

Form **990**

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)

OMB No. 1545-0047

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization FRANKLIN SQUARE HOSPITAL CENTER INC.		D Employer identification number 52-0608007
		Doing Business As		E Telephone number (410) 772-6719
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite 9000 FRANKLIN SQUARE DRIVE		G Gross receipts \$ 431,823,480.
		City or town, state or country, and ZIP + 4 BALTIMORE, MD 21237		H(a) Is this a group return for affiliates? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> H(b) Are all affiliates included? Yes <input type="checkbox"/> No <input type="checkbox"/> If "No," attach a list. (see instructions)
F Name and address of principal officer: CARL SCHINDELAR 9000 FRANKLIN SQUARE DRIVE BALTIMORE, MD 21237		I Tax-exempt status: <input checked="" type="checkbox"/> 501(c) (3) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW.FRANKLINSQUARE.ORG				
K Type of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			L Year of formation: 1898 M State of legal domicile: MD	

Part I Summary		Prior Year	Current Year
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>FRANKLIN SQUARE HOSPITAL CENTER, INC., A MEMBER OF MEDSTAR HEALTH, PROVIDES THE HIGHEST QUALITY HEALTHCARE AND EDUCATION TO OUR COMMUNITIES.</u>		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	19
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5 Total number of employees (Part V, line 2a)	5	3,140
	6 Total number of volunteers (estimate if necessary)	6	402
	7a Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	183,482.
b Net unrelated business taxable income from Form 990-T, line 34	7b	-18,434.	
Revenue	8 Contribution and grants (Part VIII, line 1h)	651,799.	2,021,646.
	9 Program service revenue (Part VIII, line 2g)	404,640,270.	423,003,016.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	376,021.	-59,936.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,230,272.	6,698,181.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	411,898,362.	431,662,907.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		NONE
	14 Benefits paid to or for members (Part IX, column (A), line 4)		NONE
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	197,516,948.	204,133,645.
	16a Professional fundraising fees (Part IX, column (A), line 11e)		NONE
	b Total fundraising expenses, Part IX, column (D), line 25) ▶		NONE
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	193,411,890.	207,904,353.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	390,928,838.	412,037,998.	
19 Revenue less expenses. Subtract line 18 from line 12	20,969,524.	19,624,909.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	164,259,248.	214,913,635.
	21 Total liabilities (Part X, line 26)	62,340,422.	71,423,389.
	22 Net assets or fund balances. Subtract line 21 from line 20	101,918,826.	143,490,246.

Part II Signature Block

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

Sign Here ▶ Marc R. Berger Signature of officer Date 5/13/10
 ▶ MARC R. BERGER Type or print name and title AVP, TAXATION

Paid Preparer's Use Only	Preparer's signature ▶ <u>[Signature]</u>	Date <u>5/12/10</u>	Check if self-employed <input type="checkbox"/>	Preparer's identifying number (see instructions) <u>P00451522</u>
	Firm's name (or yours if self-employed), address, and ZIP + 4 <u>KPMG LLP</u> <u>2100 DOMINION TOWER NORFOLK, VA 23510-3310</u>	EIN ▶ <u>13-5565207</u>	Phone no. ▶ <u>757-616-7000</u>	

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

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

- 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 the return. See instructions.	Name of Exempt Organization FRANKLIN SQUARE HOSPITAL CENTER INC.	Employer identification number 52-0608007
	Number, street, and room or suite no. If a P.O. box, see instructions. 9000 FRANKLIN SQUARE DRIVE	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BALTIMORE, MD 21237	

Check type of return to be filed (File a separate application for each return):

<input checked="" type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 6069
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust)	<input type="checkbox"/> Form 4720	<input type="checkbox"/> Form 8870
<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 5227	

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

- The books are in the care of **MARC BERGER**
 Telephone No. **410 772-6719** 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.

4 I request an additional 3-month extension of time until **05/15/2010**

5 For calendar year _____, or other tax year beginning **07/01/2008** and ending **06/30/2009**

6 If this tax year 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 **INFORMATION NECESSARY TO PREPARE A COMPLETE A 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 \$	NONE
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 \$	NONE
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c \$	

Signature and Verification

NONE

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 **Katherine McDowell** Title **CPA** Date **11/30/2009**

Form 8868 (Rev. 4-2009)

KPMG LLP
 2100 DOMINION TOWER
 NORFOLK, VA 23510-3310

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **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.

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.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of Exempt Organization FRANKLIN SQUARE HOSPITAL CENTER INC.	Employer identification number 52-0608007
	Number, street, and room or suite no. If a P.O. box, see instructions. 9000 FRANKLIN SQUARE DRIVE	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BALTIMORE, MD 21237	

Check type of return to be filed (file a separate application for each return):

<input checked="" type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-T (corporation)	<input type="checkbox"/> Form 4720
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust)	<input type="checkbox"/> Form 5227
<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 6069
<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 8870

• The books are in the care of ▶ MARC BERGER

Telephone No. ▶ 410 772-6719 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 will cover.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 02/15, 2010, 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 07/01, 2008, and ending 06/30, 2009.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a 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.	3a	\$	NONE
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	NONE
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	NONE

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.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Part III Statement of Program Service Accomplishments (see instructions)

1 Briefly describe the organization's mission:

SEE STATEMENT 1

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [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 \$ 14,265,980. including grants of \$ 55,886.) (Revenue \$ 4,262,612.)

FRANKLIN SQUARE HOSPITAL PROVIDED \$14.3M HEALTH PROFESSIONS EDUCATION IN FISCAL 2009. THESE SERVICES GENERALLY INCLUDED TRAINING FOR PHYSICIANS, MEDICAL STUDENTS, AND NURSES. AMONG THESE PROGRAMS MAY BE RESIDENCIES, INTERNSHIPS, CLERKSHIPS, AND FELLOWSHIPS.

4b (Code:) (Expenses \$ 8,355,104. including grants of \$) (Revenue \$ 667,288.)

FRANKLIN SQUARE HOSPITAL PROVIDED \$8.4M CHARITY CARE SERVICES IN FISCAL 2009. CHARITY CARE IS PROVIDED PURSUANT TO MEDSTAR HEALTH'S CHARITY CARE POLICY TO MEMBERS OF THE COMMUNITY WHOSE INCOME IS BELOW CERTAIN THRESHOLDS AND FOR WHICH THE HOSPITAL IS NOT COMPENSATED. UNDER MARYLAND'S UNIQUE PAYER SYSTEM, THE AMOUNT REPORTED REPRESENTS THE HOSPITAL'S CHARITY CARE EXPENSE AND REVENUES REPRESENT DIRECT PAYMENTS FROM THE STATE'S CHARITY CARE POOL. OTHER CHARITY CARE EXPENSES ARE INDIRECTLY REIMBURSED VIA THE STATE OF MARYLAND'S PAYMENT SYSTEM.

4c (Code:) (Expenses \$ 7,825,280. including grants of \$) (Revenue \$ 5,537,233.)

FRANKLIN SQUARE HOSPITAL PROVIDED \$7.8M SUBSIDIZED (MISSION DRIVEN) HEALTH SERVICES IN FISCAL 2009. INCLUDED IN THIS GROUP OF SERVICES ARE THOSE THAT ARE PROVIDED TO THE COMMUNITY AND ARE EXPECTED TO OPERATE AT A LOSS AND ARE INTENDED TO ADDRESS COMMUNITY NEEDS AND PRIORITIES PRIMARILY THROUGH DISEASE PREVENTION AND IMPROVEMENT OF HEALTH STATUS. SERVICES PROVIDED INCLUDED OPERATION OF THE FAMILY HEALTH CENTER, CERTAIN PRIMARY CARE SERVICES, HOSPITALISTS, AND EMERGENCY AND TRAUMA SERVICES.

4d Other program services. (Describe in Schedule O.)

(Expenses \$ 331,674,282. including grants of \$) (Revenue \$ 412,535,883.)

4e Total program service expenses \$ 362,120,646. (Must equal Part IX, Line 25, column (B).)

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		X
5	Sections 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III		
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10	Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a	Did the organization maintain an office, employees, or agents outside of the U.S.?		X
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III		X
17	Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I		X
18	Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19	Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	X	
21	Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22	Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III		X

Part IV Checklist of Required Schedules (continued)

		Yes	No
28	During the tax year, did any person who is a current or former officer, director, trustee, or key employee:		
a	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? <i>If "Yes," complete Schedule L, Part IV</i>		X
b	Have a family member who had a direct or indirect business relationship with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		X
c	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		X
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		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
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		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
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	X	
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	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		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

Part V Statements Regarding Other IRS Filings and Tax Compliance

Table with columns for question number, description, and Yes/No responses. Includes questions 1a through 12a regarding Form 1096, Form W-2G, Form W-3, and various tax compliance requirements.

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

Section A. Governing Body and Management

		Yes	No
For each "Yes" response to lines 2-7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, process, or changes in Schedule O. See instructions.			
1a	Enter the number of voting members of the governing body	1a	19
b	Enter the number of voting members that are independent	1b	13
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	X
3	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?	3	X
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4	X
5	Did the organization become aware during the year of a material diversion of the organization's assets?	5	X
6	Does the organization have members or stockholders?	6	X
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	X
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	X
8	Did the organizations contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	8a	X
b	Each committee with authority to act on behalf of the governing body?	8b	X
9a	Does the organization have local chapters, branches, or affiliates?	9a	X
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?	9b	
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	10	X
11	Is there any officer, director or 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	11	X

Section B. Policies

		Yes	No
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	X
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	X
13	Does the organization have a written whistleblower policy?	13	X
14	Does the organization have a written document retention and destruction policy?	14	X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
a	The organization's CEO, Executive Director, or top management official?	15a	X
b	Other officers or key employees of the organization?	15b	X
16a	Describe the process in Schedule O. (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X
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?	16b	

Section C. Disclosure

17	List the states with which a copy of this Form 990 is required to be filed ► <u>MD</u>
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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: ► <u>MARC BERGER 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044</u> <u>410-772-6719</u>

Part VIII Statement of Revenue

52-0608007

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	1,323,000.				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	698,646.				
	g	Noncash contributions included in lines 1a-1f: \$						
	h	Total. Add lines 1a-1f	STMT 3.	2,021,646.				
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 621300	423,003,016.	423,003,016.			
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		423,003,016.				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		100,637.			100,637.	
	4	Income from investment of tax-exempt bond proceeds		NONE				
	5	Royalties		NONE				
	6a	Gross Rents	(i) Real	326,285.				
			(ii) Personal					
	b	Less: rental expenses						
	c	Rental income or (loss)		326,285.				
	d	Net rental income or (loss)		326,285.			326,285.	
	7a	Gross amount from sales of assets other than inventory	(i) Securities					
			(ii) Other					
	b	Less: cost or other basis and sales expenses		160,573.				
	c	Gain or (loss)		-160,573.				
	d	Net gain or (loss)		-160,573.			-160,573.	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18.	a					
	b	Less: direct expenses	b					
c	Net income or (loss) from fundraising events			NONE				
9a	Gross income from gaming activities. See Part IV, line 19.	a						
b	Less: direct expenses	b						
c	Net income or (loss) from gaming activities			NONE				
10a	Gross sales of inventory, less returns and allowances	a						
b	Less: cost of goods sold	b						
c	Net income or (loss) from sales of inventory			NONE				
Miscellaneous Revenue			Business Code					
11a	PHARMACY		900099	3,962,980.	3,962,980.			
b	PARKING LOT REV.		812930	217,007.		217,007.		
c	REBATE		900099	971,522.	971,522.			
d	All other revenue		900099	1,220,387.	853,749.	183,482.		
e	Total. Add lines 11a-11d			6,371,896.				
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e			431,662,907.	428,791,267.	183,482.	666,512.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21 . . .	NONE			
2	Grants and other assistance to individuals in the U.S. See Part IV, line 22	NONE			
3	Grants and other assistance to governments, organizations, and individuals 'outside the U.S. See Part IV, lines 15 and 16	NONE			
4	Benefits paid to or for members	NONE			
5	Compensation of current officers, directors, trustees, and key employees	2,176,338.	1,969,917.	206,421.	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . .	NONE			
7	Other salaries and wages	164,726,547.	149,102,574.	15,623,973.	
8	Pension plan contributions (include section 401 (k) and section 403(b) employer contributions) . .	6,757,447.	6,116,517.	640,930.	
9	Other employee benefits	18,856,173.	17,067,704.	1,788,469.	
10	Payroll taxes	11,617,140.	10,313,839.	1,303,301.	
11	Fees for services (non-employees):				
a	Management	23,832,854.		23,832,854.	
b	Legal	118,600.		118,600.	
c	Accounting	950.		950.	
d	Lobbying	NONE			
e	Professional fundraising services. See Part IV, line 17	NONE			
f	Investment management fees	NONE			
g	Other	39,460,619.	39,328,838.	131,781.	
12	Advertising and promotion	2,073,848.	404,703.	1,669,145.	
13	Office expenses	3,663,285.	2,454,089.	1,209,196.	
14	Information technology	45,628.	42,099.	3,529.	
15	Royalties	NONE			
16	Occupancy	1,594,362.	1,600,939.	-6,577.	
17	Travel	771,768.	668,856.	102,912.	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	NONE			
19	Conferences, conventions, and meetings	133,105.	114,479.	18,626.	
20	Interest	4,380,027.	4,380,027.		
21	Payments to affiliates	NONE			
22	Depreciation, depletion, and amortization	15,472,635.	15,472,635.		
23	Insurance	10,246,616.	9,932,698.	313,918.	
24	Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a	<u>MEDICAL/SURGICAL SUPPLIES</u>	26,372,273.	26,179,300.	192,973.	
b	<u>DRUGS/PHARM</u>	25,890,113.	25,830,234.	59,879.	
c	<u>BAD DEBTS</u>	22,918,841.	22,918,841.	NONE	
d	<u>IMPLANTS/PROST</u>	9,558,233.	9,558,200.	33.	
e	<u>MISCELLANEOUS</u>	6,472,963.	4,594,138.	1,878,825.	
f	All other expenses	14,897,633.	14,070,019.	827,614.	
25	Total functional expenses. Add lines 1 through 24f	412,037,998.	362,120,646.	49,917,352.	NONE
26	Joint Costs. Check here <input type="checkbox"/> If following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	6,378.	1	6,378.
	2 Savings and temporary cash investments	137,651.	2	406,918.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	49,026,917.	4	41,911,033.
	5 Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sales or use	5,663,693.	8	4,912,487.
	9 Prepaid expenses and deferred charges	625,268.	9	1,172,796.
	10a Land, buildings, and equipment: cost basis	10a 349,947,057.		
	b Less: accumulated depreciation. Complete Part VI of Schedule D	10b 187,532,250.	105,571,283.	10c 162,414,807.
	11 Investments - publicly traded securities	475,696.	11	NONE
	12 Investments - other securities. See Part IV, line 11	NONE	12	380,492.
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	2,752,362.	15	3,708,724.
16 Total assets. Add lines 1 through 15 (must equal line 34)	164,259,248.	16	214,913,635.	
Liabilities	17 Accounts payable and accrued expenses	41,099,626.	17	44,702,010.
	18 Grants payable		18	
	19 Deferred revenue	235,809.	19	59,722.
	20 Tax-exempt bond liabilities		20	
	21 Escrow account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable		24	
	25 Other liabilities. Complete Part X of Schedule D	21,004,987.	25	26,661,657.
	26 Total liabilities. Add lines 17 through 25	62,340,422.	26	71,423,389.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	101,443,130.	27	141,979,754.
	28 Temporarily restricted net assets	475,696.	28	1,510,492.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	101,918,826.	33	143,490,246.
	34 Total liabilities and net assets/fund balances	164,259,248.	34	214,913,635.

Part XI Financial Statements and Reporting

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b	Were the organization's financial statements audited by an independent accountant?	X	
c	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b	If "Yes," did the organization undergo the required audit or audits?		

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1-3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4.						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (See instructions.)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	%
16a 33 1/3% support test - 2008. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33 1/3% support test - 2007. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test - 2008. If the organization did not check a box on line 13, 16a or 16b, and line 14 is 10% or more, and if the organization meets the "fact-and-circumstances" test, check this box and stop here. 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 10%-facts-and-circumstances test - 2007. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

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

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1-5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Add lines 7a and 7b.						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6.						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f)).	15	%
16 Public support percentage from 2007 Schedule A, Part IV-A, line 27g	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2007 Schedule A, Part IV-A, line 27h	18	%

19a 33 1/3% support tests - 2008. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2007. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

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

Part IV **Supplemental Information.** Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. (see instructions)

Area with horizontal dashed lines for supplemental information.

**SCHEDULE D
(Form 990)**

Supplemental Financial Statements

OMB No. 1545-0047

2008

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

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

Name of the organization FRANKLIN SQUARE HOSPITAL CENTER INC.	Employer identification number 52-0608007
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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? Yes No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit? Yes No

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

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

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

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

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds? Yes No

6 Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year ▶ _____

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 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, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

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

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

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

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

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

Part IV Trust, Escrow and Custodial Arrangements. Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

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

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

Table with 2 columns: Description, Amount. Rows: 1c Beginning balance, 1d Additions during the year, 1e Distributions during the year, 1f Ending balance.

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV.

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

Table with 6 columns: (a) Current Year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows: 1a-1g (Beginning of year balance, Contributions, Investment earnings or losses, Grants or scholarships, Other expenditures for facilities and programs, Administrative expenses, 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:

Table with 2 columns: Yes, No. Rows: 3a(i) unrelated organizations, 3a(ii) related organizations, 3b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

- (i) unrelated organizations
(ii) related organizations

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

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

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

Table with 5 columns: Description of investment, (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Depreciation, (d) Book value. Rows: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other, Total. Add lines 1a-1e. (Column (d) should equal Form 990, Part X, column (B), line 10(c).)

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

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

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

Table with 5 main rows for revenue reconciliation. Sub-rows include 'Net unrealized gains', 'Donated services', 'Recoveries of prior year grants', 'Other', 'Investment expenses not included', and 'Other'.

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

Table with 5 main rows for expense reconciliation. Sub-rows include 'Donated services', 'Prior year adjustments', 'Losses reported', 'Other', 'Investment expenses not included', and 'Other'.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b.

FIN 48 FOOTNOTE

SCHEDULE D, PART XIV

THE CORPORATION ACCOUNTS FOR UNCERTAIN TAX POSITIONS IN ACCORDANCE WITH

THE FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ISSUED INTERPRETATION NO.

48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES - AN

INTERPRETATION OF FASB STATEMENT 109 (FIN 48).

SCHEDULE H
(Form 990)

Hospitals

OMB No. 1545-0047

2008

Open to Public Inspection

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

Part IV, line 20.

▶ Attach to Form 990.

Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

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

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

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

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

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

Schedule H (Form 990) 2008

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

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

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

Section A. Bad Debt Expense

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

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

Section B. Medicare

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

Section C. Collection Practices

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

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

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

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

2008

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

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

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

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

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

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

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

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

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

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

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

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

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

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

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

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

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

Schedule J (Form 990) 2008

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

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

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

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
MICHAEL MCCOLLUM MD	(i) 556,182. (ii) NONE (iii) NONE	77,250. NONE NONE	NONE NONE NONE	11,215. NONE NONE	13,646. NONE NONE	658,293. NONE NONE	316,716. NONE NONE
WILLIAM MCGUIRE MD	(i) 413,346. (ii) NONE (iii) NONE	54,172. NONE NONE	NONE NONE NONE	23,360. NONE NONE	1,867. NONE NONE	492,745. NONE NONE	233,759. NONE NONE
WILLIAM WATERFIELD MD	(i) 371,655. (ii) NONE (iii) NONE	54,600. NONE NONE	NONE NONE NONE	21,725. NONE NONE	10,581. NONE NONE	458,561. NONE NONE	213,128. NONE NONE
MAURO LEO MD	(i) 386,843. (ii) NONE (iii) NONE	25,000. NONE NONE	NONE NONE NONE	NONE NONE NONE	6,607. NONE NONE	418,450. NONE NONE	205,922. NONE NONE
ANTHONY SCLAMA MD	(i) 336,765. (ii) NONE (iii) NONE	149,458. NONE NONE	NONE NONE NONE	19,654. NONE NONE	22,250. NONE NONE	528,127. NONE NONE	168,383. NONE NONE
ROBERT LALLY	(i) 236,419. (ii) NONE (iii) NONE	106,864. NONE NONE	NONE NONE NONE	31,311. NONE NONE	17,613. NONE NONE	392,207. NONE NONE	118,210. NONE NONE
LAWRENCE STRASSNER	(i) 172,924. (ii) NONE (iii) NONE	38,025. NONE NONE	NONE NONE NONE	16,927. NONE NONE	8,132. NONE NONE	236,008. NONE NONE	86,462. NONE NONE
SAMUEL SMITH MD	(i) 373,638. (ii) NONE (iii) NONE	34,556. NONE NONE	NONE NONE NONE	13,486. NONE NONE	24,493. NONE NONE	446,173. NONE NONE	204,097. NONE NONE
KENNETH A SAMET	(i) 1,083,187. (ii) 486,361. (iii) NONE	1,157,977. 344,476. NONE	17,163. NONE NONE	376,568. 17,908. NONE	12,332. 20,022. NONE	2,647,227. 868,767. NONE	541,594. 243,181. NONE
CARL J SCHINDELAR	(i) NONE (ii) NONE (iii) NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE
	(i) NONE (ii) NONE (iii) NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE
	(i) NONE (ii) NONE (iii) NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE
	(i) NONE (ii) NONE (iii) NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE
	(i) NONE (ii) NONE (iii) NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE
	(i) NONE (ii) NONE (iii) NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE
	(i) NONE (ii) NONE (iii) NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE
	(i) NONE (ii) NONE (iii) NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE	NONE NONE NONE

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.

Area with horizontal dashed lines for supplemental information.

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

Continuation Sheet for Form 990

OMB No. 1545-0047

2008

Department of the Treasury
Internal Revenue Service

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

**Open to Public
Inspection**

Name of the Organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ALEXANDER B PAGE III DIRECTOR	1.	X					NONE	NONE	NONE	
MICHAEL D SUTER MD DIRECTOR	1.	X					1,000.	NONE	NONE	
DEBORAH M TURNER DIRECTOR	1.	X					NONE	NONE	NONE	
DENNIS F RASMUSSEN DIRECTOR	1.	X					NONE	NONE	NONE	
JOHN B GONTRUM DIRECTOR	1.	X					NONE	NONE	NONE	
KHALID AL TALIB MD DIRECTOR	1.	X					23,333.	NONE	NONE	
RICHARD W SINGLE SR DIRECTOR	1.	X					NONE	NONE	NONE	
WALTER A TILLEY DIRECTOR	1.	X					NONE	NONE	NONE	
G SCOTT BARHIGHT DIRECTOR	1.	X					NONE	NONE	NONE	
GEORGE J JABAJI MD DIRECTOR	1.	X					14,857.	NONE	NONE	
VINCENT MARTORANA DPM DIRECTOR	1.	X					17,500.	NONE	NONE	
JOHN B FRANZONE DIRECTOR	1.	X					NONE	NONE	NONE	
DEBRA B DOYLE DIRECTOR	1.	X					NONE	NONE	NONE	
HATEM ABDO MD DIRECTOR	1.	X					600.	NONE	NONE	
PATRICIA R NORMAN DIRECTOR	1.	X					NONE	NONE	NONE	
MICHAEL L DIETRICH DIRECTOR	1.	X					NONE	NONE	NONE	
IRA GUBERNICK MD DIRECTOR	1.	X					14,584.	NONE	NONE	
KENNETH A SAMET DIRECTOR	1.	X					NONE	2,258,327.	388,900.	
CARL J SCHINDELAR PRESIDENT	40.	X		X			830,837.	NONE	37,930.	
ANTHONY SCLAMA MD VICE PRESIDENT	40.			X			486,223.	NONE	41,904.	
ROBERT LALLY VICE PRESIDENT	40.			X			343,283.	NONE	48,924.	

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

Schedule J-2 (Form 990) 2008

JSA
8E1294 1.000

32062H E014 04/19/2010 15:43:25 V08-8.3 1793294

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

DESCRIPTION OF EXECUTIVE COMPENSATION PROCESS

FORM 990 - PART VI, SECTION B, QUESTION 15

THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF MEDSTAR

HEALTH, INC. (THE "COMMITTEE") HAS OVERSIGHT OVER THE EXECUTIVE

COMPENSATION PROGRAM (THE "PROGRAM") OF MEDSTAR HEALTH, INC. AND ITS

AFFILIATES. TOTAL COMPENSATION FOR THE TOP MANAGEMENT OFFICIALS,

OFFICERS AND KEY EMPLOYEES OF MEDSTAR HEALTH, INC. AND ITS AFFILIATES ARE

REVIEWED AND APPROVED BY THE COMMITTEE WITH ASSISTANCE AND GUIDANCE FROM

AN INDEPENDENT THIRD PARTY ADVISOR. THE MEMBERS OF THE COMMITTEE ARE

INDEPENDENT FROM ALL OF THE PARTICIPANTS IN THE PROGRAM.

THE MAIN OBJECTIVE OF THE PROGRAM IS TO PROVIDE MARKET COMPETITIVE TOTAL

COMPENSATION THAT IS INTERNALLY EQUITABLE AND HAS A STRONG

PAY-FOR-PERFORMANCE LINKAGE. PERFORMANCE IS EVALUATED AT THE SYSTEM,

OPERATING UNIT, AND INDIVIDUAL LEVELS. THE OVERALL TOTAL COMPENSATION

PHILOSOPHY IS MANAGED AT THE 75TH PERCENTILE OF THE COMPETITIVE MARKET

FOR COMPARABLE SIZE (NET REVENUE) AND TYPE (TAX-EXEMPT HEALTHCARE

ORGANIZATIONS). WHERE APPROPRIATE, ADDITIONAL INDUSTRY DATA IS

CONSIDERED (GENERAL BUSINESS AND/OR TAXABLE HEALTHCARE) FOR SELECTED

POSITIONS THAT CAN BE RECRUITED FROM OR POTENTIALLY LOST TO THESE

INDUSTRIES (E.G., INFORMATION TECHNOLOGY, FINANCE, ETC.).

THE COMMITTEE HAS ENGAGED ERNST & YOUNG LLP ("E&Y") TO SERVE AS AN

ADVISOR ON THE REASONABLENESS AND COMPETITIVENESS OF THE PROGRAM. IN

DETERMINING REASONABLENESS AND COMPETITIVENESS, E&Y REVIEWS MARKET

PRACTICES AND TRENDS, AND MAKES RECOMMENDATIONS RELATED TO THE PROGRAM.

E&Y UTILIZES INFORMATION FROM CUSTOM SURVEYS, NATIONAL COMPENSATION

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

SURVEYS, PROPRIETARY DATABASES, AND CLIENT EXPERIENCES TO DETERMINE ITS
FINAL RECOMMENDATIONS. E&Y PRESENTS THEIR FINDINGS AND RECOMMENDATIONS
TO THE COMMITTEE. THE COMMITTEE MAKES THE FINAL DECISIONS ON ALL OF THE
COMPENSATION DETERMINATIONS OF THE PROGRAM. ALL DECISIONS MADE BY THE
COMMITTEE ARE CONTEMPORANEOUSLY DOCUMENTED.

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

FINANCIAL STATEMENTS AND REPORTING

PART XI, QUESTION 2C

FRANKLIN SQUARE HOSPITAL CENTER, INC. IS PART OF THE MEDSTAR HEALTH, INC.

AUDIT AND SUBJECT TO OVERSIGHT BY THE AUDIT COMMITTEE OF THE MEDSTAR

BOARD.

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

FINANCIAL STATEMENT AVAILABILITY

PART VI, SECTION C, QUESTION 19

IN PRIOR YEARS, MEDSTAR HEALTH HAS POSTED ITS ANNUAL FINANCIAL AUDIT AND

QUARTERLY FINANCIAL REPORTS TO THE NATIONALLY RECOGNIZED MUNICIPAL

SECURITIES INFORMATION REPOSITORY (NRMSIRS) AND THIS YEAR THE

ORGANIZATION BEGAN POSTING ITS FINANCIALS TO THE ELECTRONIC MUNICIPAL

MARKET ACCESS (EMMA) SYSTEM. THE ORGANIZATION ALSO MAILS ITS ANNUAL AND

QUARTERLY DISCLOSURES TO HOLDERS OF THE COMPANY'S PUBLICLY TRADED DEBT.

THE COMPANY'S GOVERNANCE DOCUMENTS AND CONFLICTS OF INTEREST POLICIES ARE

AVAILABLE UPON REQUEST THROUGH ITS CORPORATE (OR AS APPLICABLE ENTITY)

PUBLIC INFORMATION OFFICES.

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

COMPENSATION FOOTNOTE

PART VII, SECTION A

KENNETH SAMET

KENNETH SAMET'S DEFERRED COMPENSATION IN PART II, COLUMN (C) INCLUDES

\$330,414 REPRESENTING THE AMOUNT TO WHICH MR. SAMET BECAME VESTED IN A

SUPPLEMENTAL RETIREMENT BENEFIT. THIS SUPPLEMENTAL RETIREMENT BENEFIT

WAS EARNED DURING THE PAST 20 YEARS OF SERVICE.

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

CONFLICT OF INTEREST POLICY

PART VI, SECTION B, QUESTION 12C

APPOINTMENT OF BOARDS OF DIRECTORS

MEDSTAR HEALTH (AND ITS SUBSIDIARIES) REQUIRE ALL NOMINATED DIRECTORS,

PRIOR TO THEIR APPOINTMENT OR ELECTION, TO DISCLOSE THE EXISTENCE OF (OR

POTENTIAL EXISTENCE OF) ANY TRANSACTION WITH MEDSTAR THAT WOULD RESULT IN

A CONFLICT OF INTEREST. SUCH DISCLOSURES (IF ANY) ARE REVIEWED BY THE

GOVERNANCE COMMITTEE OF THE MEDSTAR HEALTH BOARD OF DIRECTORS WHICH

DETERMINES HOW THE MATTER SHOULD BE RESOLVED.

ANNUAL DISCLOSURES - ALL OFFICERS, DIRECTORS, AND SENIOR MANAGERS

ALL OFFICERS, DIRECTORS AND SENIOR MANAGERS ARE REQUIRED, NOT LESS THAN

ANNUALLY, TO COMPLETE A SURVEY OF QUESTIONS CONCERNING ANY TRANSACTIONS

OR RELATIONSHIPS WHICH WOULD OR COULD REPRESENT A CONFLICT OF INTEREST.

SUCH DISCLOSURES (IF ANY) ARE REVIEWED BY THE GOVERNANCE COMMITTEE OF THE

MEDSTAR HEALTH BOARD OF DIRECTORS WHICH DETERMINES HOW THE MATTER SHOULD

BE RESOLVED. IN ADDITION, OFFICERS AND DIRECTORS OF MARYLAND HOSPITALS

AND NURSING CENTERS ARE REQUIRED TO ANNUALLY DISCLOSE ADDITIONAL

INFORMATION RELATING TO POTENTIAL CONFLICTS OF INTEREST AND SUCH

DISCLOSURES ARE REPORTED TO THE MARYLAND HEALTH SERVICES COST REVIEW

COMMISSION (HSCRC).

Name of the organization

Employer identification number

FRANKLIN SQUARE HOSPITAL CENTER INC.

52-0608007

PROCESS FOR REVIEWING FORM 990

PART VI, SECTION A, LINE 10

THE PROCESS FOR REVIEWING THE FORM 990 INCLUDED EDUCATION AND

TRANSPARENCY. SENIOR FINANCIAL EXECUTIVES, WORKING WITH INDEPENDENT

OUTSIDE EXPERTS, THOROUGHLY REVIEWED THE REVISED FORM 990 AND

ACCOMPANYING INSTRUCTIONS AND PROVIDED EDUCATION SESSIONS ON THE REVISED

FORM TO THE ORGANIZATION'S GOVERNING BODY AND ITS SENIOR OFFICERS. IN

ADDITION, SEPARATE EDUCATION SESSIONS WERE PROVIDED TO THE FOLLOWING

COMMITTEES OF ORGANIZATION'S GOVERNING BODY: FINANCE, AUDIT, GOVERNANCE,

STRATEGIC PLANNING, AND EXECUTIVE COMPENSATION. THIS EDUCATION PROCESS

TOOK PLACE OVER SEVERAL MONTHS. FOLLOWING THESE EDUCATION SESSIONS, THE

GOVERNING BODY WAS PROVIDED A COPY OF THE FORM 990 IN ITS FINAL FORM AND

WAS ENCOURAGED TO PROVIDE ANY INPUT OR COMMENTS RELATING TO THE FORM 990

PRIOR TO ITS FILING.

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2008

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

Open to Public
Inspection

Name of the organization

FRANKLIN SQUARE HOSPITAL CENTER INC.

Employer identification number
52-0608007

Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity
MEDSTAR HEALTH ANESTHESIA SVCB 9000 FRANKLIN SQUARE DRIVE BALTIMORE, MD 21237 20-5909703	HEALTH SERVIC	MD	7,899,349.	912,189.	N/A

Part II Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
SEE SCHEDULE R-1					

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

Schedule R (Form 990) 2008

Part III Identification of Related Organizations Taxable as a Partnership

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Predominant income (related, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproportionate allocations?		(I) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(J) General or managing partner?	
							Yes	No		Yes	No
SURGICENTER/PASADEN 52-2009504											
COLOMBIA MD 21044	MEDICAL SERVICES	MD	N/A	RELATED				X			X
SJMC-RA, LLC 75-3160895											
COLOMBIA MD 21044	RADIATION THERAPY	MD	N/A	RELATED				X			X
PHYSICIAN IMAGING 56-2616090											
HYATTSVILLE MD 20782	LAB SERVICES	MD	N/A	RELATED				X			X

Part IV Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
SEE SCHEDULE R-1							

Part V Transactions With Related Organizations

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

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

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

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

	(A) Name of other organization(s)	(B) Transaction Type (a-r)	(C) Amount involved
(1)	HH MEDSTAR HEALTH, INC.	R	615,421.
(2)			
(3)			
(4)			
(5)			
(6)			

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)	(b) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
CHURCH HOME CORPORATION 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044 23-7374724	MEDICAL FUND	MD	501(C)(3)	PF	N/A
HARBOR HOSPITAL, INC. 3001 SOUTH HANOVER STREET BALTIMORE, MD 21225 52-0491660	HOSPITAL	MD	501(C)(3)	3	N/A
MEDSTAR HEALTH, INC. 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044 52-2087445	MEDICAL SVCS	MD	501(C)(3)	11B II	N/A
MONTGOMERY GENERAL HOSPITAL 18101 PRINCE PHILIP DRIVE OLNEY, MD 20832 52-0646893	HOSPITAL	MD	501(C)(3)	3	N/A
THE GOOD SAMARITAN HOSPITAL OF MARYLAND, 5601 LOCH RAVEN BLVD BALTIMORE, MD 21239 52-0591607	HOSPITAL	MD	501(C)(3)	3	N/A
THE UNION MEMORIAL HOSPITAL 201 EAST UNIVERSITY PARKWAY BALTIMORE, MD 21218 52-0591685	HOSPITAL	MD	501(C)(3)	3	N/A
MEDSTAR RESEARCH INSTITUTE 108 IRVING STREET NW WASHINGTON, DC 20010 52-6056274	HOSPITAL	DC	501(C)(3)	3	N/A
THE MEDSTAR-GEORGETOWN MEDICAL CENTER, I HOSPITAL ADMIN, 1 MAIN BLDG WASHINGTON, DC 20007 52-2218584	HOSPITAL	DC	501(C)(3)	3	N/A
WASHINGTON HOSPITAL CENTER CORPORATION 110 IRVING STREET NW WASHINGTON, DC 20010 52-1272129	HOSPITAL	DC	501(C)(3)	3	N/A
HH MEDSTAR HEALTH, INC. 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044 52-1542230	MEDICAL SVCS	MD	501(C)(3)	11B II	N/A
BAY DEVELOPMENT CORP 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044 52-1132992	FOUNDATION	MD	501(C)(3)	11A I	N/A
BAY LIFE SERVICES, INC. 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044 52-1496539	MENTAL HEALTH	MD	501(C)(3)	9	N/A
MEDSTAR SURGERY CENTER, INC. 4061 POWDERMILL ROAD, SUITE 21 CALVERTON, MD 20705 52-1061679	MEDICAL SVCS	MD	501(C)(3)	9	N/A
CHURCH HOME AND HOSPITAL OF THE CITY OF 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044 52-0591600	MEDICAL FUND	MD	501(C)(3)	3	N/A
FOUNDATION FOR GEORGETOWN UNIVERSITY HOS HOSPITAL ADMIN, 1 MAIN BLDG WASHINGTON, DC 20007 52-2339873	FOUNDATION	DC	501(C)(3)	11A I	N/A

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
FRANKLIN SQUARE HOSPITAL CENTER FOUNDATI 52-2329546 9000 FRANKLIN SQUARE DRIVE BALTIMORE, MD 21237	FOUNDATION	MD	501(C)(3)	11A I	N/A
GOOD SAMARITAN HOSPITAL FOUNDATION, INC. 52-2307122 5601 LOCH RAVEN BLVD BALTIMORE, MD 21239	FOUNDATION	MD	501(C)(3)	11A I	N/A
GOOD SAMARITAN NURSING CENTER, INC. 52-1672866 5601 LOCH RAVEN BLVD BALTIMORE, MD 21239	MEDICAL SVCS	MD	501(C)(3)	9	N/A
GS HOUSING, INC. 52-1481656 5601 LOCH RAVEN BLVD BALTIMORE, MD 21239	ELDER HOUSING	MD	501(C)(3)	9	N/A
GS PROPERTIES, INC. 52-1429853 5601 LOCH RAVEN BLVD BALTIMORE, MD 21239	ADMIN SVCS	MD	501(C)(3)	11A I	N/A
HARBOR HOSPITAL FOUNDATION, INC. 52-1284532 3001 SOUTH HANOVER STREET BALTIMORE, MD 21225	FOUNDATION	MD	501(C)(3)	11A I	N/A
MEDSTAR HEALTH INFUSION, INC. 52-1980510 4061 POWDERMILL ROAD, SUITE 21 CALVERTON, MD 20705	MEDICAL SVCS	MD	501(C)(3)	9	N/A
MEDSTAR HEALTH VISITING NURSES ASSOCIATI 53-0196597 4061 POWDERMILL ROAD CALVERTON, MD 20705	MEDICAL SVCS	MD	501(C)(3)	9	N/A
MEDSTAR LONG TERM CARE CORPORATION 52-1489097 4061 POWDERMILL ROAD, SUITE 21 CALVERTON, MD 20705	HOSPITAL	MD	501(C)(3)	3	N/A
MEDSTAR VNA HEALTHCARE 52-1458516 4061 POWDERMILL ROAD, SUITE 21 CALVERTON, MD 20705	MEDICAL SVCS	MD	501(C)(3)	9	N/A
MGH COMMUNITY HEALTH, INC. 52-1372467 18101 PRINCE PHILIP DRIVE OLNEY, MD 20832	MEDICAL SVCS	MD	501(C)(3)	9	N/A
MGH HEALTH FOUNDATION, INC. 52-1129959 18101 PRINCE PHILIP DRIVE OLNEY, MD 20832	FOUNDATION	MD	501(C)(3)	7	N/A
MGH HEALTH SERVICES, INC. 52-1366812 18101 PRINCE PHILIP DRIVE OLNEY, MD 20832	FOUNDATION	MD	501(C)(3)	11A I	N/A
MGH WOMEN'S BOARD 52-6039600 18101 PRINCE PHILIP DRIVE OLNEY, MD 20832	FOUNDATION	MD	501(C)(3)	11A I	N/A
NATIONAL REHABILITATION HOSPITAL 52-1369749 102 IRVING STREET NW WASHINGTON, DC 20010	HOSPITAL	DC	501(C)(3)	3	N/A

Schedule R-1 (Form 990) 2008

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
MEDSTAR PHARMACIES, INC. 52-1513056 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	DRUG SALES	MD	N/A	C CORP			
EXTENCARE, INC. 52-1556228 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	MEDICAL SERVICES	MD	N/A	C CORP			
HELIX RESOURCES MANAGEMENT 52-1913070 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	ADMIN SERVICES	MD	N/A	C CORP			
HELIXCARE MEDICAL GROUP, LLC 52-1955580 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	MEDICAL SERVICES	MD	N/A	C CORP			
HELIXCARE PROPERTIES, LLC 52-1966695 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	MEDICAL SERVICES	MD	N/A	C CORP			
PARWAY VENTURES, INC. 52-1702572 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	HOLDING COMPANY	MD	N/A	C CORP			
PHYSICIANS ADMINISTRATIVE SE 23-7042074 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	BILLING SERVICES	MD	N/A	C CORP			
MEDSTAR FAMILY CHOICE, INC. 52-1995521 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	MANAGED CARE	MD	N/A	C CORP			
MEDSTAR ENTERPRISES, INC. 52-2139841 4061 POWDERMILL ROAD, SUITE 210 CALVERTON, MD 20705	ADMIN SERVICES	MD	N/A	C CORP			
NASCOTT, INC. 52-1693808 4061 POWDERMILL ROAD, SUITE 210 CALVERTON, MD 20705	MEDICAL SERVICES	MD	N/A	C CORP			
STAR BILLING, INC. 52-1850113 4061 POWDERMILL ROAD, SUITE 210 CALVERTON, MD 20705	BILLING SERVICES	MD	N/A	C CORP			
WASHINGTON RISK NETWORK MANA 52-2132677 4061 POWDERMILL ROAD, SUITE 210 CALVERTON, MD 20705	MEDICAL SERVICES	MD	N/A	C CORP			
WASHINGTON HOSPITAL CENTER P 52-1931000 100 IRVING STREET NW WASHINGTON, DC 20010	MEDICAL SERVICES	MD	N/A	C CORP			
MEDSTAR PHYSICIAN PARTNERS 52-2030809 4061 POWDERMILL ROAD, SUITE 210 CALVERTON, MD 20705	MEDICAL SERVICES	MD	N/A	C CORP			
NRH AMBULATORY SERVICES, INC. 52-1930165 102 IRVING STREET NW WASHINGTON, DC 20010	REHAB SERVICES	MD	N/A	C CORP			
FRANKLIN SQUARE DRIVE LAND C 76-0756352 5565 STERRETT PLACE, 5TH FLOOR COLUMBIA, MD 21044	CONDO OWNER ASSOC	MD	N/A	C CORP			100.0000
MGH DIVERSIFIED SERVICES, IN 52-1943602 18101 PRINCE PHILIP DRIVE OLNEY, MD 20832	MEDICAL SERVICES	MD	N/A	C CORP			
GREENSPRING FINANCIAL INSURA 98-0188617 23 LIME TREE BAY AVE, P.O. BOX 1051 KY1-	INSURANCE	CJ	N/A	C CORP			

Part V Continuation of Transactions With Related Organizations (Schedule R (Form 990), Part V, line 2)

(7)	(A) Name of other organization	(B) Transaction type (a-r)	(C) Amount involved
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)			
(23)			
(24)			

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

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AS A PROUD MEMBER OF MEDSTAR HEALTH, FRANKLIN SQUARE HOSPITAL'S MISSION IS TO PROVIDE THE HIGHEST QUALITY HEALTHCARE AND EDUCATION TO OUR COMMUNITIES. FOUNDED IN 1898, AND NOW LOCATED IN THE WHITE MARSH AREA OF NORTHEASTERN BALTIMORE COUNTY, FRANKLIN SQUARE HOSPITAL IS AN ACUTE-CARE TEACHING HOSPITAL OFFERING A FULL RANGE OF SERVICES FOR CHILDREN AND ADULTS. PRIMARY SERVICE LINES INCLUDE MEDICINE, ONCOLOGY, SURGICAL SERVICES, WOMEN AND CHILDREN'S CARE, BEHAVIORAL HEALTH AND COMMUNITY-BASED MEDICINE. FRANKLIN SQUARE HAS BEEN AWARDED THE HIGHEST LEVEL DESIGNATION OF A TEACHING HOSPITAL CANCER CENTER BY THE AMERICAN COLLEGE OF SURGEONS, IS ACCREDITED AS A MAGNET HOSPITAL FOR NURSING, AND WAS THE RECIPIENT OF THE DELMARVA FOUNDATION'S QUALITY EXCELLENCE AWARD IN 2009. THE HOSPITAL IS CURRENTLY UNDERGOING A MAJOR EXPANSION PROJECT THAT INCLUDES A NEW SEVEN-STORY PATIENT TOWER, AN EXPANDED EMERGENCY DEPARTMENT AND ADDITIONAL PARKING. IN FISCAL YEAR 2009, THE HOSPITAL HAD 30,446 INPATIENT ADMISSIONS, 202,360 OUTPATIENT VISITS, AND 104,740 EMERGENCY VISITS.

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS
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NAME AND ADDRESS -----	DESCRIPTION OF SERVICES	COMPENSATION -----
CHESAPEAKE PERIOPERATIVE P.O. BOX 17568 BALTIMORE, MD 21297	MEDICAL SERVICES	8,101,884.
CHESP MEDICAL STAFFING 1122 KENILWORTH DRIVE, SUITE 107 TOWSON, MD 21204	MEDICAL STAFFING	1,482,785.
SLEEP SERVICES OF AMERICA 890 AIRPORT PK ROAD, SUITE 119 GLEN BURNIE, MD 21061	MEDICAL SERVICES	1,066,038.
PHYSICIAN SUPPORT SVCS LLC 8725 LOCH RAVEN BLVD., SUITE 200 TOWSON, MD 21286	MEDICAL SERVICES	666,163.
AMN HEALTHCARE 2735 COLLECTION CENTER DRIVE CHICAGO, IL 60693	MEDICAL STAFFING	601,092.
	TOTAL COMPENSATION	----- 11,917,962. =====

FORM 990, PART VIII - CONTRIBUTIONS

NAME AND ADDRESS	DATE	FEDERATED CAMPAIGNS	MEMBERSHIP DUES	FUNDRAISING EVENTS	RELATED ORGANIZATIONS	GOVERNMENT GRANTS	ALL OTHER CONTRIBUTIONS
STATE OF MARYLAND 9000 FRANKLIN SQUARE DRIVE BALTIMORE, MD 21237						1,130,000.	
HEALTH CARE FOR THE HOMELESS 9000 FRANKLIN SQUARE DRIVE BALTIMORE, MD 21237							390,000.
HRSA DISASTER GRANT 9000 FRANKLIN SQUARE DRIVE BALTIMORE, MD 21237						193,000.	
EDWARD M. MILLER 8519 SNOWREATH ROAD PIKESVILLE, MD 21208							5,000.
FOUNDATION FOR SPIRITUALITY & MEDICINE 1350 FORK ROAD BALDWIN, MD 21013							5,000.
MISCELLANEOUS CONTRIBUTIONS < \$5,000 9000 FRANKLIN SQUARE DRIVE BALTIMORE, MD 21237							298,646.
TOTALS						1,323,000.	698,646.