GBMC HealthCare, Inc. and Subsidiaries

Consolidated Financial Statements
June 30, 2010 and 2009

GBMC Healthcare, Inc. and Subsidiaries
Index
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Report of Independent Auditors

To the Board of Directors of
GBMC HealthCare, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and changes in net assets and cash flows present fairly, in all material respects, the financial position of GBMC HealthCare, Inc. and its subsidiaries (the "Company") at June 30, 2010 and June 30, 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

October 4, 2010

GBMC HealthCare, Inc. and Subsidiaries
Consolidated Balance Sheets
June 30, 2010 and 2009

	2010	2009
Assets		
Current assets		
Cash	$ 33,423,370	$ 33,711,317
Short -term investments	19,250,471	17,746,361
Current limited use funds	5,979,930	7,768,077
Patient accounts receivable, net of reserves of $13,316,289 and $12,139,679 in 2010 and 2009, respectively	55,400,706	50,645,139
Other receivables	8,532,601	6,510,424
Inventories	3,682,494	3,779,047
Prepaid expense and other current assets	4,925,190	3,920,575
Current pledge receivables, net	1,660,655	1,972,262
Total current assets	132,855,417	126,053,202
Non-current assets		
Investments	182,652,878	161,380,749
Equity investments and advances to investees	1,603,574	1,616,440
Limited use funds held by trustee	8,861,994	8,850,762
Property, plant and equipment, net	241,275,457	238,720,682
Pledge receivables, net	1,677,606	1,628,814
Other assets	2,387,021	2,892,683
Total non-current assets	438,458,530	415,090,130
Total assets	$ 571,313,947	$ 541,143,332
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 59,024,320	$ 58,507,492
Accrued interest payable	2,444,804	2,567,692
Advances from third-party payors	11,666,105	12,792,179
Current portion of long-term debt	4,637,499	4,028,262
Other current liabilities	8,813,541	7,406,867
Total current liabilities	86,586,269	85,302,492
Non-current liabilities		
Long-term debt	117,394,842	119,933,828
Insurance reserves	24,087,314	24,602,028
Minority interest	1,325,529	1,726,655
Pension liability	31,022,268	19,592,870
Other long-term liabilities	2,250,913	2,392,037
Total liabilities	262,667,135	253,549,910
Net assets		
Unrestricted	267,136,366	250,549,826
Temporarily restricted	24,912,273	20,485,081
Permanently restricted	16,598,173	16,558,515
Total net assets	308,646,812	287,593,422
Total liabilities and net assets	$ 571,313,947	$ 541,143,332

The accompanying notes are an integral part of these consolidated financial statements.

GBMC HealthCare, Inc. and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets
June 30, 2010 and 2009

	2010	2009
Change in unrestricted net assets		
Operating revenues		
Net patient service revenue	$ 414,852,507	$404,818,170
Other healthcare revenue	37,646,026	37,897,213
Net healthcare revenue	452,498,533	442,715,383
Rental income	5,597,608	7,107,593
Other operating income	10,534,258	9,816,470
Net assets released from restrictions	3,315,573	3,786,867
Total operating revenue	471,945,972	463,426,313
Operating expenses		
Salaries, wages and employee benefits	266,135,460	250,284,428
Expendable supplies	88,112,157	88,741,154
Purchased services	70,959,228	74,728,884
Depreciation and amortization	25,326,541	24,552,793
Interest	4,398,617	4,829,095
Provision for uncollectible accounts	10,315,774	10,885,350
Total operating expenses	465,247,777	454,021,704
Other operating income (expense)		
Equity in earnings of investee	640,527	574,287
Minority interest	5,707	397,076
Total operating income	7,344,429	10,375,972
Other income(expense)		
Contributions	3,889,309	1,953,404
Fundraising expense	(2,108,068)	(2,150,140)
Investment income, net	2,024,587	2,635,706
Net unrealized gain (loss) on investments	11,390,927	(19,672,358)
Net gain (loss) on sale of investments	3,164,724	(6,449,264)
Net loss on sale of asset	(1,652)	(87,610)
Loss on interest rate swaps	(2,325,867)	(2,629,925)
Excess of revenues over expenses	23,378,389	(16,024,215)
Other unrestricted net assets		
Pension related changes other than net periodic pension costs	(9,482,121)	(18,895,840)
Net assets released for purchase of fixed assets	2,690,272	429,022
Increase (decrease) in unrestricted net assets	16,586,540	(34,491,033)
Changes in temporarily restricted net assets		
Contributions	7,508,236	4,363,162
Investment income, net	390,678	338,650
Gain (loss) on sale of investments	837,538	(936,722)
Unrealized gain (loss) on investments	1,696,585	(2,325,523)
Net assets released for purchase of fixed assets	(2,690,272)	(429,023)
Net assets released for operations	(3,315,573)	(3,786,867)
Increase (decrease) in temporarily restricted net assets	4,427,192	(2,776,323)
Changes in permanently restricted net assets		
Contributions	39,658	53,262
Increase in permanently restricted net assets	39,658	53,262
Increase (decrease) in net assets	21,053,390	(37,214,094)
Net assets, beginning of year	287,593,422	324,807,516
Net assets, end of year	$ 308,646,812	$ 287,593,422

The accompanying notes are an integral part of these consolidated financial statements.

GBMC HealthCare, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Change in net assets	$ 21,053,390	$ (37,214,094)
Adjustments to reconcile change in net assets to net cash and short term investments provided from operating activities		
Depreciation and amortization	25,326,541	24,552,793
Provision for uncollectible accounts	10,315,774	10,885,350
Minority interest	(5,707)	(397,076)
Equity in earnings of investee companies	(640,527)	(574,287)
Net loss on sale of assets	1,652	87,610
Realized and unrealized (gain) loss on investments and swap	(16,113,544)	30,762,946
Pension related changes other than net periodic pension costs	9,482,121	18,895,840
Restricted contributions	(5,418,682)	(3,812,564)
Changes in assets and liabilities		
Increase in patient accounts receivable	(15,071,341)	(12,990,621)
Increase in other receivables	(2,140,509)	(731,602)
Decrease (increase) in inventories	96,553	(77,979)
Increase in prepaid expenses and other assets	(1,082,359)	(160,610)
Decrease in pledge receivables	619,982	619,659
Decrease in accounts payable and accrued expenses	(10,692,693)	(16,717,610)
(Decrease) increase in current and non-current other liabilities	(106,099)	606,507
(Decrease) increase in advance from third parties	(1,126,074)	613,557
Increase in pension liability	11,429,397	12,916,491
Net cash provided by operating activities	25,927,875	27,264,310
Cash flows from investing activities		
Increase in investments, net	(5,027,365)	(2,258,802)
Decrease (increase) in limited use funds	1,776,915	(90,808)
Proceeds from sale of asset	-	239,000
Net additions to property and equipment	(23,995,082)	(33,249,199)
Net cash used in investing activities	(27,245,532)	(35,359,809)
Cash flows from financing activities		
Payment on long-term debt	(4,388,972)	(5,855,553)
Payments for financing costs	-	(285,870)
Defeasance of bonds	-	(29,935,000)
Proceeds from bond issuance	-	45,000,000
Proceeds from restricted contributions	5,418,682	3,812,564
Net cash provided by financing activities	1,029,710	12,736,141
(Decrease) increase in cash	(287,947)	4,640,642
Cash, beginning of year	33,711,317	29,070,675
Cash, end of year	$ 33,423,370	$ 33,711,317
Cash paid during the year for interest	$ 3,824,591	$ 4,906,028
Capital lease additions	2,421,828	-
Capital additions accrued but not paid	1,084,099	2,991,386

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Consolidation

GBMC HealthCare, Inc. (the "Company"), is a holding company for non-profit companies which include: Greater Baltimore Medical Center, Inc. ("Medical Center"), GBMC Foundation, Inc., Gilchrist Hospice Care, Inc., GBMC Land, Inc., GBMC Investments, Inc., and a for-profit company, Ruxton Insurance Company, Ltd.

The Medical Center is a not-for-profit hospital and a wholly owned subsidiary of the Company, which provides in-patient, outpatient and emergency care services primarily for residents of the Baltimore metropolitan area. The Medical Center was formed by agreement dated September 1, 1965, by the Hospital for Women of Maryland of Baltimore City ("Women's Hospital") and Presbyterian Eye, Ear and Throat Charity Hospital ("Presbyterian Hospital").

GBMC Foundation, Inc. is a not-for-profit organization and wholly owned subsidiary of the Company, which coordinates fundraising efforts to benefit the Company.

Gilchrist Hospice Care, Inc. is a not-for-profit organization and wholly owned subsidiary of the Company, which provides inpatient and home hospice care in the greater Baltimore area.

GBMC Land, Inc. is a not-for-profit organization and wholly owned subsidiary of the Company, which operates Physicians Pavilion North, a medical building on the campus of the Medical Center.

Ruxton Insurance Company, Ltd. is a wholly owned insurance captive of the Company in Bermuda. Ruxton assumes the risks for the Company's malpractice and general liability claims.

GBMC Investments, Inc., is a not-for-profit wholly owned subsidiary of the Company, which holds investments of the Company and is the parent of the following for-profit subsidiaries:

GBMC Agency, Inc. ("Agency") has ownership of healthcare providers including GBMC Physicians, LLC., Finney Trimble Surgical Associates, LLC., a retail pharmacy, and diagnostic imaging company. In addition, GBMC Agency owns and operates the Physicians Pavilion at Owings Mills, and owns a general and limited partnership interest in GBMC Pavilion West Medical Arts Limited Partnership ("the Partnership"). The Partnership is a Maryland limited partnership formed to construct, own, and operate the five upper floors and an interest in certain common areas of Physicians Pavilion West.

- GBMC Management, Inc. owns and operates Physicians Pavilion East, a medical office building on the campus of GBMC.

The Company's consolidated financial statements include the subsidiaries which the Company has 50% or more ownership. All material inter-company transactions have been eliminated.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Cash and Short-Term Investments

Cash and short-term investments, carried at cost which approximates fair value, include amounts invested in accounts which are readily convertible to known amounts of cash with original maturities of three months or less. Cash balances may exceed amounts insured by federal agencies and therefore bear a risk of loss. The Company has not experienced such losses on these funds.

Limited Use Funds Held by Trustee

Limited use funds primarily include assets held by trustees under agreement. The Board of Directors and independent third parties designate the assets held by trustees under agreement. The limited use funds are classified as current or non-current based upon the timing and nature of their use.

Inventories

Inventories, consisting of operating supplies, are stated at the lower of cost (first-in, first-out) or market.

Investments and Investment Income

Investments include amounts designated by management for specific purposes, insurance reserves and plant replacement. Investments in marketable securities are measured at fair market value on the consolidated balance sheet. The fair value of the investments is based on quoted market prices or dealer quotes. See Note 4 for discussion of the measurement of fair value for investments.

The Company accounts for its equity investments using the equity method, and income/loss is included in income (loss) in earnings of investee under unrestricted assets in the statements of operations and changes in net assets.

Investment income or loss (including realized gains and losses on investments, interest and dividends) on proceeds of borrowings that are held by a trustee, to the extent not capitalized, and investment income on assets deposited in the insurance captive investment is reported as other operating income. Investment income or loss (including realized gains and losses on investments, interest and dividends) from all other unrestricted fund investments is included in Excess of Revenues Over Expenses unless restricted by donor or law. Investment income on investments of temporarily restricted net assets is recorded as an increase in temporarily restricted net assets to the extent restricted by the donor or law.

Investment income is recorded on an accrual basis. Purchases and sales of investments are reflected on a trade-date basis. Realized gains and losses on sales of investments are based on historical cost.

Interest Rate Swaps

The value of the interest rate swap agreement entered into by the Company is accounted for by marking to fair value at the close of business. The fair value is then adjusted for accrued interest associated with the swap agreement. The fair value of the swap has been recorded at its gross value as assets and liabilities in the Company's balance sheet, and the changes in the fair value of the swap is recorded in the Company's Statements of Operations and Changes in Net Assets as part of Excess of Revenues Over Expenses.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. The cost and accumulated depreciation relating to property, plant and equipment sold or retired are removed from the respective accounts at the time of disposition and the resulting gain or loss is reflected in the statements of operations as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Company are reported at their fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Other Non-Current Assets

Other assets include deferred financing costs related to long-term borrowings which are amortized on a straight-line basis over the life of the borrowings, deferred leasing costs which are amortized over the lease terms and prepaid land lease payments for Gilchrist Hospice Care and Owings Mills Physician Pavilion which are expensed on a straight-line basis over the life of the lease.

The Medical Center has incurred deferred financing costs related to the issuance of Maryland Health and Higher Educational Facilities Authority ("MHHEFA") Series 2009, Series 2001, Series 1995 and Series 1993 Revenue Bonds that have been capitalized. All of the deferred financing costs are being amortized over the anticipated life of the transactions on a straight-line basis, which range from 7 to 32.5 years. Amortization expense for the years ended June 30, 2010 and 2009 was $387,198 and $225,905, respectively.

Compensated Absences

The Company records a liability for amounts due to employees for future absences, which are attributable to services, performed in the current and prior periods.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Company has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Company in perpetuity.

Estimated Malpractice Costs

The provision for estimated malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported and recorded in Insurance reserves within the balance sheet.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients and third-party payors for services rendered. Rates for the Medical Center's charges related to patient services are set and approved in accordance with the established regulations and rate methodologies of Maryland's rate-setting authority – the Health Services Cost Review Commission (HSCRC) – an independent agency created by the State of Maryland through legislative actions. All payors are required to pay the Medical Center's rates as approved by the HSCRC. The HSCRC allows a contractual allowance discount of up to 6% to Medicare and Medicaid. Other third party payors may receive a prompt payment discount of up to 2.25% through an advanced funding agreement with the Medical Center.

The Medical Center's HSCRC approved rates are adjusted annually to account for compliance with approved rates, annual inflation and changes in cost and volume. The Medical Center billed inpatient services within its approved charge-per-case corridor for fiscal years 2010 and 2009.

Gilchrist Hospice Care's net revenue is reported at the estimated net realized amounts from third-party payors who pay on a per-diem basis.

Physician charges are not regulated by the HSCRC, and are primarily reimbursed by third party payors. The overall average of adjustments for physician charges during FY 2010 was approximately 50.3%.

Adjustment to patient service revenue for contractual allowances and financial assistance were $85,176,216 and $72,194,754 for the years ended June 30, 2010 and 2009, respectively.

Excess of Revenue Over Expenses

The statements of operations and changes in net assets include Excess of Revenues Over Expenses. Changes in unrestricted net assets which are excluded from Excess of Revenues Over Expenses, consistent with industry practice, pension changes other than net periodic pension costs, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose acquiring such assets). As discussed in Note 4, effective July 1, 2008, the Company adopted the current accounting guidance for the fair value election of unrestricted investments and as a result has included the unrealized gains and losses in Excess of Revenues Over Expenses for fiscal year 2010 and 2009, respectively.

Financial Assistance and Community Benefits

As part of the Company's mission, it provides medical care without discrimination of any kind, including ability of a patient to pay for services. Under the Company's Financial Assistance Policy, patients who meet certain financial-based criteria can qualify for free care on all or a portion of the total patient bill. The Company recorded $5,349,186 and $3,448,270 of financial assistance in fiscal years 2010 and 2009, respectively.

In addition to its Financial Assistance Policy, the Company has a long-standing commitment of supporting the community through the provision of outreach services designed to address identified health and social issues. Specifically, the Company provides a variety of screening and early detection tests, wellness activities, social support services and educational seminars. A majority of these services are provided at either nominal or no cost to community members.

Rental Income

Base rental revenue is recognized on a straight-line basis over the life of the lease. Expense reimbursements are recognized when the related expense is incurred.

Income Taxes

Income taxes are provided for earnings (loss) of those subsidiaries, which are subject to federal and state income tax, based on the Company's share of the subsidiaries' taxable income, whether or not distributed. The Company's share of these subsidiaries' net losses is deductible to the extent of the Company's tax basis in the subsidiaries.

FASB’s guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as “more likely than not” that the position is sustainable, based on its technical merits. This guidance also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. The Company has adopted this guidance, and there was no impact on the financial statements during the years ended June 30, 2010 and 2009.

Use of Estimates

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

New Accounting Pronouncements

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-23 Health Care Entities (Topic 954) Measuring Charity Care for Disclosure - a consensus of the FASB Emerging Issues Task Force. The amendment requires that disclosures related to the level of charity care provided be based on a health care entity's estimated cost of providing the services. In addition, a health care organization should separately disclose the amount of charity care reimbursed by third parties. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010, with early adoption permitted. The Company is currently evaluating the impact of this new requirement.

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-24 Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries - a consensus of the FASB Emerging Issues Task Force. The amendment to ASC 954 reflects the EITF's consensus that the insurance guidance for health care entities should require these entities to reflect their "gross" exposure to claims liabilities with a corresponding receivable for insurance recoveries. The amendment aligns the accounting requirements for health care entities with other industries. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010, with early adoption permitted. The Company is currently evaluating the impact of this new requirement.

3. Concentrations of Credit Risk

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third party payor agreements. The mix of receivables from patients and third parties at June 30, 2010 and 2009 was as follows:

	2010	2009
Medicare	29%	28%
Medicaid	4%	4%
Blue Cross	19%	19%
Other Third Party Payors	38%	40%
Self Pay	10%	9%
	100%	100%

4. Investments

Investments are classified as current ("short-term investments") or non-current ("investments") based on their intended use by the Company. Limited use funds that are required for obligations classified as current liabilities are reported as current assets.

Investments and limited use funds at June 30, 2010 and 2009 consisted of the following:

	2010	2009
Current limited use funds		
Commercial paper, certificates of deposit and cash	$ 5,979,930	$ 7,768,077
Investments		
Commercial paper, certificates of deposit and cash	$ 39,532,942	$ 38,101,331
U.S. Obligations	9,126,395	21,740,132
Corporate bonds	56,580,440	30,878,209
Equities	75,291,245	70,575,666
Mutual funds	15,330,575	14,566,855
International Funds	6,041,752	3,264,917
Total	$ 201,903,349	$ 179,127,110
Limited use funds (non-current)		
Commercial paper	$ 2,229,034	$ 3,353,006
Corporate bonds	6,632,960	5,497,756
Total	$ 8,861,994	$ 8,850,762

Current guidance for fair value measurements establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under current guidance must maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Company for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Current accounting guidance on the "Fair Value Option for Financial Assets and Liabilities", permits companies to choose to measure many financial assets and liabilities, and certain other items at fair value. Further, a company is then required to record unrealized gains and losses on items for which the fair value option has been elected within its performance indicator. The Company has elected the fair value option for its entire investment portfolio as of July 1, 2008 and accordingly has included all unrealized gains and losses within Excess Revenues over Expenses.

	FY2010			
	Quoted Prices In Active Markets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Assets				
Investments				
Managed cash funds	$ 39,532,942	$ -	$ -	$ 39,532,942
Debt securities issued by U.S. Treasury	9,126,395	-	-	9,126,395
Corporate debt securities	-	45,127,990	-	45,127,990
Collateralized debt	-	142,674	-	142,674
Mortgage-backed securities - Federal agency backed	-	11,309,776	-	11,309,776
Total Fixed Income	$ 9,126,395	$ 56,580,440	$ -	$ 65,706,835
International mutual funds - large cap	6,041,752	-	-	6,041,752
Mutual funds	15,330,575	-	-	15,330,575
Equity securities - large cap	78,637	-	-	78,637
Equity securities	75,212,608	-	-	75,212,608
Total Investment	$ 145,322,909	$ 56,580,440	$ -	$ 201,903,349
Limited use funds				
Managed cash funds	8,208,964	-	-	8,208,964
Mortgage-backed securities - Federal agency backed	-	6,632,960	-	6,632,960
Total limited use funds	$ 8,208,964	$ 6,632,960	$ -	$ 14,841,924
Liabilities				
Interest rate swap	$ -	$ 3,424,214	$ -	$ 3,424,214

	FY2009			
	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Investments				
Managed cash funds	$ 38,101,331	$ -	$ -	$ 38,101,331
Debt securities issued by U.S. Treasury	15,108,234	-	-	15,108,234
Corporate debt securities	-	29,879,606	-	29,879,606
Collateralized debt	-	998,601	-	998,601
Mortgage-backed securities - Federal agency backed	-	6,631,900	-	6,631,900
Total Fixed Income	$ 15,108,234	$ 37,510,107	$ -	$ 52,618,341
International mutual funds - large cap	3,264,917	-	-	3,264,917
Mutual funds	14,566,855	-	-	14,566,855
Equity securities	70,575,666	-	-	70,575,666
Total Investment	$ 141,617,003	$ 37,510,107	$ -	$ 179,127,110
Limited use funds				
Managed cash funds	11,121,083	-	-	11,121,083
Mortgage-backed securities - Federal agency backed	-	5,497,756	-	5,497,756
Total limited use funds	$ 11,121,083	$ 5,497,756	$ -	$ 16,618,839
Liabilities				
Interest rate swap	$ -	$ 2,447,984	$ -	$ 2,447,984

The Company values Level 1 marketable securities using the closing market prices as of the valuation date. Fair values determined by Level 1 inputs utilize quoted trades at least weekly in an active market. The Company values Level 2 Investments using the current prices published. Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates and yield curves. The Company has an interest rate swap agreement. This instrument is allocated to the Level 2 fair value because the critical inputs into this model include relevant returns using 67% of one-month Libor.

5. Equity Investments

The Medical Center holds 50% ownership of GBMC/Hopkins Pediatric Surgery, LLC, which is a joint venture with Johns Hopkins Healthcare, LLC to provide pediatric surgical services.

Agency, Inc. holds a 25% equity interest in MIB Partnership (“MIB”). MIB operates a freestanding magnetic resonance imaging center on the campus of GBMC.

Agency, Inc. holds a 7.7% equity interest in Baltimore Spine Center, LLC, a Delaware limited liability company. The company operates an ambulatory surgery center.

Agency, Inc. holds a 10% equity interest in Asthma, Sinus, Allergy Program, LLC. The company operates an asthma/allergy/sinus center on the GBMC campus.

6. Property, Plant and Equipment

The following is a summary of the cost of property, plant and equipment as of June 30:

	2010	2009
Land and Land Improvements	$ 21,816,797	$ 22,671,789
Buildings and Building Service Equipment	299,382,963	272,044,131
Movable Equipment	173,291,645	190,023,925
Capital Leases	8,338,547	6,375,549
Construction In Progress	18,706,264	54,011,333
Total Property, Plant and Equipment	521,536,216	545,126,727
Less Accumulated Depreciation and Amortization	(280,260,759)	(306,406,045)
Total Net Property, Plant and Equipment	$ 241,275,457	$ 238,720,682
Depreciation Expense	24,787,091	24,158,998
Amortization Expense	539,450	393,795
Total Depreciation and Amortization Expense	$ 25,326,541	$ 24,552,793

7. Long-Term Debt

Long-term debt at June 30, consisted of the following:

	2010	2009
MHHEFA project & refunding revenue bonds		
Series 2009 Bonds		
Series A, variable rate	$ 15,065,000	$ 15,065,000
Series B, variable rate	29,935,000	29,935,000
Series 2001 Bonds		
5% term bonds	52,830,000	52,830,000
Series 1995 Bonds		
Variable rate serial bonds	7,060,000	7,365,000
Series 1993 Bonds		
5% term bonds	15,595,000	19,045,000
Capital Leases	2,441,739	653,884
Unamortized Bond Discount	(894,398)	(931,794)
Total long-term debt	122,032,341	123,962,090
Less current portion of long-term debt	(4,637,499)	(4,028,262)
Long-term debt	$ 117,394,842	$ 119,933,828

The Medical Center issued $45,000,000 of tax exempt Revenue Bonds, Series 2009 ($15,065,000 Series A issued on March 15, 2009 and $29,935,000 Series B issued on April 1, 2009). The 2009 Series B Bonds were used to refund the Series 1993 due in 2019. The 2009 Bonds bear interest at a variable rate, which is Securities Industry Financial Market Association (SIFMA) plus 1.35%. The rate at June 30, 2010 and 2009 was 1.60% and 1.70%, respectively. The Series 2009 Bonds are due in annual installments ranging from $4,405,000 in 2014 to $1,440,000 in 2034.

On November 1, 2001, the Medical Center issued $52,830,000 of tax exempt Revenue Bonds, Series 2001. A portion of the proceeds was used to refund the 6% Series 1991 bonds that mature on July 1, 2021. The bonds are collateralized by a first lien on all gross receipts of the Medical Center. The Series 2001 5% term bonds are due July 1, 2020, 2025 and 2034 in the amount of $6,155,000, $14,590,000 and $32,085,000, respectively.

The Series 1995 Bonds are due on July 1 in annual installments ranging from $305,000 on 2009 to $590,000 in 2025. The bonds bear interest at a variable rate, which is determined on a weekly basis by Legg Mason, the underwriter of the issue. The rate at June 30, 2010 and 2009 was .35% and .35%, respectively. The bonds are collateralized by a first lien on all gross receipts of the Medical Center.

In August 1993, the Medical Center issued $76,425,000 of tax-exempt revenue bonds Series 1993 bonds which are due in annual installments ranging from $3,450,000 in 2009 to $4,190,000 in 2013. The remaining Series 1993 bonds mature July 1, 2013, bear an interest rate of 5%. The bonds are insured by Financial Guaranty Insurance Company.

In October 2003, the Medical Center entered into a series of Total Return Swaps with Morgan Stanley. The Medical Center received the stated bond coupon rate from Morgan Stanley to pay the bondholders, and in return the Medical Center paid a floating rate of interest equal to the SIFMA plus 0.54%. Morgan Stanley terminated the Total Return Swaps on November 3, 2008.

In October 2003, the Medical Center entered into a variable-to-fixed interest rate swap with Morgan Stanley. The terms of this transaction require the Medical Center to pay Morgan Stanley a fixed interest rate of 3.15% based on the swap's amortized notional amount, which mirrors the outstanding principal amount of the Series 1993 Bonds. In return, Morgan Stanley pays GBMC a floating rate equal to 67% of One Month LIBOR on the swap's notional amount. The floating rate was .151% and .206% for 2010 and 2009, respectively.

The unexpended bond proceeds and approximately one year's debt service of the Series 2001 and 1993 Serial Bonds were deposited with a trustee and are classified as limited use funds. The net interest impact was interest income of $181,621 for 2010 and $455,141 for 2009 and was included in other operating revenue in the statements of operations and changes in net assets.

The aggregate future maturities of long-term debt at June 30, 2010 are:

	Long-Term Debt	Capital Lease Obligations	Total
2011	$ 3,935,000	$ 702,499	$ 4,637,499
2012	4,125,000	563,266	4,688,266
2013	4,335,000	526,172	4,861,172
2014	4,550,000	536,312	5,086,312
2015	4,690,000	113,490	4,803,490
Thereafter	98,850,000	-	98,850,000
	120,485,000	2,441,739	122,926,739
Less unamortized bond discount	(894,398)	-	(894,398)
	$ 119,590,602	$ 2,441,739	$ 122,032,341

The fair value of the Medical Center's long-term debt, which is estimated, based on quotes from underwriters, was approximately $119,314,418 and $119,069,899 at June 30, 2010 and 2009, respectively. Additionally, the Medical Center complied with all covenants at June 30, 2010 and 2009.

During the year ended June 30, 2009, the Medical Center had a line of credit of $35,000,000 bearing interest of .85% of BBA LIBOR Daily Floating Rate. The line of credit was eliminated on April 1, 2009 in connection with the issuance of the 2009 Series B Bonds. In addition, the Medical Center renewed a $10,000,000 line of credit, which expires on November 30, 2010 bearing interest at the LIBOR Daily Floating Rate. No amounts were drawn on this line during fiscal year 2010.

8. Interest Rate Swap

The Company measures their interest rate swap at fair value on a recurring basis. The fair value of the interest rate swap is based primarily on quotes from banks. The Company considers these inputs to be Level 2 in the fair value hierarchy. The fair value of the sixteen-year interest rate swap associated with the 1993 Bonds (see Note 7) was a liability of $3,424,214 and $2,447,984 as of June 30, 2010 and 2009, respectively.

The fair market value of the interest rate swaps and the related realized and unrealized gains (losses) were as follows as of June 30:

Classification of derivatives in Consolidated Balance Sheets	**Fair market value**	
	2010	**2009**
Derivatives not designated as hedging instruments:		
Accrued liability on interest rate swap	$ 3,424,214	$ 2,447,984

Interest due related to the interest rate swap was $673,397 and $700,232 as of June 30, 2010 and 2009, respectively, and is included in accounts payable and accrued expenses.

Classification of derivatives (gains)/losses in Consolidated Statement of Operations	**Amount of (gain)/loss recognized in change of unrestricted net assets**	
	2010	**2009**
Derivatives not designated as hedging instruments:		
Unrealized loss on interest rate swap	$ 976,230	$ 1,230,737
Realized loss on interest rate swap	1,349,637	1,399,188
	$ 2,325,867	$ 2,629,925

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2010	2009
Healthcare services		
Education	$ 2,387,671	$ 2,095,790
Departmental needs	13,677,780	13,497,842
Uncompensated care	2,954,547	1,556,874
Purchase of equipment/construction	5,892,275	3,334,575
	$ 24,912,273	$ 20,485,081

Permanently restricted net assets at June 30, 2010 and 2009 are restricted to investment in perpetuity, the income from which is expendable to support:

	2010	2009
Endowment, income from which is restricted to offset expenses supporting Genetics Center, Urology Research, Nursing Education and specific departmental needs	$ 6,560,650	$ 6,558,515
Uncompensated Care	10,037,523	10,000,000
	$ 16,598,173	$ 16,558,515

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2010	2009
Education	$ 328,990	$ 307,573
Departmental needs	2,436,984	2,767,834
Uncompensated care	549,599	711,460
Net asset released for operations	$ 3,315,573	$ 3,786,867
Purchase of equipment/construction	$ 2,690,272	$ 429,022

The Company's endowment fund consists of a $10 million endowment for Gilchrist Hospice Care, as well, as other donations from individual donors. The Company has no internal Board designated endowment funds recorded in unrestricted net assets. The net assets associated with the endowment are classified and reported based on the existence or absence of donor imposed restrictions.

The Company has interpreted the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation the Company classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Company in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance, with UPMIFA, the Company considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Company and the donor restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation

- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Company had the following activities to its endowment fund during the years ended June 30, 2010 and June 30, 2009 delineated by net asset class:

	Unrestricted	Temporary Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2008	$ -	$ 6,208,778	$ 16,505,253	$ 22,714,031
Investment return				
Investment income, net	-	301,595		301,595
Net depreciation (realized and unrealized)	(1,371,224)	(3,262,245)		(4,633,469)
Total investment return	(1,371,224)	(2,960,650)	-	(4,331,874)
Contributions	-	48,456	53,262	101,718
Appropriation of endowment assets for expenditure	-	(421,624)	-	(421,624)
Endowment net assets, June 30, 2009	(1,371,224)	2,874,960	16,558,515	18,062,251
Investment return				
Investment income, net	-	369,299	-	369,299
Net appreciation (realized and unrealized)	1,371,224	1,162,900	-	2,534,124
Total investment return	1,371,224	1,532,199	-	2,903,423
Contributions	-	20,000	39,658	59,658
Appropriation of endowment assets for expenditure	-	(500,000)	-	(500,000)
Endowment net assets, June 30, 2010	$ -	$ 3,927,159	$ 16,598,173	$ 20,525,332

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were $1,371,224 as of June 30, 2009, respectively. There were no such deficits as of June 30, 2010. The deficits resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters

The Company has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The Company expects its endowment funds over time, to provide an average rate of return of approximately 7.5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, the Company relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Company targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives. The Board of Trustees of the Company approves the method to be used to appropriate endowment funds for expenditure. The Company amended its endowment spending allocation policy to conform to UPMIFA which was passed by Maryland on April 14, 2009 and limits annual endowment spending to 7% of the annual market value per year. Accordingly, over the long term, the Company expects the current spending policy to allow its endowment to grow at an average of 7% annually, consistent with its intention to maintain the purchasing power of the endowment assets.

10. Functional Expenses

The Company provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended June 30, were as follows:

	2010	2009
Health care services	$ 422,941,518	$ 406,072,156
General and administrative	42,306,259	47,949,548
Total operating expenses	$ 465,247,777	$ 454,021,704

11. Leases

The Company leases office space in the Owings Mills Physicians Pavilion and its Physicians Pavilions East, West and North as lessor under leases ranging from two to ten years. Options to renew these leases range from one to ten years. The leases include provisions for pass-throughs of operating expenses and real estate taxes.

Minimum future rental income exclusive of pass-throughs for all pavilions for the years subsequent to June 30, 2010 is as follows:

2011	$ 4,325,130
2012	3,442,444
2013	2,991,946
2014	2,294,817
2015	1,690,485
Thereafter	3,814,780

Most of the Company’s leases contain renewal options. Renewal options are not included in the minimum future rental income unless exercised. Rental income, including pass-throughs, associated with these leases amounted to approximately $5,597,608 and $7,107,593 for the years ended June 30, 2010 and 2009, respectively.

The Company leased Physician Pavilion North building from Baltimore Hospital Investors, LLC. The rent expense was $2,021,978 and $2,103,461 for the years ended June 30, 2010 and 2009. Minimum future rental expense for the years subsequent to June 30, 2010 is as follows:

2011	$	2,257,373
2012		2,257,373
2013		2,257,373
2014		2,257,373
2015		2,313,807
Thereafter		40,975,452

12. Pension Plans

Effective July 1, 2007, the Company established a 401(a) Defined Contribution (the "Plan") covering all employees except those covered by the collective bargaining agreement, or employees in a zero hour or registry position. Company contributes up to 3% of eligible employee wages to the Plan. At the discretion of the Board of Directors the Company may contribute additional funds to the plan. The Company plans to contribute $6,757,825 for fiscal year 2010 and contributed $6,723,937 for fiscal year 2009.

Effective July 1, 2009 the Company established a 401(a) Defined Contribution plan (Plan I) for the Members of the Bargaining Unit. The Company matches up to 3% of eligible employee wages of those who contribute to the 403(b) plan. The Company contributed $70,351 for fiscal year 2010.

In addition, the Company has two non-contributory defined benefit pension plans, Non-Union ("Plan II") and Union ("Plan III"), covering all full-time employees with at least one year of service. Benefits under the plans are determined based on increasing percentages (depending on years of service) of final average compensation. Annual contributions are made to these plans in accordance with ERISA regulations.

Effective June 30, 2007, Plan II was frozen. As a result, no future benefits may be earned; however, employees are eligible to vest under the terms of the Plan.

Effective July 1, 2008, Plan II was amended to change the interest rate credit for the matched contribution from 7.5% to the six-month treasury rate.

Effective June 30, 2009, Plan III was amended to freeze the matching contribution. The matching contribution was made for the Union in the 401(a) Defined Contribution plan (Plan I).

The following tables set forth the plans' funded status and amounts recognized in the Company's financial statements at June 30. The change in benefit obligation, plan assets, and funded status of the pensions are shown below:

	2010	2009
Change in Benefit Obligation		
Benefit Obligation at Beginning of Year	$ 113,661,108	$ 112,510,522
Service Cost	472,382	474,603
Interest Cost	7,999,201	7,787,008
Amendments	-	(4,159,880)
Actuarial (gain) loss	19,535,678	1,297,098
Benefits Paid	(4,498,961)	(4,248,243)
Benefit obligation at end of year	$ 137,169,408	$ 113,661,108
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 94,068,238	$ 105,634,144
Actual return on plan assets	14,847,030	(14,046,897)
Employer contribution	1,730,833	6,729,234
Benefits paid	(4,498,961)	(4,248,243)
Fair value of plan assets at end of year	$ 106,147,140	$ 94,068,238
Funded Status		
Funded status at end of year	$ (31,022,268)	$ (19,592,870)
Amounts recognized in the balance sheets		
Non current liabilities	$ (31,022,268)	$ (19,592,870)
Amounts recognized in unrestricted net assets		
Net prior service cost	$ (3,233,816)	$ (3,565,749)
Net actuarial loss	47,035,085	37,884,727
	$ 43,801,269	$ 34,318,978
Net Periodic Benefit Cost		
Components of net periodic benefit cost		
Service cost	$ 472,382	$ 474,603
Interest cost	7,999,201	7,787,008
Expected return on plan assets	(6,997,608)	(7,926,785)
Amortization of prior service cost	(331,933)	(303,178)
Amortization of loss deferral	2,535,898	518,238
Net periodic pension benefit cost	$ 3,677,940	$ 549,886

	2010	2009
Other Changes in Plan Assets and Benefit Obligation recognized in unrestricted net assets		
Prior Service Cost	$ -	$ (4,159,880)
Net Actuarial Loss (Gain)	11,686,256	23,270,780
Less: Amortization of net loss/(gain)	(2,536,068)	(518,238)
Amortizaiton of prior service costs	331,933	303,178
Total	$ 9,482,121	$ 18,895,840
Total recognized in net periodic benefit cost in unrestricted net assets	$ 13,160,231	$ 19,445,726

The accumulated benefit obligation for the pension plans, which differs from the estimated actuarial present value of the projected benefit obligation because it is based on current rather than future compensation levels, was $135,390,140 and $112,283,079 at June 30, 2010 and 2009, respectively.

Amounts in unrestricted net assets expected to be recognized as a component of net periodic pension benefit cost in fiscal year 2011:

Prior service cost	$	(331,933)
Gain/loss		3,239,445

Assumptions

The weighted-average used in developing the projected pension benefit obligations for the plans as of June 30 were as follows:

	2010	2009
Discount rate	5.97%	7.22%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	4.00%	4.00%

Expected Long-Term Rate of Return

The expected rate of return assumption used was based on a total plan return estimation by looking at the current yields available from fixed-income and reasonable equity return assumption based on long-term market trends and applying this to the plans asset mix. In addition, the actual long-term historical returns realized by the pension plans were taken into consideration.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Non Union		Union		Total	
2011	$	4,711,690	$	909,957	$	5,621,647
2012		5,129,960		917,681		6,047,641
2013		5,512,735		951,813		6,464,548
2014		6,036,783		1,019,653		7,056,436
2015		6,534,695		1,043,133		7,577,828
Year 2016-2020		37,742,010		5,803,449		43,545,459
Total	$	65,667,873	$	10,645,686	$	76,313,559

The Company’s pension plan weighted-average asset allocation at June 30 by asset category, were as follows:

	2010	2009
Equity Securities	48.88%	48.05%
Debt Securities	50.61%	50.83%
Cash & Cash Equivalents	0.51%	1.12%
	100.00%	100.00%

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of June 30, 2010:

	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Managed cash funds	$ 543,914	$ -	$ -	$ 543,914
Corporate debt securities	-	53,717,609		53,717,609
Total Fixed Income	-	53,717,609	-	53,717,609
International mutual funds - large cap	6,286,019	-	-	6,286,019
Equity securities - large cap	20,331,673	-	-	20,331,673
Equity securities	25,267,925	-	-	25,267,925
Total Investment	$ 52,429,531	$ 53,717,609	$ -	$ 106,147,140

The following is a description of the valuation methodologies used for assets measured at fair value:

Corporate bonds: Valued at unadjusted quoted market share prices within active markets or based on external price data of comparable securities.

Equity securities: Valued at unadjusted quoted market share prices within active markets.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Plans at year-end. Shares traded in an active market.

Common/collective trust funds: Valued at fair value based on the unit value of the fund. Unit values are determined by the bank sponsoring such funds dividing the fund's net assets at fair value by its units outstanding at the valuation date.

Pension Investment Policies

The primary objective of the Company's pension investment program is the long-term growth of capital consistent with the protection of principal during major market declines. The program utilizes several balanced managers and provides for asset allocation guidelines consistent with the Company's risk exposure. The equity portion of the portfolio may range from 45% to 65% of total portfolio assets with a target of 55% measured at market value. The fixed income and cash equivalents portion of the portfolio may range from 35% to 65% of total portfolio assets with a target of 45% measured at market value.

The equity segment of the portfolio may include common and preferred stock, convertible securities, warrants, and cash equivalent securities. Equity holdings in any one industry should not exceed 20% of the equity portfolio, holdings in any one economic sector should not exceed 50% of the equity portfolio and holdings in any one company should not exceed 15% of the equity portfolio. Cash equivalent positions should not exceed 10% of the equity managers' portfolio and no more than 15% of the total portfolio measured at market value shall be invested in small companies, defined as companies of less than $500 million in market capitalization.

The fixed income segment of the portfolio may include marketable bonds, preferred stocks, up to 20% in SEC registered 144A and securities and cash equivalent securities. With the exception of securities issued by or guaranteed by the U.S. Treasury or U.S. Government agencies and instrumentalities, the maximum position in a single issuer's securities should not exceed 5% of the portfolio at market value. The manager is expected to maintain a weighted average bond portfolio quality rating of at least "A." Exposure to below investment grade securities, that is less than "BBB," is limited to a maximum of 20% of the portfolio at market value.

Contributions (Un-audited)

The Company expects to contribute $2,355,000 to its bargaining unit pension plan and $1,634,000 to its non-bargaining unit pension plan in the fiscal year ending June 30, 2011.

The Company has a non-contributory, non-qualified deferred compensation plan for certain key employees. Benefits under the plan are determined based on increasing percentages (depending on years of service) of base pay and incentive pay. The Company recorded expense related to this plan of $254,047 and $621,624 in 2010 and 2009, respectively.

13. Asserted and Unasserted Malpractice Claims and Contingencies

In conjunction with the offshore captive, the Company recorded reserve activity for claims and claims expense as follows:

	2010	2009
Malpractice reserves at beginning of year	$ 24,602,028	$ 21,383,297
Net claims and claims expense incurred for the period	4,362,971	5,811,771
Net claims and claims expense paid	(4,877,685)	(2,593,040)
Malpractice reserves at end of year	$ 24,087,314	$ 24,602,028

Reserves balances have been discounted at the rate of 3% for the years ended June 30, 2010 and 2009. Retention or limits in which Ruxton Insurance Company, Ltd. ("Ruxton") assumes the risk of loss is based on an occurrence basis of $3 million occurrence and $14 million in aggregate.

At June 30, 2010 and 2009, the Company was partially self-insured for workers compensation claims on a claims-made basis. The aggregate reserves for workers compensation, which have been determined and discounted at the rate of 2.8% and 2.7%, respectively, were presented as follows:

	2010	2009
Gross workers compensation reserves (a)	$ 3,765,560	$ 4,478,123
Less: Recoverable from reinsurance (b)	(808,983)	(1,199,040)
Net workers compensation reserves	$ 2,956,577	$ 3,279,083

(a) Recorded within accrued salaries and employee benefits on the Balance Sheet
(b) To adjust total liability for amounts covered by reinsurance related to claims in excess of the per occurrence retention

The receivable for the expected reinsurance recoverable is recorded within other current assets on the Balance Sheet. The Company's excess workers' compensation policy is based on a per claim basis in excess of $350,000.

The Company is subject to legal proceedings and claims, which arise from the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to the actions will not materially affect the consolidated financial position of the Company.

14. Insurance Captive

On August 1, 2003, Ruxton Insurance Company, Ltd. ("Ruxton"), a wholly owned subsidiary of GBMC HealthCare, Inc., was incorporated as a captive insurance company in Bermuda. Ruxton assumed all the liabilities of the GBMC Self Insurance Trust. The capitalization of $120,000 and additional funding of $7,052,000 were contributed to Ruxton as the initial funding for the transferred liabilities and investments. Additional funding of $7,500,000 was contributed to Ruxton during fiscal year 2008. The Company recorded $10,057,201 and $8,282,000 in malpractice premium expense in fiscal year 2010 and 2009. Ruxton covers all members of the Medical Center and GBMC HealthCare, Inc. and Subsidiaries. Retention or limits in which Ruxton Insurance Company, Ltd. assumes the risk of loss is based on $3 million per occurrence and $14 million in aggregate.

15. Taxes

The Company and most of its subsidiaries are exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. The subsidiaries of GBMC Investments are taxable entities. An operating loss carry forward of approximately $44,272,624 is available to offset future taxable income of GBMC Investments' subsidiaries through the year 2026.

The components of the deferred tax asset and liability as of June 30, were as follows:

	2010	2009
Deferred tax assets (liabilities)		
Operating loss carry forwards	$ 14,532,724	11,130,413
Employee benefits	318,239	421,415
Accelerated depreciation and amortization	1,984,296	1,805,579
Other	267,256	266,031
Valuation allowance	(17,102,515)	(13,623,438)
Total net deferred tax assets (liabilities)	$ -	$ -

16. Related Parties and Affiliates

The Company participated in equity transfers between the Company's affiliates during the years ended June 30 as follows:

	2010	2009
Physician LLC	$ 10,000,000	$ 11,200,000
Investments	(9,256,649)	(11,477,288)
Foundation	1,613,037	2,074,554
Hospital	(2,356,388)	(1,797,266)
Net transfers	$ -	$ -

The Boards of Women's Hospital and Presbyterian Hospital continue to administer their respective endowment funds and have made the following contributions to the company during the years ended June 30 as follows:

	2010	2009
Restricted contributions	$ -	$ 250,000
Women's Hospital	155,070	157,600
Presbyterian Hospital	$ 155,070	$ 407,600

The Company leases office space in the Physicians Pavilions East and West and the Owings Mills Pavilion, which are medical office buildings owned by subsidiaries of the Company, under operating leases ranging from two to ten years with various renewal terms. Minimum rental payments including pass-throughs due under these leases at June 30, 2010 were:

2011	$ 3,142,575
2012	3,017,322
2013	2,740,840
2014	2,040,410
2015	1,467,400
Thereafter	3,430,232

Rent expense, including pass-through expenses, under the leases was approximately $3,450,050 and $2,281,337 for the years ended June 30, 2010 and 2009, respectively.

17. Promises to Contribute

The Company has received unconditional and conditional promises to give. The pledge receivables are recorded at their present value using a 4% discount rate. The Company has four trusts whose present value as of June 30, 2010 is $732,816. These trusts are recorded as long-term pledge receivables.

At June 30, 2010, the value of pledge receivables consisted of the following:

Due within 1 year	$ 1,721,525
Due 1 - 5 years	998,456
Due over 5 years	960,112
Gross pledge receivables	3,680,093
Less: Discount and allowance	(341,832)
Net pledge receivables	$ 3,338,261

18. Subsequent Events

The Company evaluated subsequent events through October 4, 2010, the date the financial statements are available to be issued.

Accompanying Consolidating Information

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Report of Independent Accountants on
Accompanying Consolidating Information

To the Board of Directors of
GBMC HealthCare, Inc.:

The report on our audit of the consolidated financial statements of GBMC HealthCare, Inc. and its subsidiaries (the "Company") as of June 30, 2010 and for the year then ended appears on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies. However, the consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

October 4, 2010

GBMC HealthCare, Inc. and Subsidiaries
Consolidating Balance Sheet
June 30, 2010

ASSETS	Greater Baltimore Medical Center, Inc.	GBMC Investments Inc. and Subsidiaries	Gilchrist Hospice Care Inc.	Ruxton Insurance	GBMC Foundation Inc.	GBMC Land Inc.	GBMC Healthcare Inc. (Parent)	Eliminating Entries	Total
Current Assets:									
Cash and short-term investments	$ 25,078,410	$ 1,087,555	$ 5,286,128	$ 1,891,295	$ -	$ 60,937	$ 19,045	$ -	$ 33,423,370
Short-term investments	19,250,471	-	-	-	-	-	-	-	19,250,471
Current limited use funds	5,772,032	(52)	207,950	-	-	-	-	-	5,979,930
Patient accounts receivable, net	50,739,245	1,110,501	3,550,960	-	-	-	-	-	55,400,706
Other receivables	4,901,536	1,216,776	1,118,251	1,771,210	-	72,748	52,080	(600,000)	8,532,601
Advances to affiliates	8,430,172	-	-	-	1,000	-	1,855	(8,433,027)	-
Inventories	3,292,072	349,049	41,373	-	-	-	-	-	3,682,494
Prepaid expense and other current assets	4,348,929	94,781	240,103	230,758	-	10,619	-	-	4,925,190
Current pledges receivable	1,501,566	-	141,838	-	17,251	-	-	-	1,660,655
Total current assets	123,314,433	3,858,610	10,586,603	3,893,263	18,251	144,304	72,980	(9,033,027)	132,855,417
Investments	47,515,853	71,997,047	41,096,609	38,177,279	-	-	-	(16,133,910)	182,652,878
Equity investments and advances to affiliates	12,136	1,201,984	-	-	-	-	-	389,454	1,603,574
Investments in subsidiaries	-	-	-	-	-	-	309,003,237	(309,003,237)	-
L.T. Receivables from affiliates	10,553,239	-	-	-	-	-	-	(10,553,239)	-
Limited use investments held by trustee	8,861,994	-	-	-	-	-	-	-	8,861,994
Other non-current assets	919,556	988,115	355,486	-	-	123,864	-	-	2,387,021
Pledges receivable, net	472,965	-	966,948	-	237,693	-	-	-	1,677,606
Prepaid Pension Costs	-								-
Property and equipment, net	205,950,075	24,208,608	10,316,975	-		799,799	-	-	241,275,457
Total assets	$ 397,600,251	$ 102,254,364	$ 63,322,621	$ 42,070,542	$ 255,944	$ 1,067,967	$ 309,076,217	$ (344,333,959)	$ 571,313,947
LIABILITIES AND NET ASSETS									
Current Liabilities:									
Accounts payable and accrued expenses	$ 52,387,807	$ 1,262,865	$ 4,876,683	$ 434,027	$ -	$ 565,789	$ 97,149	$ (600,000)	$ 59,024,320
Payable to affiliates	1,000	5,245,626	463,202	2,390,942	-	-	332,256	(8,433,026)	-
Accrued interest payable	2,444,804	-	-	-	-	-	-	-	2,444,804
Advances from third party payors	11,666,105	-	-	-	-	-	-	-	11,666,105
Current portion of long-term debt	4,637,499	-	-	-	-	-	-	-	4,637,499
Other current liabilities	8,595,382	218,159	-	-	-	-	-	-	8,813,541
Total current liabilities	79,732,597	6,726,650	5,339,885	2,824,969	-	565,789	429,405	(9,033,026)	86,586,269
Long-term debt	117,394,842	-	-	-	-	-	-	-	117,394,842
Insurance reserves	-	-	-	24,087,314	-	-	-	-	24,087,314
Minority interest	-	1,698,260	-	-	-	-	-	(372,731)	1,325,529
Long-term payable to affiliate	-	8,050,519	-	-	-	2,502,720	-	(10,553,239)	-
Pension liability	31,022,268	-	-	-	-	-	-	-	31,022,268
Other long-term liabilities	677,223	1,573,690	-	-	-	-	-	-	2,250,913
Total liabilities	228,826,930	18,049,119	5,339,885	26,912,283	-	3,068,509	429,405	(19,958,996)	262,667,135
Net assets:									
Unrestricted net assets	139,847,722	70,856,552	45,352,912	15,158,259	(9,920,502)	(2,000,542)	267,136,366	(259,294,401)	267,136,366
Temporarily restricted net assets	22,364,949	6,802,879	2,592,301	-	10,172,301	-	24,912,273	(41,932,430)	24,912,273
Permanently restricted net assets	6,560,650	6,545,814	10,037,523	-	4,145	-	16,598,173	(23,148,132)	16,598,173
	168,773,321	84,205,245	57,982,736	15,158,259	255,944	(2,000,542)	308,646,812	(324,374,963)	308,646,812
Total liabilities and net assets	$ 397,600,251	$ 102,254,364	$ 63,322,621	$ 42,070,542	$ 255,944	$ 1,067,967	$ 309,076,217	$ (344,333,959)	$ 571,313,947

GBMC HealthCare, Inc. and Subsidiaries
Consolidating Balance Sheet
June 30, 2009

ASSETS	Greater Baltimore Medical Center, Inc.	GBMC Investments Inc. and Subsidiaries	Gilchrist Hospice Care Inc.	Ruxton Insurance	GBMC Foundation Inc.	GBMC Land Inc.	GBMC Healthcare Inc. (Parent)	Eliminating Entries	Total
Current Assets:									
Cash and short-term investments	$ 26,408,940	$ 1,230,259	$ 5,870,420	$ 56,094	$ 1,000	$ 62,105	$ 82,499	$ -	$ 33,711,317
Short-term investments	17,746,361	-	-	-	-	-	-	-	17,746,361
Current limited use funds	7,585,009	(52)	183,120	-	-	-	-	-	7,768,077
Patient accounts receivable, net	46,199,440	1,217,319	3,228,380	-	-	-	-	-	50,645,139
Other receivables	3,234,232	1,248,304	545,166	2,868,087	118,333	85,148	91,154	(1,680,000)	6,510,424
Advances to affiliates	19,341,375	1	-	-	-	-	26,274	(19,367,650)	-
Inventories	3,335,596	413,711	29,740	-	-	-	-	-	3,779,047
Prepaid expense and other current assets	3,431,462	141,326	136,773	205,867	-	5,147	-	-	3,920,575
Current pledges receivable	1,830,424	-	141,838	-	-	-	-	-	1,972,262
Total current assets	129,112,839	4,250,868	10,135,437	3,130,048	119,333	152,400	199,927	(21,047,650)	126,053,202
Investments	23,324,791	79,593,972	35,617,112	36,208,628	-	-	-	(13,363,754)	161,380,749
Equity investments and advances to affiliates	-	1,253,996	-	-	-	-	-	362,444	1,616,440
Investments in subsidiaries	-	-	-	-	-	-	287,730,091	(287,730,091)	-
L.T. Receivables from affiliates	9,047,806	-	-	-	-	-	-	(9,047,806)	-
Limited use investments held by trustee	8,850,762	-	-	-	-	-	-	-	8,850,762
Other non-current assets	1,144,608	1,044,228	371,110	-	238,836	93,901	-	-	2,892,683
Pledges receivable, net	633,431	-	995,383	-	-	-	-	-	1,628,814
Prepaid Pension Costs	-								-
Property and equipment, net	207,421,783	22,938,941	8,194,951	-	-	165,007	-	-	238,720,682
Total assets	$ 379,536,020	$ 109,082,005	$ 55,313,993	$ 39,338,676	$ 358,169	$ 411,308	$ 287,930,018	$ (330,826,857)	$ 541,143,332
LIABILITIES AND NET ASSETS									
Current Liabilities:									
Accounts payable and accrued expenses	$ 53,982,835	$ 1,063,392	$ 3,955,738	$ 595,128	$ -	$ 489,251	$ 101,148	$ (1,680,000)	$ 58,507,492
Payable to affiliates	-	14,529,387	494,720	4,108,094	-	-	235,448	(19,367,649)	-
Accrued interest payable	2,567,692	-	-	-	-	-	-	-	2,567,692
Advances from third party payors	12,792,179	-	-	-	-	-	-	-	12,792,179
Current portion of long-term debt	4,028,262	-	-	-	-	-	-	-	4,028,262
Other current liabilities	7,183,931	222,935	1	-	-	-	-	-	7,406,867
Total current liabilities	80,554,899	15,815,714	4,450,459	4,703,222	-	489,251	336,596	(21,047,649)	85,302,492
Long-term debt	119,933,828	-	-	-	-	-	-	-	119,933,828
Insurance reserves	-	-	-	24,602,028	-	-	-	-	24,602,028
Minority interest	-	2,091,672	-	-	-	-	-	(365,017)	1,726,655
Long-term payable to affiliate	-	7,675,933	-	-	-	1,371,873	-	(9,047,806)	-
Pension liability	19,592,870	-	-	-	-	-	-	-	19,592,870
Other long-term liabilities	1,088,996	1,303,041	-	-	-	-	-	-	2,392,037
Total liabilities	221,170,593	26,886,360	4,450,459	29,305,250	-	1,861,124	336,596	(30,460,472)	253,549,910
Net assets:									
Unrestricted net assets	132,503,672	70,581,607	39,681,693	10,033,426	(3,150,754)	(1,449,816)	250,549,826	(248,199,829)	250,549,826
Temporarily restricted net assets	19,303,240	5,090,403	1,181,841	-	3,506,913	-	20,485,081	(29,082,397)	20,485,081
Permanently restricted net assets	6,558,515	6,523,634	10,000,000	-	2,010	-	16,558,515	(23,084,160)	16,558,515
	158,365,427	82,195,645	50,863,534	10,033,426	358,169	(1,449,816)	287,593,422	(300,366,385)	287,593,422
Total liabilities and net assets	$ 379,536,020	$ 109,082,005	$ 55,313,993	$ 39,338,676	$ 358,169	$ 411,308	$ 287,930,018	$ (330,826,857)	$ 541,143,332

GBMC HealthCare, Inc. and Subsidiaries
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2010

	Greater Baltimore Medical Center, Inc.	GBMC Investments Inc. and Subsidiaries	Gilchrist Hospice Care Inc.	Ruxton Insurance	GBMC Foundation Inc.	GBMC Land Inc.	GBMC Healthcare Inc. (Parent)	Eliminating Entries	Total
Change in unrestricted net assets:									
Operating Revenues:									
Net patient service revenue	$ 373,981,966	$ 10,911,813	$ 29,958,728	$ -	$ -	$ -	$ -	$ -	$ 414,852,507
Other healthcare revenue	11,575,045	26,070,981	-	-	-	-	-	-	37,646,026
Net healthcare revenue	385,557,011	36,982,794	29,958,728	-	-	-	-	-	452,498,533
Rental income	689,475	5,774,616	-	-	-	2,673,567	-	(3,540,050)	5,597,608
Other operating income	7,371,045	2,048,109	27,064	11,157,686	-	174,758	156,276	(10,400,680)	10,534,258
Net assets released from restrictions	2,768,557	37,110	509,906	-	-	-	-	-	3,315,573
Total operating revenue	396,386,088	44,842,629	30,495,698	11,157,686	-	2,848,325	156,276	(13,940,730)	471,945,972
Operating expenses:									
Salaries, wages and employee benefits	213,609,495	31,228,053	20,828,199	-	-	323,229	146,484	-	266,135,460
Expendable supplies	79,271,374	6,528,447	2,255,082	-	-	56,846	408	-	88,112,157
Purchased services	56,950,827	12,997,359	5,182,202	6,959,114	8,590,135	2,841,315	19,141	(22,580,865)	70,959,228
Depreciation and amortization	22,216,649	2,116,702	875,527	-	-	117,663	-	-	25,326,541
Interest	4,434,576	163,349	-	-	-	-	-	(199,308)	4,398,617
Provision for uncollectible accounts	8,774,553	1,370,225	170,996	-	-	-	-	-	10,315,774
Overhead	(3,567,253)	2,397,249	399,996	200,004	-	60,000	260,004	250,000	-
Total operating expenses	381,690,221	56,801,384	29,712,002	7,159,118	8,590,135	3,399,053	426,037	(22,530,173)	465,247,777
Other operating income (expense):									
Equity in gain of investee companies	18,300	597,773	-	-	-	-	-	24,454	640,527
Minority interest	-	(4,565)	-	-	-	-	-	10,272	5,707
Operating income (loss)	14,714,167	(11,365,547)	783,696	3,998,568	(8,590,135)	(550,728)	(269,761)	8,624,169	7,344,429
Other income:									
Contributions	1,798,925	-	2,090,384	-	1,922,613	-	50,000	(1,972,613)	3,889,309
Fundraising expense	(18,825)	-	(623,981)	-	(1,715,262)	-	-	250,000	(2,108,068)
Investment income, net	343,869	1,314,556	565,463	-	-	2	5	(199,308)	2,024,587
Net unrealized gain (loss) investments	(557,613)	7,735,010	3,087,265	1,126,265	-	-	-	-	11,390,927
Net gain on sale of investments	769,017	2,627,315	(231,608)	-	-	-	-	-	3,164,724
Net loss on sale of assets	(471)	(1,181)	-	-	-	-	-	-	(1,652)
Loss on Swaps	(2,325,867)	-	-	-	-	-	-	-	(2,325,867)
Excess of revenues over expenses	14,723,202	310,153	5,671,219	5,124,833	(8,382,784)	(550,726)	(219,756)	6,702,248	23,378,389
Other unrestricted net assets:									
Pension related changes other than net periodic pension costs	(9,482,121)	-	-	-	-	-	-	-	(9,482,121)
Net assets released for purchase of fixed assets	2,690,272	-	-	-	-	-	-	-	2,690,272
Equity in unrestricted income of affiliate	990,525	-	-	-	-	-	21,273,146	(22,263,671)	-
Transfers	(1,577,828)	(35,208)	-	-	1,613,036	-	-	-	-
(Decrease) increase in unrestricted net assets	7,344,050	274,945	5,671,219	5,124,833	(6,769,748)	(550,726)	21,053,390	(15,561,423)	16,586,540
Changes in temporarily restricted net assets:									
Contributions	7,519,356	-	(11,221)	-	6,665,388	-	-	(6,665,287)	7,508,236
Investment income, net	105	186,996	203,577	-	-	-	-	-	390,678
Gain on sale of investment	-	266,210	571,328	-	-	-	-	-	837,538
Net unrealized gain (loss) investments	-	539,903	1,156,682	-	-	-	-	-	1,696,585
Equity in temporarily restricted income of affiliate	1,757,554	-	-	-	-	-	-	(1,757,554)	-
Transfer of temp. restricted assets	(756,477)	756,477	-	-	-	-	-	-	-
Net assets released for purchase of fixed assets	(2,690,272)	-	-	-	-	-	-	-	(2,690,272)
Net assets released for operations	(2,768,557)	(37,110)	(509,906)	-	-	-	-	-	(3,315,573)
Increase (decrease) in temporarily restricted net assets	3,061,709	1,712,476	1,410,460	-	6,665,388	-	-	(8,422,841)	4,427,192
Changes in permanently restricted net assets:									
Contributions	2,135	-	37,523	-	2,135	-	-	(2,135)	39,658
Equity in Permanently Restricted Income of Affiliate	22,179	-	-	-	-	-	-	(22,179)	-
Transfer of perm. restricted assets	(22,179)	22,179	-	-	-	-	-	-	-
Increase in permanently restricted net assets	2,135	22,179	37,523	-	2,135	-	-	(24,314)	39,658
Increase (decrease) in net assets	10,407,894	2,009,600	7,119,202	5,124,833	(102,225)	(550,726)	21,053,390	(24,008,578)	21,053,390
Net assets, beginning of year	158,365,427	82,195,645	50,863,534	10,033,426	358,169	(1,449,816)	287,593,422	(300,366,385)	287,593,422
Net assets, end of year	$ 168,773,321	$ 84,205,245	$ 57,982,736	$ 15,158,259	$ 255,944	$ (2,000,542)	$ 308,646,812	$ (324,374,963)	$ 308,646,812

GBMC HealthCare, Inc. and Subsidiaries
Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2009

	Greater Baltimore Medical Center, Inc.	GBMC Investments Inc. and Subsidiaries	Gilchrist Hospice Care Inc.	Ruxton Insurance	GBMC Foundation Inc.	GBMC Land Inc.	GBMC Healthcare Inc. (Parent)	Eliminating Entries	Total
Change in unrestricted net assets:									
Operating Revenues:									
Net patient service revenue	$ 365,831,077	$ 11,289,275	$ 27,697,818	$ -	$ -	$ -	$ -	$ -	$ 404,818,170
Other healthcare revenue	11,091,584	26,805,629	-	-	-	-	-	-	37,897,213
Net healthcare revenue	376,922,661	38,094,904	27,697,818	-	-	-	-	-	442,715,383
Rental income	1,202,053	5,685,149	-	-	-	2,501,728	-	(2,281,337)	7,107,593
Other operating income	8,273,715	1,163,480	9,760	9,610,164	-	201,430	156,276	(9,598,355)	9,816,470
Net assets released from restrictions	3,343,969	42,933	399,965	-	-	-	-	-	3,786,867
Total operating revenue	389,742,398	44,986,466	28,107,543	9,610,164	-	2,703,158	156,276	(11,879,692)	463,426,313
Operating expenses:									
Salaries, wages and employee benefits	202,257,267	28,852,105	18,776,428	-	-	252,144	146,484	-	250,284,428
Expendable supplies	79,504,068	6,512,421	2,647,524	-	-	76,733	408	-	88,741,154
Purchased services	56,384,933	14,310,561	4,724,310	8,402,341	4,037,107	2,828,460	7,975	(15,966,803)	74,728,884
Depreciation and amortization	21,718,427	2,139,002	577,533	-	-	117,831	-	-	24,552,793
Interest	4,794,028	290,490	-	-	-	-	-	(255,423)	4,829,095
Provision for uncollectible accounts	9,312,582	1,217,338	355,430	-	-	-	-	-	10,885,350
Overhead	(3,343,300)	2,328,300	300,000	100,000	-	125,000	240,000	250,000	-
Total operating expenses	370,628,005	55,650,217	27,381,225	8,502,341	4,037,107	3,400,168	394,867	(15,972,226)	454,021,704
Other operating income (expense):									
Equity in gain (loss) of investee companies	(658,336)	858,213	-	-	-	-	-	374,410	574,287
Minority interest	-	44,026	-	-	-	-	-	353,050	397,076
Operating income (loss)	18,456,057	(9,761,512)	726,318	1,107,823	(4,037,107)	(697,010)	(238,591)	4,819,994	10,375,972
Other income:									
Contributions	550,771	-	1,402,636	-	528,184	-	50,000	(578,187)	1,953,404
Fundraising expense	(58,282)	-	(624,473)	-	(1,717,385)	-	-	250,000	(2,150,140)
Investment income, net	459,254	1,724,251	706,806	-	-	349	469	(255,423)	2,635,706
Net unrealized loss investments	(61,636)	(15,703,046)	(3,889,147)	(18,529)	-	-	-	-	(19,672,358)
Net loss on sale of investments	(3,966)	(3,943,190)	(2,502,108)	-	-	-	-	-	(6,449,264)
Net loss on sale of assets	(87,610)	-	-	-	-	-	-	-	(87,610)
Loss on Swaps	(2,629,925)	-	-	-	-	-	-	-	(2,629,925)
Excess of revenues over expenses	16,624,663	(27,683,497)	(4,179,968)	1,089,294	(5,226,308)	(696,661)	(188,122)	4,236,384	(16,024,215)
Other unrestricted net assets:									
Pension related changes other than net periodic pension costs	(18,895,840)	-	-	-	-	-	-	-	(18,895,840)
Net assets released for purchase of fixed assets	429,022	-	-	-	-	-	-	-	429,022
Equity in Unrestricted income of affiliate	(2,037,743)	-	-	-	-	-	(37,025,972)	39,063,715	-
Transfers	(2,034,203)	(40,351)	-	-	2,074,554	-	-	-	-
Increase (decrease) in unrestricted net assets	(5,914,101)	(27,723,848)	(4,179,968)	1,089,294	(3,151,754)	(696,661)	(37,214,094)	43,300,099	(34,491,033)
Changes in temporarily restricted net assets:									
Contributions	3,782,224	-	580,938	-	3,506,913	-	-	(3,506,913)	4,363,162
Investment income, net	37,055	61,924	239,671	-	-	-	-	-	338,650
(Loss) gain on sale of investment	-	(296,330)	(640,392)	-	-	-	-	-	(936,722)
Net unrealized loss investments	-	(1,123,605)	(1,201,918)	-	-	-	-	-	(2,325,523)
Equity in temporarily restricted income of affiliate	(1,889,492)	-	-	-	-	-	-	1,889,492	-
Transfer of temp. restricted assets	488,548	(488,548)	-	-	-	-	-	-	-
Net assets released for purchase of fixed assets	(429,023)	-	-	-	-	-	-	-	(429,023)
Net assets released for operations	(3,343,969)	(42,933)	(399,965)	-	-	-	-	-	(3,786,867)
Increase (decrease) in temporarily restricted net assets	(1,354,657)	(1,889,492)	(1,421,666)	-	3,506,913	-	-	(1,617,421)	(2,776,323)
Changes in permanently restricted net assets:									
Contributions	53,262	-	-	-	2,010	-	-	(2,010)	53,262
Equity in Permanently Restricted Income of Affiliate	251,611	-	-	-	-	-	-	(251,611)	-
Transfer of perm. restricted assets	(251,611)	251,611	-	-	-	-	-	-	-
Increase (decrease) in permanently restricted net assets	53,262	251,611	-	-	2,010	-	-	(253,621)	53,262
(Decrease) increase in net assets	(7,215,496)	(29,361,729)	(5,601,634)	1,089,294	357,169	(696,661)	(37,214,094)	41,429,057	(37,214,094)
Net assets, beginning of year	165,580,923	111,557,374	56,465,168	8,944,132	1,000	(753,155)	324,807,516	(341,795,442)	324,807,516
Net assets, end of year	158,365,427	82,195,645	50,863,534	10,033,426	358,169	(1,449,816)	287,593,422	(300,366,385)	287,593,422