEALTHCARE

UNITED HEALTHCARE AWARDED FREDERICK MEMORIAL HOSPITAL CENTER OF EXCELLENCE (COE) STATUS FOR 2 CLINICAL PROGRAMS, THE FMH INTERVENTIONAL CARDIOLOGY PROGRAM AND FMH JOINT WORKS PROGRAM (FOR HIP AND KNEE SURGERY). THE COE PROGRAM RECOGNIZES FACILITIES AND THEIR MEDICAL STAFF FOR COMMITMENT TO HIGH QUALITY AND COST EFFICIENT HEALTH CARE. OF PARTICULAR NOTE, THE JOINT WORKS RECEIVED THE HIGHEST RANKING POSSIBLE, A 3-STAR DESIGNATION FOR QUALITY AND A HIGHER THAN AVERAGE RANKING FOR COST EFFICIENCY. THE CARDIAC RATING WILL BE RE-REVIEWED EVERY 6 MONTHS, AND THE JOINT PROGRAM RATING IS GOOD FOR 2 YEARS.

## FMH AWARDED UNITED HEALTH PREMIUM CARDIAC SPECIALTY CENTER DESIGNATION

FMH WAS AWARDED THE UNITED HEALTH PREMIUM CARDIAC SPECIALTY CENTER DESIGNATION IN RECOGNITION OF PROVIDING QUALITY CARDIAC CARE. THE DESIGNATION IS BASED ON DETAILED INFORMATION ABOUT SPECIALIZED TRAINING, PRACTICE CAPABILITIES AND PROFICIENCIES THAT WE SUBMIT TO UNITED HEALTHCARE AND IS DESIGNED TO HELP MEMBERS MAKE INFORMED DECISIONS SHOULD THEY NEED CARDIAC CARE.

## BEDSIDE MEDICATION VERIFICATION SYSTEM GOES HOUSEWIDE

FMH COMPLETED THE TRANSITION TO ELECTRONIC BEDSIDE MEDICATION VERIFICATION IN MAY OF 2009. ALL IN HOUSE UNITS ARE USING THE SYSTEM TO ENSURE THAT THE RIGHT PATIENT GETS THE RIGHT MEDICATION AND IN THE RIGHT DOSE AT THE RIGHT TIME. BEDSIDE VERIFICATION ALLOWS CAREGIVERS TO UTILIZE BAR CODE SCANNING TECHNOLOGY PRIOR TO ADMINISTERING MEDICATIONS, TO CONFIRM PATIENT IDENTITY AND MEDICATION INFORMATION AGAINST DATA READILY AVAILABLE VIA MEDITECH'S ON-LINE MEDICATION ADMINISTRATION RECORD. IMMEDIATE ACCESS TO A PATIENT'S CURRENT RESULTS AND MEDICATION ADMINISTRATION INFORMATION GREATLY REDUCE PREVENTABLE MEDICATION ERRORS. THE USE OF BAR CODE SCANNING INCREASES ACCURACY AND EFFICIENCY OF CAREGIVERS COMPLETING MEDICATION ADMINISTRATION RECORDS, PROVIDING PHYSICIANS FASTER AND EASIER ACCESS TO CRITICAL INFORMATION TO MANAGE PATIENT CARE.

## FORM 990, PART III - PROGRAM SERVICES

## SURGICAL PATIENT TRACKING BOARD

A PATIENT TRACKING BOARD DESIGNED TO HELP FAMILIES FOLLOW THEIR LOVED ONES' PROGRESS -- WITHOUT COMPROMISING PATIENT CONFIDENTIALITY- WAS MOUNTED ON THE WALL IN THE SURGICAL WAITING AREA. THE SCREEN USES A RANDOMLY-ASSIGNED NUMBER TO IDENTIFY EACH SURGICAL PATIENT. FAMILY MEMBERS WHO HAVE THAT NUMBER CAN SIMPLY LOOK TO THE MONITOR TO SEE WHERE THEIR LOVED ONE IS AT ANY POINT IN TIME. EACH LOCATION IS HIGHLIGHTED BY A CHANGE IN COLOR AS THE PATIENT MOVES THROUGH PRE-OP, OR, PACU AND ADMIT OR DISCHARGE. FMH REGIONAL CANCER THERAPY CENTER RECEIVES 3-YEAR ACCREDITATION THE FMH CANCER PROGRAM WAS SURVEYED BY THE COMMISSION ON CANCER (COC) - THE ONLY NATIONAL ACCREDITATION FOR CANCER PROGRAMS IN HOSPITALS, FREE STANDING TREATMENT FACILITIES, AND HEALTHCARE NETWORK CANCER PROGRAMS IN THE UNITED STATES. THE FMH CANCER PROGRAM WAS AWARDED A "THREE YEAR ACCREDITATION WITH 6 COMMENDATIONS." THIS PLACES THE FMH PROGRAM IN THE TOP 40% OF COC APPROVED PROGRAMS.

## COMMUNITY HEALTH ASSESSMENT

IN 2007, THE FREDERICK COUNTY HEALTH DEPARTMENT CONTRACTED PROFESSIONAL RESEARCH CONSULTANTS, INC. TO PERFORM A TELEPHONE SURVEY OF 1,000 FREDERICK COUNTY, MARYLAND ADULTS AGED 18 AND OLDER. THIS WAS THE FIRST TIME THAT A COMMUNITY-WIDE HEALTH ASSESSMENT WAS PERFORMED FOR THE FREDERICK COMMUNITY. THE SURVEY INSTRUMENT USED FOR THIS STUDY WAS BASED LARGELY UPON THE CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM, AS WELL AS OTHER PUBLIC HEALTH SURVEYS.

AS PART OF THIS COMMUNITY HEALTH ASSESSMENT, THERE WERE FIVE HEALTH-RELATED COMMUNITY FOCUS GROUPS. THESE FOCUS GROUPS INCLUDED MEETINGS WITH PHYSICIANS, SOCIAL SERVICES PROVIDERS, POLITICAL AND COMMUNITY LEADERS, AND ALLIED HEALTH PROFESSIONALS.

THE DATA COLLECTED BY THE COMMUNITY HEALTH ASSESSMENT HAS SERVED AS A TOOL FOR REACHING THREE BASIC COUNTY-WIDE GOALS:

1. TO IMPROVE RESIDENTS' HEALTH STATUS, INCREASE THEIR LIFE SPANS, AND ELEVATE THEIR OVERALL QUALITY OF LIFE.
2. TO REDUCE THE HEALTH DISPARITIES AMONG RESIDENTS. THE DEMOGRAPHIC INFORMATION GATHERED DURING THE SURVEY PROCESS HAS ALLOWED THE HEALTH DEPARTMENT AND THE FREDERICK MEMORIAL HEALTHCARE SYSTEM TO IDENTIFY POPULATION SEGMENTS THAT ARE MOST AT-RISK FOR VARIOUS DISEASES AND INJURIES.
3. TO INCREASE ACCESSIBILITY TO PREVENTIVE SERVICES FOR ALL

## FORM 990, PART III - PROGRAM SERVICES

COMMUNITY RESIDENTS.

## CANCER PREVENTION SERVICES

THE FMH WELLNESS CENTER RECEIVED TWO GRANTS FROM THE CIGARETTE RESTITUTION FUND TO PROVIDE TOBACCO EDUCATION AND CESSATION PROGRAMS TO THE FREDERICK COUNTY COMMUNITY. GRANT MONIES ALLOWED 25 PEOPLE TO PARTICIPATE IN SMOKING CESSATION CLASSES, AND HELPED TO PROVIDE 35 SMOKERS WITH ONE-ON-ONE APPOINTMENTS WITH A NURSE PRACTITIONER OR BEHAVIORIST. CLASSES WERE HELD AT THE WELLNESS CENTER, AS WELL AS SEVERAL BUSINESSES IN THE COMMUNITY, INCLUDING THE YMCA AND METROPOLITAN STEEL.

ADDITIONALLY, 750 EDUCATION MATERIALS WERE PROVIDED TO THE CENTRO HISPANO AND HOPE VI/HOUSING AUTHORITY, AND 1,000 EDUCATION MATERIALS WERE PROVIDED TO THE FMH IMMEDIATE CARE AND CORPOHS DEPARTMENTS. A NEW INITIATIVE DURING THE FISCAL YEAR WAS TO OFFER EDUCATION AND CESSATION RESOURCES TO THE FMH INPATIENT AND OUTPATIENT PSYCHIATRIC PROGRAMS. A TOTAL OF 120 PATIENTS RECEIVED THE INFORMATION. ALSO, AN INPATIENT TO OUTPATIENT REFERRAL PROCESS WAS INITIATED AT FMH, WHICH IDENTIFIED SMOKERS WHO WERE INTERESTED IN CESSATION RESOURCES. THESE INDIVIDUALS WERE PROVIDED ONE-ON-ONE TELEPHONIC SUPPORT. SMOKING CESSATION PROGRAMS ALSO ASSISTED OVER 1,900 MEMBERS OF THE COMMUNITY IN THEIR JOURNEY TO STOP SMOKING.

## DIABETES SERVICES

DIABETES HEALTHCARE SERVICES OFFERED THROUGH THE WELLNESS DIVISION SUPPORTED THE MANAGEMENT OF INPATIENT DIABETIC PATIENTS BY STAFFING THE HOSPITAL WITH ONE NURSE PRACTITIONER AND TWO REGISTERED NURSES. STAFF WERE CERTIFIED BY THE AMERICAN DIABETES ASSOCIATION AS DIABETIC EDUCATORS. THESE NURSES EVALUATED AND MANAGED OVER 5,400 PATIENTS. IN ADDITION TO PATIENT EDUCATION AND DISEASE MANAGEMENT SERVICES OFFERED TO MORE THAN 6,400 MEMBERS OF FREDERICK COUNTY, THE FMH OUTPATIENT DIABETES SERVICES PROVIDED MONTHLY SUPPORT GROUPS FOR ADULTS AND SCHOOL-AGED CHILDREN AND GENERAL COMMUNITY EDUCATION WHICH SERVED MORE THAN 640 INDIVIDUALS.

IN PARTNERSHIP WITH SEVERAL AREA BUSINESSES AND COMMUNITY ORGANIZATIONS, OVER 530 PARTICIPANTS WERE SCREENED FOR DIABETES AT THE ANNUAL COMMUNITY SCREENINGS.

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SAFETY AND INJURY PREVENTION PROGRAMS

FMH CONTINUES TO SUPPORT SAFE KIDS FREDERICK COUNTY, A LOCAL COALITION AFFILIATED WITH SAFE KIDS WORLDWIDE - THE ONLY GRASSROOTS, LONG-TERM EFFORT DEDICATED SOLELY TO PREVENTING UNINTENTIONAL INJURY - THE NUMBER ONE KILLER OF CHILDREN AGE 0-14 YEARS. FMH WELLNESS CENTER AND FREDERICK COUNTY HEALTH DEPARTMENT ARE THE CO-LEAD AGENCIES. THE CO-LEAD AGENCIES CONDUCT 10 ANNUAL MEETINGS WITH REPRESENTATIVES FROM THE MEMBER AGENCIES TO DISCUSS, PLAN, AND DEVELOP A COORDINATED PROGRAM OF PUBLIC AWARENESS, EDUCATION, LEGISLATIVE ACTION AND ENFORCEMENT TO HELP TO PREVENT THESE UNINTENTIONAL INJURIES IN FREDERICK COUNTY CHILDREN. ACCESS TO LOW COST SAFETY PRODUCTS IS ALSO OFFERED TO FREDERICK COUNTY FAMILIES.

PULMONARY REHABILITATION COMMUNITY OUTREACH PROGRAM  
ASTHMA AWARENESS/SMOKING CESSATION

THE GOAL OF FREDERICK MEMORIAL HOSPITAL'S COMMUNITY OUTREACH PROGRAM IS TO INCREASE AWARENESS OF THE FACT THAT ASTHMA IS A SIGNIFICANT HEALTH PROBLEM. FMH HAS TWO CERTIFIED ASTHMA EDUCATORS (AE-C) DEDICATED TO EDUCATING THE COMMUNITY ABOUT THIS CHRONIC DISEASE THAT STRIKES SO MANY THROUGHOUT THE STATE OF MARYLAND, ALLOWING FOR BETTER DISEASE MANAGEMENT.

THE FMH EMERGENCY DEPARTMENT

THE FMH EMERGENCY DEPARTMENT CONTINUES TO BE ONE OF THE BUSIEST EMERGENCY DEPARTMENTS IN THE STATE OF MARYLAND. IN FISCAL YEAR 2009, OVER 74,000 PATIENT VISITS WERE RECORDED. THE FREDERICK MEMORIAL HEALTHCARE SYSTEM HAS BEEN PROVIDING EMERGENCY CARE TO THE CITIZENS OF FREDERICK COUNTY EVER SINCE A ONE BED "ACCIDENT ROOM" WAS SET-ASIDE IN 1905 ON THE FIRST FLOOR OF THE OLD FREDERICK CITY HOSPITAL. SINCE THAT DAY, THE DOORS HAVE REMAINED OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS A YEAR FOR NEARLY 107 YEARS.

COMMUNITY BENEFIT PROGRAMS

THE EMERGENCY DEPARTMENT, IN CONJUNCTION WITH THE ABOVE MENTIONED ORGANIZATIONS, HAS DEVELOPED THE FOLLOWING PROGRAMS:

- 1. SAFE PROGRAM

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THE SAFE PROGRAM PROVIDES SERVICES TO VICTIMS OF ACUTE SEXUAL ASSAULT AND ABUSE OF ALL AGES. SINCE THE BEGINNING OF THE PROGRAM IN OCTOBER 1997, OVER 383 VICTIMS HAVE BEEN SERVED BY THE PROGRAM. THERE ARE 9 NURSES WHO CURRENTLY PROVIDE 24 HOUR ON CALL SERVICES AND RESPONSE WHEN A VICTIM COMES TO THE ED. THE MARYLAND BOARD OF NURSING HAS CERTIFIED THESE INDIVIDUALS AFTER COMPLETING EXTENSIVE TRAINING AS FORENSIC NURSE EXAMINERS (FNE'S). IN ADDITION TO PROVIDING MEDICAL FORENSIC EVIDENTIARY EXAMINATIONS TO VICTIMS, THEY ALSO DO SUSPECT EXAMINATIONS, AND EDUCATION FOR LAW ENFORCEMENT OFFICERS, HEARTLY HOUSE STAFF AND COMMUNITY GROUPS. MOST RECENT COMMUNITY EDUCATION ABOUT OUR SAFE TEAM AND THE SERVICES WE OFFER, INCLUDED CLASSES TO OUR HISPANIC COMMUNITY EVEN START PROGRAMS.

AT THE REQUEST OF THE FREDERICK COUNTY SHERIFF, AND THE BRUNSWICK AND FREDERICK CITY POLICE ACADEMIES, THE SAFE PROGRAM IS PRESENTED TO HELP ORIENT NEW RECRUITS ABOUT THE VULNERABILITIES OF RAPE VICTIMS, AND TO EDUCATE SEASONED OFFICERS ABOUT THE PROPER USE OF FORENSIC EVIDENTIARY KITS. IN PROVIDING THIS IMPORTANT AND SPECIALIZED TRAINING, THE PROGRAM REACHES AND IMPACTS A DRAMATICALLY UNDERSERVED POPULATION WHO WOULD OTHERWISE HAVE NO ACCESS TO CRITICAL - AND TIME-SENSITIVE - HEALTHCARE; AND TO THE JUDICIAL SYSTEM.

THE FMH SAFE PROGRAM HAS IMPACTED THE LIVES OF MANY WOMEN WHO HAVE BEEN THE VICTIMS OF SEXUAL ASSAULT. THE SAFE PROGRAM EXTENDS BEYOND THE BOUNDARIES OF FREDERICK COUNTY, AND HAS HELPED THE RESIDENTS OF OUR NEIGHBORING COUNTIES.

## 2. THE "TAKE A MOMENT" PROGRAM

THE TAKE A MOMENT PROGRAM WAS DEVELOPED AT THE REQUEST OF THE FREDERICK COUNTY COURT SYSTEM, AND THE FREDERICK COUNTY AND FREDERICK CITY LAW ENFORCEMENT AGENCIES WHO IDENTIFIED THE NEED TO PRESENT A "DRUNK DRIVING" AWARENESS PROGRAM. THIS PROGRAM IS NOW SHOWN AT SPECIAL TIMES. TAKE A MOMENT TARGETS OFFENDERS CONVICTED OF DRIVING WHILE INTOXICATED, AND IS DESIGNED TO SHOW THE CONSEQUENCES OF DRIVING UNDER THE INFLUENCE OF DRUGS OR ALCOHOL. THE TARGET AUDIENCE IS NEW MILITARY PERSONNEL WHO LIVE AND WORK IN THE AREA, AND STUDENTS OF LOCAL HIGH SCHOOLS.

PREVENTIVE CARDIOLOGY AND REHABILITATION  
MEDICAL FITNESS PROGRAM

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THE FMH MEDICAL FITNESS PROGRAM IS A MEDICALLY SUPERVISED FITNESS PROGRAM THAT HELPS SPECIAL POPULATIONS PROMOTE HEALTH, IMPROVE PHYSICAL FITNESS AND ENHANCE THE QUALITY OF THEIR LIVES THROUGH EXERCISE, EDUCATION AND SERVICE. THE MEDICAL FITNESS PROGRAM IS RECOMMENDED FOR PEOPLE WITH HEALTH CONCERNS SUCH AS HIGH BLOOD PRESSURE, HEART DISEASE, DIABETES, LUNG DISEASE, CIRCULATORY PROBLEMS AND WEIGHT ISSUES. EVIDENCE CLEARLY SUPPORTS THAT REGULAR EXERCISE IMPROVES QUALITY OF LIFE. MANY PEOPLE WHO LIVE DAY TO DAY WITH THE CHALLENGES ASSOCIATED WITH A NUMBER OF CONDITIONS AND DISEASES MISS OUT ON THE HEALTHY BENEFITS OF ROUTINE EXERCISE BECAUSE OF THE FEARS ASSOCIATED WITH CARDIOVASCULAR WORKOUTS. THE STAFF AT MEDICAL FITNESS CONSISTS OF REGISTERED NURSES AND DEGREED EXERCISE PHYSIOLOGISTS TRAINED AND CERTIFIED IN BLS AND ADVANCED CARDIAC LIFE SUPPORT. THE STAFF PREPARES AN INDIVIDUALIZED EXERCISE PROGRAM FOR EACH PARTICIPANT AND MONITORS THE EXERCISE ROUTINE. INCLUDED IN THIS PROGRAM IS REGULAR BLOOD PRESSURE READINGS, GLUCOSE MEASUREMENT (AS NEEDED), EXERCISE PRESCRIPTION FROM OUR STAFF (AS NEEDED), AND REGULAR FEEDBACK, ONE-ON-ONE ASSISTANCE, AND COMMUNICATION WITH PHYSICIANS. SIGN LANGUAGE AND FOREIGN LANGUAGE INTERPRETERS ARE ALSO USED WHEN NEEDED. THE MEDICAL FITNESS PROGRAM WAS PROVIDED FREE OF CHARGE TO 10 PATIENTS IN FY 09. THESE PATIENTS MUST ATTEND THE FITNESS PROGRAMS REGULARLY.

## THE FMH AUXILIARY PRENATAL CENTER

THE FMH AUXILIARY PRENATAL CENTER - MADE POSSIBLE IN PART BY A \$500,000 PLEDGE BY THE FMH AUXILIARY - PROVIDES PRENATAL CARE FOR WOMEN WITH NO INSURANCE - OR WITH MEDICAID PROGRAMS WHO ARE UNABLE TO OBTAIN CARE FROM OTHER PROVIDERS. MANY OF THE WOMEN IN THE PRENATAL CENTER'S PROGRAMS ARE HIGH-RISK PREGNANCY PATIENTS, AND MANY OF THE WOMEN HAVE MEDICAL CONDITIONS OF WHICH THEY ARE UNAWARE, AND WHICH MAY POSE SIGNIFICANT RISK TO FULL-TERM FETAL DEVELOPMENT. THE STAFF OF THE FMH AUXILIARY PRENATAL CENTER ARE ABLE TO DIAGNOSE AND TREAT THESE UNDERLYING CONDITIONS BEFORE THEY ADVERSELY AFFECT THE COURSE OF THE PREGNANCY. THE MOST IMPORTANT STATISTIC IS THAT AN ESTIMATED 95% OF THE PATIENTS BEING CARED FOR AT THE FMH AUXILIARY PRENATAL CENTER HAD NO HEALTH CARE AT ALL BEFORE ENTERING THE FMH PROGRAM.

FMH HAS DELIVERED 247 HEALTHY BABIES FROM PRENATAL CENTER PATIENT MOTHERS IN FY 2009. ONLY 12 (4.8%) NEWBORNS REQUIRED A SHORT STAY IN THE HOSPITAL'S BILLY MILLER NEONATAL INTENSIVE CARE UNIT.

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## FMH MISSION STATEMENT

THE MISSION STATEMENT IS QUITE AMBITIOUS, AND DESCRIBES IN A SINGLE SENTENCE THE PURPOSE TO WHICH THE EMPLOYEES AND STAFF HAVE DEDICATED THEIR PROFESSIONAL LIVES. IN ADDITION TO PURPOSE, OUR MISSION STATEMENT CHARACTERIZES THE PARAMETERS WITHIN WHICH OUR OPERATIONS ARE DELIVERED, AND DETAILS THE PROGRAMS THROUGH WHICH SERVICES ARE RENDERED. BUT MORE THAN THAT, THE FMH MISSION STATEMENT ANCHORS THE FREDERICK COMMUNITY BY SOLIDIFYING A COMMITMENT TO CARE THAT HAS NEVER FALTERED. THERE IS A STABILITY TO THE WORDS THAT SUGGESTS COMPETENCY, COMPASSION AND CONFIDENCE. THEY ARE COMFORTING WORDS TO THE CITIZENS OF OUR COMMUNITY, AND REMAIN STEADFAST AND TRUE REGARDLESS OF WORLD CONDITION OR PERSONAL CIRCUMSTANCE.

## FMH STATEMENT OF VALUES

OUR VALUE STATEMENT REFLECTS THOSE QUALITIES OF COMPORTMENT AND SERVICE DELIVERY IN WHICH WE BELIEVE AS AN ORGANIZATION. THESE ATTRIBUTES DOVETAIL WITH OUR MISSION STATEMENT IN THAT THEY DESCRIBE THE PHILOSOPHY THAT DIRECTS OUR BUSINESS OPERATIONS AND GOVERNS OUR PROVISION OF CARE. EACH STATEMENT IS POWERFUL AS A STAND-ALONE EXPRESSION OF PURPOSE AND BELIEF; BUT TOGETHER THEY PROVIDE THE FOUNDATION UPON WHICH THE FREDERICK MEMORIAL HEALTHCARE SYSTEM HAS BEEN BUILT.

## FMH VISION

AS POWERFUL AS OUR MISSION AND VALUES STATEMENTS ARE, IT IS OUR VISION STATEMENT THAT MOST DIRECTLY GOVERNS DAY-TO-DAY OPERATIONS, PROVISION OF CARE, AND THE PERSONAL COMPORTMENT OF EMPLOYEES AND STAFF. SUPERB QUALITY. SUPERB SERVICE. ALL THE TIME. THESE SEVEN WORDS ARE THE IDEALS TO WHICH WE ASPIRE EVERY SINGLE DAY. THEY GUIDE OUR BUSINESS PRACTICES, OUR INTERACTIONS WITH OUR CUSTOMERS AND VISITORS, THE CARE DELIVERED TO EVERY PATIENT, AND THE DEGREE OF RESPECT WITH WHICH WE TREAT ONE ANOTHER.

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

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NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
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TX TEAM REHAB INC. 4625 EAST STOP 11 ROAD INDIANAPOLIS, IN 46237	REHABILITATION SVCS	6,216,461.
QUEST DIAGNOSTICS PO BOX 740709 LOS ANGELES, CA 90084	LABORATORY SERVICES	1,684,561.
PRIME DOC OF FREDERICK, PA PO BOX 7568 ASHEVILLE, NC 28802	PHYSICIAN SERVICES	1,683,975.
KINSLEY CONTRUCTION 1922 GREENSPRING DRIVE TIMONIUM, MD 21093	CONSTRUCTION SVCS	1,490,257.
SLEEPMED/DIGITRACE CARE SERVICES 200 CORPORATE PLACE PEABODY, MA 01960	MEDICAL SERVICES	1,463,380.
TOTAL COMPENSATION		----- 12,538,634. =====