

**Exempt Organization Declaration and Signature for Electronic Filing**

For calendar year 2010, or tax year beginning JUL 1, 2010, and ending JUN 30, 2011

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

**2010**

Department of the Treasury  
Internal Revenue Service

▶ See instructions.

Name of exempt organization

**SUBURBAN HOSPITAL, INC.**

Employer identification number

**52-0610545**

**Part I Type of Return and Return Information** (Whole Dollars Only)

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

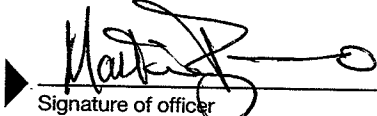
1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	<b>259532036</b>
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here ▶ <input type="checkbox"/>	b Balance due (Form 8868, Part I, line 3c or Part II, line 8c)	5b	

**Part II Declaration of Officer**

6  I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.


If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2010 electronic return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign Here ▶  Date 1 5/11/12 ▶ VICE PRESIDENT FINANCE Title

**Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer** (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-file (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

<b>ERO's Use Only</b>	ERO's signature ▶ 	Date	Check if also paid preparer <input type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code ▶				EIN
					Phone no.

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

**Return of Organization Exempt From Income Tax**

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

**2010**

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 2010 calendar year, or tax year beginning JUL 1, 2010 and ending JUN 30, 2011**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C Name of organization</b>		<b>D Employer identification number</b>
	SUBURBAN HOSPITAL, INC.		52-0610545
	Doing Business As		
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	<b>E Telephone number</b>
	8600 OLD GEORGETOWN ROAD		301-896-3900
City or town, state or country, and ZIP + 4		<b>G Gross receipts \$</b> 302,096,067.	
BETHESDA, MD 20814-1497		<b>H(a) Is this a group return for affiliates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>F Name and address of principal officer:</b> MARTIN BASSO SR		<b>H(b) Are all affiliates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	
SAME AS C ABOVE		If "No," attach a list. (see instructions)	
<b>I Tax-exempt status:</b> <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c) Group exemption number</b> ▶	
<b>J Website:</b> WWW.SUBURBANHOSPITAL.ORG		<b>L Year of formation:</b> 1942 <b>M State of legal domicile:</b> MD	
<b>K Form of organization:</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: SUBURBAN HOSPITAL IS A COMMUNITY-BASED HOSPITAL SERVING MONTGOMERY COUNTY AND THE	
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	3 21
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	4 19
	<b>5</b> Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5 2034
	<b>6</b> Total number of volunteers (estimate if necessary)	6 439
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	7a 5,979,125.
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	7b -174,862.	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	Prior Year 8,141,987. Current Year 6,877,323.
	<b>9</b> Program service revenue (Part VIII, line 2g)	225,126,581. 241,455,970.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,434,037. 4,604,228.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,392,050. 6,594,515.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	240,094,655. 259,532,036.
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0. 0.
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0. 0.
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	116,615,622. 118,511,986.
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0. 0.
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25)	0.
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	115,393,050. 123,820,337.
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	232,008,672. 242,332,323.
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	8,085,983. 17,199,713.	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	Beginning of Current Year 264,586,975. End of Year 292,356,616.
	<b>21</b> Total liabilities (Part X, line 26)	140,170,665. 135,181,202.
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	124,416,310. 157,175,414.

**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.

<b>Sign Here</b>	Signature of officer		Date
	MARTIN BASSO SR, VICE PRESIDENT FINANCE		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date
	Firm's name		Check if self-employed <input type="checkbox"/> PTIN
	Firm's address		Firm's EIN
			Phone no.

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission: SUBURBAN HOSPITAL WILL DELIVER SUPERIOR HEALTHCARE ENHANCED BY TECHNOLOGY, WELLNESS EDUCATION, RESEARCH, AND INNOVATIVE PARTNERSHIPS WITH PHYSICIANS, HOSPITALS, THE COMMUNITY, AND THE NATIONAL INSTITUTES OF HEALTH. MISSION: IMPROVING HEALTH WITH SKILL AND COMPASSION.

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 [X] No

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

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 \$ 83127942. including grants of \$ 0. ) (Revenue \$ 84556274. ) SURGICAL PATIENT SERVICES: SUBURBAN HOSPITAL OFFERS COMPREHENSIVE INPATIENT AND OUTPATIENT SURGICAL SERVICES. THESE INCLUDE ORTHOPEDIC SERVICES, INCLUDING SPINE, NEUROSURGERY AND JOINT REPLACEMENT, WITH THE JOINT REPLACEMENT PROGRAM SERVING OVER 900 PATIENTS ANNUALLY. WITH THE DAVINCI SURGICAL SYSTEM, UROLOGIC, GYNECOLOGIC AND THORACIC PROCEDURES ARE PERFORMED WITH STATE-OF-THE-ART ROBOTIC TECHNOLOGY. SUBURBAN HOSPITAL IS THE ONLY CERTIFIED TRAUMA CENTER IN MONTGOMERY COUNTY. THE LEVEL II TRAUMA CENTER TREATS 1500 MAJOR TRAUMA CASES ANNUALLY AND HAS AN ORTHOPEDIC TRAUMATOLOGIST ON STAFF. THE FOLLOWING SPECIALISTS ARE ON CALL FOR EMERGENCIES: TRAUMA SURGEONS, NEUROSURGEONS, UROLOGISTS, ENT, OB/GYN, AND CARDIOLOGISTS. DURING 2011, SUBURBAN HOSPITAL ADMITTED 4,001

4b (Code: ) (Expenses \$ 62992141. including grants of \$ 0. ) (Revenue \$ 70425863. ) MEDICAL PATIENT SERVICES: SUBURBAN HOSPITAL PROVIDES ACUTE AND CRITICAL CARE FOR A COMPLETE RANGE OF MEDICAL DIAGNOSES. THE HOSPITAL IS A JOINT COMMISSION CERTIFIED PRIMARY STROKE CENTER FEATURING A DEDICATED NIH STROKE TEAM, WHICH PROVIDES RAPID DIAGNOSIS AND CUTTING-EDGE TREATMENT OF STROKES. SUBURBAN HOSPITAL ALSO OPERATES A CANCER CARE PROGRAM, WHICH IS ACCREDITED WITH COMMENDATION BY THE COMMISSION ON CANCER OF THE AMERICAN COLLEGE OF SURGEONS. THE COMPREHENSIVE PROGRAM SERVICES PATIENTS WITH ALL DIAGNOSES AND OFFERS CUTTING-EDGE TECHNOLOGY AND PERSONALIZED CARE. IN 2011, SUBURBAN HOSPITAL ADMITTED 8,367 MEDICAL PATIENTS.

4c (Code: ) (Expenses \$ 33806450. including grants of \$ 0. ) (Revenue \$ 36405445. ) CARDIOVASCULAR PATIENT SERVICES: SUBURBAN HOSPITAL'S SPECIALIZED CENTER FOR CARDIAC CARE, ANCHORED BY THE NIH HEART CENTER, BRINGS THE CLINICAL AND SCIENTIFIC EXCELLENCE OF TWO RENOWNED MEDICAL INSTITUTIONS TO A COMMUNITY-BASED CARDIAC PROGRAM. THROUGH COLLABORATION WITH THE NATIONAL HEART, LUNG, AND BLOOD INSTITUTE (NHLBI) OF THE NATIONAL INSTITUTES OF HEALTH AND JOHNS HOPKINS MEDICINE, SUBURBAN HOSPITAL PROVIDES PATIENTS EASY ACCESS TO ADVANCED CARDIOVASCULAR TREATMENTS AVAILABLE IN VERY FEW MEDICAL CENTERS. IN ADDITION TO STATE-OF-THE-ART CARDIAC SURGERY AND ANGIOPLASTY, THE NIH HEART CENTER AT SUBURBAN HOSPITAL COMPLEMENTS A BROAD RANGE OF EXISTING CARDIAC PROGRAMS AT SUBURBAN HOSPITAL - FROM EMERGENCY CARE TO CARDIAC DIAGNOSTICS AND REHABILITATION. DURING 2011

4d Other program services. (Describe in Schedule O.) (Expenses \$ 20487770. including grants of \$ ) (Revenue \$ 53024389. )

4e Total program service expenses 200,414,303.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> 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>	X	
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors?	X	
<b>3</b> 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>		X
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	X	
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or 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>		X
<b>7</b> 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>		X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
<b>9</b> 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>		X
<b>10</b> Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
<b>b</b> Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
<b>c</b> Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>		X
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>	X	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?		X
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
<b>15</b> 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, Parts II and IV</i>		X
<b>16</b> 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, Parts III and IV</i>		X
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
<b>20a</b> Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>	X	
<b>b</b> If "Yes" to line 20a, did the organization attach its audited financial statements to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	X	



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

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
24b		X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
24c		X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
24d		X
25a <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
25b		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	X	
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
28a		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
28b		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
28c		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
29		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
30		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
31		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
32		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	X	
33	X	
34 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	
34	X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?		X
35		X
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
36 <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
36		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
37		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19?	X	
38	X	

Note. All Form 990 filers are required to complete Schedule O

**Part V** Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
1a	176		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2a	2034		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)	X	
2b			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
3a			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	X	
3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
4a			
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
4b			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5a			
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5b			
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		X
6a			
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
6b			
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
7a			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7c			
d	If "Yes," indicate the number of Forms 8282 filed during the year		
7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
7e			
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
7f			
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
7h			
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
8			
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
a	Did the organization make any taxable distributions under section 4966?		
9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
9b			
10	<b>Section 501(c)(7) organizations.</b> Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12		
10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
10b			
11	<b>Section 501(c)(12) organizations.</b> Enter:		
a	Gross income from members or shareholders		
11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
11b			
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
12b			
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
13b			
c	Enter the amount of reserves on hand		
13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14a			
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		
14b			

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

Check if Schedule O contains a response to any question in this Part VI  X

**Section A. Governing Body and Management**

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year	21	
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent	19	
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b> Does the organization have members or stockholders?		X
<b>7a</b> Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	X	
<b>b</b> Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	X	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body?	X	
<b>b</b> Each committee with authority to act on behalf of the governing body?	X	
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

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

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

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **MD**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
 Own website  Another's website  Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **MARTIN BASSO SR VP FIN TREAS - 301-896-2333**  
**8600 OLD GEORGETOWN RD, BETHESDA, MD 20814-1497**

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

Check if Schedule O contains a response to any question in this Part VII

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
SUE BAILEY, M.D. TRUSTEE	2.50	X					0.	0.	0.	
DIANE L. COLGAN, M.D. TRUSTEE	2.50	X					0.	0.	0.	
WILLIAM B. DOCKSER TRUSTEE	2.50	X					0.	0.	0.	
CHRISTOPHER J. DOHERTY TRUSTEE, CHAIRMAN	2.50	X					0.	0.	0.	
CAROLYN B HENDRICKS, M.D. TRUSTEE	2.50	X					0.	0.	0.	
MARY D. KANE TRUSTEE	2.50	X					0.	0.	0.	
ARIS MARDIROSSIAN TRUSTEE	2.50	X					0.	0.	0.	
BELLE BROOKS O'BRIEN TRUSTEE	2.50	X					0.	0.	0.	
C. ALAN PEYSER TRUSTEE	2.50	X					0.	0.	0.	
BARRY K. ROGSTAD, PH.D. TRUSTEE	2.50	X					0.	0.	0.	
DAVID C. SILVER TRUSTEE	2.50	X					0.	0.	0.	
STANLEY H. SNOW TRUSTEE	2.50	X					0.	0.	0.	
PATRICIA STOCKER, PH.D. TRUSTEE	2.50	X					0.	0.	0.	
BRIAN A. GRAGNOLATI PRESIDENT & TRUSTEE	50.00	X	X				1,034,836.	0.	278,394.	
WILLIAM A. BAUMGARTNER, M.D. TRUSTEE	2.50	X					0.	0.	0.	
HOWARD GLECKMAN TRUSTEE	2.50	X					0.	0.	0.	
THE HON. ANN S. HARRINGTON TRUSTEE	2.50	X					0.	0.	0.	

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
NORMAN K. JENKINS TRUSTEE	2.50	X					0.	0.	0.	
ALBERT K. LEE, M.D. TRUSTEE	2.50	X					0.	0.	0.	
RONALD R. PETERSON CORPORATE VICE CHAIRMAN & TRUSTEE	2.50	X		X			0.	1,620,305.	246,617.	
STEVEN J. THOMPSON TRUSTEE	2.50	X					0.	0.	0.	
MARTIN BASSO SR VP FINANCE AND TREASURE	50.00			X			361,009.	0.	86,427.	
NANCY MILLER CORPORATE SECRETARY	50.00			X			182,451.	0.	9,014.	
DENNIS PARNELL SR VP HUMAN RESOURCES	50.00			X			317,866.	0.	49,801.	
JACQUELINE SCHULTZ, R.N. SR VP PATIENT CARE SERVICE	50.00			X			333,673.	0.	42,888.	
LESLIE FORD WEBER SR. VP, GOVT & COMMUNITY R	50.00			X			213,200.	0.	41,825.	
<b>1b Sub-total</b>							2,443,035.	1,620,305.	754,966.	
<b>c Total from continuation sheets to Part VII, Section A</b>							2,401,823.	341,239.	281,983.	
<b>d Total (add lines 1b and 1c)</b>							4,844,858.	1,961,544.	1,036,949.	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **124**

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

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization.

(A) Name and business address	(B) Description of services	(C) Compensation
SUBURBAN ROCK SPRING, LLC 1013 CENTRE RD, WILMINGTON, DE 19805	RENT	3,294,827.
PEPCO ENERGY SERVICES 701 NINTH ST, NW, WASHINGTON, DC 20068	ELECTRIC SERVICE PROVIDER	1,873,203.
ARAMARK FACILITY SERVICES 1101 MARKET STREET, PHILADELPHIA, PA 19107	BIOMEDICAL ENGINEERING SRVS	1,497,869.
ADELMAN, SHEFF, AND SMITH, 180 ADMIRAL COCHRANE DR, SUITE 370, ANNAPOLIS, MD	LEGAL SERVICES	1,014,518.
VITALIZE, 500 NORTH WALNUT ROAD, KENNETT SQUARE, PA 19348	STAFFING AGENCY	994,282.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **56**

SEE PART VII, SECTION A CONTINUATION SHEETS



**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, gifts, grants and other similar amounts</b>	<b>1 a</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>	2019335.				
	<b>e</b> Government grants (contributions)	<b>1e</b>	4851703.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above .....	<b>1f</b>	6,285.				
	<b>g</b> Noncash contributions included in lines 1a-1f: \$ .....						
	<b>h Total.</b> Add lines 1a-1f .....			6877323.			
<b>Program Service Revenue</b>	<b>2 a</b> <u>SURGICAL REVENUE</u> .....	Business Code	621990	84,556,274.	84,556,274.		
	<b>b</b> <u>MEDICAL REVENUE</u> .....		621990	70,425,863.	70,425,863.		
	<b>c</b> <u>NET PATIENT REVENUE</u> .....		621990	44,090,493.	44,090,493.		
	<b>d</b> <u>CARDIOVASCULAR REVENUE</u> .....		621990	36,405,445.	36,405,445.		
	<b>e</b> <u>LAB</u> .....		541380	5977895.		5,977,895.	
	<b>f</b> All other program service revenue .....						
	<b>g Total.</b> Add lines 2a-2f .....			241,455,970.			
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) .....			952,259.		952,259.	
	<b>4</b> Income from investment of tax-exempt bond proceeds .....						
	<b>5</b> Royalties .....						
	<b>6 a</b> Gross Rents .....	(i) Real	(ii) Personal				
		<b>b</b> Less: rental expenses .....					
		<b>c</b> Rental income or (loss) .....					
		<b>d</b> Net rental income or (loss) .....					
	<b>7 a</b> Gross amount from sales of assets other than inventory .....	(i) Securities	(ii) Other				
		<b>b</b> Less: cost or other basis and sales expenses .....					
		<b>c</b> Gain or (loss) .....					
		<b>d</b> Net gain or (loss) .....			3651969.	3651969.	
	<b>8 a</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>c</b> Net income or (loss) from fundraising events .....					
	<b>9 a</b> Gross income from gaming activities. See Part IV, line 19 .....	<b>a</b>					
<b>b</b> Less: direct expenses .....							
<b>c</b> Net income or (loss) from gaming activities .....							
<b>10 a</b> Gross sales of inventory, less returns and allowances .....	<b>a</b>						
	<b>b</b> Less: cost of goods sold .....						
	<b>c</b> Net income or (loss) from sales of inventory .....						
Miscellaneous Revenue			Business Code				
<b>11 a</b> <u>OTHER REVENUE</u> .....			900099	5281927.	5281927.		
	<b>b</b> <u>CAFETERIA INCOME</u> .....		900099	561,515.		561,515.	
	<b>c</b> <u>TV AND PHONE</u> .....		900099	375,740.		375,740.	
	<b>d</b> All other revenue .....		900099	375,333.		1,230.	
	<b>e Total.</b> Add lines 11a-11d .....			6594515.		374,103.	
<b>12 Total revenue.</b> See instructions. ....			259,532,036.	244,411,971.	5,979,125.	2,263,617.	



**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).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	2,951,386.		2,951,386.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	94,539,778.	80,324,453.	14,215,325.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,002,338.	4,133,560.	868,778.	
9 Other employee benefits	8,917,649.	7,368,881.	1,548,768.	
10 Payroll taxes	7,100,835.	5,867,602.	1,233,233.	
11 Fees for services (non-employees):				
a Management				
b Legal	147,344.	55.	147,289.	
c Accounting	274,866.	514.	274,352.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	36,388.	36,388.		
g Other	7,109,220.	4,948,283.	2,160,937.	
12 Advertising and promotion				
13 Office expenses	66,420,296.	59,982,988.	6,437,308.	
14 Information technology				
15 Royalties				
16 Occupancy	3,282,462.	2,652,138.	630,324.	
17 Travel	136,557.	95,862.	40,695.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	93,722.	61,546.	32,176.	
20 Interest	1,054,735.	871,554.	183,181.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	13,886,903.	11,475,103.	2,411,800.	
23 Insurance	2,456,142.	39,806.	2,416,336.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.)				
a <b>CONTRACTED SERVICES</b>	15,835,720.	10,442,688.	5,393,032.	
b <b>BAD DEBT</b>	10,355,422.	10,355,422.	0.	
c <b>OTHER</b>	1,794,364.	821,264.	973,100.	
d <b>INT EXP DERIVATIVES</b>	936,196.	936,196.	0.	
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	242332323.	200414303.	41,918,020.	0.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). 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)		(B)
		Beginning of year		End of year
<b>Assets</b>	1 Cash - non-interest-bearing .....	46,240.	1	337,119.
	2 Savings and temporary cash investments .....	17,410,852.	2	19,499,928.
	3 Pledges and grants receivable, net .....		3	
	4 Accounts receivable, net .....	24,949,766.	4	33,616,233.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....			
		852,933.	5	619,964.
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) .....		6	
	7 Notes and loans receivable, net .....	1,231,642.	7	1,150,453.
	8 Inventories for sale or use .....	7,655,013.	8	7,501,763.
	9 Prepaid expenses and deferred charges .....	1,584,245.	9	1,525,776.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	10a 302,573,500.		
	b Less: accumulated depreciation .....	10b 186,563,519.	10c	116,009,981.
	11 Investments - publicly traded securities .....	45,813,256.	11	63,905,218.
	12 Investments - other securities. See Part IV, line 11 .....	371,728.	12	420,270.
	13 Investments - program-related. See Part IV, line 11 .....		13	
	14 Intangible assets .....		14	320,000.
15 Other assets. See Part IV, line 11 .....	44,753,573.	15	47,449,911.	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	264,586,975.	16	292,356,616.	
<b>Liabilities</b>	17 Accounts payable and accrued expenses .....	33,308,304.	17	37,191,235.
	18 Grants payable .....		18	
	19 Deferred revenue .....		19	
	20 Tax-exempt bond liabilities .....	78,865,978.	20	74,505,982.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D .....		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		22	
	23 Secured mortgages and notes payable to unrelated third parties .....		23	
	24 Unsecured notes and loans payable to unrelated third parties .....		24	
	25 Other liabilities. Complete Part X of Schedule D .....	27,996,383.	25	23,483,985.
	26 <b>Total liabilities.</b> Add lines 17 through 25 .....	140,170,665.	26	135,181,202.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	27 Unrestricted net assets .....	104,848,541.	27	134,290,423.
	28 Temporarily restricted net assets .....	8,875,095.	28	12,094,418.
	29 Permanently restricted net assets .....	10,692,674.	29	10,790,573.
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	30 Capital stock or trust principal, or current funds .....		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund .....		31	
	32 Retained earnings, endowment, accumulated income, or other funds .....		32	
33 <b>Total net assets or fund balances</b> .....	124,416,310.	33	157,175,414.	
34 <b>Total liabilities and net assets/fund balances</b> .....	264,586,975.	34	292,356,616.	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	259,532,036.
2	Total expenses (must equal Part IX, column (A), line 25)	2	242,332,323.
3	Revenue less expenses. Subtract line 2 from line 1	3	17,199,713.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	124,416,310.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	15,559,391.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	157,175,414.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII

1 Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant? \_\_\_\_\_

b Were the organization's financial statements audited by an independent accountant? \_\_\_\_\_

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? \_\_\_\_\_

d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:

Separate basis  Consolidated basis  Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? \_\_\_\_\_

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits. \_\_\_\_\_

	Yes	No
2a		X
2b	X	
2c	X	
3a	X	
3b	X	

Form 990 (2010)



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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on .....						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f)) .....	<b>14</b>	%
<b>15</b> Public support percentage from 2009 Schedule A, Part II, line 14 .....	<b>15</b>	%
<b>16a 33 1/3% support test - 2010.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization .....	<input type="checkbox"/>	
<b>b 33 1/3% support test - 2009.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization .....	<input type="checkbox"/>	
<b>17a 10% -facts-and-circumstances test - 2010.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....	<input type="checkbox"/>	
<b>b 10% -facts-and-circumstances test - 2009.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....	<input type="checkbox"/>	
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....	<input type="checkbox"/>	

032022  
12-21-10

**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 or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>13 Total support</b> (Add lines 9, 10c, 11, and 12.)						
<b>14 First five years.</b> 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**

<b>15</b> Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2009 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2009 Schedule A, Part III, line 17 .....	<b>18</b>	%

- 19a 33 1/3% support tests - 2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶
- b 33 1/3% support tests - 2009.** 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, or 990-PF.

OMB No. 1545-0047

**2010**

Name of the organization

Employer identification number

SUBURBAN HOSPITAL, INC.

52-0610545

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 an organization 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 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 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 (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions 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 990-EZ that received from any one contributor, during the year, 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.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2010)



Name of organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
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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	<hr/> <hr/> <hr/> <hr/>	\$ 4,027,629.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	<hr/> <hr/> <hr/> <hr/>	\$ 824,074.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	<hr/> <hr/> <hr/> <hr/>	\$ 2,019,335.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

<b>Name of organization</b>  SUBURBAN HOSPITAL, INC.	<b>Employer identification number</b>  52-0610545
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**Part II Noncash Property** (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div>	\$ _____	_____
	<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div>	\$ _____	_____

<b>Name of organization</b>  SUBURBAN HOSPITAL, INC.	<b>Employer identification number</b>  52-0610545
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**Part III** Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$

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

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee


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

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee


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

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee


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

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee


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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2010**

Department of the Treasury  
Internal Revenue Service

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **See separate instructions.**

**Open to Public Inspection**

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

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

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

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

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax), or Form 990-EZ, Part V, line 35a (Proxy Tax), then

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

Name of organization **SUBURBAN HOSPITAL, INC.** Employer identification number **52-0610545**

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

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

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

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

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ..... ▶ \$ \_\_\_\_\_

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ..... ▶ \$ \_\_\_\_\_

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?  Yes  No

4a Was a correction made?  Yes  No

b If "Yes," describe in Part IV.

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ..... ▶ \$ \_\_\_\_\_

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ..... ▶ \$ \_\_\_\_\_

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ..... ▶ \$ \_\_\_\_\_

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

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying) .....														
b Total lobbying expenditures to influence a legislative body (direct lobbying) .....														
c Total lobbying expenditures (add lines 1a and 1b) .....														
d Other exempt purpose expenditures .....														
e Total exempt purpose expenditures (add lines 1c and 1d) .....														
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width:65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e.													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.													
Over \$17,000,000	\$1,000,000.													
g Grassroots nontaxable amount (enter 25% of line 1f) .....														
h Subtract line 1g from line 1a. If zero or less, enter -0- .....														
i Subtract line 1f from line 1c. If zero or less, enter -0- .....														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers?		X	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
<b>c</b> Media advertisements?		X	
<b>d</b> Mailings to members, legislators, or the public?		X	
<b>e</b> Publications, or published or broadcast statements?		X	
<b>f</b> Grants to other organizations for lobbying purposes?		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	X		224,578.
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
<b>i</b> Other activities? If "Yes," describe in Part IV		X	
<b>j</b> Total. Add lines 1c through 1i			224,578.
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

**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.

**PART II-B, LINE 1(I), OTHER LOBBYING ACTIVITIES:**

THE HOSPITAL RETAINS LEGAL COUNSEL TO PERFORM LOBBYING ACTIVITIES ON ITS BEHALF. THE LOBBYING ACTIVITIES RELATE TO PRESERVING AND PROTECTING THE HOSPITAL'S INTERESTS WITH REGARDS TO MATTERS AFFECTING HEALTH CARE AND HEALTH FACILITIES, INCLUDING STATE GRANTS AND UNCOMPENSATED CARE.

**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11, or 12.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2010**

Open to Public  
Inspection

Name of the organization

SUBURBAN HOSPITAL, INC.

Employer identification number  
52-0610545

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 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? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included in (a) .....	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register .....	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....

Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? .....

Yes  No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 .....

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 .....

▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_



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

3 Using the organization's acquisition, accession, and other records, check any of the following that 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 Escrow and Custodial Arrangements.** Complete if the 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 the 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					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment  \_\_\_\_\_ %
- b Permanent endowment  \_\_\_\_\_ %
- c Term endowment  \_\_\_\_\_ %

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

- (i) unrelated organizations
- (ii) related organizations

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

b If "Yes" 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 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) Accumulated depreciation	(d) Book value
1a Land		345,094.		345,094.
b Buildings		150387400.	82,620,477.	67,766,923.
c Leasehold improvements		2,156,926.	205,308.	1,951,618.
d Equipment		107509577.	97,532,679.	9,976,898.
e Other		42,174,503.	6,205,055.	35,969,448.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				116009981.

**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
(1) Financial derivatives .....		
(2) Closely-held equity interests .....		
(3) Other .....		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
<b>Total.</b> (Col (b) must 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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Total.</b> (Col (b) must equal Form 990, Part X, col (B) line 13.)		

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

(a) Description	(b) Book value
(1) FUNDS HELD BY BOND TRUSTEES	6,721,394.
(2) UNAMORTIZED FINANCE COSTS	709,974.
(3) EXEC RETIREMENT PLAN ASSTS	2,328,484.
(4) ANNUITIES HELD FOR DEF COMP	1,493,399.
(5) DEPOSITS	498,883.
(6) OTHER RECEIVABLE	652,321.
(7) DUE FROM OTHER ENTITIES	1,946,307.
(8) ACCRUED INTEREST REC	1,336.
(9) INTEREST IN FOUNDATION NET ASSETS	33,097,813.
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 15.)	47,449,911.

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

1. (a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) ADVANCES FROM THIRD PARTIES	8,289,600.
(3) EXC RETIREMENT PLAN LIABILITY	2,030,570.
(4) LEASES PAYABLE	1,052,856.
(5) PROF INSURANCE LIABILITY	2,406,300.
(6) HEDGE FAIR VALUE ADJUST	3,470,833.
(7) CAPITAL ACCUMULATION ACCOUNT	132,023.
(8) INTEREST PAYABLE	554,135.
(9) ACCRUED RENT	233,311.
(10) ACCRUED PENSION LONG TERM	4,851,345.
(11) 457B FOR DIRECTORS	14,905.
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 25.)	23,483,985.

**2.** FIN 48 (ASC 740) Footnote. 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 (ASC 740).

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	259,532,036.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	242,332,323.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	17,199,713.
4	Net unrealized gains (losses) on investments	4	4,679,899.
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	10,879,492.
9	Total adjustments (net). Add lines 4 through 8	9	15,559,391.
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	32,759,104.

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

1	Total revenue, gains, and other support per audited financial statements	1	255205000.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV.)	2d	
e	Add lines 2a through 2d	2e	0.
3	Subtract line 2e from line 1	3	255205000.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	4,327,036.
c	Add lines 4a and 4b	4c	4,327,036.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	259532036.

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

1	Total expenses and losses per audited financial statements	1	241361000.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV.)	2d	
e	Add lines 2a through 2d	2e	0.
3	Subtract line 2e from line 1	3	241361000.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	971,323.
c	Add lines 4a and 4b	4c	971,323.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	242332323.

**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, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART X, LINE 2: 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 HOSPITAL HAS ADOPTED THIS GUIDANCE, AND THERE WAS NO IMPACT ON ITS FINANCIAL STATEMENTS**

**Part XIV** Supplemental Information (continued)

DURING THE YEARS ENDED JUNE 30, 2011 AND 2010.

## PART XI, LINE 8 - OTHER ADJUSTMENTS:

CHANGE IN MINIMUM PENSION LIABILITY	5,337,648.
FAIR VALUE ADJ ON DERIVATIVES	485,054.
CHANGE INTEREST IN NET ASSETS OF FOUNDATION	5,056,778.
ROUNDING	12.
TOTAL TO SCHEDULE D, PART XI, LINE 8	10,879,492.

## PART XII, LINE 4B - OTHER ADJUSTMENTS:

GAIN ON SALE OF SECURITIES	3,792,601.
CONTRIBUTIONS FROM FOUNDATION	498,756.
ROUNDING	-709.
INVESTMENT FEES	36,388.
TOTAL TO SCHEDULE D, PART XII, LINE 4B	4,327,036.

## PART XIII, LINE 4B - OTHER ADJUSTMENTS:

ROUNDING	-1,261.
INT EXP DERIVATIVES	936,196.
INVEST FEES	36,388.
TOTAL TO SCHEDULE D, PART XIII, LINE 4B	971,323.



**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2010**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization **SUBURBAN HOSPITAL, INC.** Employer identification number **52-0610545**

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
<b>b</b> If "Yes," was it a written policy? If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.	X	
<input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
<b>b</b> Did the organization use FPG to determine eligibility for providing discounted care to low income individuals? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>270</u> %	X	
<b>c</b> If the organization did 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 used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.		
<b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
<b>c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		X
<b>6a</b> Did the organization prepare a community benefit report during the tax year?	X	
<b>b</b> If "Yes," did the organization make it available to the public?	X	

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

**7 Financial Assistance and Certain Other Community Benefits at Cost**

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheets 1 and 2)			3,513,763.	0.	3,513,763.	1.51%
<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 Total</b> Financial Assistance and Means-Tested Government Programs			3,513,763.		3,513,763.	1.51%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4)			7,893,763.	896,514.	6,997,249.	3.02%
<b>f</b> Health professions education (from Worksheet 5)			3,993,692.	0.	3,993,692.	1.72%
<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)			1,223,909.	0.	1,223,909.	.53%
<b>j Total.</b> Other Benefits			13,111,364.	896,514.	12,214,850.	5.27%
<b>k Total.</b> Add lines 7d and 7j			16,625,127.	896,514.	15,728,613.	6.78%







**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: N/A

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8	1	
If "Yes," indicate what the Needs Assessment describes (check all that apply):		
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public?	5	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):		
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9	
If "Yes," indicate the FPG family income limit for eligibility for free care: _____ %		

**Part V Facility Information** (continued) N/A

	Yes	No
<b>10</b> Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care: _____ %		
<b>11</b> Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):		
<ul style="list-style-type: none"> <li>a <input type="checkbox"/> Income level</li> <li>b <input type="checkbox"/> Asset level</li> <li>c <input type="checkbox"/> Medical indigency</li> <li>d <input type="checkbox"/> Insurance status</li> <li>e <input type="checkbox"/> Uninsured discount</li> <li>f <input type="checkbox"/> Medicaid/Medicare</li> <li>g <input type="checkbox"/> State regulation</li> <li>h <input type="checkbox"/> Other (describe in Part VI)</li> </ul>		
<b>12</b> Explained the method for applying for financial assistance?		
<b>13</b> Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
<ul style="list-style-type: none"> <li>a <input type="checkbox"/> The policy was posted on the hospital facility's website</li> <li>b <input type="checkbox"/> The policy was attached to billing invoices</li> <li>c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms</li> <li>d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices</li> <li>e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility</li> <li>f <input type="checkbox"/> The policy was available on request</li> <li>g <input type="checkbox"/> Other (describe in Part VI)</li> </ul>		

**Billing and Collections**

<b>14</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?		
<b>15</b> Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year:		
<ul style="list-style-type: none"> <li>a <input type="checkbox"/> Reporting to credit agency</li> <li>b <input type="checkbox"/> Lawsuits</li> <li>c <input type="checkbox"/> Liens on residences</li> <li>d <input type="checkbox"/> Body attachments</li> <li>e <input type="checkbox"/> Other actions (describe in Part VI)</li> </ul>		
<b>16</b> Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year?		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply): <ul style="list-style-type: none"> <li>a <input type="checkbox"/> Reporting to credit agency</li> <li>b <input type="checkbox"/> Lawsuits</li> <li>c <input type="checkbox"/> Liens on residences</li> <li>d <input type="checkbox"/> Body attachments</li> <li>e <input type="checkbox"/> Other actions (describe in Part VI)</li> </ul>		
<b>17</b> Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply):		
<ul style="list-style-type: none"> <li>a <input type="checkbox"/> Notified patients of the financial assistance policy on admission</li> <li>b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge</li> <li>c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills</li> <li>d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance</li> <li>e <input type="checkbox"/> Other (describe in Part VI)</li> </ul>		

**Part V Facility Information** (continued) N/A

**Policy Relating to Emergency Medical Care**

**18** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>18</b>		

If "No," indicate the reasons why (check all that apply):

- a  The hospital facility did not provide care for any emergency medical conditions
- b  The hospital facility did not have a policy relating to emergency medical care
- c  The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d  Other (describe in Part VI)

**Charges for Medical Care**

**19** Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply):

- a  The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility
- b  The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility
- c  The hospital facility used the Medicare rate for those services
- d  Other (describe in Part VI)

<b>20</b>		
<b>21</b>		

**20** Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? .....

If "Yes," explain in Part VI.

**21** Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient? .....

If "Yes," explain in Part VI.



**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART I, LINE 7: A COST-TO-CHARGE RATIO (FROM WORKSHEET 2) IS USED TO CALCULATE THE AMOUNTS ON LINE 7A AND 7B (CHARITY CARE AND UNREIMBURSED MEDICAID). THE AMOUNTS FOR LINES 7E-7I WOULD COME FROM OUR HSCRC COMMUNITY BENEFIT REPORT FILED WITH THE STATE OF MARYLAND AND WOULD NOT BE BASED ON A COST-TO CHARGE RATIO.

PART I, LINE 7G: SUBURBAN HOSPITAL, INC. DOES NOT HAVE ANY SUBSIDIZED HEALTH SERVICES.

PART I, LN 7 COL(F): THE AMOUNT OF BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$10,355,422.

PART II: SHI COMMUNITY BUILDING ACTIVITIES PROMOTE THE HEALTH OF THE COMMUNITY IT SERVES THROUGH A NUMBER OF INITIATIVES THEY HAVE DEVELOPED. FOR EXAMPLE, SHI YOUTH PROJECTS ENCOURAGE THE YOUNG LEADERS THROUGH A WIDE ARRAY OF PROGRAMS, INCLUDING MEDICAL VENTURING, WHICH INTRODUCES HIGH SCHOOL STUDENTS INTERESTED IN PURSUING MEDICAL CAREERS TO DIFFERENT FACETS OF THE MEDICAL PROFESSION. THIS ALSO GIVES THEM THE

**Part VI** Supplemental Information

OPPORTUNITY TO PARTICIPATE IN GRASSROOTS COMMUNITY SERVICE PROJECTS.

SHI COMMUNITY HEALTH AND WELLNESS DEPARTMENT ENGAGES THE SENIOR POPULATION BY ENCOURAGING ACTIVE AND HEALTHY LIFESTYLES THROUGH PROGRAMS DESIGNED TO HELP OLDER ADULTS GAIN OPTIMUM HEALTH.

PART III, LINE 4: BAD DEBT EXPENSE AT COST IS DETERMINED USING THE SAME COST-TO-CHARGE RATIO THAT IS USED TO CALCULATE CHARITY CARE AND UNREIMBURSED MEDICAID.

DISCOUNTS AND ALLOWANCES ARE ACCOUNTED FOR SEPARATELY FROM BAD DEBT EXPENSE.

MARYLAND HOSPITALS ARE RATE REGULATED UNDER THE HSCRC, WHICH INCLUDES BAD DEBT AS PART OF THE REIMBURSEMENT FORMULA FOR EACH HOSPITAL. DUE TO THE RATE REGULATION, SUBURBAN HOSPITAL, INC (SHI) CANNOT DETERMINE THE AMOUNT THAT REASONABLE COULD BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITALS CHARITY CARE POLICY.

THE ORGANIZATIONS FINANCIAL STATEMENTS DO NOT INCLUDE A FOOTNOTE ON BAD DEBT EXPENSE. THE FINANCIAL STATEMENTS SHOW THE PROVISION FOR BAD DEBTS AS A SEPARATE LINE ITEM IN THE STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS UNDER OPERATING EXPENSES.

PART III, LINE 8: THE TRIAL BALANCE EXPENSES ARE ADJUSTED TO ALLOWABLE EXPENSE IN ACCORDANCE WITH THE MEDICARE COST REPORTING RULES AND REGULATIONS.

PART III, LINE 9B: THE HOSPITAL CONFORMS TO THE PRINCIPLES AND STANDARDS OF THE MHA HOSPITAL BILLING AND DEBT COLLECTION PRACTICES PRINCIPLES AS WELL AS THE MHA MINIMUM STANDARDS FOR FINANCIAL ASSISTANCE IN MARYLAND HOSPITALS.

**Part VI** Supplemental Information

PART VI, LINE 2: SHI RELIES ON A NUMBER OF RESOURCES TO IDENTIFY THE HEALTH NEEDS OF OUR COMMUNITY.

UTILIZING THE HEALTHY PEOPLE 2020 GUIDELINES AS VITAL INFORMATION SOURCES, SHI MAINTAINS A CLOSE RELATIONSHIP WITH THE MONTGOMERY COUNTY HEALTH DEPARTMENT AND HUMAN SERVICES (MCDHHS) IN ORDER TO IDENTIFY COMMUNITY HEALTH NEEDS AND SET COMMUNITY BENEFIT STRATEGIC PROGRAMS AND ACTIVITIES.

INITIATED BY THE MONTGOMERY COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES AND THE URBAN INSTITUTE, HEALTHY MONTGOMERY IS A COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS AND IS ACCESSIBLE ONLINE TO THE PUBLIC. THIS FORMAL NEEDS ASSESSMENT SERVES AS A STANDARD SET OF POPULATION-BASED HEALTH AND SOCIAL SERVICES DATA. AGREED UPON BY LOCAL STAKEHOLDERS, ONE HUNDRED HEALTH INDICATORS AND SOCIAL DETERMINATES WERE IDENTIFIED AS ISSUES AT BOTH THE MACRO- AND MICRO-LEVELS OF THE COUNTY. THE FORMAL NEEDS ASSESSMENT WAS COMPLETED IN JUNE 2011.

IN ADDITION TO WORKING CLOSELY WITH THE MCDHHS AND THE USE OF NEEDS ASSESSMENTS THAT IDENTIFY AND RESPOND TO LOCAL NEEDS, SHI IDENTIFIES COMMUNITY UNMET OR POTENTIAL HEALTH NEEDS BY COLLABORATING IN PARTNERSHIPS, TAKING AN ACTIVE AND LEADERSHIP ROLE IN COALITIONS, BOARDS, COMMITTEES, PANELS, ADVISORY GROUPS, AND SERVING ON LOCAL COUNTY COMMISSIONS.

PART VI, LINE 3: SHI PROVIDES EACH PATIENT REGISTERED FOR EMERGENCY CARE, SAME DAY CARE, OR INPATIENT CARE A COPY OF OUR FINANCIAL ASSISTANCE INFORMATION SHEET. SIGNS ARE ALSO POSTED IN ENGLISH AND SPANISH EXPLAINING THE AVAILABILITY OF FINANCIAL ASSISTANCE AND CONTACT INFORMATION; THEY ARE LOCATED IN THE EMERGENCY, PEDIATRICS, CATH LAB, AND



**Part VI** Supplemental Information

FINANCIAL COUNSELING DEPARTMENTS, AS WELL AS THE MAIN REGISTRATION DESK. THE FINANCIAL ASSISTANCE APPLICATION IS GIVEN TO EVERY SELF PAY PATIENT WILL INSTRUCTIONS ON HOW TO APPLY AND CONTACT INFORMATION. THE SAME INFORMATION IS PROVIDED TO ALL OTHER PATIENTS UPON REQUEST. THIS INFORMATION IS ALSO AVAILABLE IN SPANISH.

IN ADDITION, OUR FINANCIAL COUNSELORS AND SOCIAL WORKERS ARE TRAINED TO ANSWER PATIENTS QUESTIONS REGARDING FINANCIAL ASSISTANCE AND LINKAGE TO OTHER COMMUNITY ASSISTANCE RESOURCES PRIOR TO DISCHARGE. REGISTRATION STAFF IS TRAINED TO ANSWER QUESTIONS REGARDING FINANCIAL ASSISTANCE AND WHO TO CONTACT WITH BILLING QUESTIONS OR OTHER FINANCIAL QUESTIONS. PATIENT ACCOUNTING STAFF IS ALSO TRAINED TO ANSWER QUESTIONS AND PROVIDED INFORMATION TO PATIENTS REGARDING FINANCIAL ASSISTANCE AND BILLING.

SUBURBAN HOSPITAL USES A CONTRACTOR FROM FINANCIAL HEALTH SERVICES WHO ASSISTS PATIENTS IN APPLYING FOR MARYLAND MEDICAL ASSISTANCE. THE FINANCIAL HEALTH SERVICES CONTRACTOR INTERVIEWS ALL SELF PAY PATIENTS UPON ADMISSION AND PROVIDES THEM WITH INFORMATION AND REFERRAL FOR FINANCIAL ASSISTANCE.

THIS PAST MARCH, SUBURBAN HOSPITAL INVITED UNINSURED CITIZENS TO PARTICIPATE IN A TWO DAY FINANCIAL ASSISTANCE INFORMATION EVENT. THE TWO DAY PROGRAM WAS HELD AT SUBURBAN HOSPITAL WHERE FINANCIAL ASSISTANCE CONSULTATION WAS PROVIDED TO COMMUNITY MEMBERS INCLUDING DISSEMINATION INFORMATION ON OUR FINANCIAL ASSISTANCE ELIGIBILITY CRITERIA, MEDICAID AND OTHER COMMUNITY RESOURCES. THIS EVENT IS HELD ANNUALLY.

PART VI, LINE 4: SHI GEOGRAPHIC SERVICE AREA IS SUBURBAN.

THE HOSPITAL CONSIDERS ITS COMMUNITY BENEFIT SERVICE AREA (CBSA) AS SPECIFIC POPULATIONS OR COMMUNITIES OF NEED TO WHICH THE HOSPITAL ALLOCATES RESOURCES THROUGH ITS COMMUNITY BENEFIT PLAN. THE CBSA IS

**Part VI** Supplemental Information

DEFINED BY THE GEOGRAPHIC AREA CONTAINED WITHIN THE FOLLOWING TWELVE ZIP  
CODES: 20814, 20852, 20854, 20815, 20850, 20895, 20906, 20902, 20878,  
20853, 20910, AND 20851.

THE GENERAL DATA FOR THIS COMMUNITY BENEFIT SERVICE AREA ARE AS FOLLOWS:  
TOTAL POPULATION WAS 464,003 OF WHICH 47.91% WERE MALES AND 52.09% WERE  
FEMALES, AVERAGE HOUSEHOLD INCOME WAS \$129,960, 7.71% OF RESIDENTS ARE  
UNINSURED, 11.6% OF RESIDENTS ARE COVERED BY MEDICAID/MEDICARE, 5.3% OF  
HOUSEHOLDS WITH INCOMES AT 116% OR BELOW THE FEDERAL POVERTY GUIDELINES.  
NUMBER OF OTHER HOSPITALS SERVING THE COMMUNITY OR COMMUNITIES: 5  
FEDERALLY-DESIGNATED MEDICALLY UNDERSERVED AREAS OR POPULATIONS ARE  
PRESENT IN THE COMMUNITY .

PART VI, LINE 5: FOR THE LAST 30 YEARS, MARYLAND HOSPITALS HAVE MET  
THEIR COMMUNITY BENEFIT OBLIGATIONS IN A UNIQUE MANNER THAT BUILDS THE  
COSTS OF UNCOMPENSATED CARE CHARITY CARE AND PATIENT BAD  
DEBT AND GRADUATE MEDICAL EDUCATION INTO THE RATES THAT HOSPITALS ARE  
REIMBURSED BY ALL PAYORS. THE SYSTEM IS BASED IN FEDERAL AND STATE LAW  
AND BENEFITS ALL MARYLAND RESIDENTS, INCLUDING THOSE IN NEED OF FINANCIAL  
ASSISTANCE TO PAY THEIR HOSPITAL BILLS.

MARYLAND IS THE ONLY STATE IN WHICH ALL PAYORS GOVERNMENTALLY INSURED,  
COMMERCIALY INSURED, OR SELF PAY ARE CHARGED THE SAME PRICE FOR SERVICES  
AT ANY GIVEN HOSPITAL.

UNDER THIS SYSTEM, MARYLAND HOSPITALS ARE REGULATED BY A STATE AGENCY THE  
HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) THAT IS REQUIRED TO:

1) PUBLICLY DISCLOSE INFORMATION ON THE COST AND FINANCIAL POSITION OF

**Part VI** Supplemental Information

HOSPITALS;

2) REVIEW AND APPROVE HOSPITAL RATES;

3) COLLECT INFORMATION DETAILING TRANSACTIONS BETWEEN HOSPITALS AND FIRMS WITH WHICH THEIR TRUSTEES HAVE A FINANCIAL INTEREST; AND,

4) MAINTAIN THE SOLVENCY OF EFFICIENT AND EFFECTIVE HOSPITALS.

SINCE 2000, THE RATE SETTING COMMISSION HAS HAD ITS OWN FRAMEWORK FOR REPORTING HOSPITALS COMMUNITY BENEFITS AND ISSUING A REPORT ANNUALLY REGARDING HOSPITALS COMMUNITY BENEFIT TOTALS. THAT REPORT IS AVAILABLE ON [HTTP://WWW.HSCRC.STATE.MD.US/COMMUNITY\\_BENEFITS/DOCUMENTS/CBR\\_FY2007\\_FINAL\\_REPORT.PDF](http://www.hscrc.state.md.us/community_benefits/documents/CBR_FY2007_FINAL_REPORT.PDF).

BECAUSE OF THIS UNIQUE STRUCTURE MARYLAND HOSPITALS COMMUNITY BENEFITS NUMBERS WILL NOT COMPARE WITH THE REST OF THE NATIONS HOSPITALS. HOWEVER, MARYLAND HOSPITALS MEET OR EXCEED THE COMMUNITY BENEFIT STANDARD ESTABLISHED BY THE IRS IN 1969. ADDITIONAL DETAIL ILLUSTRATING THIS CAN BE FOUND WITHIN THIS SCHEDULE H REPORT.

LINE 7B - MARYLAND REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND UNIQUE ALL-PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY DIRECTED OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE. COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO. THE EXCEPTION TO THIS IS THE IMPACT ON THE HOSPITAL OF

**Part VI** Supplemental Information

ITS SHARE OF THE MEDICAID ASSESSMENT. IN RECENT YEARS, THE STATE OF MARYLAND HAS CLOSED FISCAL GAPS IN THE STATE MEDICAID BUDGET BY ASSESSING HOSPITALS THROUGH THE RATE-SETTING SYSTEM.

LINE 7F COLUMN (D) MARYLAND REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND UNIQUE ALL-PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO HEALTH PROFESSIONS EDUCATION.

PART VI, LINE 6: THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION (JHHC) IS INCORPORATED IN THE STATE OF MARYLAND TO, AMONG OTHER THINGS, FORMULATE POLICY AMONG AND PROVIDE CENTRALIZED MANAGEMENT FOR JHHC AND AFFILIATES (JHHS). JHHS IS ORGANIZED AND OPERATED FOR THE PURPOSE OF PROMOTING HEALTH BY FUNCTIONING AS A PARENT HOLDING COMPANY OF AFFILIATES WHOSE COMBINED MISSION IS TO PROVIDE PATIENT CARE IN THE TREATMENT AND PREVENTION OF HUMAN ILLNESS WHICH COMPARES FAVORABLY WITH THAT RENDERED BY ANY OTHER INSTITUTION IN THIS COUNTRY OR ABROAD.

JHHC IS THE SOLE MEMBER OF THE JOHNS HOPKINS HOSPITAL (JHH), AN ACADEMIC MEDICAL CENTER, JOHNS HOPKINS BAYVIEW MEDICAL CENTER, INC. (JHBMC), A COMMUNITY BASED TEACHING HOSPITAL AND LONG-TERM CARE FACILITY, HOWARD COUNTY GENERAL HOSPITAL, INC. (HCGH), A COMMUNITY BASED HOSPITAL, SUBURBAN HOSPITAL, INC. (SHI), A COMMUNITY BASED HOSPITAL, SIBLEY MEMORIAL HOSPITAL (SMH), A D.C. COMMUNITY BASED HOSPITAL, AND ALL CHILDRENS HOSPITAL, INC

**Part VI** Supplemental Information

(ACH), A FL ACADEMIC CHILDRENS HOSPITAL.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

MD

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2010**

Open to Public  
Inspection

Name of the organization

SUBURBAN HOSPITAL, INC.

Employer identification number

52-0610545

**Part I Questions Regarding Compensation**

	Yes	No
<b>1a</b> 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"/> Travel for companions		
<input checked="" type="checkbox"/> Tax indemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
<b>b</b> If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain		X
<b>2</b> 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?	X	
<b>3</b> 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"/> Independent compensation consultant		
<input type="checkbox"/> Form 990 of other organizations		
<input checked="" type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Compensation survey or study		
<input checked="" type="checkbox"/> Approval by the board or compensation committee		
<b>4</b> During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:		
<b>a</b> Receive a severance payment or change-of-control payment from the organization or a related organization?	X	
<b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan?	X	
<b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement?		X
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		
<b>Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.</b>		
<b>5</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
<b>a</b> The organization?		X
<b>b</b> Any related organization?		X
If "Yes" to line 5a or 5b, describe in Part III.		
<b>6</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
<b>a</b> The organization?		X
<b>b</b> Any related organization?		X
If "Yes" to line 6a or 6b, describe in Part III.		
<b>7</b> 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	X	
<b>8</b> 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 Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		X
<b>9</b> If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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

Schedule J (Form 990) 2010

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

For each individual whose compensation must be reported 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) Retirement and other 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				
1 BRIAN A. GRAGNOLATI	(i) 643,767. (ii) 0. (iii) 0.	361,996. 0. 0.	29,073. 0. 0.	252,268. 0. 0.	26,126. 0. 0.	1,313,230. 0. 0.	0. 0. 0.
2 RONALD R. PETERSON	(i) 1051740. (ii) 271,090. (iii) 0.	456,224. 76,998. 0.	112,341. 12,921. 0.	223,972. 63,698. 0.	22,645. 22,729. 0.	1,866,922. 447,436. 0.	0. 0. 0.
3 MARTIN BASSO	(i) 165,984. (ii) 0. (iii) 0.	15,868. 0. 0.	599. 0. 0.	7,298. 0. 0.	1,716. 0. 0.	191,465. 0. 0.	0. 0. 0.
4 NANCY MILLER	(i) 227,503. (ii) 0. (iii) 0.	75,941. 0. 0.	14,422. 0. 0.	36,131. 0. 0.	13,670. 0. 0.	367,667. 0. 0.	0. 0. 0.
5 DENNIS PARNELL	(i) 253,275. (ii) 180,715. (iii) 0.	66,179. 20,423. 0.	14,219. 12,062. 0.	34,106. 39,956. 0.	8,782. 1,869. 0.	376,561. 255,025. 0.	0. 0. 0.
6 R.N.	(i) 150,759. (ii) 0. (iii) 0.	9,090. 0. 0.	280. 0. 0.	9,688. 0. 0.	7,436. 0. 0.	177,253. 0. 0.	0. 0. 0.
7 LESLIE FORD WEBER	(i) 156,172. (ii) 0. (iii) 0.	12,720. 0. 0.	854. 0. 0.	6,855. 0. 0.	8,201. 0. 0.	184,802. 0. 0.	0. 0. 0.
8 MELODY MELCHER KNAPP	(i) 153,674. (ii) 0. (iii) 0.	15,773. 0. 0.	307. 0. 0.	10,700. 6,906. 0.	23,539. 22,605. 0.	203,993. 194,566. 0.	0. 0. 0.
9 JOSEPH LINSTROM	(i) 161,785. (ii) 0. (iii) 0.	0. 0. 0.	3,270. 0. 0.	9,996. 0. 0.	17,695. 0. 0.	187,126. 0. 0.	0. 0. 0.
10 MUHAMMAD MOHIUDDIN	(i) 143,580. (ii) 0. (iii) 0.	14,320. 0. 0.	1,535. 0. 0.	9,996. 0. 0.	17,695. 0. 0.	187,126. 0. 0.	0. 0. 0.
11 DONALD F. SILVER	(i) 318,898. (ii) 125,308. (iii) 0.	21,521. 0. 0.	820. 340,235. 0.	11,025. 9,800. 0.	19,524. 14,267. 0.	371,788. 489,610. 0.	0. 0. 0.
MATTHEW POFFENROTH, 13 M.D.	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 225,496. 0.	0. 9,055. 0.	0. 6,335. 0.	0. 240,886. 0.	0. 0. 0.
14 GENE A. CORAPI	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.
15 MICHAEL MURPHY	(i) 181,768. (ii) 0. (iii) 0.	0. 0. 0.	487,673. 0. 0.	9,800. 0. 0.	14,573. 0. 0.	693,814. 0. 0.	0. 0. 0.
16 EUGENE PASSAMANI, M.D.	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.





Part III Supplemental Information

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

PART I, LINE 1A: SUBURBAN HOSPITAL INC. PROVIDES A GROSS UP ON AN AUTO LEASE AND CERTAIN OTHER BENEFITS FOR AN OFFICER. THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS APPROVED THE GROSS UP. PROPER BUSINESS DOCUMENTATION WAS PROVIDED AND THE GROSS UP WAS TREATED AS TAXABLE COMPENSATION TO THE EMPLOYEE.

PART I, LINE 1B: AN INTERNAL POLICY IS USED TO AWARD OFFICERS GROSS UP PAYMENTS.

THE FOLLOWING INDIVIDUALS RECEIVED A CHANGE-OF-CONTROL PAYMENT FROM SUBURBAN HOSPITAL, INC.:

GENE CORAPI \$313,117.88; EUGENE PASSAMANI \$388,289.40 AND MICHAEL MURPHY \$225,423.97

THE SUBURBAN HOSPITAL, INC. SERP PLAN IS A NON-TAX QUALIFIED DEFINED CONTRIBUTION PLANS. THE PLAN PROVIDES A FIXED PERCENTAGE OF SALARY AS SUPPLEMENTAL RETIREMENT BENEFIT FOR EACH PARTICIPANT. IN THE MANNER REQUIRED BY APPLICABLE IRS RULES, THE DESIGN OF EACH OF THESE ARRANGEMENTS

**Part II** 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.

WAS APPROVED AS REASONABLE, IN ADVANCE, BY AN INDEPENDENT COMPENSATION COMMITTEE, WHICH BASED ITS DECISION ON DATA PROVIDED BY AN INDEPENDENT COMPENSATION CONSULTANT. PARTICIPANTS' INTERESTS UNDER THESE ARRANGEMENTS ARE NOT GUARANTEED OR SECURED AT ANY WAY AND AT ALL TIMES ARE SUBJECT TO CLAIMS OF EMPLOYER'S BANKRUPTCY/INSOLVENCY CREDITORS. IF A PARTICIPANT VOLUNTARILY TERMINATES EMPLOYMENT AND FAILS TO SATISFY CERTAIN NON-COMPETE PROVISIONS, THE PARTICIPANT'S ACCOUNT IS FORFEITED. IN ADDITION, UNDER CURRENT LAW, INTERESTS UNDER THESE ARRANGEMENTS ARE REPORTABLE AS TAXABLE COMPENSATION WHEN THEY BECOME VESTED, EVEN IF THOSE AMOUNTS ARE NOT YET PAYABLE TO THE PARTICIPANT (AND EVEN IF THOSE AMOUNTS ARE NEVER PAID TO THE PARTICIPANT). NO ROLLOVER OR OTHER TAX-DEFERRAL OPTIONS ARE AVAILABLE TO PARTICIPANTS. NOTE THAT ANY SERP PLAN VESTED AMOUNT OR PAYMENT BEING REPORTED AS COMPENSATION WAS ALSO REPORTED IN PREVIOUS YEAR(S) WHEN THAT INTEREST ACCRUED UNDER THE PLAN.

THE FOLLOWING INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A PARTICIPATED IN A NONQUALIFIED RETIREMENT PLAN AND RECEIVED ACCRUED

DEFERRED COMPENSATION THAT IS REPORTED ON SCHEDULE J, PART II, COLUMN (C):

MARTIN BASSO \$53,898; BRIAN GRAGNOLATI \$242,468; DENNIS PARNELL \$26,331;

JACQUELINE SCHULTZ \$24,306; CHRISTOPHER TIMBERS \$35,367; AND LESLIE FORD

**Part II** 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.

WEBER \$31,428

THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION'S MAKE WHOLE AND SERP I PLANS ARE FROZEN, NON-TAX QUALIFIED DEFINED BENEFIT PLANS. PARTICIPATION IN THE PLANS IS LIMITED TO THE EXISTING PLAN PARTICIPANTS. THE BENEFITS UNDER THE PLANS ARE BASED UPON THE PARTICIPANT'S LENGTH OF SERVICE AND COMPENSATION. THE MAKE WHOLE PLAN WAS DESIGNED TO REPLACE THE BENEFITS THE PARTICIPANTS LOST DUE TO THE COMPENSATION LIMITS IMPOSED BY LAW UPON OUR QUALIFIED DEFINED BENEFIT PLAN. IN THE MANNER REQUIRED BY APPLICABLE IRS RULES, THE DESIGN OF EACH OF THESE ARRANGEMENTS WAS APPROVED AS REASONABLE, IN ADVANCE, BY AN INDEPENDENT COMPENSATION COMMITTEE, WHICH BASED ITS DECISION ON DATA PROVIDED BY AN INDEPENDENT COMPENSATION CONSULTANT. PARTICIPANTS' INTERESTS UNDER THESE ARRANGEMENTS ARE NOT GUARANTEED OR SECURED AT ANY WAY AND AT ALL TIMES ARE SUBJECT TO CLAIMS OF EMPLOYER'S BANKRUPTCY/INSOLVENCY CREDITORS. FURTHERMORE, IF A PARTICIPANT VOLUNTARILY TERMINATES EMPLOYMENT OR IS TERMINATED BY THE EMPLOYER FOR CAUSE PRIOR TO THE APPLICABLE VESTING DATE UNDER THE MAKE WHOLE PLAN, THE PARTICIPANT'S ENTIRE MAKE WHOLE PLAN BENEFIT IS FORFEITED. IF A PARTICIPANT TERMINATES EMPLOYMENT FOR ANY REASON PRIOR TO THE APPLICABLE VESTING DATE UNDER THE SERP I, THE PARTICIPANT'S ENTIRE SERP I BENEFIT IS FORFEITED. IN ADDITION, UNDER

**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.

CURRENT LAW, INTERESTS UNDER THESE ARRANGEMENTS ARE REPORTABLE AS TAXABLE COMPENSATION WHEN THEY BECOME VESTED, EVEN IF THOSE AMOUNTS ARE NOT YET PAYABLE TO THE PARTICIPANT (AND EVEN IF THOSE AMOUNTS ARE NEVER PAID TO THE PARTICIPANT). NO ROLLOVER OR OTHER TAX-DEFERRAL OPTIONS ARE AVAILABLE TO PARTICIPANTS. NOTE THAT ANY MAKE WHOLE PLAN OR SERP I VESTED AMOUNT OR PAYMENT BEING REPORTED AS COMPENSATION WAS ALSO REPORTED IN PREVIOUS YEAR(S) WHEN THAT INTEREST ACCRUED UNDER THE PLAN.

THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION'S SERP II AND SRP PLANS ARE ACTIVE; NON-TAX QUALIFIED DEFINED CONTRIBUTION TARGET BENEFIT PLANS. THE PLANS ARE DESIGNED TO ACHIEVE A REASONABLE TARGETED RETIREMENT BENEFIT LEVEL FOR EACH PARTICIPANT (IN COMBINATION WITH THE OTHER RETIREMENT PROGRAMS OF THE EMPLOYER) BASED UPON CERTAIN CRITERIA, SUCH AS EACH PARTICIPANT'S LENGTH OF SERVICE AND COMPENSATION. IN THE MANNER REQUIRED BY APPLICABLE IRS RULES, THE DESIGN OF EACH OF THESE ARRANGEMENTS WAS APPROVED AS REASONABLE, IN ADVANCE, BY AN INDEPENDENT COMPENSATION COMMITTEE, WHICH BASED ITS DECISION ON DATA PROVIDED BY AN INDEPENDENT COMPENSATION CONSULTANT. PARTICIPANTS' INTERESTS UNDER THESE ARRANGEMENTS ARE NOT GUARANTEED OR SECURED AT ANY WAY AND AT ALL TIMES ARE SUBJECT TO CLAIMS OF EMPLOYER'S BANKRUPTCY/INSOLVENCY CREDITORS. IF A PARTICIPANT

Part II 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.

VOLUNTARILY TERMINATES EMPLOYMENT OR IS TERMINATED BY THE EMPLOYER FOR CAUSE PRIOR TO THE APPLICABLE VESTING DATE UNDER EACH ARRANGEMENT, THE PARTICIPANT'S ACCOUNT IS FORFEITED. IN ADDITION, UNDER CURRENT LAW, INTERESTS UNDER THESE ARRANGEMENTS ARE REPORTABLE AS TAXABLE COMPENSATION WHEN THEY BECOME VESTED, EVEN IF THOSE AMOUNTS ARE NOT YET PAYABLE TO THE PARTICIPANT (AND EVEN IF THOSE AMOUNTS ARE NEVER PAID TO THE PARTICIPANT). NO ROLLOVER OR OTHER TAX-DEFERRAL OPTIONS ARE AVAILABLE TO PARTICIPANTS. NOTE THAT ANY SERP II OR SRP PLAN VESTED AMOUNT OR PAYMENT BEING REPORTED AS COMPENSATION WAS ALSO REPORTED IN PREVIOUS YEAR(S) WHEN THAT INTEREST ACCRUED UNDER THE PLAN.

THE FOLLOWING INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A PARTICIPATED IN A NONQUALIFIED RETIREMENT PLAN WITH THE RELATED ORGANIZATION JOHNS HOPKINS HEALTH SYSTEM CORPORATION AND RECEIVED ACCRUED DEFERRED COMPENSATION THAT IS REPORTED ON SCHEDULE J, PART II, COLUMN (C): RONALD PETERSON \$212,947

PART I, LINE 7: EXECUTIVES, CEO AND DIRECTORS PARTICIPATE IN AN ANNUAL INCENTIVE PLAN. THE ANNUAL INCENTIVE PLAN HAS THREE POTENTIAL PAYOUT LEVELS - THRESHOLD, TARGET AND MAXIMUM. EACH YEAR SPECIFIC TARGETS 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.

ESTABLISHED IN THE AREAS OF QUALITY PATIENT SATISFACTION, FINANCE, HUMAN RESOURCES AND INDIVIDUAL PERFORMANCE. THE INCENTIVE AMOUNT DEPENDS ON THE LEVEL ACCOMPLISHED DURING THE YEAR.

THERE IS A 3 YEAR EXECUTIVE LONG TERM INCENTIVE PLAN ONLY AVAILABLE TO CEO AND SENIOR VICE PRESIDENTS. PAYOUT LEVELS ARE THE SAME AS THE ANNUAL PLAN EXCEPT THAT THE PAYOUTS UNDER THE PLAN ARE MADE IN TWO PARTS - 50% OF THE PAYOUT IS MADE AT THE END OF THE 3 YEAR CYCLE AND THE REMAINING 50% IS PAID OUT THE FOLLOWING YEAR.

THE FLEXIBLE BENEFIT ALLOWANCE PLAN IS A NON-TAX QUALIFIED FLEXIBLE BENEFIT PLAN. THE PLAN IS DESIGNED TO PROVIDE A FIXED PERCENTAGE OF SALARY FOR SUPPLEMENTAL HEALTH WELFARE BENEFITS FOR EACH PARTICIPANT. IN THE MANNER REQUIRED BY APPLICABLE IRS RULES, THE DESIGN OF EACH OF THESE ARRANGEMENTS WAS APPROVED AS REASONABLE, IN ADVANCE, BY AN INDEPENDENT COMPENSATION COMMITTEE, WHICH BASED ITS DECISION ON DATA PROVIDED BY AN INDEPENDENT COMPENSATION CONSULTANT. PARTICIPANTS' INTERESTS UNDER THESE ARRANGEMENTS ARE NOT GUARANTEED OR SECURED AT ANY WAY AND AT ALL TIMES ARE SUBJECT TO CLAIMS OF EMPLOYER'S BANKRUPTCY/INSOLVENCY CREDITORS. IF A PARTICIPANT VOLUNTARILY TERMINATES EMPLOYMENT AND FAILS TO

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.

SATISFY CERTAIN NON-COMPETE PROVISIONS, THE PARTICIPANT'S ACCOUNT IS FORFEITED. IN ADDITION, UNDER CURRENT LAW, INTERESTS UNDER THESE ARRANGEMENTS ARE REPORTABLE AS TAXABLE COMPENSATION WHEN THEY BECOME VESTED, EVEN IF THOSE AMOUNTS ARE NOT YET PAYABLE TO THE PARTICIPANT (AND EVEN IF THOSE AMOUNTS ARE NEVER PAID TO THE PARTICIPANT). NO ROLLOVER OR OTHER TAX-DEFERRAL OPTIONS ARE AVAILABLE TO PARTICIPANTS. NOTE THAT ANY FLEXIBLE BENEFIT ALLOWANCE PLAN VESTED AMOUNT OR PAYMENT BEING REPORTED AS COMPENSATION WAS ALSO REPORTED IN PREVIOUS YEAR(S) WHEN THAT INTEREST ACCRUED UNDER THE PLAN.

**SCHEDULE K  
(Form 990)**  
Department of the Treasury  
Internal Revenue Service

**Supplemental Information on Tax-Exempt Bonds**  
▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part V.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047  
**2010**  
Open to Public Inspection

Name of the organization

**SUBURBAN HOSPITAL, INC.**

Employer identification number  
**52-0610545**

**Part I Bond Issues** SEE PART V FOR COLUMNS (A) AND (F) CONTINUATIONS

(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		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
MARYLAND HEALTH AND A HIGHER EDUCATIONAL FACIL	52-0936091	15742173L7	11/19/08	58,515,000.	ACQUISITION, CONSTRUCTION, REN						X
MARYLAND HEALTH AND B HIGHER EDUCATIONAL FACIL	52-0936091	1574217SB2	06/30/04	32,445,000.	REFUND PRIOR ISSUE 10/14/1993			X	X		X
C											
D											

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired			1,225,000.		14,540,000.			
2 Amount of bonds legally defeased								
3 Total proceeds of issue			58,515,000.		32,445,000.			
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds			485,323.		351,215.			
8 Credit enhancement from proceeds			29,677.					
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds			18,000,000.					
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion			2010					
14 Were the bonds issued as part of a current refunding issue?	X				X			
15 Were the bonds issued as part of an advance refunding issue?					X			
16 Has the final allocation of proceeds been made?	X				X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X				X			

**Part III Private Business Use**

1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?											
2 Are there any lease arrangements that may result in private business use of bond-financed property?	X										



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

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?	X			X				
<b>b</b> Are there any research agreements that may result in private business use of bond-financed property?	X			X				
<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?	X		X					
<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		1.44 %						
<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		2.86 %						
<b>6</b> Total of lines 4 and 5		4.30 %						
<b>7</b> Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	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?	X		X					
<b>2</b> Is the bond issue a variable rate issue?	X		X					
<b>3a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X				
<b>b</b> Name of provider	JP MORGAN							
<b>c</b> Term of hedge	13.000000							
<b>d</b> Was the hedge superintergrated?		X						
<b>e</b> Was the hedge terminated?		X						
<b>4a</b> Were gross proceeds invested in a GIC?		X		X				
<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?		X		X				
<b>6</b> Did the bond issue qualify for an exception to rebate?		X		X				

**Part V Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K.

**SCHEDULE K, PART I, BOND ISSUES:**  
**(A) ISSUER NAME:**  
 MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY  
**(F) DESCRIPTION OF PURPOSE:**  
 ACQUISITION, CONSTRUCTION, RENOVATION AND EQUIPPING OF HEALTHCARE FACILITIES

**Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K.**

(A) ISSUER NAME:

MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY

(F) DESCRIPTION OF PURPOSE: REFUND PRIOR ISSUE 10/14/1993

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

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**  
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No. 1545-0047

**2010**

Open To Public Inspection

Name of the organization **SUBURBAN HOSPITAL, INC.** Employer identification number **52-0610545**

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

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

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

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

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
	CORAPI - INSURANC				X	17,381.	0.		X	X
PASSAMANI - INSUR		X	48,974.	0.		X	X		X	
WEBER - INSURANCE		X	8,437.	42,185.		X	X		X	
BASSO - INSURANCE		X	14,465.	104,725.		X	X		X	
GRAGNOLATI - INSU		X	50,177.	250,885.		X	X		X	
PARNELL - INSURAN		X	32,655.	121,362.		X	X		X	
SCHULTZ - INSURAN		X	18,213.	72,852.		X	X		X	
TIMBERS - INSURAN		X	27,955.	27,955.		X	X		X	
<b>Total</b>										▶ \$ 619,964.

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

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

Schedule L (Form 990 or 990-EZ) 2010

SEE PART V FOR CONTINUATIONS



**Part V** Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

(A) PURPOSE OF LOAN: INSURANCE POLICIES

(A) NAME OF PERSON: TIMBERS

(A) PURPOSE OF LOAN: INSURANCE POLICIES

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

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

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

OMB No. 1545-0047

**2010**

Open to Public  
Inspection

Name of the organization

SUBURBAN HOSPITAL, INC.

Employer identification number

52-0610545

**FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:**

SURROUNDING AREA SINCE 1943. WE ARE A NOT-FOR-PROFIT HEALTHCARE PROVIDER GUIDED BY THE NEEDS OF OUR PATIENTS AND COMMUNITY. ON JUNE 30, 2009, SUBURBAN HOSPITAL BECAME A MEMBER OF JOHNS HOPKINS MEDICINE. THE DESIGNATED TRAUMA CENTER FOR MONTGOMERY COUNTY, SUBURBAN HOSPITAL IS AFFILIATED WITH MANY LOCAL HEALTHCARE ORGANIZATIONS, INCLUDING THE NATIONAL INSTITUTES OF HEALTH. IT IS COMMITTED TO CONTINUOUS IMPROVEMENT AND APPROPRIATE USE OF RESOURCES, AND CREATES AN ENVIRONMENT THAT ENCOURAGES THE SUCCESS AND FULFILLMENT OF OUR PHYSICIANS, STAFF, AND VOLUNTEERS.

SUBURBAN HOSPITAL WILL SET THE STANDARD FOR EXCELLENCE IN HEALTHCARE IN THE WASHINGTON METROPOLITAN REGION. THROUGH OUR AFFILIATIONS, WE ASPIRE TO PROVIDE WORLD-CLASS PATIENT CARE, TECHNOLOGY, AND CLINICAL RESEARCH.

**FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:**

SURGICAL INPATIENTS. 12,426 OPERATING ROOM CASES WERE PERFORMED.

**FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:**

IMPROVE CARE PROCESSES RELATED TO KEY TARGET ZERO QUALITY INITIATIVES:

(1) FALLS WITH INJURY (2) CENTRAL-LINE ASSOCIATED BLOODSTREAM INFECTION  
(3) VENTILATOR ASSOCIATED PNEUMONIA (4) PRESSURE ULCER RATES.

**FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:**

THERE WERE 1,837 ADMISSIONS AND 227 OPEN HEART SURGERY CASES.

Name of the organization SUBURBAN HOSPITAL, INC.	Employer identification number 52-0610545
---	--

FORM 990, PART VI, SECTION A, LINE 7A: JOHNS HOPKINS HEALTH SYSTEM CORPORATION, AN IRC 501C (3) TAX EXEMPT ORGANIZATION AND THE SOLE MEMBER OF SUBURBAN HOSPITAL, INC. ELECTS THE MAJORITY OF THE BOARD OF TRUSTEES.

FORM 990, PART VI, SECTION A, LINE 7B: THE GOVERNING BODY OF SUBURBAN HOSPITAL, INC. IS EMPOWERED BY ITS BY-LAWS TO MAKE CERTAIN DECISIONS; ALL OTHER DECISIONS ARE SUBJECT TO APPROVAL OF THE SOLE MEMBER JOHNS HOPKINS HEALTH SYSTEM CORPORATION.

FORM 990, PART VI, SECTION B, LINE 11: A COPY OF THE FORM 990 WAS PROVIDED TO THE EXECUTIVE COMMITTEE BEFORE IT WAS FILED.

FORM 990, PART VI, SECTION B, LINE 12C: THE CONFLICT OF INTEREST POLICY IS PART OF THE ANNUAL FINANCIAL AUDIT CONFIRMATION PROCESS PROVIDED ONLINE. ALL OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES ARE REQUIRED TO COMPLY ON AN ANNUAL BASIS.

FORM 990, PART VI, SECTION B, LINE 15: EVERY THREE YEARS AN INDEPENDENT STUDY IS CONDUCTED GATHERING INDUSTRY COMPENSATION AVERAGES FROM SELECT PEER INSTITUTIONS. EVERY YEAR THE JOHNS HOPKINS BOARD OF TRUSTEES COMPENSATION COMMITTEE REVIEWS COMPENSATION AMOUNTS FOR OFFICERS AND ALL EMPLOYEES AT THE DIRECTOR AND HIGHER LEVELS.

FORM 990, PART VI, SECTION C, LINE 19: INTERNAL POLICIES, INCLUDING CONFLICT OF INTEREST POLICY, ARE PROVIDED TO THE PUBLIC ON THE ORGANIZATIONS WEBSITE. FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST, THE GOVERNING DOCUMENTS HAVE BEEN MADE AVAILABLE IN OUR PUBLIC FILING WITH

Name of the organization SUBURBAN HOSPITAL, INC.	Employer identification number 52-0610545
---	--

THE STATE OF MARYLAND AND THE INTERNAL REVENUE SERVICE.

FORM 990, PART XI, LINE 5, CHANGES IN NET ASSETS:

NET UNREALIZED GAINS ON INVESTMENTS:	4,679,899.
CHANGE IN MINIMUM PENSION LIABILITY	5,337,648.
FAIR VALUE ADJ ON DERIVATIVES	485,054.
CHANGE INTEREST IN NET ASSETS OF FOUNDATION	5,056,778.
ROUNDING	12.
TOTAL TO FORM 990, PART XI, LINE 5	15,559,391.



**Related Organizations and Unrelated Partnerships**

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

Name of the organization

**SUBURBAN HOSPITAL, INC.**

Employer identification number  
**52-0610545**

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

(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
SUBURBAN PHYSICIAN ASSISTANT ASSOCIATES, LLC - 01-0642496, 8600 OLD GEORGETOWN ROAD, BETHESDA, MD 20814	MEDICAL SERVICES	MARYLAND	385,207.	361,210.	SUBURBAN HOSPITAL, INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
SUBURBAN HOSPITAL FOUNDATION, INC. - 52-2019696, 8600 OLD GEORGETOWN ROAD, BETHESDA, MD 20814	SUPPORTING ORGANIZATION	MARYLAND	501(C)(3)	LINE 11A, I	SUBURBAN HOSPITAL, INC		X
JOHNS HOPKINS HEALTH SYSTEM CORPORATION - 52-1465301, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	SUPPORTING ORGANIZATION	MARYLAND	501(C)(3)	LINE 11C, III-FI	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
HOWARD COUNTY GENERAL HOSPITAL, INC. - 52-2093120, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HOSPITAL	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
HOWARD COUNTY LIQUIDATION CORPORATION - 52-0892284, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	INACTIVE TAX-EXEMPT ORGANIZATION	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X

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

Schedule R (Form 990) 2010

**Part II** Continuation of 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	(g) Section 512(b)(13) controlled organization?	
						Yes	No
JOHNS HOPKINS BAYVIEW MEDICAL CENTER, INC. - 52-1341890, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HOSPITAL	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
JOHNS HOPKINS COMMUNITY PHYSICIANS, INC. - 52-1467441, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HEALTHCARE SERVICES	MARYLAND	501(C)(3)	LINE 11C, III-FI	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
JOHNS HOPKINS MEDICAL SERVICES CORPORATION - 52-1232569, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HEALTHCARE SERVICES	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
THE JOHNS HOPKINS HOSPITAL - 52-0591656 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 430 BALTIMORE, MD 21211	HOSPITAL	MARYLAND	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
SUBURBAN HOSPITAL HEALTHCARE SYSTEM, INC. - 52-2052354, 8600 OLD GEORGETOWN ROAD, BETHESDA, MD 20814	HEALTHCARE SERVICES	MARYLAND	501(C)(3)	LINE 11C, III-FI	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
HEALTHCARE INITIATIVE FOUNDATION - 23-7324576, 7910 WOODMONT AVENUE, BETHESDA, MD 20814	SUPPORTING ORGANIZATION	MARYLAND	501(C)(3)	LINE 11D, III-O	HEALTHCARE INITIATIVE FOUNDATION		X
LUCY WEBB HAYES NATIONAL TRAINING SCHOOL FOR DEACONESSES & - 53-0196602, 5255 LOUGHBORO RD, NW, WASHINGTON, DC 20016	HOSPITAL	DISTRICT OF COLUMBIA	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X
POTOMAC HOME SUPPORT INC - 52-1750383 6001 MONTROSE ROAD NO 1020 ROCKVILLE, MD 20852	HOME HEALTH CARE	MARYLAND	501(C)(3)	LINE 9	N/A		X
SIBLEY SUBURBAN HOME HEALTH AGENCY - 52-1450142, 6001 MONTROSE ROAD NO 307, ROCKVILLE, MD 20852	HOME HEALTH CARE	MARYLAND	501(C)(3)	LINE 9	N/A		X
PEDIATRIC PHYSICIAN SERVICES, INC - 59-3425191, 501 SIXTH AVENUE SOUTH, ST. PETERSBURG, FL 33701	PEDIATRIC MEDICAL SERVICES	FLORIDA	501(C)(3)	LINE 9	ALL CHILDREN'S HEALTH SYSTEM INC		X
ALL CHILDREN'S HOSPITAL FOUNDATION, INC - 59-2481738, 501 SIXTH AVENUE SOUTH, ST. PETERSBURG, FL 33701	FOUNDATION	FLORIDA	501(C)(3)	LINE 7	ALL CHILDREN'S HEALTH SYSTEM INC		X
ALL CHILDREN'S HOSPITAL, INC. - 59-0683252 501 SIXTH AVENUE SOUTH ST. PETERSBURG, FL 33701	HOSPITAL	FLORIDA	501(C)(3)	LINE 3	JOHNS HOPKINS HEALTH SYSTEM CORPORATION		X



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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes No	(k) Percentage ownership
							Yes	No			
OPHTHALMOLOGY ASSOCIATES, LLC - 52-1890957, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	OPHTHALMOLOGY SERVICES	MD	N/A	N/A	N/A	N/A			N/A	N/A	N/A
SUBURBAN WELLNESS CENTER, LLC - 56-2296930, 20500 GOLDENROD LANE, GERMANTOWN, MD 20874	REAL ESTATE	MD	N/A	N/A	N/A	N/A			N/A	N/A	N/A
GCM SUBURBAN IMAGING, LLC - 52-23226237, 1201 SEVEN LOCKS ROAD, STE 200, ROCKVILLE, MD 20854	OUTPATIENT RADIOLOGY	MD	N/A	N/A	N/A	N/A			N/A	N/A	N/A
ROCKVILLE IMAGING, LLC - 14-1944128, 1201 SEVEN LOCKS ROAD, STE 200, ROCKVILLE, MD 20854	OUTPATIENT RADIOLOGY	MD	N/A	N/A	N/A	N/A			N/A	N/A	N/A

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
HSI MEDICAL SERVICES CORPORATION - 52-1847705 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A BALTIMORE, MD 21211	HEALTHCARE SLEEP DIAGNOSTICS	MD	N/A	C CORP	N/A	N/A	N/A
JOHNS HOPKINS MEDICAL MANAGEMENT CORPORATION - 52-1250028, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	NURSING SERVICES	MD	N/A	C CORP	N/A	N/A	N/A
JOHNS HOPKINS EMPLOYER HEALTH PROGRAMS, INC - 52-1947678, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	BENEFIT PLANS	MD	N/A	C CORP	N/A	N/A	N/A
TCAS, INC - 52-1979344 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A BALTIMORE, MD 21211	NURSING SERVICES	MD	N/A	C CORP	N/A	N/A	N/A





**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

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

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

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	SUBURBAN HOSPITAL FOUNDATION, INC	C	2,019,335.FMV	
(2)				
(3)				
(4)				
(5)				
(6)				







• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box  **X**

**Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

**Part II Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

Type or print  File by the extended due date for filing your return. See instructions.	Name of exempt organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>8600 OLD GEORGETOWN ROAD</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>BETHESDA, MD 20814-1497</b>	

Enter the Return code for the return that this application is for (file a separate application for each return) 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

**MARTIN BASSO SR VP FIN TREAS**

• The books are in the care of **▶ 8600 OLD GEORGETOWN RD - BETHESDA, MD 20814-1497**  
 Telephone No. **▶ 301-896-2333** FAX No. **▶**

• If the organization does not have an office or place of business in the United States, check this box  **X**  
 • If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) **\_\_\_\_\_**. If this is for the whole group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until **MAY 15, 2012**  
 5 For calendar year **\_\_\_\_\_**, or other tax year beginning **JUL 1, 2010**, and ending **JUN 30, 2011**  
 6 If the tax year entered in line 5 is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period  
 7 State in detail why you need the extension  
**THE DATA TO FILE A COMPLETE AND ACCURATE RETURN IS NOT YET AVAILABLE.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$ 0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$ 0.
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$ 0.

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature **▶ Murbal, CPA** Title **▶ Sr. Tax Accountant** Date **▶ 1/23/12**

# Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

**Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.**

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*.

**Part I Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete

Part I only

*All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.*

<b>Type or print</b>	Name of exempt organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. <b>8600 OLD GEORGETOWN ROAD</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>BETHESDA, MD 20814-1497</b>	

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**MARTIN BASSO SR VP FIN TREAS**

• The books are in the care of ▶ **8600 OLD GEORGETOWN RD - BETHESDA, MD 20814-1497**  
Telephone No. ▶ **301-896-2333** FAX No. ▶ \_\_\_\_\_

• If the organization does not have an office or place of business in the United States, check this box

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the whole group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

**1** I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **FEBRUARY 15, 2012**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:  
▶  calendar year \_\_\_\_\_ or  
▶  tax year beginning **JUL 1, 2010**, and ending **JUN 30, 2011**.

**2** If the tax year entered in line 1 is for less than 12 months, check reason:  Initial return  Final return  
 Change in accounting period

<b>3a</b> If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	<b>3a</b>	\$	0.
<b>b</b> If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	<b>3b</b>	\$	0.
<b>c</b> <b>Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>3c</b>	\$	0.

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

**LHA** For Paperwork Reduction Act Notice, see Instructions.

**Suburban Hospital, Inc. and  
Controlled Entities**

**Consolidated Financial Statements  
June 30, 2011 and 2010**

# Suburban Hospital, Inc. and Controlled Entities

## Index

June 30, 2011 and 2010

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	<u>Page(s)</u>
Report of Independent Auditors .....	1
Consolidated Balance Sheets .....	2-3
Consolidated Statements of Operations and Other Changes in Unrestricted Net Assets .....	4
Consolidated Statements of Changes in Net Assets .....	5
Consolidated Statements of Cash Flows .....	6
Notes to Consolidated Financial Statements .....	7-30
Report of Independent Auditors on Supplemental Information .....	31
Consolidating Statement of Operations and Other Changes in Unrestricted Net Assets .....	32



## REPORT OF INDEPENDENT AUDITORS

Board of Trustees  
Suburban Hospital, Inc. and Controlled Entities

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets, and cash flows present fairly, in all material respects, the financial position of Suburban Hospital, Inc. and Controlled Entities ("SHI") at June 30, 2011 and 2010, 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 SHI'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.

As discussed in Note 1 to the consolidated financial statements, SHI changed the manner in which it classifies certain of its investments in 2011.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

September 28, 2011

**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidated Balance Sheets**  
**June 30, 2011 and 2010**  
**(in thousands)**

	2011	2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 19,061	\$ 16,914
Short term investment	200	-
Patients accounts receivable, net of estimated uncollectibles of \$5,900 and \$4,321 as of June 30, 2011 and 2010, respectively	33,616	24,950
Due from others	2,370	2,724
Current portion assets whose use is limited	4,144	6,250
Due from affiliates	229	444
Inventories of supplies	7,502	7,655
Prepaid expenses and other current assets	4,475	3,988
Total current assets	<u>71,597</u>	<u>62,925</u>
Assets whose use is limited		
By donors or grantors for:		
Pledges receivable	1,942	1,834
Other	20,943	17,733
By Board of Trustees	73,576	53,890
Malpractice funding arrangements	3,270	2,737
Other	2,901	2,382
Total assets whose use is limited	<u>102,632</u>	<u>78,576</u>
Property, plant and equipment	302,633	293,396
Less: allowance for depreciation and amortization	<u>(186,617)</u>	<u>(173,478)</u>
Total property, plant and equipment, net	116,016	119,918
Investments in joint ventures	420	372
Other assets	2,800	2,867
Total assets	<u>\$ 293,465</u>	<u>\$ 264,658</u>

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

**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidated Balance Sheets**  
**June 30, 2011 and 2010, continued**  
**(in thousands)**

	2011	2010
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current portion of long-term debt and obligations under capital leases	\$ 3,933	\$ 4,546
Accounts payable and accrued liabilities	29,170	25,934
Accrued vacation	6,953	6,860
Accrued interest	554	543
Advances from third-party payers	8,406	6,405
Due to affiliates	448	-
Current portion of estimated malpractice costs	1,296	735
Total current liabilities	50,760	45,023
Long-term debt and obligations under capital leases, net of current portion	71,625	75,687
Estimated malpractice costs, net of current portion	2,406	1,800
Accrued pension liability	4,851	11,201
Other long-term liabilities	6,648	6,531
Total liabilities	136,290	140,242
Net assets:		
Unrestricted	134,290	104,849
Temporarily restricted	12,094	8,875
Permanently restricted	10,791	10,692
Total net assets	157,175	124,416
Total liabilities and net assets	\$ 293,465	\$ 264,658

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



**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidated Statements of Operations and Other Changes in**  
**Unrestricted Net Assets**  
**For The Years Ended June 30, 2011 and 2010**  
**(in thousands)**

	2011	2010
Operating revenues:		
Net patient service revenue	\$ 241,456	\$ 225,127
Other revenue	11,576	12,083
Investment income	1,187	1,343
Net assets released from restrictions used for operations	2,168	2,274
Total operating revenues	<u>256,387</u>	<u>240,827</u>
Operating expenses:		
Salaries, wages and benefits	119,322	117,372
Purchased services and other	42,934	37,034
Supplies	55,132	53,650
Interest	1,055	1,660
Provision for bad debt	10,355	8,962
Depreciation and amortization	13,888	13,831
Total operating expenses	<u>242,686</u>	<u>232,509</u>
Income from operations	13,701	8,318
Non-operating revenues and expenses:		
Interest expense on swap agreement	(936)	(934)
Change in market value of swap agreement	485	(1,008)
Realized and unrealized gains (losses) on investments	(771)	949
Net cumulative unrealized gains transferred to trading securities	8,050	-
Excess of revenues over expenses	<u>20,529</u>	<u>7,325</u>
Unrestricted net assets:		
Unrealized gains (losses) on investments	11,126	6,154
Net cumulative unrealized gains transferred to trading securities	(8,050)	-
Change in funded status of defined benefit plan	5,337	1,481
Net assets released from restrictions used for purchase of property, plant and equipment	499	186
Total change in unrestricted net assets	<u>\$ 29,441</u>	<u>\$ 15,146</u>

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

**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidated Statements of Changes in Net Assets**  
**For The Years Ended June 30, 2011 and 2010**  
**(in thousands)**

	2011	2010
Unrestricted net assets:		
Excess of revenues over expenses	\$ 20,529	\$ 7,325
Unrealized gains (losses) on investments	11,126	6,154
Net cumulative unrealized gains transferred to trading securities	(8,050)	-
Change in funded status of defined benefit plan	5,337	1,481
Net assets released from restrictions used for purchase of property, plant and equipment	499	186
Total change in unrestricted net assets	29,441	15,146
Temporarily restricted net assets:		
Gifts, grants and bequests	3,335	1,721
Investment gains (losses) and provision for uncollectible pledges	2,551	1,007
Net assets released from restrictions used for operations	(2,168)	(2,274)
Net assets released from restrictions used for purchase of property, plant and equipment	(499)	(186)
Total change in temporarily restricted net assets	3,219	268
Permanently restricted net assets:		
Contributions	99	1
Total change in permanently restricted net assets	99	1
Increase (decrease) in net assets	32,759	15,415
Net assets at beginning of period	124,416	109,001
Net assets at end of period	\$ 157,175	\$ 124,416

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

**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidated Statements of Cash Flows**  
**For The Years Ended June 30, 2011 and 2010**  
**(in thousands)**

	2011	2010
Operating activities:		
Change in net assets	\$ 32,759	\$ 15,415
Adjustments to reconcile change in net assets to cash and cash equivalents provided by operating activities:		
Depreciation and amortization	13,888	13,831
Provision for bad debts	10,355	8,962
Change in funded status of defined benefit plans	(5,337)	(1,481)
Change in market value of swap agreements	(485)	1,008
Change in net realized and unrealized (gains) losses on investments	(12,747)	(8,467)
Contributions to temporarily and permanently restricted net assets	(692)	(1,211)
Distributions from joint venture partners	(48)	576
Equity in earnings of business ventures	-	(589)
Other operating activities	2,006	454
Change in assets and liabilities:		
Patient accounts receivable and due from others	(16,653)	(11,266)
Pledges receivable	(131)	2,462
Inventories of supplies, prepaid expenses and other assets	(357)	(636)
Due from affiliates	663	583
Accounts payable and accrued liabilities	2,126	(90)
Accrued vacation	93	89
Advances from third party payors	2,001	(225)
Accrued pension costs	(1,012)	3,053
Estimated malpractice costs	606	(648)
Net cash and cash equivalents provided by operating activities	<u>27,035</u>	<u>21,820</u>
Investing activities:		
Purchase of property, plant and equipment	(10,735)	(11,693)
Purchases of investment securities	(79,352)	(44,007)
Sales of investment securities	70,018	53,085
Other investing activities	(936)	(934)
Net cash and cash equivalents used in investing activities	<u>(21,005)</u>	<u>(3,549)</u>
Financing activities:		
Contributions to temporarily and permanently restricted net assets	692	1,211
Repayment of short-term line of credit	-	(4,000)
Repayment of long-term debt and obligations under capital lease	(4,575)	(3,997)
Net cash and cash equivalents used in financing activities	<u>(3,883)</u>	<u>(6,786)</u>
Increase in cash and cash equivalents	2,147	11,485
Cash and cash equivalents at beginning of year	16,914	5,429
Cash and cash equivalents at end of year	<u>\$ 19,061</u>	<u>\$ 16,914</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest in the years ended June 30, 2011 and 2010 was \$1,130,000 and \$1,868,000, respectively		

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

# Suburban Hospital, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### For The Years Ended June 30, 2011 and 2010

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#### 1. Organization and Summary of Significant Accounting Policies

*Acquisition by The Johns Hopkins Health System Corporation.* Effective June 30, 2009, The Johns Hopkins Health System Corporation became the sole corporate member of Suburban Hospital Healthcare System, Inc. ("SHHS"). At that time, Suburban Hospital, Inc. (the "Hospital" or "SHI") was a wholly owned subsidiary of SHHS. On January 19, 2010, The Johns Hopkins Health System Corporation became the sole corporate member of the Hospital.

*Organization.* The Hospital, located in Bethesda, Maryland, is a not-for-profit acute care hospital. The Hospital provides inpatient, ambulatory and ancillary services on both an emergent and scheduled basis. Admitting physicians are primarily practitioners of the local area. The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code.

The Hospital is the sole member of Suburban Physicians Assistant Associates, LLC ("SPAA"). SPAA is a Section 501(c)(3) organization established July 1, 2002, as a separate billing entity for the purpose of recovering expenses associated with the services provided by the Hospital's physician assistants.

SHI appoints SHI's Board of Trustees. SHI's Articles of Incorporation provide that SHI's Board of Trustees will approve SHI's annual operating and capital budgets, significant programmatic changes at SHI, and other significant changes to SHI including amendments to its Articles of Incorporation or Bylaws, mergers, or dissolutions.

Effective June 30, 2009, the Hospital also became the sole member of Suburban Hospital Foundation ("Foundation"). The Foundation is a not-for-profit, non-stock corporation organized to conduct community outreach activities and raise funds to be used exclusively for the charitable, educational, medical and scientific needs of the community, as well as to manage and distribute funds received on behalf of the Hospital and its related entities.

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

*Basis of presentation.* 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.

*Principles of consolidation.* The consolidated financial statements include the accounts of the Hospital and its controlled entities, SPAA and the Foundation. All inter-company accounts and transactions have been eliminated in consolidation.

*Cash and cash equivalents.* Cash and cash equivalents include amounts invested in accounts with depository institutions which are readily convertible to cash, with original maturities of three months or less. Total deposits maintained at these institutions at times exceed the amount insured by federal agencies and, therefore, bear a risk of loss. The Hospital has not experienced such losses on these funds.

## Suburban Hospital, Inc. and Controlled Entities

### Notes to Consolidated Financial Statements

#### For The Years Ended June 30, 2011 and 2010

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*Inventories of supplies.* Inventories of supplies are composed of medical supplies and drugs. Inventories of drugs and supplies are stated at the lower of cost or market using a first in, first out method.

*Assets whose use is limited.* Assets whose use is limited or restricted by the donor are recorded at fair value at the date of donation, which is then considered cost. Investment income or losses on investments of temporarily or permanently restricted assets is recorded as an increase or decrease in temporarily or permanently restricted net assets to the extent restricted by the donor or law. The cost of securities sold is based on the specific identification method.

Assets whose use is limited include investments set aside by the Board of Trustees, over which the Board retains control and may, at its discretion, subsequently use for any purpose. Also included are assets held by trustees under indenture agreements, investments for an executive benefit plan, pledges receivable from donors and a professional liability self-insurance trust. The carrying amounts reported in the Consolidated Balance Sheets approximated fair value.

*Valuation of investments.* Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the Consolidated Balance Sheets (see Note 4). Debt and equity securities traded on a national securities and exchange are valued as of the last reported sales price on the last business day of the fiscal year; investments traded on the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices.

Investments include equity method investments in managed funds, which include hedge funds, private partnerships and other investments which do not have readily ascertainable fair values and may be subject to withdrawal restrictions. Investments in hedge funds, private partnerships, and other investments in managed funds (collectively "alternative investments"), are accounted for under the equity method, which approximates fair value. The equity method income or loss from these alternative investments is included in the Statements of Operations as an unrealized gain or loss within excess of revenues over expenses.

Alternative investments are less liquid than the Hospital's other investments. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments, and nondisclosure of portfolio composition.

Investment income earned on cash and investment balances (interest and dividends) is reported in the operating income section of the Consolidated Statement of Operations and Changes in Net Assets under 'Investment income'. Realized gains or losses related to the sale of investments, other than temporary impairments, unrealized gains or losses on alternative investments, and realized and unrealized gains or losses on investments classified as trading are included in the non-operating section of the Consolidated Statement of Operations Changes in Net Assets and is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Prior to April 2011, unrealized gains or losses on investments, other than alternative investments and investments classified as trading, are excluded from excess of revenues over expenses.

On April 1, 2011, SHI changed the classification of certain investments to a trading portfolio from available for sale. Accordingly, cumulative unrealized gains of \$8.1 million were reclassified from unrestricted net assets to non-operating income included ' within the Consolidated Statement of Operations and Changes in Net Assets. This change was made as management's intent with respect to the nature of the investment portfolios has changed.

## Suburban Hospital, Inc. and Controlled Entities

### Notes to Consolidated Financial Statements

#### For The Years Ended June 30, 2011 and 2010

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Investments in companies in which the Hospital does not have control, but has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method of accounting, and the related operating results are reported as investment income on the Consolidated Statement of Operations and Other Changes in Net Assets. Dividends paid are recorded as a reduction of the carrying amount of the investment.

Investments in companies in which the Hospital does not have control, nor has the ability to exercise significant influence over operating and financial policies are accounted for using the cost method of accounting. Investments are originally recorded at cost, with dividends received being recorded as investment income.

*Property, plant and equipment.* Property, plant and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of lease term or estimated useful life of the equipment. Estimated useful lives assigned by the Hospital range from three to ten years for land improvements, 17 to 40 years for buildings and improvements, three to twenty years for fixed and movable equipment, and five to seventeen years for leasehold improvements. Interest costs incurred on borrowed funds, net of interest earned, during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Repair and maintenance costs are expensed as incurred. When property, plant and equipment are retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

The cost of software is capitalized provided the cost is at least \$2,000 and the expected life is at least two years. Costs include payment to vendors for the purchase of software and assistance in its installation, payroll costs of employees directly involved in the software installation, and the interest costs of the software project. Preliminary costs to document system requirements, vendor selection, and any costs before software purchase are expensed. Capitalization of costs will generally end when the project is completed and is ready to be used. Where implementation of the project is in phases, only those costs incurred which further the development of the project will be capitalized. Costs incurred to maintain the system are expensed.

*Impairment of long-lived assets.* Long-lived assets are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. The Hospital's policy is to record an impairment loss when it is determined that the carrying amount of the asset exceeds the sum of the expected undiscounted future cash flows resulting from use of the asset and its eventual disposition. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. There were no impairment charges recorded for the years ended June 30, 2011 and 2010.

*Financing expenses.* Financing expenses incurred in connection with the issuance of the Maryland Health and Higher Educational Facilities Authority ("MHHEFA") series bonds have been capitalized and are included in Other assets in the Balance Sheet. Unamortized financing expenses were \$710 thousand and \$782 thousand as of June 30, 2011 and 2010, respectively. These expenses are being amortized over the terms of the related bond issues using the effective interest method. Amortization expense for years ended June 30, 2011 and 2010 was \$72 thousand and \$68 thousand, respectively.

*Accrued vacation.* The Hospital records a liability for amounts due to employees for future absences which are attributable to services performed in the current and prior periods.

## Suburban Hospital, Inc. and Controlled Entities

### Notes to Consolidated Financial Statements

#### For The Years Ended June 30, 2011 and 2010

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*Estimated malpractice costs.* The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

*Swap agreement.* The value of the interest rate swap agreement entered into by the Hospital (see Note 8) is adjusted to market value monthly at the close of each accounting period based upon quotations from market makers. The change in market value, if any, is recorded in the Consolidated Statement of Operations and Changes in Net Assets. Entering into interest rate swap agreements involves, to varying degrees, elements of credit, default, prepayment, market and documentation risk in excess of the amounts recognized on the Consolidated Balance Sheets. Such risks involve the possibility that there will be no liquid market for these agreements, the counterparty to these agreements may default on its obligation to perform and there may be unfavorable changes in interest rates.

The swap agreement has certain collateral thresholds whereby, on a daily basis, if the market value of the swap agreement declines such that its devaluation exceeds the threshold, cash must be deposited by the Hospital with the swap counterparty for the difference between the threshold amount and the fair value. As of June 30, 2011 and 2010 the threshold has not been exceeded and no collateral has been deposited.

*Temporarily and permanently restricted net assets.* Temporarily restricted net assets are those whose use has been limited by donors or law to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Income generated from these assets is available as restricted by the donor or for general program support.

*Donor restricted gifts.* Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unconditional promises to give cash to the Hospital greater than one year are discounted using a rate of return that a market participant would expect to receive at the date the pledge 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 support 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 for the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Changes in Net Assets 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 consolidated financial statements.

*Grants.* SHI receives various grants from the Federal and State Governments for the purpose of furthering its mission of providing patient care. Grants are recognized as support and the related project costs are recorded as expenses when services related to grants are incurred. Grants receivable are included in due from others and grant income is included in other revenue in the accompanying financial statements.

*Excess of revenues over expenses.* The Consolidated 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, include, among other items, changes in unrealized gains and losses on investments other than trading securities, change in funded status of defined benefit plans, cumulative effect of changes in accounting principle, permanent transfers of assets to and from affiliates for other than goods or services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

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*Income taxes.* The Hospital, SPAA, and Foundation are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code as public charities. Federal tax law requires that the Hospital, SPAA, and Foundation be operated in a manner consistent with their initial exemption applications in order to maintain their exempt status. Management has analyzed the operations of the Hospital, SPAA, and Foundation concluded that they remain in compliance with the requirements for exemption. The state in which the Hospital, SPAA, and Foundation operate also recognizes this exemption for state income tax purposes.

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 Hospital has adopted this guidance, and there was no impact on its financial statements during the years ended June 30, 2011 and 2010.

**2. Net Patient Service Revenue**

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments mandated by the Health Services Cost Review Commission are also included in contractual adjustments, a portion of which are also included in established rates. Contractual adjustments to gross patient service revenue were \$31.4 and \$29.4 million for the years ended June 30, 2011 and 2010, respectively.

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Such patients are identified based on information obtained from the patient and subsequent analysis. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charges for these services, measured at the Hospital's established rates, amounted to \$4 and \$4.1 million for the years ended June 30, 2011 and 2010, respectively.

Patient accounts receivable as of June 30 consist of the following:

	2011	2010
Medicare Program	27%	29%
Medicaid Program	5%	5%
Blue Cross and Blue Shield	16%	16%
Other self-pay and third-party payors	49%	47%
Medicaid Managed Care Organizations	3%	3%



**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

**3. Pledges Receivable**

As of June 30, 2011, the total value of pledges net of discount and allowance for uncollectible pledges was \$1.9 million. These amounts have been discounted at rates ranging from .6% to 1.8% and consist of the following (in thousands):

	1 Year	2-5 Years	5 Years or Greater	Totals
Building project/general fund	\$ 416	\$ 1,632		\$ 2,048
ED/Trauma	763	175		938
Volunteer services	11			11
Annual fund campaign	30	40		70
	<u>\$ 1,220</u>	<u>\$ 1,847</u>	<u>\$ -</u>	<u>\$ 3,067</u>
Discount				(142)
Allowance for uncollectible				(983)
				<u>\$ 1,942</u>

As of June 30, 2010, the total value of pledges net of discount and allowance for uncollectible pledges was \$1.8 million. These amounts have been discounted at rates ranging from 2.42% to 4.76% and consist of the following (in thousands):

	1 Year	2-5 Years	5 Years or Greater	Totals
Building project/general fund	\$ 312	\$ 1,244	\$ 8	\$ 1,564
ED/Trauma	661	575	-	1,236
Cardiovascular	-	10	-	10
Volunteer services	13	12	-	25
Education	100	-	-	100
Annual fund campaign	51	44	10	105
	<u>\$ 1,137</u>	<u>\$ 1,885</u>	<u>\$ 18</u>	<u>\$ 3,040</u>
Discount				(247)
Allowance for uncollectible				(959)
				<u>\$ 1,834</u>

**4. Fair Value Measurements**

FASB's guidance on the fair value option for financial assets and financial liabilities permits companies to choose to measure many financial assets and liabilities, and certain other items at fair value. This guidance requires a company to record unrealized gains and losses on items for which the fair value option has been elected in its performance indicator. The fair value option may be applied on an instrument by instrument basis. Once elected, the fair value option is irrevocable for that instrument. The fair value option can be applied only to entire instruments and not to portions thereof. The Hospital did not elect fair value accounting for any assets or liabilities that was not currently required to be measured at fair value.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

The Hospital adopted FASB's guidance on fair value measurements, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. This guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, this guidance does not require any new fair value measurements. Adopting this guidance did not have a material impact on the Hospital's financial position and results of operations.

This FASB's guidance establishes valuation techniques such as the market approach, cost approach and income approach. This guidance establishes a three-tier level hierarchy for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted market prices for identical assets or liabilities in active markets;
- Level 2 – Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions. There were no financial instruments requiring Level 3 classification at June 30, 2011 and 2010.

The financial instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Each of the financial instruments below has been valued utilizing the market approach.

The following table presents the financial instruments carried at fair value as of June 30, 2011 grouped by hierarchy level (in thousands):

<u>Assets</u>	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash equivalents (1)	\$ 14,783	\$ 14,783	\$ -
CD (1)	200		\$ 200
U.S. treasury notes and bonds (2)	8,462		8,462
Corporate bonds (2)	8,609		8,609
Mortgage backed securities (2)	7,285		7,285
Equity and equity funds (3)	43,835	7,177	36,658
Fixed income funds (4)	11,269		11,269
Totals	<u>\$ 94,443</u>	<u>\$ 21,960</u>	<u>\$ 72,483</u>
<u>Liabilities</u>			
Interest rate swap agreements (5)	<u>\$ 3,471</u>	<u>\$ -</u>	<u>\$ 3,471</u>

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

The following table presents the financial instruments carried at fair value as of June 30, 2010 grouped by hierarchy level (in thousands):

<u>Assets</u>	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash equivalents (1)	\$ 21,353	\$ 21,353	\$ -
U.S. treasury notes and bonds (2)	5,753	-	5,753
Corporate bonds (2)	5,852	-	5,852
Mortgage backed securities (2)	2,542	-	2,542
Equity index funds (3)	52,893	14,561	38,332
Totals	<u>\$ 88,393</u>	<u>\$ 35,914</u>	<u>\$ 52,479</u>
 <u>Liabilities</u>			
Interest rate swap agreements (5)	<u>\$ 3,956</u>	<u>\$ -</u>	<u>\$ 3,956</u>

- (1) Cash equivalents include investments with original maturities of three months or less, including certificates of deposit and overnight investments. Certificates of deposit are carried at amortized cost, which approximates fair value. Certificates of deposit that have original maturities greater than three months and are considered short-term investments. Overnight investments are rendered level 1. Computed prices and frequent evaluation versus market value render the certificates of deposit level 2.
- (2) For investments in U.S. Treasuries (notes, bonds, and bills), corporate bonds, and mortgage backed securities, fair value is based upon quotes for similar securities; therefore these investments are rendered level 2. These investments fluctuate in value based upon changes in interest rates. Until April 1, 2011, significant changes in the credit quality of the underlying entity were analyzed and any other than temporary impairments was recorded upon that determination, if any.
- (3) Equities include individual equities and investments in mutual funds, commingled trusts and hedge funds. A small portion of the investments are lent out under securities lending. The ability to liquidate these funds is not limited except for the small percentage of each securities lending fund that is on loan. The individual equities and mutual funds are rendered level 1. The commingled trusts and hedge funds are valued regularly within each month utilizing NAV per unit and are rendered level 2.
- (4) Fixed income funds are investments in mutual funds and commingled trusts investing in fixed income instruments. The underlying fixed investments are principally U.S. Treasuries, corporate bonds, commercial paper, and mortgage backed securities. Fair value is based on quotes for similar securities; therefore these investments are rendered level 2.
- (5) The interest rate swap agreements are valued using a pricing service at net present value. These evaluated prices render these instruments level 2. The volatility in the fair value of the swap agreements change as long-term interest rates change. See footnote 8.

During 2011, there were no transfers between level 1 and 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

The estimated total fair value of long-term debt excluding capital leases was \$75.5 and \$80.2 million as of June 30, 2011 and 2010, respectively.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

The Hospital holds alternative investments that are not traded on national exchanges or over-the-counter markets. The Hospital is provided a net asset value per share for these alternative investments that has been calculated in accordance investment company rules, which among other requirements, indicates that the underlying investments be measured at fair value. There are no unfunded commitments related to the Hospital's alternative investments.

The following table displays information by major alternative investment category as of June 30, 2011:

Description	Fair Market Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	\$ 15,702	Monthly	5-14 days	Within 15 days, or 95% within 1 day, 5% after 12th business day of the month
Fund of funds	\$ 8,272	Monthly, quarterly or annually	30-60 days	Within 5 days, or 95% in 1-30 days, 5% within 60 days or after annual audit
Hedge fund	\$ 934	Quarterly	60 days	95% within 30 days of redemption date, 5% within 120 days of redemption date
	<u>\$ 24,908</u>			

The following table displays information by major alternative investment category as of June 30, 2010:

Description	Fair Market Value	Liquidity	Notice Period	Receipt of Proceeds
Fund of funds	\$ 2,177	Annually	65 days	Within 30 days, or 90% within 30 days, 10% after annual audit
Fund of funds	\$ 1,637	Quarterly	45 days	Within 30 days, or 90% within 30 days, 10% after annual audit
Long/short equity fund	\$ 853	Quarterly	60 days	Within 30 days, or 90% within 30 days, 10% after annual audit
	<u>\$ 4,667</u>			

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

**5. Investments and Assets Whose Use is Limited**

Assets whose use is limited as of June 30 consisted of the following (in thousands):

	2011		2010	
	Cost	Carrying Amount	Cost	Carrying Amount
Cash and cash equivalents	\$ 371	\$ 449	\$ 3,000	\$ 3,000
US treasury notes and bonds	9,925	8,462	5,423	5,753
Corporate bonds	10,895	8,609	2,448	2,542
Mortgage backed securities	9,105	7,285	5,597	5,852
Equity and equity funds	50,211	55,121	60,933	52,893
Alternative investments	22,482	24,910	10,671	12,952
Pledges receivable	1,942	1,942	1,834	1,834
	<u>104,931</u>	<u>106,778</u>	<u>89,906</u>	<u>84,826</u>
Less current portion of assets whose use is unlimited	<u>4,138</u>	<u>4,146</u>	<u>6,038</u>	<u>6,250</u>
	<u>\$ 100,793</u>	<u>\$ 102,632</u>	<u>\$ 83,868</u>	<u>\$ 78,576</u>

Realized and unrealized gains (losses) on investments for the years ended June 30, included in the non-operating revenues and expenses section of the Statement of Operations consisted of the following:

	2011	2010
Realized gains (losses) on investments	\$ (2,899)	\$ (202)
Unrealized gains (losses) on alternative investments	<u>10,178</u>	<u>1,151</u>
	<u>\$ 7,279</u>	<u>\$ 949</u>

The following tables show the gross unrealized losses and fair value of the Hospital's investments and assets whose use is limited with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of June 30, 2010 (in thousands):

As of June 30, 2010

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds	192	20	1,842	381	2,034	401
Equities	202	36	34,122	9,127	34,324	9,163
Mortgage backed securities	-	-	90	16	90	16
Total	<u>\$ 394</u>	<u>\$ 56</u>	<u>\$ 36,054</u>	<u>\$ 9,524</u>	<u>\$ 36,448</u>	<u>\$ 9,580</u>

There were 74 investment positions in an unrealized loss position as of June 30, 2010. The unrealized loss on the government obligations, corporate bonds, and mortgage backed securities were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. The

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

equities are invested in broad based index funds and have fluctuated between an unrealized gain and loss position since acquisition and based on management's impairment policy, The Hospital did not consider these investments to be other-than-temporarily impaired as of June 30, 2010. Starting April 1, 2011, SHI discontinued its evaluation of investments for other than temporary impairment due to its change in investment portfolio classification.

Premier Purchasing Partners, L.P. ("Premier") is a California based for-profit, limited partnership in which the Hospital has an investment (0.2%). Premier provides group purchasing services principally by negotiating contracts for medical, surgical, and other supplies and services.

Colonial Regional Alliance ("CRA") is a Maryland based not-for-profit, limited liability company in which the Hospital has an investment (12.6%). CRA is a regional group purchasing organization serving healthcare facilities located in Maryland and Virginia for the purpose of purchasing healthcare supplies, equipment and services from both regional and national vendors.

Investments recorded under the cost method as of June 30 consisted of the following (in thousands):

Entity	Method	Ownership Percentage	2011	2010
Premier Purchasing Partners	Cost	0.2%	\$ 390	\$ 342
Colonial Regional Alliance	Cost	12.6%	30	30
			<u>\$ 420</u>	<u>\$ 372</u>

**6. Property, Plant and Equipment**

Property, plant and equipment and accumulated depreciation and amortization consisted of the following as of June 30 (in thousands):

	2011		2010	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land and land improvements	\$ 996	\$ 523	\$ 1,008	\$ 495
Building and improvements	159,362	82,303	152,162	77,270
Fixed and moveable equipment	106,691	90,444	109,325	84,425
Capitalized software	27,345	13,347	14,489	11,288
Construction in progress	8,239	-	16,412	-
	<u>\$ 302,633</u>	<u>\$ 186,617</u>	<u>\$ 293,396</u>	<u>\$ 173,478</u>

Accruals for purchases of property, plant and equipment as of June 30, 2011 and 2010 amounted to \$385,000 and \$1,533,000, respectively, and are included in accounts payable and accrued liabilities in the Consolidated Balance Sheets. Depreciation and amortization expense for the years ended June 30, 2011 and 2010 amounted to \$13.9 and \$13.8 million, respectively.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

**7. Debt**

Debt as of June 30 is summarized as follows (in thousands):

	2011		2010	
	Current Portion	Long-Term Portion	Current Portion	Long-Term Portion
MHHEFA Bonds and Notes:				
2004 Series - Revenue Bonds - including original issue premium of \$311 and \$411 as of June 30, 2011 and 2010, respectively	\$ 2,200	\$ 16,016	\$ 2,875	\$ 18,316
2008 Series - Revenue Bond	1,435	54,855	1,385	56,290
Capital leases	298	754	286	1,081
	<u>\$ 3,933</u>	<u>\$ 71,625</u>	<u>\$ 4,546</u>	<u>\$ 75,687</u>

**Obligated Group**

SHI and SHHS were admitted into the Johns Hopkins Health System Obligated Group ("JHHS Obligated Group") in 2010 as part of a plan of debt refinancing. The JHHS Obligated Group consists of Johns Hopkins Hospital ("JHH"), Johns Hopkins Bayview Medical Center, Inc. ("JHBMC"), SHI, and SHHS. The 2004 JHBMC Commercial Paper Series B, the SHI 2004 Series A Revenue Bonds, the JHBMC 2008 Variable Rate Demand Bonds Series A, the JHH and JHBMC Pooled Loan Program Issue Series 1985A and 1985B debt, the JHH 1990, 2001 and 2008 Series Revenue Bonds, the JHH 2004 Commercial Paper Series A and C, the JHH 2007 Commercial Paper Series D, the JHH 2008 Commercial Paper Series E and F, the SHI 2008 Series Revenue Bonds, the JHH 2010 Series Revenue Bonds are parity debt, and as such are collateralized equally and ratably by a claim on and a security interest in all of JHH's, JHBMC's, SHI's, and SHHS' receipts as defined in the Master Loan Agreement with MHHEFA. JHH, JHBMC, SHI and SHHS are required to achieve a defined minimum debt service coverage ratio each year, maintain adequate insurance coverage, and comply with certain restrictions on their ability to incur additional debt. As of June 30, 2011, JHH, JHBMC, SHI, and SHHS were in compliance with these requirements. As of June 30, 2011 and 2010, the outstanding JHH, JHBMC, SHI, and SHHS parity debt was \$946.0 million and \$963.5 million, respectively.

**2004 Series A – Revenue Bonds**

In June 2004, the Obligated Group which consisted of SHHS and the Hospital ("SHHS Obligated Group") issued \$72.4 million principal amount of Revenue Bonds, Series 2004 A and B. The proceeds of the bonds were used to advance refund the remaining balance of the Series 1993 bonds. The 2004A bonds consist of \$7.6 million of Serial bonds due in annual installments beginning July 1, 2005 at interest rates between 4.4% and 5.5%, and \$8.2 million term bond due on July 1, 2016 at a rate of 5.5%. Interest is payable semiannually on January 1 and July 1 of each year on the fixed rate Series 2004A bonds. The bond premium is being amortized over the term of the remaining 2004 bond.

**2008 Series Revenue Bonds**

In November 2008, the SHHS Obligated Group issued \$58.5 million principal amount of MHHEFA Revenue Bonds, Series 2008. The 2008 bonds are due in annual installments beginning July 1, 2009 and bear interest at a daily rate, weekly rate, commercial paper rates, or long term rate as selected by the issuer and payable at varying periods depending on the interest rate type. The rates for the years ended June 30, 2011 and 2010 were approximately .08% and 0.25%,

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

respectively. Annual sinking fund installments from July 1, 2011, and range from \$1.4 to \$6.2 million. The proceeds of the bonds were used to advance refund the remaining balance of the Series 2004B bonds and to finance or refinance the acquisition, construction, renovations or equipping of healthcare facilities. There was a loss on the refinancing of \$350,000.

For the debt of the Hospital described above, total maturities of debt and sinking fund requirements, excluding capital leases, during the next five fiscal years and thereafter are as follows as of June 30, 2011 (in thousands):

2012	\$	3,635
2013		4,145
2014		3,945
2015		4,095
2016		6,490
2017 and thereafter		51,885
	\$	<u>74,195</u>

For the debt of the Hospital described above, interest expense incurred in the years ended June 30, 2011 and 2010, in thousands, are \$1,055 and \$1,660, respectively. For the years ended June 30, 2011 and 2010 there are no interest costs capitalized.

**Capital Leases**

The Hospital leases certain equipment under capital leases. The original cost of the assets under capital leases included in property and equipment at June 30, 2011 and 2010 is \$1,473,000. Accumulated depreciation on equipment held under capital leases was \$479,000 and \$160,000 at June 30, 2011 and 2010, respectively. Depreciation expense on these assets is included within depreciation expense in the Consolidated Statements of Operations and Other Changes in Unrestricted Net Assets.

The future minimum lease payments required under the Hospital's capital leases are as follows (in thousands):

	<b>Capital Lease Payments</b>
2012	\$ 339
2013	339
2014	339
2015	147
2016	-
Total minimum lease payments	<u>1,164</u>
Interest on capital lease obligations	(83)
Net minimum lease payments	<u>1,081</u>
Less: current obligations under capital leases	<u>298</u>
Long term capital lease obligations	<u>\$ 783</u>



**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

**8. Derivative Financial Instruments**

The Hospital's primary objective for holding derivative financial instruments is to manage interest rate risk. Derivative financial instruments are recorded at fair value and are included in other long-term liabilities. The total notional amount of interest rate swap agreements was \$25 million as of June 30, 2011 and 2010.

The Hospital follows accounting guidance on derivative financial instruments that is based on whether the derivative instrument meets the criteria for designation as cash flow or fair value hedges. The criteria for designating a derivative as a hedge include the assessment of the instrument's effectiveness in risk reduction, matching of the derivative instrument to its underlying transaction, and the assessment of the probability that the underlying transaction will occur. The Hospital's derivative financial instrument is an interest rate swap agreement without hedge accounting designation.

The value of the interest rate swap agreement entered into by the Hospital is adjusted to market value monthly at the close of each accounting period based upon quotations from market makers. Entering into interest rate swap agreements involves, to varying degrees, elements of credit, default, prepayment, market and documentation risk in excess of the amounts recognized on the Consolidated Balance Sheets. Such risks involve the possibility that there will be no liquid market for these agreements, the counterparty to these agreements may default on its obligation to perform and there may be unfavorable changes in interest rates. The hospital does not hold derivative instruments for the purpose of managing credit risk and limits the amount of credit exposure to any one counterparty and enters into derivative transactions with high quality counterparties. The Hospital recognizes gains and losses from changes in fair values of interest rate swap agreements as a non-operating revenue or expense within the excess of revenues over expenses on the Consolidated Statements of Operations and Changes in Net Assets.

Fair value of derivative instruments as of June 30 (in thousands):

		<b>Derivatives reported as liabilities</b>			
		<b>2011</b>		<b>2010</b>	
	<b>Balance Sheet Caption</b>	<b>Fair Value</b>		<b>Balance Sheet Caption</b>	<b>Fair Value</b>
Interest rate swaps not designated as hedging instruments	Other long-term liabilities	\$ 3,471		Other long-term liabilities	\$ 3,956

Derivatives not designated as hedging instruments as of June 30 (in thousands):

Classification of derivative loss in Statement of Operations	Amount of loss recognized in change in unrestricted net assets	
	<b>2011</b>	<b>2010</b>
Interest rate swaps:		
Non-operating expense	\$ 485	\$ (1,008)

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

The following is a description of the Hospital's interest rate swap agreement:

In May 2004, the SHHS Obligated Group entered into a fixed payer interest rate swap agreement with J.P. Morgan in connection with the issuance of Series 2004B tax-exempt floating rate securities (which was refinanced by the 2008 Series Revenue Bonds) with a notional amount of \$25.0 million. This swap agreement carries a term of 17 years from the effective date with payments beginning July 1, 2004. The SHHS Obligated Group will pay J.P. Morgan a fixed annual rate of 3.9% on the notional amount of the swap agreement in return for the receipt of a floating rate of interest equal to 68% of the one month LIBOR rate. The floating rate payments from the interest rate swap agreements are intended to substantially offset the floating rate of the debt issue. The floating rates as of June 30, 2011 and 2010 was .08% and 0.24%, respectively.

**9. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes as of June 30 (in thousands):

	2011	2010
Health care services	\$ 8,969	\$ 4,185
Property, plant, and equipment	2,860	4,535
Indigent care	5	5
Health education	260	150
	<u>\$ 12,094</u>	<u>\$ 8,875</u>

Permanently restricted net assets as of June 30 (in thousands) are restricted to:

	2011	2010
Student scholarships	\$ 4,158	\$ 4,157
Health education	868	770
Other healthcare services	5,765	5,765
	<u>\$ 10,791</u>	<u>\$ 10,692</u>

The Board of Trustees of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, plus a percentage of investment income approximating the rate of inflation to preserve their future purchasing power, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment 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 organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

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**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 from unfavorable market conditions were \$0 at June 30, 2011 and 2010, respectively. Future market gains will be used to restore this deficiency in unrestricted net assets before any net appreciation above the historical cost value of such funds increases temporarily restricted net assets.

**Endowment Spending and Relationship of Spending Policy to Investment Objectives**

Unless a gift agreement states otherwise, the Foundation determines the amount available to be spent, up to 5% of the permanently restricted fund balance, in the next fiscal year on each January 31; so long as a balance in the corresponding temporarily restricted account is available. Expenditures from restricted funds are approved by the appropriate director or executive identified in the restricted purpose documentation and by the Foundation executive. The authorization is subject to the Hospital's purchasing authorization policy and procedures.

**Return Objectives and Risk Parameters and Strategies Employed for Achieving Investment Objectives**

Donor-restricted endowment funds are co-invested with the board-designated funds of the Hospital and SHHS, at the direction of the investment committee of the Hospital. Investment gains and losses are allocated proportionately to the amount of Foundation funds represented in SHHS's reserve account. The Hospital makes regular reports to the Foundation of the investment performance of the reserve account. The reserve account is structured for long term growth with a broadly diversified mix of asset classes and styles. All purchases, withdrawals and transfers related to the reserve accounts require board approval. The fund also invests in international equity to reduce volatility and reliance on domestic financial markets. The target for the actual asset mix is reviewed by the investment committee at least annually and compared to the benchmarks.

The endowment funds as of June 30 are as follows (in thousands):

	2011		2010	
	Permanently Restricted	Temporarily Restricted	Permanently Restricted	Temporarily Restricted
Student scholarships	\$ 4,158	\$ 182	\$ 4,157	\$ 83
Health education	868	94	770	66
Other healthcare services	5,765	3,466	5,765	1,259
	<u>\$ 10,791</u>	<u>\$ 3,742</u>	<u>\$ 10,692</u>	<u>\$ 1,408</u>

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

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The Foundation had the following endowment activities during the years ended June 30, 2011 and 2010 delineated by net asset class and donor restriction versus board designated funds (in thousands):

	2011		2010	
	Permanently Restricted	Temporarily Restricted	Permanently Restricted	Temporarily Restricted
Net appreciation (depreciation)	\$ -	\$ 2,553	\$ -	\$ 1,545
Contributions	99	-	1	-
Amounts appropriated for expenditure	-	(219)	-	(137)
Total change in endowment funds	99	2,334	1	1,408
Beginning balance	10,692	1,408	10,691	-
Ending balance	\$ 10,791	\$ 3,742	\$ 10,692	\$ 1,408

**10. Pension Plan**

The Hospital sponsors a defined benefit pension plan (the "Plan") covering substantially all of their employees. The retirement income benefits are based on a combination of years of service and compensation at various points of service. The FASB's guidance on employer's accounting for defined benefit pension and other postretirement plans requires that the funded status of defined benefit postretirement plans be recognized on the Hospital's consolidated Balance Sheets, and changes in the funded status be reflected as a change in net assets.

The funding policy of the Hospital is to make sufficient contributions to meet the Internal Revenue Service minimum funding requirements. Assets in the plans as of June 30, 2011 and 2010 consisted of cash and cash equivalents, listed stocks, corporate bonds, government securities, and alternative investments. All assets are managed by external investment managers, consistent with the plan's investment policy.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

The change in benefit obligation, plan assets, and funded status of the Plan is shown below (in thousands):

	2011	2010
<u>Change in benefit obligation</u>		
Benefit obligation at beginning of the year	\$ 41,680	\$ 37,954
Service cost	2,724	2,463
Interest cost	2,378	2,337
Actuarial (gain) loss	(28)	856
Benefits paid	(2,289)	(1,930)
Benefit obligation as of June 30	<u>\$ 44,465</u>	<u>\$ 41,680</u>
<u>Change in plan assets</u>		
Fair value of plan assets at beginning of year	\$ 30,879	\$ 28,325
Return on plan assets	6,047	2,619
Employer contributions	4,977	1,865
Benefits paid	(2,289)	(1,930)
Fair value of plan assets at end of year	<u>\$ 39,614</u>	<u>\$ 30,879</u>
<u>Funded Status as of June 30</u>		
Fair value of plan assets	\$ 39,614	\$ 30,879
Projected benefit obligation	(44,465)	(41,680)
Funded Status	<u>\$ (4,851)</u>	<u>\$ (10,801)</u>

Amounts recognized in the Consolidated Balance Sheets consist of (in thousands):

	2011	2010
Net pension liability	<u>\$ (4,851)</u>	<u>\$ (10,801)</u>

Amounts not yet reflected in net period benefit cost and included in unrestricted net assets consist of (in thousands):

	2011	2010
Actuarial net loss	\$ 13,498	\$ 18,968
Prior service cost	(853)	(1,013)
	<u>\$ 12,645</u>	<u>\$ 17,955</u>
Accumulated benefit obligation	<u>\$ 44,231</u>	<u>\$ 41,420</u>

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

**Net Periodic Pension Cost**

Components of net periodic benefit pension cost (in thousands):

	2011	2010
Service cost	\$ 2,724	\$ 2,463
Interest cost	2,378	2,337
Expected rate of return on plan assets	(2,552)	(2,278)
Amortization of prior service cost	(160)	(160)
Amortization of actuarial loss	1,946	2,181
Net periodic benefit cost	<u>\$ 4,336</u>	<u>\$ 4,543</u>

The actuarial net loss and prior service cost (credit) for the Plan that will be amortized from unrestricted net assets into net periodic benefit cost in 2011 are \$1,195 and (\$160), respectively.

The assumptions used in determining net periodic pension cost for the Plan is as follows for the years ended June 30:

	2011	2010
Discount rate	6.04 %	6.50 %
Expected return on plan assets	8.25 %	8.25 %
Rate of compensation increase	3.00 %	4.00 %

The assumptions used in determining the benefit obligations for the Plan is as follows as of July 1:

	2011	2010
Discount rate	6.03 %	6.04 %
Expected return on plan assets	8.25 %	8.25 %
Rate of compensation increase	3.00 %	3.00 %

The expected rate of return on Plan assets assumption was developed based on historical returns for the major asset classes. This review also considered both current market conditions and projected future conditions.

**Plan Assets**

The weighted average asset allocations as of June 30 by asset category are as follows:

	2011	2010
<u>Asset Category</u>		
Cash equivalents	4.5%	2.9 %
Equities and equity funds	35.8%	56.1 %
Alternatives	44.1%	18.2 %
Fixed income Funds	15.6%	22.8 %
Total	<u>100.0%</u>	<u>100.0 %</u>

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

Plan assets are invested among and within various asset classes in order to achieve sufficient diversification in accordance with the Hospital's risk tolerance. This is achieved through the utilization of asset managers and systematic allocation to investment management style(s), providing a broad exposure to different segments of the fixed income and equity markets. The Plan strives to allocate assets between equity securities (including global asset allocation) and debt securities at a target rate of approximately 75% and 25%, respectively.

**Fair Value of Plan Assets**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted market prices for identical assets or liabilities in active markets;
- Level 2 – Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions. There were no financial instruments requiring Level 3 classification at June 30, 2011 and 2010.

The following table presents the plan assets carried at fair value as of June 30, 2011 and 2010 grouped by hierarchy level:

As of June 30, 2011

<b>Assets</b>	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash equivalents (1)	\$ 1,763	\$ -	\$ 1,763
Equities and equity funds (2)	14,193	-	14,193
Fixed income Funds (3)	6,183	5,679	504
Alternatives (4)	17,475	-	17,475
Total	<u>\$ 39,614</u>	<u>\$ 5,679</u>	<u>\$ 33,935</u>

As of June 30, 2010

<b>Assets</b>	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash equivalents (1)	\$ 890	\$ 890	\$ -
Equity Index funds (3)	29,989	19,065	10,924
Total	<u>\$ 30,879</u>	<u>\$ 19,955</u>	<u>\$ 10,924</u>

- (1) Cash equivalents include investments with original maturities of three months or less and overnight investments. Computed prices and frequent evaluation versus market value render the other investments level 2.
- (2) Equities include individual equities. Equity funds include investments in commingled trusts and hedge funds. The commingled trusts and hedge funds are valued regularly within each month utilizing NAV per unit and are rendered level 2.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

- (3) Fixed income funds are investments in mutual funds and commingled trusts investing in fixed income instruments. The underlying fixed investments are principally U.S. Treasuries, corporate bonds, commercial paper, and mortgage backed securities. The mutual funds are rendered level 1. The commingled trusts are valued regularly within each month utilizing NAV per unit and are rendered level 2.
- (4) Alternative investments include investments that are not traded on national exchanges or over-the-counter markets. These investments are valued at using a net asset value per share that has been calculated in accordance with investment company rules, which among other things, indicates that the underlying investments be measured at fair value. This valuation technique renders these investments level 2.

The Plan holds alternative investments that are not traded on national exchanges or over-the-counter markets. The Plan is provided a net asset value per share for these alternative investments that has been calculated in accordance investment company rules, which among other requirements, indicates that the underlying investments be measured at fair value. There are no unfunded commitments related to the Plan's alternative investments.

The following table displays information by major alternative investment category as of June 30, 2011 and 2010:

As of June 30, 2011

Description	Fair Market Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	\$ 7,657	Monthly	5 - 30 days	(1)
Fund of funds	5,454	Mthly, Qtrly, Annual	30 to 65 days	(2)
Hedge Fund	2,038	Mthly or Qtrly	30-65 days	(3)
Credit Fund	1,569	Annual	60-90 days	(4)
Distressed Credit	757	31-Dec-13		
	<u>\$ 17,475</u>			

(1) Within 15 days, or 95% on redemption date and 5% on third business day

(2) Within 5 to 30 days, or 90% within 30 to 60 days, 10% after annual audit

(3) 90-95% within 30 days, 5-10% after 10 days or after annual audit

(4) Within 30 days, or 90% within 10 days, 10% after annual audit

As of June 30, 2010

Description	Fair Market Value	Liquidity	Notice Period	Receipt of Proceeds
Fund of funds	\$ 2,469	Annually	65 days	Within 30 days, or 90% within 30 days, 10% after annual audit
Fund of funds	1,611	Quarterly	45 days	Within 30 days, or 90% within 30 days, 10% after annual audit
Long/short equity funds	848	Quarterly	60 days	Within 30 days, or 90% within 30 days, 10% after annual audit
	<u>\$ 4,928</u>			



**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

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**Contributions and Estimated Future Benefit Payments (unaudited)**

The Hospital expects to contribute \$4.1 million to the Plan in the fiscal year ending June 30, 2012.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in each of the following fiscal years as of June 30, 2011 (in thousands):

2012	\$	4,958
2013		4,198
2014		4,147
2015		4,141
2016		3,989
2017 - 2021		19,711

**11. Maryland Health Services Cost Review Commission ("Commission" or "HSCRC")**

The Hospital charges are subject to review and approval by the Commission. The Hospital's management has filed the required forms with the Commission and believes the Hospital is in compliance with Commission requirements. The total rate of reimbursement for services to patients under the Medicare and Medicaid programs is based on an agreement between the Center for Medicare and Medicaid Services and the Commission. Management believes that this program will remain in effect at least through June 30, 2012. Effective April 1, 1999, the Commission developed a methodology to control inpatient hospital charges, and the Hospital elected to be paid under that methodology. The methodology established a charge per admission cap for each hospital. The hospital specific charge per admission is adjusted annually to reflect cost inflation, and is also adjusted for changes in the hospital's case mix index. Certain highly tertiary inpatient cases such as solid organ transplants, bone marrow transplants and certain oncology cases are treated as exclusions from the charge per case methodology.

Effective July 1, 2008, the HSCRC developed a new methodology to establish a charge per visit (CPV) for certain types of outpatient services. The hospital specific charge per visit is adjusted annually to reflect cost inflation and is also adjusted for changes in case mix. Certain types of visits such as radiation therapy, psychiatric day hospital and certain types of recurring visits will be treated as exclusions under this methodology.

The Commission approves hospital rates on a departmental unit rate basis. Individual unit rates are the basis for hospital reimbursement for inpatient excluded cases and for hospital outpatient excluded services. Under the Commission rate methodology, amounts collected for services to patients under the Medicare and Medicaid programs are computed at approximately 94% of Commission approved charges. Other payors are eligible to receive up to a 2.25% discount on prompt payment of claims.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

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**12. Professional and General Liability Insurance**

The Hospital maintains a self-insurance program for professional liability and patient general liability claims, up to a maximum of \$1.0 million per claim with an annual aggregate maximum of \$3.0 million. Excess liability coverage is purchased above these limits to \$15.0 million per claim with a \$15.0 annual aggregate maximum. A professional liability trust fund has been established to pay the self-insured portion of professional liability and general liability claims. Additionally, a liability has been recorded for unpaid reported and incurred but not reported claims. The liability as determined by an independent actuary has been discounted at a rate of 1.2% and 2.0% at June 30, 2011 and 2010, respectively.

Professional and general liability insurance expense /(refund) incurred by the Hospital was \$1,496,000 and (\$647,000) for the years ended June 30, 2011 and 2010, respectively. Reserves were \$3.7 and \$2.5 million as of June 30, 2011 and 2010, respectively.

**13. Related Party Transactions**

During the years ended June 30, 2011 and 2010, the Hospital and its affiliate engaged in transactions with certain unconsolidated affiliates. There were no significant intercompany profits that were eliminated.

The Hospital performs treasury management functions for the SHHS and its affiliates. Settlement of inter-company balances is performed each reporting period.

The Hospital provided loans to two officers of the Hospital and to various nursing employees to assist with relocation and to encourage retention totaling \$257,000 and \$325,000 at June 30, 2011 and 2010, respectively. The loans accrued interest at a rate of 4% to 6% per annum. Principal and accrued interest on the loans were forgiven over a specified service period ranging from 2 to 6 years. Any amount forgiven was considered income to the recipients. The Hospital's expense was \$330,000 and \$378,000 for the years ending June 30, 2011 and 2010, respectively.

Johns Hopkins Community Physicians ("JHCP") ensures that appropriate practice management services are provided, that quality physicians and staff are recruited, that patient-centered care will be consistently delivered, and that the practice will operate effectively and efficiently for initiatives that SHI seeks JHCP to own, manage and operate. During the year ended June 30, 2011, SHI incurred expenses of \$3.7 million related to such services.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**For The Years Ended June 30, 2011 and 2010**

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**14. Contracts, Commitments and Contingencies**

Commitments for leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2011, that have initial or remaining lease terms in excess of one year (in thousands).

2012	\$	2,098
2013		1,321
2014		166
2015		158
2016		149
Thereafter		284
Total minimum lease payments	\$	<u>4,176</u>

Rental expense for all operating leases for the years ended June 30, 2011 and 2010 amounted to \$3.6 and \$4.1 million, respectively.

There are several lawsuits pending in which the Hospital has been named as a defendant. In the opinion of the Hospital's management, after consultation with legal counsel, the potential liability, in the event of adverse settlement, will not have a material impact on the Hospital's financial position.

**15. Functional Expenses**

The Hospital provides general health care services primarily to residents within its geographic location. Expenses related to providing these services for the years ended June 30 consisted of the following (in thousands):

	2011	2010
Healthcare services	\$ 199,443	\$ 194,877
Management and general	40,462	34,444
Fundraising services	1,117	1,314
Program services	1,664	1,874
	<u>\$ 242,686</u>	<u>\$ 232,509</u>

**16. Subsequent Events**

Subsequent events have been evaluated by management through September 28, 2011, which is the date the financial statements were issued.

**Supplemental Information**



**REPORT OF INDEPENDENT AUDITORS ON  
SUPPLEMENTAL INFORMATION**

Board of Trustees  
Suburban Hospital, Inc. and Controlled Entities

The report on our audit of consolidated financial statements of Suburban Hospital, Inc. and Controlled Entities as of June 30, 2011 and 2010 and for the years then ended appear on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the consolidated 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 results of operations 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 statements taken as a whole

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

September 28, 2011

## Suburban Hospital, Inc. and Controlled Entities Consolidating Statement of Operations and Other Changes in Unrestricted Net Assets June 30, 2011

The 2011 operating performance for Suburban Hospital, Inc. and its controlled entities, Suburban Physicians Assistant Associates, LLC and Suburban Hospital Foundation, Inc. is presented below in a consolidating format.

	Suburban Hospital, Inc.	Suburban Hospital Foundation, Inc.	Suburban Physicians Assistant Associates, LLC	Eliminating Entries	Consolidated Suburban Hospital, Inc.
Operating revenues:					
Net patient service revenue	\$ 241,071	-	\$ 385	-	\$ 241,456
Other revenue	12,818	421	-	(1,663)	11,576
Investment income	931	256	-	-	1,187
Net assets released from restrictions used for operations	-	2,168	-	-	2,168
Total operating revenue	254,820	2,845	385	(1,663)	256,387
Operating expenses:					
Salaries, wages and benefits	115,401	810	3,111	-	119,322
Purchased services and other	42,341	2,164	92	(1,663)	42,934
Supplies	55,119	13	-	-	55,132
Interest	1,055	-	-	-	1,055
Provision for bad debt	10,355	-	-	-	10,355
Depreciation and amortization	13,887	1	-	-	13,888
Total operating expenses	238,158	2,988	3,203	(1,663)	242,686
Income (loss) from operations	16,662	(143)	(2,818)	-	13,701
Interest expense on swap agreement	(936)				(936)
Change in market value of swap agreement	485				485
Realized and unrealized gains (losses) on investments	(89)	(682)	-	-	(771)
Net cumulative unrealized gains transferred to trading securities	5,507	2,543	-	-	8,050
Excess of revenues over expenses (expenses over revenues)	21,629	1,718	(2,818)	-	20,529
Unrealized gains (losses) on investments	8,561	2,565			11,126
Net cumulative unrealized gains transferred to trading securities	(5,507)	(2,543)			(8,050)
Change in funded status of defined benefit plan	5,337				5,337
Net assets transferred from Suburban Hospital Foundation, Inc. used for capital acquisitions	499				499
Equity transfer from Hospital	(2,928)		2,928		-
Increase (decrease) in unrestricted net assets	\$ 27,591	\$ 1,740	\$ 110	\$ -	\$ 29,441