

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

For calendar year 2012, or tax year beginning JUL 1, 2012, and ending JUN 30, 2013

**2012**

Department of the Treasury  
Internal Revenue Service

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

Name of exempt organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
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**Part I Type of Return and Return Information** (Whole Dollars Only)

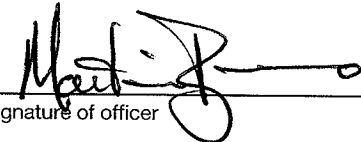
Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, 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	<u>285746736</u>
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 2012 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 5/2/14 Title VICE PRESIDENT FINANCE

**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)

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

**A** For the 2012 calendar year, or tax year beginning **JUL 1, 2012** and ending **JUN 30, 2013**

<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</b> Name of organization <b>SUBURBAN HOSPITAL, INC.</b> Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>8600 OLD GEORGETOWN ROAD</b> City, town, or post office, state, and ZIP code <b>BETHESDA, MD 20814-1497</b> <b>F</b> Name and address of principal officer: <b>MARTIN BASSO SR</b> <b>SAME AS C ABOVE</b>	<b>D</b> Employer identification number <b>52-0610545</b> <b>E</b> Telephone number <b>301-896-3900</b> <b>G</b> Gross receipts \$ <b>343,032,356.</b> <b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status: <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>J</b> Website: ▶ <b>WWW.SUBURBANHOSPITAL.ORG</b>		
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation: <b>1942</b> <b>M</b> State of legal domicile: <b>MD</b>

**Part I Summary**

<b>1</b> Briefly describe the organization's mission or most significant activities: <b>SUBURBAN HOSPITAL IS A COMMUNITY-BASED HOSPITAL SERVING MONTGOMERY COUNTY AND THE</b>																									
<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>Activities &amp; Governance</b>	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:80%;"><b>3</b> Number of voting members of the governing body (Part VI, line 1a) .....</td> <td style="width:5%; text-align: center;"><b>3</b></td> <td style="width:15%; text-align: right;"><b>22</b></td> </tr> <tr> <td><b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) .....</td> <td style="text-align: center;"><b>4</b></td> <td style="text-align: right;"><b>20</b></td> </tr> <tr> <td><b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a) .....</td> <td style="text-align: center;"><b>5</b></td> <td style="text-align: right;"><b>2186</b></td> </tr> <tr> <td><b>6</b> Total number of volunteers (estimate if necessary) .....</td> <td style="text-align: center;"><b>6</b></td> <td style="text-align: right;"><b>680</b></td> </tr> <tr> <td><b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 .....</td> <td style="text-align: center;"><b>7a</b></td> <td style="text-align: right;"><b>4,550,725.</b></td> </tr> <tr> <td><b>b</b> Net unrelated business taxable income from Form 990-T, line 34 .....</td> <td style="text-align: center;"><b>7b</b></td> <td style="text-align: right;"><b>38,264.</b></td> </tr> </table>	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) .....	<b>3</b>	<b>22</b>	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) .....	<b>4</b>	<b>20</b>	<b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a) .....	<b>5</b>	<b>2186</b>	<b>6</b> Total number of volunteers (estimate if necessary) .....	<b>6</b>	<b>680</b>	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 .....	<b>7a</b>	<b>4,550,725.</b>	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 .....	<b>7b</b>	<b>38,264.</b>						
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<b>Net Assets or Fund Balances</b>	<table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:80%;"></th> <th style="width:10%; text-align: center;">Beginning of Current Year</th> <th style="width:10%; text-align: center;">End of Year</th> </tr> </thead> <tbody> <tr> <td><b>20</b> Total assets (Part X, line 16) .....</td> <td style="text-align: right;">288,814,341.</td> <td style="text-align: right;">287,761,570.</td> </tr> <tr> <td><b>21</b> Total liabilities (Part X, line 26) .....</td> <td style="text-align: right;">134,152,554.</td> <td style="text-align: right;">125,851,400.</td> </tr> <tr> <td><b>22</b> Net assets or fund balances. Subtract line 21 from line 20 .....</td> <td style="text-align: right;">154,661,787.</td> <td style="text-align: right;">161,910,170.</td> </tr> </tbody> </table>		Beginning of Current Year	End of Year	<b>20</b> Total assets (Part X, line 16) .....	288,814,341.	287,761,570.	<b>21</b> Total liabilities (Part X, line 26) .....	134,152,554.	125,851,400.	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20 .....	154,661,787.	161,910,170.												
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**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 <b>MARTIN BASSO SR, VICE PRESIDENT FINANCE</b> Type or print name and title	Date
<b>Paid Preparer Use Only</b>	Print/Type preparer's name Preparer's signature Date Check if self-employed <input type="checkbox"/> PTIN	Firm's name ▶ 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
If "Yes," describe these new services on Schedule O.

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

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

4a (Code: ) (Expenses \$ 79,961,026. including grants of \$ ) (Revenue \$ 82,126,663.)
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 1,100 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 1600 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 2012, SUBURBAN HOSPITAL ADMITTED 4,447

4b (Code: ) (Expenses \$ 80,908,827. including grants of \$ ) (Revenue \$ 86,107,779.)
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 2012, SUBURBAN HOSPITAL ADMITTED 8,024 MEDICAL PATIENTS.
SUBURBAN HOSPITAL'S OBJECTIVES ARE TO MEASURE AND ANALYZE VARIANCES AND

4c (Code: ) (Expenses \$ 38,680,195. including grants of \$ ) (Revenue \$ 39,420,377.)
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 2012

4d Other program services (Describe in Schedule O.)
(Expenses \$ 18,194,259. including grants of \$ 268,578.) (Revenue \$ 65,251,995.)

4e Total program service expenses 217,744,307.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 <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	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		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? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
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
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

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

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	X	
<b>22</b> 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
<b>23</b> 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	
<b>24a</b> 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>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
<b>c</b> 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
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
<b>25a</b> <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>b</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
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highest 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	
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
<b>28</b> 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):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>b</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
<b>c</b> 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
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	X	
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Input box for Schedule O response

Table with columns for question number, sub-question, and Yes/No responses. Includes questions 1a-14b regarding IRS filings and tax compliance.

**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

**Section A. Governing Body and Management**

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	22	
1b	Enter the number of voting members included in line 1a, above, who are independent	20	
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?		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?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	X	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	The governing body?	X	
8b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	X	
15b	Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).	X	
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?		X
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

**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 (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website  Another's website  Upon request  Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20 State the name, 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 (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(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			
(1) SUE BAILEY, M.D. TRUSTEE	2.50	X					0.	0.	0.	
(2) DIANE L. COLGAN, M.D. TRUSTEE	2.50 4.00	X					0.	0.	0.	
(3) WILLIAM B. DOCKSER TRUSTEE	2.50	X					0.	0.	0.	
(4) CHRISTOPHER J. DOHERTY TRUSTEE, CHAIRMAN	2.50 4.00	X		X			0.	0.	0.	
(5) MARY D. KANE TRUSTEE	2.50	X					0.	0.	0.	
(6) BELLE BROOKS O'BRIEN TRUSTEE	2.50	X					0.	0.	0.	
(7) JOHN C. OTSUKI TRUSTEE	2.50	X					0.	0.	0.	
(8) C. ALAN PEYSER TRUSTEE	2.50	X					0.	0.	0.	
(9) LARA EISENBERG, M.D. TRUSTEE	4.00 2.50	X					0.	0.	0.	
(10) LILY QI TRUSTEE	2.50	X					0.	0.	0.	
(11) ALAN SHEFF TRUSTEE	2.50	X					0.	0.	0.	
(12) DAVID C. SILVER TRUSTEE/VICE CHAIR	2.50	X		X			0.	0.	0.	
(13) STANLEY H. SNOW TRUSTEE	2.50	X					0.	0.	0.	
(14) WILLIAM SHAW TRUSTEE	2.50	X					0.	0.	0.	
(15) CHARLES ALLEN WIEBE TRUSTEE	2.50	X					0.	0.	0.	
(16) BRIAN A. GRAGNOLATI PRESIDENT & TRUSTEE	30.00 30.00	X		X			3,326,151.	0.	40,805.	
(17) WILLIAM A. BAUMGARTNER, M.D. 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 (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(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			
(18) PATRICIA M.C. BROWN, ESQUIRE TRUSTEE	2.50 57.50	X						0.	662,494.	158,003.
(19) HOWARD GLECKMAN TRUSTEE	2.50	X						0.	0.	0.
(20) THE HON. ANN S. HARRINGTON TRUSTEE	2.50	X						0.	0.	0.
(21) NORMAN K. JENKINS TRUSTEE	2.50	X						0.	0.	0.
(22) RONALD R. PETERSON CORPORATE VICE CHAIRMAN &	2.50 57.50	X		X				0.	13,573,496.	1,812,123.
(23) MARTIN BASSO SR VP FINANCE AND TREASURE	55.00 5.00			X				587,521.	0.	106,542.
(24) PETER B. MANCINO, ESQUIRE CORPORATE SECRETARY	2.50 47.50			X				0.	234,244.	44,888.
(25) DENNIS PARNELL SR VP HUMAN RESOURCES	59.00 1.00			X				512,305.	0.	61,325.
(26) JACQUELINE SCHULTZ, R.N. EXECUTIVE V.P. & COO	59.00 1.00			X				513,985.	0.	92,271.
<b>1b Sub-total</b>								4,939,962.	14,470,234.	2,315,957.
<b>c Total from continuation sheets to Part VII, Section A</b>								2,514,972.	1,071,071.	727,338.
<b>d Total (add lines 1b and 1c)</b>								7,454,934.	15,541,305.	3,043,295.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **135**

	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	3 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	4 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	5	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. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
MCIC VERMONT, INC. 2 RAVINIA DRIVE, STE 400, ATLANTA, GA 30346	INSURANCE	4,522,350.
SUBURBAN ROCK SPRING, LLC 1013 CENTRE RD, WILMINGTON, DE 19805	RENT	3,763,278.
GE HEALTHCARE INC, 2984 COLLECTIONS CENTER DR, CHICAGO, IL 60693	SERVICE CONTRACTS	1,908,858.
SURGICAL CARE AFFILIATES, 3000 RIVERCHASE GALLERIA, BIRMINGHAM, AL 35244	PATIENT CARE	1,600,753.
ARAMARK CORPORATION 601 LIGHT STREET, BALTIMORE, MD 21230	FOOD SERVICES	1,436,705.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **89**

SEE PART VII, SECTION A CONTINUATION SHEETS

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(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			
(27) LESLIE FORD WEBER SR. VP, GOVT & COMMUNITY R	49.00 1.00			X				259,275.	0.	26,251.
(28) CHRISTOPHER TIMBERS VP & COO	60.00 0.00			X				233,674.	0.	81,783.
(29) ROBERT ROTHSTEIN SR VP MEDICAL AFFAIRS	60.00 0.00			X				392,298.	0.	122,011.
(30) JOSEPH LINSTROM SR DIRECTOR	50.00					X		182,722.	0.	35,287.
(31) RAUL GONZALES CHIEF PHYSICIST	50.00					X		178,796.	0.	33,701.
(32) STEVEN COHEN PHYSICIAN ASST.	50.00					X		189,578.	0.	31,239.
(33) BARBARA STEWARD JACOBS SR DIRECTOR	50.00					X		192,827.	0.	24,768.
(34) MUHAMMAD MOHIUDDIN CHIEF TECHNICIAN	50.00					X		185,620.	0.	32,327.
(35) STEVEN THOMPSON FORMER TRUSTEE	0.00 60.00						X	0.	713,014.	273,756.
(36) NANCY MILLER FORMER OFFICER	50.00						X	180,040.	0.	12,827.
(37) MATTHEW POFFENROTH, M.D. FORMER SR. V.P.	0.00 50.00						X	0.	358,057.	53,388.
(38) GENE A. CORAPI FORMER SR VP OPERATIONS	0.00 0.00						X	221,994.	0.	0.
(39) EUGENE PASSAMANI, M.D. FORMER SR VP MEDICAL AFFAI	0.00 0.00						X	298,148.	0.	0.
Total to Part VII, Section A, line 1c								2,514,972.	1,071,071.	727,338.

**Part VIII Statement of Revenue**

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 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>	1,107,000.					
	<b>e</b> Government grants (contributions) .....	<b>1e</b>	5,564,484.					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above .....	<b>1f</b>	121,212.					
	<b>g</b> Noncash contributions included in lines 1a-1f: \$ .....							
	<b>h Total.</b> Add lines 1a-1f .....			6,792,696.				
<b>Program Service Revenue</b>	<b>2 a</b> NET PATIENT REVENUE .....	Business Code	621990	230,922,140.	230,922,140.			
	<b>b</b> LAB .....		541380	4,533,752.		4,533,752.		
	<b>c</b> .....							
	<b>d</b> .....							
	<b>e</b> .....							
	<b>f</b> All other program service revenue .....							
	<b>g Total.</b> Add lines 2a-2f .....			235,455,892.				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) .....			1,496,501.			1,496,501.	
	<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	59,205,000.				
		<b>b</b> Less: cost or other basis and sales expenses .....		56,612,223.	673,397.			
		<b>c</b> Gain or (loss) .....		2,592,777.	-673,397.			
		<b>d</b> Net gain or (loss) .....			1,919,380.	1,919,380.		
	<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>b</b>					
		<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>b</b>					
		<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>b</b>						
<b>c</b> Net income or (loss) from sales of inventory .....								
<b>Miscellaneous Revenue</b>		Business Code						
<b>11 a</b> OTHER REVENUE .....		900099	38,357,505.	38,357,505.				
<b>b</b> PARKING .....		900099	712,673.	712,673.				
<b>c</b> CAFETERIA INCOME .....		900099	599,860.	599,860.				
<b>d</b> All other revenue .....		900099	412,229.	395,256.	16,973.			
<b>e Total.</b> Add lines 11a-11d .....			40,082,267.					
<b>12 Total revenue.</b> See instructions. ....			285,746,736.	272,906,814.	4,550,725.	1,496,501.		

**Part IX Statement of Functional Expenses**

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	268,578.	268,578.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	6,356,197.	5,393,233.	962,964.	
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	91,670,559.	77,782,469.	13,888,090.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,068,987.	3,452,535.	616,452.	
9 Other employee benefits	10,095,948.	8,565,794.	1,530,154.	
10 Payroll taxes	7,093,816.	6,019,103.	1,074,713.	
11 Fees for services (non-employees):				
a Management				
b Legal	670,429.	568,859.	101,570.	
c Accounting	67,401.	57,190.	10,211.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion				
13 Office expenses	75,961,515.	69,305,518.	6,655,997.	
14 Information technology	1,624,988.	1,624,988.		
15 Royalties				
16 Occupancy	4,872,384.	4,134,218.	738,166.	
17 Travel	141,434.	120,007.	21,427.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	121,823.	103,367.	18,456.	
20 Interest	773,638.	656,432.	117,206.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	15,200,596.	13,956,818.	1,243,778.	
23 Insurance	1,657,633.	1,597,929.	59,704.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>CONTRACTED SERVICES</b>	21,378,302.	18,636,539.	2,741,763.	
b <b>PROFESSIONAL FEES</b>	6,172,852.	3,841,845.	2,331,007.	
c <b>OTHER</b>	1,119,469.	718,239.	401,230.	
d <b>INT EXP DERIVATIVES</b>	940,646.	940,646.		
e All other expenses				
25 <b>Total functional expenses.</b> Add lines 1 through 24e	250,257,195.	217,744,307.	32,512,888.	0.
26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)

**Part X Balance Sheet**

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	13,192.	<b>1</b>	10,355.
	<b>2</b> Savings and temporary cash investments .....	13,735,433.	<b>2</b>	12,980,252.
	<b>3</b> Pledges and grants receivable, net .....		<b>3</b>	
	<b>4</b> Accounts receivable, net .....	30,777,234.	<b>4</b>	34,267,935.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....	619,964.	<b>5</b>	619,964.
	<b>6</b> Loans and other 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 instr). Complete Part II of Sch L .....		<b>6</b>	
	<b>7</b> Notes and loans receivable, net .....	266,751.	<b>7</b>	23,625.
	<b>8</b> Inventories for sale or use .....	7,776,102.	<b>8</b>	8,645,808.
	<b>9</b> Prepaid expenses and deferred charges .....	1,419,523.	<b>9</b>	895,001.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 232,049,212.		
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 129,500,338.	<b>10c</b>	102,548,874.
	<b>11</b> Investments - publicly traded securities .....	72,616,866.	<b>11</b>	
	<b>12</b> Investments - other securities. See Part IV, line 11 .....	417,866.	<b>12</b>	50,184.
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		<b>13</b>	
	<b>14</b> Intangible assets .....		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11 .....	48,625,797.	<b>15</b>	127,719,572.
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	288,814,341.	<b>16</b>	287,761,570.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	33,646,861.	<b>17</b>	35,989,365.
	<b>18</b> Grants payable .....		<b>18</b>	
	<b>19</b> Deferred revenue .....		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities .....	70,783,261.	<b>20</b>	13,195,409.
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	29,722,432.	<b>25</b>	76,666,626.
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 .....	134,152,554.	<b>26</b>	125,851,400.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	132,468,626.	<b>27</b>	161,910,170.
	<b>28</b> Temporarily restricted net assets .....	11,357,148.	<b>28</b>	0.
	<b>29</b> Permanently restricted net assets .....	10,836,013.	<b>29</b>	0.
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		<b>32</b>	
<b>33</b> <b>Total net assets or fund balances</b> .....	154,661,787.	<b>33</b>	161,910,170.	
<b>34</b> <b>Total liabilities and net assets/fund balances</b> .....	288,814,341.	<b>34</b>	287,761,570.	

**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	285,746,736.
2	Total expenses (must equal Part IX, column (A), line 25)	2	250,257,195.
3	Revenue less expenses. Subtract line 2 from line 1	3	35,489,541.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	154,661,787.
5	Net unrealized gains (losses) on investments	5	3,380,388.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-31,621,546.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	161,910,170.

**Part XII Financial Statements and Reporting**

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

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	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	
3b	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 _____	X	

Form 990 (2012)

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

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

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

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I
  - b  Type II
  - c  Type III - Functionally integrated
  - d  Type III - Non-functionally integrated
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
  - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? Yes No
  - (ii) A family member of a person described in (i) above? Yes No
  - (iii) A 35% controlled entity of a person described in (i) or (ii) above? Yes No
- h Provide the following information about the supported organization(s).

	Yes	No
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
<b>Total</b>									

**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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 <b>Total.</b> Add lines 1 through 3 .....						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
6 <b>Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 <b>Total support.</b> Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions) .....					12	
13 <b>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 <b>stop here</b> .....						<input type="checkbox"/>

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

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) .....	14	%
15 Public support percentage from 2011 Schedule A, Part II, line 14 .....	15	%
16a <b>33 1/3% support test - 2012.</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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
b <b>33 1/3% support test - 2011.</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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
17a <b>10% -facts-and-circumstances test - 2012.</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 <b>stop here.</b> 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 - 2011.</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 <b>stop here.</b> 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 <b>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"/>



**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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
3 Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
5 The value of services or facilities furnished by a governmental unit to the organization without charge .....						
6 Total. Add lines 1 through 5 .....						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
c Add lines 7a and 7b .....						
8 Public support (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f)) .....	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15 .....	16	%

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

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)) .....	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17 .....	18	%

19a 33 1/3% support tests - 2012. 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 - 2011. 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, Form 990-EZ, or Form 990-PF.

OMB No. 1545-0047

**2012**

Name of the organization

SUBURBAN HOSPITAL, INC.

Employer identification number

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, total 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 total 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 Part I, 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) (2012)

Name of organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
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**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 4,699,364.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2		\$ 825,229.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3		\$ 1,107,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4		\$ 39,891.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5		\$ 10,324.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6		\$ 8,939.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Employer identification number

**SUBURBAN HOSPITAL, INC.**

**52-0610545**

**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8		\$ 24,080.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9		\$ 59,304.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Employer identification number

**SUBURBAN HOSPITAL, INC.**

**52-0610545**

**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

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

Name of organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
--	---

**Part III** Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total 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.) ▶ \$ \_\_\_\_\_  
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
<b>(e) Transfer of gift</b>			
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
<b>(e) Transfer of gift</b>			
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
<b>(e) Transfer of gift</b>			
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
<b>(e) Transfer of gift</b>			
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

**2012**

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

Department of the Treasury  
Internal Revenue Service

▶ **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 35c (Proxy Tax), then**

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

Name of organization <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number <b>52-0610545</b>
--	---

**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-.

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

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

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) .....														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) .....														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) .....														
<b>d</b> Other exempt purpose expenditures .....														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) .....														
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width:100%; 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.													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) .....														
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- .....														
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- .....														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....														

Yes     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.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					



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

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

	(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		27,713.
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
<b>i</b> Other activities?		X	
<b>j</b> Total. Add lines 1c through 1i			27,713.
<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 carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

<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; Part II-A (affiliated group list); Part II-A, line 2; and Part II-B, line 1. Also, complete this part for any additional information.

**PART II-B, LINE 1, 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, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2012**  
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.

- 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	
- 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
- Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_
- Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_
- Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....
- Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_
- Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_
- 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)? .....
- In Part XIII, 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.

- 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 XIII, the text of the footnote to its financial statements that describes these items.
- 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 .....	▶ \$ _____
- 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 XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" 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 XIII 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 XIII. Check here if the explanation has been provided in Part XIII

**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 current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment  %
  - b Permanent endowment  %
  - c Temporarily restricted endowment  %
- The percentages in lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- |   | Yes    | No |
|---|--------|----|
| (i) unrelated organizations   | 3a(i)  |    |
| (ii) related organizations  | 3a(ii) |    |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b     |    |
- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		345,094.		345,094.
b Buildings		110,954,563.	56,001,101.	54,953,462.
c Leasehold improvements		2,129,176.	342,390.	1,786,786.
d Equipment		85,232,640.	58,678,968.	26,553,672.
e Other		33,387,739.	14,477,879.	18,909,860.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				<b>102,548,874.</b>

**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	115,977,574.
(2) UNAMORTIZED FINANCE COSTS	55,650.
(3) EXEC RETIREMENT PLAN ASSTS	1,428,423.
(4) ANNUITIES HELD FOR DEF COMP	1,607,656.
(5) DEPOSITS	499,383.
(6) OTHER RECEIVABLE	2,317,551.
(7) DUE FROM OTHER ENTITIES	5,806,866.
(8) DUE FROM AFFILIATES	26,469.
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	127,719,572.

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

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ADVANCES FROM THIRD PARTIES	7,720,935.
(3) LEASES PAYABLE	442,927.
(4) HEDGE FAIR VALUE ADJUST	3,532,776.
(5) CAPITAL ACCUMULATION ACCOUNT	1,409,695.
(6) INTEREST PAYABLE	424,884.
(7) ACCRUED RENT	326,638.
(8) ACCRUED PENSION LONG TERM	5,777,000.
(9) 457B FOR DIRECTORS	18,728.
(10) DUE TO AFFILIATES	54,535,135.
(11)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	76,666,626.

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

<b>Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return</b>				
<b>1</b>	Total revenue, gains, and other support per audited financial statements		<b>1</b>	283,831,356.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
	<b>a</b> Net unrealized gains on investments	<b>2a</b>		
	<b>b</b> Donated services and use of facilities	<b>2b</b>		
	<b>c</b> Recoveries of prior year grants	<b>2c</b>		
	<b>d</b> Other (Describe in Part XIII.)	<b>2d</b>		
	<b>e</b> Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>	0.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>	283,831,356.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
	<b>a</b> Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>		
	<b>b</b> Other (Describe in Part XIII.)	<b>4b</b>	1,915,380.	
	<b>c</b> Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>	1,915,380.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)		<b>5</b>	285,746,736.

<b>Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return</b>				
<b>1</b>	Total expenses and losses per audited financial statements		<b>1</b>	248,256,805.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
	<b>a</b> Donated services and use of facilities	<b>2a</b>		
	<b>b</b> Prior year adjustments	<b>2b</b>		
	<b>c</b> Other losses	<b>2c</b>		
	<b>d</b> Other (Describe in Part XIII.)	<b>2d</b>	673,397.	
	<b>e</b> Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>	673,397.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>	247,583,408.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
	<b>a</b> Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>		
	<b>b</b> Other (Describe in Part XIII.)	<b>4b</b>	2,673,786.	
	<b>c</b> Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>	2,673,786.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)		<b>5</b>	250,257,194.

**Part XIII 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, lines 2d and 4b; and Part XII, 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 XIII** Supplemental Information (continued)

DURING THE YEARS ENDED JUNE 30, 2012 AND 2011.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

LOSS ON FIXED ASSETS	-673,397.
ROUNDING	-4,000.
REALIZED GAIN ON INVESTMENTS	2,592,777.
TOTAL TO SCHEDULE D, PART XI, LINE 4B	1,915,380.

PART XII, LINE 2D - OTHER ADJUSTMENTS:

LOSS ON FIXED ASSETS	673,397.
----------------------	----------

PART XII, LINE 4B - OTHER ADJUSTMENTS:

ROUNDING	
INT EXP DERIVATIVES	940,646.
CONTRIBUTIONS MOVED FROM NET ASSETS	108,152.
EXPENSES TRANSFERRED	1,624,988.
TOTAL TO SCHEDULE D, PART XII, LINE 4B	2,673,786.



**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2012**

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
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input 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		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? 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>500</u> %	X	
c If the organization used factors other than FPG in determining 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, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		X
6a Did the organization prepare a community benefit report during the tax year?	X	
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**

Financial Assistance and Means-Tested Government Programs	(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
a Financial Assistance at cost (from Worksheet 1)			5,530,258.	0.	5,530,258.	2.21%
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			5,530,258.		5,530,258.	2.21%
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4)			10,501,758.	1,151,583.	9,350,175.	3.74%
f Health professions education (from Worksheet 5)			4,757,650.	0.	4,757,650.	1.90%
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			3,583,170.	3,583,170.		
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,351,603.	0.	1,351,603.	.54%
j Total. Other Benefits			20,194,181.	4,734,753.	15,459,428.	6.18%
k Total. Add lines 7d and 7j			25,724,439.	4,734,753.	20,989,686.	8.39%



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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development			74,793.	0.	74,793.	.03%
3 Community support			180,131.	0.	180,131.	.07%
4 Environmental improvements			33,042.	0.	33,042.	.01%
5 Leadership development and training for community members			23,358.	0.	23,358.	.01%
6 Coalition building			247,568.	0.	247,568.	.10%
7 Community health improvement advocacy			82,075.	20,091.	61,984.	.02%
8 Workforce development			128,550.	0.	128,550.	.05%
9 Other						
10 Total			769,517.	20,091.	749,426.	.29%

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

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

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME)	5	110,493,705.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	120,487,563.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-9,993,858.
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

**Section C. Collection Practices**

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %

**Part V Facility Information**

**Section A. Hospital Facilities**

(list in order of size, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

Name, address, and primary website address

1 SUBURBAN HOSPITAL, INC.  
8600 OLD GEORGETOWN RD  
BETHESDA, MD 20814-1497  
HTTP://WWW.SUBURBANHOSPITAL.ORG/

Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
<input checked="" type="checkbox"/>									

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

Name of hospital facility or facility reporting group SUBURBAN HOSPITAL, INC.

For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess 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 CHNA: 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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	X	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI		X
5 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input checked="" type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		X
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued) SUBURBAN HOSPITAL, INC.

**Financial Assistance Policy**

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %			
If "No," explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing discounted care? .....	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>500</u> %			
If "No," explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients? .....	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance? .....	X	
14	Included measures to publicize the policy within the community served by the hospital facility? .....	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine patient's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? .....		X
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** (continued) **SUBURBAN HOSPITAL, INC.**

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):

- a  Notified individuals of the financial assistance policy on admission
- b  Notified individuals of the financial assistance policy prior to discharge
- c  Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d  Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e  Other (describe in Part VI)

**Policy Relating to Emergency Medical Care**

**19** 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>19</b>	<b>X</b>	

If "No," indicate why:

- a  The hospital facility did not provide care for any emergency medical conditions
- b  The hospital facility's policy was not in writing
- 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 to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a  The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b  The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c  The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d  Other (describe in Part VI)

<b>20</b>		
<b>21</b>		<b>X</b>
<b>22</b>		<b>X</b>

**21** During the tax year, did the hospital facility charge any of its FAP-eligible individuals, 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.

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?

If "Yes," explain in Part VI.

**Part V** Facility Information (continued)

**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

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

Name and address	Type of Facility (describe)

**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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 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.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

PART I, LINE 7: A COST-TO-CHARGE RATIO (FROM WORKSHEET 2) IS USED TO CALCULATE THE AMOUNTS ON LINE 7A AND 7B (FINANCIAL ASSISTANCE AT COST 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 II: SHI RECOGNIZES THE COMMUNITY'S UNMET OR POTENTIAL HEALTH NEEDS BY PARTICIPATING IN COMMUNITY COALITIONS, PARTNERSHIPS, ADVISORY GROUPS, BOARDS, PANELS, COMMITTEES, AND SERVING ON LOCAL COUNTY COMMISSIONS AND WORKING WITH PUBLIC HEALTH OFFICIALS AT MCDHHS. SHI'S COMMUNITY BUILDING ACTIVITIES PROMOTE THE HEALTH OF THE COMMUNITY IT SERVES THROUGH A NUMBER OF INITIATIVES THEY HAVE DEVELOPED. FOR EXAMPLE, SHI'S 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

**Part VI** Supplemental Information

MEDICAL PROFESSION. THIS ALSO GIVES THEM THE OPPORTUNITY TO PARTICIPATE IN GRASSROOTS COMMUNITY SERVICE PROJECTS.

SHI'S 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: PART III, LINE 2: BAD DEBT EXPENSE ENTERED COMES FROM THE HOSPITALS BOOKS AND RECORDS.

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

PART III, LINE 3: 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.

PART III, LINE 4: SHI AUDITED FINANCIAL STATEMENTS PAGE 13.

PART III, LINE 8: THE SHORTFALL IN MEDICARE ALLOWABLE COSTS IS NOT TREATED AS A COMMUNITY BENEFIT.

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

SUBURBAN HOSPITAL, INC.:

PART V, SECTION B, LINE 3: TO GATHER INPUT FROM PERSONS WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY SERVED BY SHI THE FOLLOWING WAS DONE:

A) COLLABORATED WITH THE MONTGOMERY COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES AND FOUR OTHER COUNTY HOSPITALS TO CONDUCT A COUNTY-WIDE COMMUNITY HEALTH NEEDS ASSESSMENT CALLED "HEALTHY MONTGOMERY"

B) ENGAGED COMMUNITY EXPERTS BY ESTABLISHING A COMMUNITY BENEFIT ADVISORY COUNCIL (CBAC) THAT ADVISES ON THE DIRECTION OF THE NEEDS ASSESSMENT.

CHARTED BY THE HOSPITAL'S BOARD OF TRUSTEES AND CHAIRMED BY A TRUSTEE, THE CBAC IS COMPRISED OF A DIVERSE GROUP OF LOCAL BUSINESS, NON-FOR-PROFIT EXECUTIVES AND COMMUNITY ADVOCACY LEADERS WHO REPRESENT THE PERSPECTIVE OF THE COUNTY'S MEDICALLY UNDERSERVED, LOW-INCOME AND RACIALLY/ETHNICALLY DIVERSE POPULATIONS. THE CBAC REPRESENTS DIVERSE SECTORS OF SHI'S SERVICE AREA AND ACTS AS A LIAISON WITH THE COMMUNITY AND THE HOSPITAL TO IDENTIFY HEALTH IMPROVEMENT OPPORTUNITIES AND NEEDS.

C) SHI'S COMMUNITY HEALTH AND WELLNESS DEPARTMENT (CHW) SERVED AS A KEY PLAYER BY INTEGRATING PUBLIC HEALTH KNOWLEDGE, PRINCIPLES AND EXPERTISE. THE CHW DEPARTMENT ACTED AS A PUBLIC HEALTH RESOURCE AND GUIDE, DUE IN PART TO THE EDUCATIONAL BACKGROUND OF THE STAFF, AND THE STRONG RELATIONSHIPS BUILT IN THE COMMUNITY AND FIRSTHAND KNOWLEDGE OF THE MAJOR HEALTH CONCERNS, BARRIERS AND NEEDS.

D) CONDUCTED A COMMUNITY HEALTH SURVEY OF 997 MONTGOMERY COUNTY RESIDENTS TO ASSESS THE NEEDS AND INSIGHTS OF THE COMMUNITY MEMBERS BENEFITING FROM SUBURBAN'S PROGRAMS, SERVICES AND ACTIVITIES.

SUBURBAN HOSPITAL, INC.:

PART V, SECTION B, LINE 5C: THE CHNA WAS DISTRIBUTED TO THE ADVISORY

**Part VI** Supplemental Information

COUNCIL, BOARD OF TRUSTEES, SH CANCER COMMITTEE, VOLUNTEER DEPARTMENT,  
HOSPITAL INFORMATION DESK, AND COMMUNITY STAKEHOLDERS.

SUBURBAN HOSPITAL, INC.:

PART V, SECTION B, LINE 7: THE HEALTHY MONTGOMERY STEERING COMMITTEE ESTABLISHED SIX OFFICIAL HEALTH PRIORITIES TO BE TRACKED, MEASURED AND EVALUATED BASED ON HEALTH INEQUITIES, LACK OF ACCESS, AND UNHEALTHY BEHAVIORS OVER THE NEXT THREE YEARS. ONE OF THOSE HEALTH PRIORITIES INCLUDES MATERNAL AND CHILD HEALTH. SUBURBAN HOSPITAL MAY NOT BE IN A POSITION TO AFFECT ALL OF THE CHANGES REQUIRED TO ADDRESS THIS HEALTH PRIORITY GIVEN THAT THE HOSPITAL DOES NOT HAVE AN OBSTETRICS DESIGNATION OR DELIVER BABIES. ONE REASON FOR NOT SEEKING THIS DESIGNATION IS DUE TO THE FACT THAT THERE ARE SEVERAL OTHER COMMUNITY HOSPITALS WITHIN 5-10 MILES OF OUR BETHESDA LOCATION THAT HAVE REPUTABLE OBSTETRICS PROGRAMS. WHILE SUBURBAN HOSPITAL MAY NOT BE ABLE TO DIRECTLY ADDRESS THIS HEALTH PRIORITY, THE HOSPITAL DOES INDIRECTLY SUPPORT MATERNAL AND CHILD HEALTH INITIATIVES THROUGH FUNDING AND PROGRAMMING OF SEVERAL OTHER ORGANIZATIONS WHICH PROMOTE THE HEALTH AND WELL-BEING OF CHILDREN AND THEIR FAMILIES.

SUBURBAN HOSPITAL, INC.:

PART V, SECTION B, LINE 20D: 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).

**Part VI** Supplemental Information

PART VI, LINE 2: UTILIZING THE HEALTHY PEOPLE 2020 GUIDELINES AS VITAL INFORMATION SOURCES, SHI MAINTAINS A CLOSE RELATIONSHIP WITH THE MONTGOMERY COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES (MCDHHS) IN ORDER TO IDENTIFY COMMUNITY HEALTH NEEDS AND SET COMMUNITY BENEFIT STRATEGIC PROGRAMS AND ACTIVITIES. TO EFFECTIVELY IDENTIFY AND PRIORITIZE HEALTH NEEDS FOR MONTGOMERY COUNTY RESIDENTS, SHI HAS RELIED ON A THREE-TIERED APPROACH TO EXECUTE THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA): (1) ESTABLISHING THE HEALTHY MONTGOMERY NEEDS ASSESSMENT; (2) ENGAGING HEALTH EXPERTS AND KEY STAKEHOLDERS; AND (3) CONDUCTING A COMMUNITY SURVEY. THROUGH THIS METHODOLOGY, SHI ENSURED MAXIMIZED COLLABORATION AND LEVERAGE OF RESOURCES, REDUCED REDUNDANCIES AND SUPPORTED AN ONGOING HEALTH IMPROVEMENT PROCESS AND INFRASTRUCTURE. THE CHNA PROCESS PRESENTED AN OPPORTUNITY FOR SHI TO PARTNER WITH THE MCDHHS, ALONG WITH FOUR OTHER MONTGOMERY COUNTY HOSPITALS TO CONDUCT A COUNTY-WIDE CHNA AS PART OF THE HEALTHY MONTGOMERY-COMMUNITY HEALTH IMPROVEMENT PROCESS. THE NEEDS ASSESSMENT IS FINANCIALLY SUPPORTED BY THE FIVE LOCAL HOSPITALS, AND PRESENTS THE RESULTS OF QUANTITATIVE AND QUALITATIVE DATA COLLECTION ACTIVITIES ALONG WITH TOOLS USED IN PRIORITY SETTING TO IMPROVE THE HEALTH AND WELL-BEING OF MONTGOMERY COUNTY RESIDENTS.

FURTHERMORE, SHI PRIORITIZED THE NEED TO SUPPLEMENT HEALTHY MONTGOMERY DATA AND FINDINGS TO UNDERSTAND WHAT THE UNMET HEALTH NEEDS ARE IN SPECIFIC GEOGRAPHIC LOCATIONS WITHIN THE COUNTY. THIS PROCESS INCLUDED CONSULTATION WITH COMMUNITY STAKEHOLDERS AND LEADERS, AND THE DEVELOPMENT OF A COMMUNITY HEALTH SURVEY TOOL THAT ALLOWED DIRECT INPUT FROM COMMUNITY MEMBERS THAT ALREADY BENEFIT FROM SHI'S COMMUNITY HEALTH IMPROVEMENT CLASSES, EVENTS, AND SCREENINGS.

**Part VI** Supplemental Information

SHI WORKS DIRECTLY WITH SEVERAL COMMUNITY CENTERS, ORGANIZATIONS, INSTITUTES, AND CORPORATIONS, INCLUDING THE AARP, A WIDER CIRCLE, ALPHA PHI ALPHA FRATERNITY, AMERICAN HEART ASSOCIATION, AMERICAN RED CROSS, AND BETHESDA CARES TO NAME A FEW. FURTHERMORE, SHI REPRESENTATIVES SERVE ON NUMEROUS COMMUNITY COALITIONS, BOARDS, COMMITTEES, PANELS, ADVISORY GROUPS, AND LOCAL COUNTY COMMISSIONS. SHI'S ACTIVE ROLE IN THESE AND SIMILAR COMMUNITY ENGAGEMENT ACTIVITIES SERVES AS A CATALYST FOR IDENTIFICATION AND PRIORITIZATION OF UNMET OR POTENTIAL COMMUNITY HEALTH NEEDS.

PART VI, LINE 3: SHI'S PATIENT ACCESS DEPARTMENT PROVIDES ALL PATIENTS REGISTERED FOR EMERGENCY, OUTPATIENT, OR INPATIENT CARE A COPY OF OUR FINANCIAL ASSISTANCE INFORMATION SHEET. SIGNS ARE POSTED IN ENGLISH AND SPANISH EXPLAINING THE AVAILABILITY OF FINANCIAL ASSISTANCE AND WHERE TO CALL FOR ASSISTANCE. THE SIGNS ARE LOCATED IN THE EMERGENCY, PEDIATRICS, CATH LAB, AND FINANCIAL COUNSELING DEPARTMENTS, AS WELL AS THE MAIN REGISTRATION DESK. A FINANCIAL ASSISTANCE APPLICATION IS GIVEN TO EVERY SELF-PAY PATIENT WITH INSTRUCTIONS ON HOW TO APPLY AND WHO TO CONTACT FOR ASSISTANCE. THE SAME INFORMATION IS PROVIDED TO ALL OTHER PATIENTS UPON REQUEST. THIS INFORMATION IS ALSO AVAILABLE IN SPANISH. SUBURBAN HOSPITAL'S FINANCIAL COUNSELORS AND SOCIAL WORKERS ARE TRAINED TO ANSWER PATIENTS' QUESTIONS ABOUT FINANCIAL ASSISTANCE AND PROVIDE LINKAGE TO OTHER COMMUNITY ASSISTANCE RESOURCES PRIOR TO DISCHARGE. REGISTRATION AND PATIENT ACCOUNTING STAFF IS TRAINED TO ANSWER QUESTIONS REGARDING FINANCIAL ASSISTANCE AND WHO TO CONTACT TO APPLY. THE PATIENT ACCESS DEPARTMENT ALSO HAS MEDICAID SPECIALISTS ONSITE TO ASSIST PATIENTS IN APPLYING FOR MARYLAND MEDICAL ASSISTANCE. ALL UNINSURED PATIENTS ARE SCREENED FOR MEDICAID UPON ADMISSION AND PROVIDED WITH INFORMATION AND

**Part VI** Supplemental Information

REFERRAL FOR FINANCIAL ASSISTANCE.

THIS PAST MARCH, SUBURBAN HOSPITAL HELD ITS ANNUAL "COVERING THE UNINSURED" EVENT. THE PROGRAM HELD AT SUBURBAN HOSPITAL WHERE FINANCIAL ASSISTANCE CONSULTATION WAS PROVIDED TO COMMUNITY MEMBERS INCLUDING DISSEMINATION OF INFORMATION ON OUR FINANCIAL ASSISTANCE ELIGIBILITY CRITERIA, MEDICAID AND OTHER COMMUNITY RESOURCES.

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 AND DOES NOT LIMIT ITS COMMUNITY SERVICES TO THE PRIMARY SERVICE AREA. THE CBSA IS DEFINED BY THE GEOGRAPHIC AREA CONTAINED WITHIN THE FOLLOWING FIFTEEN ZIP CODES: 20814, 20817, 20852, 20854, 20815, 20850, 20895, 20906, 20902, 20878, 20853, 20910, 20851, 20877, AND 20874.

THE GENERAL DATA FOR THIS COMMUNITY BENEFIT SERVICE AREA ARE AS FOLLOWS: TOTAL POPULATION WAS 623,896 OF WHICH 47.87% WERE MALES AND 52.13% WERE FEMALES, AVERAGE HOUSEHOLD INCOME WAS \$136,945, 7.75% OF RESIDENTS ARE UNINSURED, 11.3% OF RESIDENTS ARE COVERED BY MEDICAID/MEDICARE, 6.3% OF HOUSEHOLDS WITH INCOMES 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

**Part VI** Supplemental Information

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 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

**Part VI** Supplemental Information

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 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 (JHHSC) IS INCORPORATED IN THE STATE OF MARYLAND TO, AMONG OTHER THINGS, FORMULATE

**Part VI** Supplemental Information

POLICY AMONG AND PROVIDE CENTRALIZED MANAGEMENT FOR JHHSC 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.

JHHSC 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 (ACH), A FL ACADEMIC CHILDRENS HOSPITAL.

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

MD



**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

OMB No. 1545-0047

**2012**

Open to Public  
Inspection

Name of the organization

**SUBURBAN HOSPITAL, INC.**

Employer identification number

**52-0610545**

**Part I** General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II** Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
JOHNS HOPKINS COMMUNITY PHYSICIANS, INC. - 3910 KESWICK ROAD, SOUTH BLDG - BALTIMORE, MD 21211	52-1467441	501(C)(3)	108,152.	0.			SERVICES TO UNINSURED PATIENTS

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 1.

3 Enter total number of other organizations listed in the line 1 table ▶ 0.

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

Schedule I (Form 990) (2012)

**Part III** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

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

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

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**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

**2012**

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 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	<b>1b</b>	
<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?	<b>2</b>	
<b>3</b> Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <input checked="" type="checkbox"/> Compensation committee <input 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?	<b>4a</b>	X
<b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan?	<b>4b</b>	X
<b>c</b> 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.	<b>4c</b>	X
<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?	<b>5a</b>	X
<b>b</b> Any related organization? If "Yes" to line 5a or 5b, describe in Part III.	<b>5b</b>	X
<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?	<b>6a</b>	X
<b>b</b> Any related organization? If "Yes" to line 6a or 6b, describe in Part III.	<b>6b</b>	X
<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	<b>7</b>	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	<b>8</b>	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)?	<b>9</b>	

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

Schedule J (Form 990) 2012

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

For each individual whose compensation must be reported 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) BRIAN A. GRAGNOLATI PRESIDENT & TRUSTEE	(i)	684,453.	282,084.	2,359,614.	15,000.	25,805.	3,366,956.	996,374.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) PATRICIA M.C. BROWN, ESQUIRE TRUSTEE	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	421,880.	147,593.	93,021.	144,333.	13,670.	820,497.	0.
(3) RONALD R. PETERSON CORPORATE VICE CHAIRMAN &	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	1,203,070.	455,714.	11,914,712.	1,788,537.	23,586.	15,385,619.	3,148,877.
(4) MARTIN BASSO SR VP FINANCE AND TREASURE	(i)	285,533.	277,958.	24,030.	86,864.	19,678.	694,063.	198,787.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) PETER B. MANCINO, ESQUIRE CORPORATE SECRETARY	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	189,179.	36,437.	8,628.	24,461.	20,427.	279,132.	0.
(6) DENNIS PARNELL SR VP HUMAN RESOURCES	(i)	248,643.	56,248.	207,414.	47,379.	13,946.	573,630.	122,093.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) JACQUELINE SCHULTZ, R.N. EXECUTIVE V.P. & COO	(i)	294,046.	69,906.	150,033.	83,446.	8,825.	606,256.	136,089.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) LESLIE FORD WEBER SR. VP, GOVT & COMMUNITY R	(i)	179,720.	69,416.	10,139.	24,143.	2,108.	285,526.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) CHRISTOPHER TIMBERS VP & COO	(i)	189,967.	33,727.	9,980.	62,156.	19,627.	315,457.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) ROBERT ROTHSTEIN SR VP MEDICAL AFFAIRS	(i)	322,706.	57,175.	12,417.	99,568.	22,443.	514,309.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) JOSEPH LINSTROM SR DIRECTOR	(i)	165,179.	16,885.	658.	11,502.	23,785.	218,009.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(12) RAUL GONZALES CHIEF PHYSICIST	(i)	178,088.	0.	708.	11,185.	22,516.	212,497.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(13) STEVEN COHEN PHYSICIAN ASST.	(i)	142,526.	0.	47,052.	9,711.	21,528.	220,817.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(14) BARBARA STEWARD JACOBS SR DIRECTOR	(i)	175,098.	17,041.	688.	11,862.	12,906.	217,595.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(15) MUHAMMAD MOHIUDDIN CHIEF TECHNICIAN	(i)	185,393.	0.	227.	11,179.	21,148.	217,947.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(16) STEVEN THOMPSON FORMER TRUSTEE	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	529,446.	158,704.	24,864.	251,400.	22,356.	986,770.	0.

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

For each individual whose compensation must be reported 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(17) NANCY MILLER FORMER OFFICER	(i)	165,456.	13,968.	616.	10,838.	1,989.	192,867.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(18) MATTHEW POFFENROTH, M.D. FORMER SR. V.P.	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	317,195.	32,282.	8,580.	31,362.	22,026.	411,445.	0.
(19) GENE A. CORAPI FORMER SR VP OPERATIONS	(i)	0.	0.	221,994.	0.	0.	221,994.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(20) EUGENE PASSAMANI, M.D. FORMER SR VP MEDICAL AFFAI	(i)	0.	0.	298,148.	0.	0.	298,148.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
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	(ii)							

**Part III** Supplemental Information

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

PART I, LINES 4A-B: THE FOLLOWING INDIVIDUAL RECEIVED A CHANGE-OF-CONTROL

PAYMENT FROM SUBURBAN HOSPITAL, INC.:

EUGENE PASSAMANI \$298,148.47

GENE CORAPI \$221,994.15

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 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

**Part III** Supplemental Information

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

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 \$71,864; DENNIS PARNELL \$33,654; JACQUELINE SCHULTZ \$68,446; CHRISTOPHER TIMBERS \$47,156; ROBERT ROTHSTEIN \$84,568.00 AND LESLIE FORD WEBER \$10,476

THE FOLLOWING INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A PARTICIPATED IN A NON QUALIFIED RETIREMENT PLAN WITH THE RELATED ORGANIZATION SUBURBAN HOSPITAL, INC AND RECEIVED PAYMENT FROM THE PLAN, IT IS REPORTED ON SCHEDULE J, PART II, COLUMN (B)(III) AS WELL AS SCHEDULE J, PART II, COLUMN (F) IF THEY WERE REQUIRED TO BE DISCLOSED ON PRIOR YEAR'S FORMS 990:

MARTY BASSO \$221,810.23; JACQUELINE SCHULTZ \$136,088.59; DENNIS PARNELL \$192,313.00 AND BRIAN GRAGNOLATI \$2,337,091.72

**Part III** Supplemental Information

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

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 CURRENT LAW, INTERESTS UNDER THESE ARRANGEMENTS ARE REPORTABLE AS TAXABLE



**Part III** Supplemental Information

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

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 VOLUNTARILY TERMINATES EMPLOYMENT OR IS TERMINATED BY THE EMPLOYER FOR

**Part III** Supplemental Information

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

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 \$1,636,472; PATRICIA BROWN \$91,336.01; PETER MANCINO \$13,072.00; AND STEVEN THOMPSON \$227,604.00

THE FOLLOWING INDIVIDUALS LISTED ON FORM 990, PART VII, SECTION A, LINE 1A PARTICIPATED IN A NON QUALIFIED RETIREMENT PLAN AND RECEIVED PAYMENT FROM THE PLAN, IT IS REPORTED ON SCHEDULE J, PART II, COLUMN (B)(III) AS WELL AS SCHEDULE J, PART II, COLUMN (F) IF THEY WERE REQUIRED TO BE DISCLOSED ON

**Part III** Supplemental Information

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

PRIOR YEAR'S FORMS 990:

PATRICIA M.C. BROWN \$63,761.96

LISTED ON FORM 990, SCHEDULE J, PART II, B(III) IS RONALD PETERSON

\$11,914,712.00. MR. PETERSON HAS 40 YEARS OF SERVICE AND HAS ACCRUED BUT

NOT YET RECEIVED HIS NONQUALIFIED RETIREMENT PLAN IN THE AMOUNT OF

\$11,746,615.00. THIS DEFERRED COMPENSATION IS REPORTED ON FORM 990, PART

VII, SECTION A AND INCLUDED ON SCHEDULE J, PART II, COLUMN E AND REPORTED

IN BOX 5, W-2, FOR THE PURPOSES OF PREPAYING THE MEDICARE TAX.

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

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

**Part III** Supplemental Information

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

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  
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

**Part III** Supplemental Information

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

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.

**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 VI.  
▶ Attach to Form 990. ▶ See separate instructions.

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

**Part I Bond Issues** SEE PART VI FOR COLUMN (A) 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	574217SB2	06/30/04	32,445,000.	REFUND PRIOR ISSUE 10/14/1993		X		X		X
B											
C											
D											

**Part II Proceeds**

	A	B	C	D
1 Amount of bonds retired	19,400,000.			
2 Amount of bonds legally defeased				
3 Total proceeds of issue	32,445,000.			
4 Gross proceeds in reserve funds				
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrows				
7 Issuance costs from proceeds	351,215.			
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds				
11 Other spent proceeds				
12 Other unspent proceeds				
13 Year of substantial completion				
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?	X			
15 Were the bonds issued as part of an advance refunding issue?		X		
16 Has the final allocation of proceeds been made?	X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X			

**Part III Private Business Use**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
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						
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? .....								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property? .....		X						
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? .....								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government .....		%		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government .....		%		%		%		%
<b>6</b> Total of lines 4 and 5 .....		%		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test? .....		X						
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued? .....		X						
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of .....		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? .....								
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2? .....		X						

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T? .....		X						
<b>2</b> If "No" to line 1, did the following apply? .....								
<b>a</b> Rebate not due yet? .....		X						
<b>b</b> Exception to rebate? .....		X						
<b>c</b> No rebate due? .....		X						
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed .....								
<b>3</b> Is the bond issue a variable rate issue? .....		X						
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? .....		X						
<b>b</b> Name of provider .....								
<b>c</b> Term of hedge .....								
<b>d</b> Was the hedge superintegrated? .....								
<b>e</b> Was the hedge terminated? .....								

Part IV Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?	X							
7 Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X							

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

SCHEDULE K, PART I, BOND ISSUES:

(A) ISSUER NAME:

MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY

SCHEDULE K, PART III, LINES 7-9

NONQUALIFIED BONDS

THE ORGANIZATION ANSWERED 'NO' BECAUSE IT HAS NO NONQUALIFIED BONDS.



**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

**2012**

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) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
			Yes	No

2 Enter the amount of tax incurred by 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-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
			WEBER				INSURANC		X	8,437.	42,185.	
BASSO		INSURANC		X	14,465.	104,725.		X	X		X	
GRAGNOLATI		INSURANC		X	50,177.	250,885.		X	X		X	
PARNELL		INSURANC		X	32,655.	121,362.		X	X		X	
SCHULTZ		INSURANC		X	18,213.	72,852.		X	X		X	
TIMBERS		INSURANC		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 of assistance	(d) Type of assistance	(e) Purpose of assistance

SEE PART V FOR CONTINUATIONS

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No

**Part V Supplemental Information**

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

**SCHEDULE L, PART II, LOANS TO AND FROM INTERESTED PERSONS:**

(A) NAME OF PERSON: WEBER

(C) PURPOSE OF LOAN: INSURANCE POLICIES

(A) NAME OF PERSON: BASSO

(C) PURPOSE OF LOAN: INSURANCE POLICIES

(A) NAME OF PERSON: GRAGNOLATI

(C) PURPOSE OF LOAN: INSURANCE POLICIES

(A) NAME OF PERSON: PARNELL

(C) PURPOSE OF LOAN: INSURANCE POLICIES

(A) NAME OF PERSON: SCHULTZ

(C) PURPOSE OF LOAN: INSURANCE POLICIES

(A) NAME OF PERSON: TIMBERS

(C) 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

**2012**

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. 12,768 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 1,442 ADMISSIONS AND 245 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 9, CHANGES IN NET ASSETS:

CHANGE IN MINIMUM PENSION LIABILITY	21,286,409.
CHANGE IN DEFINED BENEFIT PLAN	-48,587,684.
CHANGE IN MARKET VALUE ON SWAP	1,181,450.
LOSS ON ADVANCE REFUNDING OF DEBT	-530,064.
LOSS ON IMPAIRMENT OF LONG LIVED ASSETS	-3,472,792.
NET ASSETS RELEASED FOR RESTRICTION	10,318.
CONTRIBUTIONS TO/FROM AFFILIATES	-453,850.
CHANGE IN NET ASSETS	-1,055,333.
TOTAL TO FORM 990, PART XI, LINE 9	-31,621,546.

**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 (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
SUBURBAN PHYSICIAN ASSISTANT ASSOCIATES, LLC - 01-0642496, 8600 OLD GEORGETOWN ROAD, BETHESDA, MD 20814	MEDICAL SERVICES	MARYLAND			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) 2012

**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 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
ALL CHILDREN'S RESEARCH INSTITUTE, INC - 59-2481742, 501 SIXTH AVENUE SOUTH, ST. PETERSBURG, FL 33701	RESEARCH	FLORIDA	501(C)(3)	LINE 4	ALL CHILDREN'S HEALTH SYSTEM INC		X
SURGIKID OF FLORIDA, INC - 59-3441883 501 SIXTH AVENUE SOUTH ST. PETERSBURG, FL 33701	MEDICAL SERVICES	FLORIDA	501(C)(3)	LINE 9	ALL CHILDREN'S HEALTH SYSTEM INC		X
KIDS HOME CARE, INC. - 59-3476049 501 SIXTH AVENUE SOUTH ST. PETERSBURG, FL 33701	HOME HEALTH CARE	FLORIDA	501(C)(3)	LINE 9	ALL CHILDREN'S HEALTH SYSTEM INC		X
WEST COAST NEONATOLOGY, INC - 59-3398308 501 SIXTH AVENUE SOUTH ST. PETERSBURG, FL 33701	NEONATAL CARE	FLORIDA	501(C)(3)	LINE 9	ALL CHILDREN'S HEALTH SYSTEM INC		X
ALL CHILDREN'S HEALTH SYSTEM, INC - 59-2481740, 501 SIXTH AVENUE SOUTH, ST. PETERSBURG, FL 33701	MANAGEMENT SERVICES	FLORIDA	501(C)(3)	LINE 11C, LII-FI	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) Disproportion- ate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
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		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		N/A
GCM SUBURBAN IMAGING, LLC - 52-2326237, 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		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		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	(i) Section 512(b)(13) controlled entity?	
								Yes	No
HOWARD COUNTY HEALTH SERVICES, INC. - 52-1434783, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD 21211	HEALTHCARE MANAGEMENT	MD	N/A	C CORP	N/A	N/A	N/A		X
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		X
JOHNS HOPKINS MEDICAL MANAGEMENT CORPORATION - 52-1250028, 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A, BALTIMORE, MD	NURSING SERVICES	MD	N/A	C CORP	N/A	N/A	N/A		X
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		X
TCAS, INC - 52-1979344 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300 BALTIMORE, MD 21211	NURSING SERVICES	MD	N/A	C CORP	N/A	N/A	N/A		X

**Part III** Continuation of 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, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Dispropor- tion- ate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
CHEVY CHASE IMAGING, LLC - 14-1944126, 1201 SEVEN LOCKS ROAD, STE 200, ROCKVILLE, MD 20854	RADIOLOGY SERVICES	MD	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

**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	(i) Section 512(b)(13) controlled entity?	
								Yes	No
SUBURBAN CONTRACTING CORP, INC. - 52-2188022 8600 OLD GEORGETOWN RD BETHESDA, MD 20814	MEDICARE CONTRACTING	MD	N/A	C CORP	N/A	N/A	N/A		X
SUBURBAN HEALTH ENTERPRISES, INC. - 52-2052352, 8600 OLD GEORGETOWN RD, BETHESDA, MD 20814	MEDICAL OFFICE LEASING AND RELEASING	MD	N/A	C CORP	N/A	N/A	N/A		X
SUBURBAN SPECIALTY CARE PHYSICIANS, PC - 52-2116011, 8600 OLD GEORGETOWN RD, BALTIMORE, MD 20814	MULTI SPECIALTY MEDICAL PRACTICE	MD	N/A	C CORP	N/A	N/A	N/A		X
HCP VENTURE ONE CORPORATION - 52-1558858 3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300 BALTIMORE, MD 21211	MEDICAL SERIVCES	MD	N/A	C CORP	N/A	N/A	N/A		X
ACHPOB, INC. - 59-2427749 501 SIXTH AVENUE SOUTH ST. PETERSBURG, FL 33701	MEDICAL OFFICE BUILDING MANAGEMENT	FL	N/A	C CORP	N/A	N/A	N/A		X

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

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

	Yes	No
<b>1</b> During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity .....		X
<b>b</b> Gift, grant, or capital contribution to related organization(s) .....		X
<b>c</b> Gift, grant, or capital contribution from related organization(s) .....	X	
<b>d</b> Loans or loan guarantees to or for related organization(s) .....		X
<b>e</b> Loans or loan guarantees by related organization(s) .....		X
<b>f</b> Dividends from related organization(s) .....		X
<b>g</b> Sale of assets to related organization(s) .....		X
<b>h</b> Purchase of assets from related organization(s) .....		X
<b>i</b> Exchange of assets with related organization(s) .....	X	
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) .....	X	
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) .....		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) .....		X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) .....		X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) .....	X	
<b>o</b> Sharing of paid employees with related organization(s) .....	X	
<b>p</b> Reimbursement paid to related organization(s) for expenses .....		X
<b>q</b> Reimbursement paid by related organization(s) for expenses .....		X
<b>r</b> Other transfer of cash or property to related organization(s) .....		X
<b>s</b> Other transfer of cash or property from related 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-s)	(c) Amount involved	(d) Method of determining amount involved
(1) SUBURBAN HOSPITAL FOUNDATION, INC	C	1,107,000.FMV	
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners sec. 501(c)(3) orgs.?		(f) Share of total income	(g) Share of end-of-year assets	(h) Dispropor- tionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

**Part VII** Supplemental Information

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

**PART III, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS PARTNERSHIP:**

NAME OF RELATED ORGANIZATION:

SUBURBAN WELLNESS CENTER, LLC

DIRECT CONTROLLING ENTITY: SUBURBAN HEALTH ENTERPRISES, INC.

NAME OF RELATED ORGANIZATION:

GCM SUBURBAN IMAGING, LLC

DIRECT CONTROLLING ENTITY: SUBURBAN HEALTH ENTERPRISES, INC.

**PART IV, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS CORP OR TRUST:**

NAME, ADDRESS, AND EIN OF RELATED ORGANIZATION:

JOHNS HOPKINS MEDICAL MANAGEMENT CORPORATION

EIN: 52-1250028

3910 KESWICK RD, SOUTH BLDG, 4TH FL, STE 4300A

BALTIMORE, MD 21211

NAME OF RELATED ORGANIZATION:

TCAS, INC

DIRECT CONTROLLING ENTITY: JOHNS HOPKINS MEDICAL MANAGEMENT CORPORATION

NAME OF RELATED ORGANIZATION:

SUBURBAN CONTRACTING CORP, INC.

DIRECT CONTROLLING ENTITY: SUBURBAN HOSPITAL HEALTHCARE SYSTEM, INC

NAME OF RELATED ORGANIZATION:

SUBURBAN HEALTH ENTERPRISES, INC.

**Part VII** Supplemental Information

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

DIRECT CONTROLLING ENTITY: SUBURBAN HOSPITAL HEALTHCARE SYSTEM, INC

NAME OF RELATED ORGANIZATION:

SUBURBAN SPECIALTY CARE PHYSICIANS, PC

DIRECT CONTROLLING ENTITY: SUBURBAN HOSPITAL HEALTHCARE SYSTEM, INC

2012 DEPRECIATION AND AMORTIZATION REPORT

FORM 990 PAGE 10

990

Asset No.	Description	Date Acquired	Method	Life	Conv	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
1	LAND	VARIOUS		.000	HY	16	347,859.				347,859.			0.	
2	LAND IMPROVEMENTS	VARIOUS		.000	HY	16	660,483.				660,483.	466,360.		0.	466,360.
3	LEASEHOLD IMPROVEMENTS	VARIOUS		.000	HY	16	2,150,864.				2,150,864.	27,567.		0.	27,567.
4	BUILDING	VARIOUS		.000	HY	16	150010681.				150010681.	71658463.		0.	71658463.
5	FIXED EQUIPMENT	VARIOUS		.000	HY	16	6,592,577.				6,592,577.	4,299,338.		0.	4,299,338.
6	MAJOR MOVEABLE EQUIPMENT	VARIOUS		.000	HY	16	87074870.				87074870.	62291073.		0.	62291073.
7	VEHICLES	VARIOUS		.000	HY	16	631,979.				631,979.	510,638.		0.	510,638.
8	COMPUTERS AND PRINTERS	VARIOUS		.000	HY	16	9,024,889.				9,024,889.	7,418,054.		0.	7,418,054.
9	SOFTWARE	VARIOUS		.000	HY	16	14463992.				14463992.	9,918,044.		0.	9,918,044.
10	SYSTEM WIDE NETWORK	VARIOUS		.000	HY	16	5,973,898.				5,973,898.	3,010,545.		0.	3,010,545.
11	CONSTRUCTION IN PROGRESS	VARIOUS		.000	HY	16	16411949.				16411949.			0.	
	* TOTAL 990 PAGE 10 DEPR						293344041.				293344041.	159600082.		0.	159600082.



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

OMB No. 1545-1709

▶ **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 or other filer, see instructions. <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number (EIN) or <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>	Social security number (SSN)
	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 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	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, 2014**, 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, 2012**, and ending **JUN 30, 2013**

**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 Privacy Act and Paperwork Reduction Act Notice, see instructions.

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

**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 due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions <b>SUBURBAN HOSPITAL, INC.</b>	Employer identification number (EIN) or <b>52-0610545</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>8600 OLD GEORGETOWN ROAD</b>	Social security number (SSN)
	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 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	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

• 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, 2014**.

5 For calendar year \_\_\_\_\_, or other tax year beginning **JUL 1, 2012**, and ending **JUN 30, 2013**.

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	<b>Balance due.</b> 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 must be completed for Part II only.**

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 **Nonadijural, CPA** Title **Sr. Tax Accountant** Date **1/13/14**

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

**Consolidated Financial Statements  
June 30, 2013 and 2012**

**Suburban Hospital, Inc. and Controlled Entities**  
**Index**  
**June 30, 2013 and 2012**

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	<b>Page(s)</b>
<b>Independent Auditor's Report</b> .....	1
<b>Consolidated Financial Statements</b>	
Balance Sheets .....	2-3
Statements of Operations and Other Changes in Unrestricted Net Assets .....	4
Statements of Changes in Net Assets .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7-34
<b>Supplemental Information</b>	
Independent Auditor's Report on Supplemental Information .....	35
Consolidating Statement of Operations and Other Changes in Unrestricted Net Assets .....	36



## Independent Auditor's Report

To the Board of Trustees of  
Suburban Hospital, Inc. and Control Entities

We have audited the accompanying consolidated financial statements of Suburban Hospital, Inc. and Controlled Entities ("SHI"), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and other changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to SHI's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SHI's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SHI at June 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

September 27, 2013

**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidated Balance Sheets**  
**June 30, 2013 and 2012**

<i>(in thousands)</i>	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 12,788	\$ 12,822
Short term investment	203	200
Patients accounts receivable, net of estimated uncollectibles of \$7,440 and \$6,672 as of June 30, 2013 and 2012, respectively	34,268	30,777
Due from others - current portion	6,424	4,403
Assets whose use is limited - used for current liabilities	4,381	6,128
Due from affiliates - current portion	27	64
Inventories of supplies	8,646	7,776
Prepaid expenses and other current assets	3,604	5,206
Total current assets	<u>70,341</u>	<u>67,376</u>
Assets whose use is limited		
By donors or grantors for		
Pledges receivable	4,428	1,315
Other	22,935	20,878
By Board of Trustees	122,038	81,760
Other	1,428	2,220
Total assets whose use is limited	<u>150,829</u>	<u>106,173</u>
Property, plant and equipment	232,087	312,767
Less: Allowance for depreciation and amortization	<u>(129,534)</u>	<u>(200,216)</u>
Total property, plant and equipment, net	102,553	112,551
Investments in joint ventures	50	418
Estimated malpractice recoveries, net of current portion	1,105	837
Other assets	700	1,529
Total assets	<u>\$ 325,578</u>	<u>\$ 288,884</u>

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

**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidated Balance Sheets**  
**June 30, 2013 and 2012**

<i>(in thousands)</i>	2013	2012
<b>Liabilities and Net Assets</b>		
Current liabilities		
Current portion of long-term debt and obligations under capital leases	\$ 2,725	\$ 57,826
Accounts payable and accrued liabilities	28,203	24,578
Accrued vacation	6,738	7,052
Accrued interest	425	508
Advances from third-party payors	7,721	10,728
Due to affiliates - current portion	4,325	665
Current portion of estimated malpractice costs	1,408	1,251
Total current liabilities	51,545	102,608
Long-term debt and obligations under capital leases, net of current portion	10,913	13,711
Long-term notes payable affiliate, net of current portion	50,230	-
Estimated malpractice costs, net of current portion	1,105	837
Net pension liability	5,777	8,564
Other long-term liabilities	6,855	8,503
Total liabilities	126,425	134,223
Net assets		
Unrestricted	171,790	132,468
Temporarily restricted	16,504	11,357
Permanently restricted	10,859	10,836
Total net assets	199,153	154,661
Total liabilities and net assets	\$ 325,578	\$ 288,884

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**  
**Years Ended June 30, 2013 and 2012**

<i>(in thousands)</i>	2013	2012
<b>Operating revenues</b>		
Net patient service revenue before bad debts expense	\$ 244,801	\$ 244,737
Provision for bad debts	(9,345)	(9,908)
Net patient service revenue	\$ 235,456	\$ 234,829
Other revenue	46,191	15,721
Investment income	1,813	1,470
Net assets released from restrictions used for operations	1,394	1,923
Total operating revenues	<u>284,854</u>	<u>253,943</u>
<b>Operating expenses</b>		
Salaries, wages and benefits	119,889	120,413
Purchased services and other	54,053	46,959
Supplies	60,224	59,247
Interest	774	875
Depreciation and amortization	15,201	15,115
Total operating expenses	<u>250,141</u>	<u>242,609</u>
Income from operations	34,713	11,334
<b>Nonoperating revenues and expenses</b>		
Interest expense on swap agreement	(941)	(941)
Change in market value of swap agreement	1,181	(1,243)
Realized and unrealized gains (losses) on investments	7,184	(1,609)
Loss on advance refunding of debt	(530)	-
Loss on impairment of long-lived assets	(3,473)	-
Excess of revenues over expenses	38,134	7,541
<b>Unrestricted net assets</b>		
Contribution to affiliates	(2,580)	(4,452)
Change in funded status of defined benefit plan	3,758	(4,911)
Net assets released from restrictions used for purchase of property, plant and equipment	10	-
Total change in unrestricted net assets	<u>\$ 39,322</u>	<u>\$ (1,822)</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**  
**Years Ended June 30, 2013 and 2012**

<i>(in thousands)</i>	2013	2012
<b>Unrestricted net assets</b>		
Excess of revenues over expenses	\$ 38,134	\$ 7,541
Contribution to affiliates	(2,580)	(4,452)
Change in funded status of defined benefit plan	3,758	(4,911)
Net assets released from restrictions used for purchase of property, plant and equipment	10	-
Total change in unrestricted net assets	<u>39,322</u>	<u>(1,822)</u>
<b>Temporarily restricted net assets</b>		
Gifts, grants and bequests	5,599	1,130
Investment gains and provision for uncollectible pledges	952	56
Net assets released from restrictions used for operations	(1,394)	(1,923)
Net assets released from restrictions used for purchase of property, plant and equipment	(10)	-
Total change in temporarily restricted net assets	<u>5,147</u>	<u>(737)</u>
<b>Permanently restricted net assets</b>		
Contributions	4	16
Other	19	29
Total change in permanently restricted net assets	<u>23</u>	<u>45</u>
Increase (decrease) in net assets	44,492	(2,514)
<b>Net assets</b>		
Beginning of year	<u>154,661</u>	<u>157,175</u>
End of year	<u>\$ 199,153</u>	<u>\$ 154,661</u>

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

**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2013 and 2012**

<i>(in thousands)</i>	2013	2012
<b>Operating activities</b>		
Change in net assets	\$ 44,492	\$ (2,514)
Adjustments to reconcile change in net assets to cash and cash equivalents provided by operating activities		
Depreciation and amortization	15,201	15,115
Provision for bad debts	9,345	9,908
Change in funded status of defined benefit plans	(3,758)	4,911
Change in market value of swap agreements	(1,181)	1,243
Change in net realized and unrealized (gains) losses on investments	(7,184)	1,736
Proceeds from restricted contributions	(622)	(846)
Distributions from joint venture partners	368	2
Loss on impairment of long-lived assets	3,473	-
Contributions to affiliate	2,580	4,452
Change in assets and liabilities		
Patient accounts receivable and due from others	(12,836)	(7,069)
Pledges receivable	(3,113)	627
Other assets	561	1,271
Inventories of supplies, prepaid expenses and other current assets	(1,289)	(2,375)
Due from affiliates	2,102	382
Accounts payable and accrued liabilities	2,886	(4,529)
Accrued vacation	(314)	99
Advances from third party payors	(3,007)	2,322
Accrued pension costs	971	(1,198)
Estimated malpractice costs	425	(3,114)
Other long-term liabilities	(467)	612
Net cash and cash equivalents provided by operating activities	<u>48,633</u>	<u>21,035</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(8,020)	(11,759)
Purchases of investment securities	(110,606)	(69,093)
Sales of investment securities	77,991	61,205
Net cash and cash equivalents used in investing activities	<u>(40,635)</u>	<u>(19,647)</u>
<b>Financing activities</b>		
Proceeds from restricted contributions	622	846
Contributions to affiliates	(2,580)	(4,452)
Repayment of long-term debt and obligations under capital lease	(57,899)	(4,021)
Proceeds from affiliate notes payable	51,825	-
Net cash and cash equivalents used in financing activities	<u>(8,032)</u>	<u>(7,627)</u>
Decrease in cash and cash equivalents	(34)	(6,239)
<b>Cash and cash equivalents</b>		
Beginning of year	12,822	19,061
End of year	<u>\$ 12,788</u>	<u>\$ 12,822</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest	\$ 730	\$ 962

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

# Suburban Hospital, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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

##### Organization

The Johns Hopkins Health System Corporation ("JHHS") is the sole member Suburban Hospital, Inc. (the "Hospital" or "SHI"). JHHS is a not-for profit organization incorporated in the State of Maryland to, among other things, formulate policy among and provide centralized management for JHHS affiliates ("Affiliates"). In addition, JHHS provides certain shared services, including finance, payroll, accounts payable, patient financial services, legal, and other functions for which SHI is charged separately (Note 14).

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, nonstock 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.

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

## **Notes to Consolidated Financial Statements**

### **June 30, 2013 and 2012**

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#### **Other Operating Revenue**

SHI entered into a binding arbitration with Healthcare Initiative Foundation ("HIF"), a separate foundation that holds SHI's endowment funds, for breach of trust. On July 26, 2012, the arbitrator concluded a \$25 million settlement to go to SHI. SHI received the \$25 million settlement in October 2012 and recorded the revenue in other operating revenue.

#### **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.

Through arrangements with banks, excess operating cash is invested daily. This investment is considered a cash equivalent in the accompanying Combined Balance Sheets. JHHS earns interest on these funds at a rate that is based upon the bank's Federal Funds rate. The interest is recorded in the Combined Statements of Operations and Changes in Net Assets as investment income.

#### **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. 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.

#### **Investments and Investment Income**

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 (Note 4). Debt and equity securities traded on a national securities and international 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. The equity method income or loss from these alternative investments is included in the Statements of Operations and Net Assets as an unrealized gain or loss within excess of revenues over expenses.

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

### **Notes to Consolidated Financial Statements**

#### **June 30, 2013 and 2012**

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Alternative investments are less liquid than other types of investments held by the Hospital. 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, and unrealized gains or losses on alternative investments are included in the nonoperating section of the Consolidated Statement of Operations and Changes in Net Assets included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

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 assets using, as a guideline, the American Hospital Associates publication, "Estimated Useful Lives of Depreciable Hospital Assets", 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 5 to 10 years for land improvements, 5 to 40 years for buildings and improvements, 3 to 30 years for fixed and movable equipment, and over the shorter of the remaining life of the lease or the life of the asset 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 \$30 thousand 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 for its intended use. 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.

# Suburban Hospital, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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#### **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 \$3.5 million and \$0 impairment charges recorded for the year ended June 30, 2013 and 2012, respectively.

#### **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 \$56 thousand and \$642 thousand as of June 30, 2013 and 2012, respectively. There was a write-off of unamortized costs of \$530 thousand as a result of the May 2013 refinancing of the 2008 revenue bonds. 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, 2013 and 2012 was \$56 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.

#### **Advances from third-party payors**

SHI receives advances from some of its third-party payors so that those payors can receive the stated prompt pay discount allowed in the State of Maryland. Advances are recorded as a liability in the Combined Balance Sheets.

#### **Estimated Malpractice Costs**

The provision for estimated medical malpractice claims includes estimates of the ultimate gross costs for both reported claims and claims incurred but not reported. Additionally, an insurance recovery has been recorded representing the amount expected to be recovered from the self insured captive insurance company.

#### **Swap Agreement**

The value of the interest rate swap agreement entered into by the Hospital (Note 9) 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, 2013 and 2012 the threshold has not been exceeded and no collateral has been deposited.

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

## **Notes to Consolidated Financial Statements**

### **June 30, 2013 and 2012**

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#### **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).

#### **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.

# Suburban Hospital, Inc. and Controlled Entities

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

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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, 2013 and 2012.

#### **New Accounting Standards**

Effective July 1, 2012 SHI adopted the provisions of ASU 2011-04, "Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS," including an amendment to ASC 820, "Fair Value Measurements." ASU 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This update includes amendments that clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption of ASU 2011-04 had no effect on SHI's Combined Balance Sheets and Statements of Operations and Changes in Net Assets.

Effective July 1, 2012, SHI adopted the provisions of ASU 2011-07 "Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities", which applies to health care entities that recognize a significant amount of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. This ASU requires health care entities to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue on the face of the Statement of Operations and Changes in Net Assets. The adoption of this ASU was made retrospectively; therefore the provision for bad debts for the prior period was reclassified to conform to the new presentation.

## **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.

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. Effective July 1, 2011, SHI adopted the provisions of ASU 2010-23, "Measuring Charity Care for Disclosure", which states that direct and indirect cost be used as the measurement basis for charity care disclosure purposes and that the method used to determine such costs also be disclosed. The adoption of this ASU had no impact on SHI's financial condition, results of



**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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operations or cash flows. Direct and indirect costs for these services amounted to \$4.2 million and \$3.7 million for the years ended June 30, 2013 and 2012, respectively. The costs of providing charity care services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on SHI's total expenses (less bad debt expense) divided by gross patient service revenue.

Patient accounts receivable are reported net of estimated allowances for uncollectible accounts and contractual adjustments in the accompanying financial statements. The provision for bad debts is based upon a combination of the payor source, the aging of receivables and management's assessment of historical and expected net collections, trends in health insurance coverage, and other collection indicators. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, a significant provision for bad debts is recorded related to uninsured patients in the period services are provided. Management continuously assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience and payment trends by payor classification.

Patient service revenue, net of contractual allowances (but before the provision for bad debts), recognized in the year ending June 30, 2013 from these major payor sources is as follows:

	<u>Third-Party Payors</u>	<u>Self-pay</u>	<u>Total All Payors</u>
Patient service revenue (net of contractual allowances)	\$ 241,165	\$ 3,636	\$ 244,801

Patient service revenue, net of contractual allowances (but before the provision for bad debts), recognized in the year ending June 30, 2012 from these major payor sources is as follows:

	<u>Third-Party Payors</u>	<u>Self-pay</u>	<u>Total All Payors</u>
Patient service revenue (net of contractual allowances)	\$ 237,380	\$ 7,357	\$ 244,737

The following table depicts the mix of gross accounts receivable from patients and third-party payors as of June 30, 2013 and 2012:

	<b>2013</b>	<b>2012</b>
Medicare Program	33 %	30 %
Medicaid Program	11 %	9 %
Blue Cross and Blue Shield	8 %	10 %
Other self-pay and third-party payors	46 %	49 %
Medicaid Managed Care Organizations	2 %	2 %

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

**3. Pledges Receivable**

The total value of pledges net of discount and allowance for uncollectible pledges for the years ended June 30, 2013 and 2012 was \$4.4 and 1.3 million, respectively. These amounts have been discounted at rates ranging from .72% to 2.87% and consist of the following:

As of June 30, 2013

<i>(in thousands)</i>	1 Year	2-5 Years	5 Years or Greater	Totals
Building project/general fund	\$ 799	\$ 1,993	\$ 1,250	\$ 4,042
Community Health	1	-	-	1
Neurology	-	400	100	500
Nursing	61	220	-	281
Cardiovascular	6	29	-	35
	<u>\$ 867</u>	<u>\$ 2,642</u>	<u>\$ 1,350</u>	<u>4,859</u>
Discount				(353)
Allowance for uncollectible				(78)
				<u>\$ 4,428</u>

As of June 30, 2012

<i>(in thousands)</i>	1 Year	2-5 Years	5 Years or Greater	Totals
Building project/general fund	\$ 300	\$ 1,025	\$ -	\$ 1,325
ED/Trauma	7	-	-	7
Cardiovascular	37	29	7	73
	<u>\$ 344</u>	<u>\$ 1,054</u>	<u>\$ 7</u>	<u>1,405</u>
Discount				(63)
Allowance for uncollectible				(27)
				<u>\$ 1,315</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**  
**June 30, 2013 and 2012**

The Hospital follows the 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.

This guidance discusses 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, 2013 and 2012.

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, 2013 grouped by hierarchy level:

<i>(in thousands)</i>	Level 1	Level 2	Total Fair Value
<b>Assets</b>			
Cash and Cash equivalents (1)	\$ 21,659	\$ -	\$ 21,659
Certificate of Deposit (1)	-	203	203
Commercial Paper (1)	1,640	-	1,640
U.S. treasury notes and bonds (2)	-	16,192	16,192
Corporate bonds (2)	-	20,942	20,942
Mortgage backed securities (2)	-	4,765	4,765
Equity and equity funds (3)	15,228	31,983	47,211
Fixed income funds (4)	13,606	401	14,007
	<u>\$ 52,133</u>	<u>\$ 74,486</u>	<u>\$ 126,619</u>
<b>Liabilities</b>			
Interest rate swap agreements (5)	<u>\$ -</u>	<u>\$ 3,533</u>	<u>\$ 3,533</u>

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

The following table presents the financial instruments carried at fair value as of June 30, 2012 grouped by hierarchy level:

<i>(in thousands)</i>	Level 1	Level 2	Total Fair Value
<b>Assets</b>			
Cash and Cash equivalents (1)	\$ 13,258	\$ -	\$ 13,258
Certificate of Deposit (1)	-	200	200
U.S. treasury notes and bonds (2)	-	12,366	12,366
Corporate bonds (2)	-	13,217	13,217
Mortgage backed securities (2)	-	5,761	5,761
Equity and equity funds (3)	2,519	34,890	37,409
Fixed income funds (4)	-	11,462	11,462
	<u>\$ 15,777</u>	<u>\$ 77,896</u>	<u>\$ 93,673</u>
<b>Liabilities</b>			
Interest rate swap agreements (5)	\$ -	\$ 4,714	\$ 4,714

- (1) Cash equivalents, commercial paper, money market funds, and overnight investments include investments with original maturities of three months or less. Certificates of deposit are carried at amortized cost. Certificates of deposit and commercial paper that have original maturities greater than three months are considered short-term investments. Cash and cash equivalents, commercial paper, money market funds, and overnight investments are rendered level 1 due to their frequent pricing and ease of converting to cash. 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 asset backed securities, fair value is based on quotes for similar securities; therefore these investments are rendered Level 2. These investments fluctuate in value based upon changes in interest rates.
- (3) Equity includes individual equities and investments in mutual funds, commingled trusts and hedge funds. The individual equities and mutual funds are valued based on the closing price on the primary market and 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. The mutual funds are valued based on the closing price on the primary market and are rendered level 1. The commingled trusts are valued regularly within each month utilizing NAV per unit and are rendered Level 2.
- (5) The interest rate swap agreements, discussed further in footnote 9 "Derivative Financial Instruments," are valued using a swap valuation model that utilizes an income approach using observable market inputs including credit default swap rates.

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.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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, 2013:

Description	Fair Market Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	\$ 21,788	Monthly	5 days	Within 15 to 30 days, 95% in 5 days of redemption, 5% in 30 days after withdrawal
Fund of funds	13,138	Monthly or quarterly	25-70 days	Within 30 days, or 90% in 30 to 60 days, 10% after annual audit
Hedge fund	1,306	Quarterly	60 days	95% within 30 days of redemption date; 5% within 120 days of redemption date
	<u>\$ 36,232</u>			

The following table displays information by major alternative investment category as of June 30, 2012:

Description	Fair Market Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	\$ 18,314	Monthly	5 days	At least 95% within 15 days, remaining within 30 days of redemption date
Fund of funds	10,289	Monthly, quarterly or terminated	25 - 70 days	At least 90% within 60 days, remaining received after the audit or as SPV shares
Hedge fund	905	Quarterly - last day of the calendar quarter	60 days	95% within 30 days of redemption date; 5% within 120 days of redemption date
	<u>\$ 29,508</u>			

Financial instruments are reflected in the Combined Balance Sheets as of June 30, 2013 and 2012 as follows:

(in thousands)

	2013	2012
Cash equivalents measured at fair value	\$ 21,659	\$ 13,258
Cash and cash equivalents included in AWUIL	(8,871)	(436)
Total cash and cash equivalents	<u>\$ 12,788</u>	<u>\$ 12,822</u>
Short and long-term investments measured at fair value	\$ 203	\$ 200
Investments accounted for under equity method	50	418
Total short and long-term investments	<u>\$ 253</u>	<u>\$ 618</u>
Assets whose use is limited measured at fair value	\$ 104,757	\$ 80,215
Pledges Receivable	4,428	1,315
Beneficial interest remainder trust	922	827
Cash in AWUIL reported in cash and equivalents on leveling table	8,871	436
Investments accounted for under equity method	36,232	29,508
Total assets whose use is limited	<u>\$ 155,210</u>	<u>\$ 112,301</u>

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

The estimated total fair value of long-term debt excluding capital leases, rendered level 2 based on quoted market prices for the same or similar issues, was \$13.5 and \$71.5 million as of June 30, 2013 and 2012, respectively.

**5. Assets Whose Use is Limited**

Assets whose use is limited as of June 30 consisted of the following:

<i>(in thousands)</i>	<b>Carrying Amount</b>	
	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 8,871	\$ 435
Commercial Paper	1,640	-
US treasury notes and bonds	16,192	12,366
Corporate bonds	20,942	13,217
Mortgage backed securities	4,765	5,761
Beneficial interest remainder trust	922	828
Equity and equity funds	47,211	37,409
Fixed Income Funds	14,007	11,462
Alternative investments	36,232	29,508
Pledges receivable	4,428	1,315
	<u>\$ 155,210</u>	<u>\$ 112,301</u>

Included in investments as of June 30, 2013 and 2012 are \$145.0 million and \$102.6 million, respectively, of investments pooled together with other JHHS affiliates.

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

	<b>2013</b>	<b>2012</b>
Realized gains (losses) on investments	\$ 3,124	\$ 472
Unrealized gains (losses) on alternative investments	4,060	(2,081)
	<u>\$ 7,184</u>	<u>\$ (1,609)</u>

**6. Investments in Joint Ventures**

Investments in joint ventures recorded under the cost method as of June 30 consisted of the following:

<i>(in thousands)</i>					
<b>Entity</b>	<b>Method</b>	<b>Ownership Percentage</b>	<b>2013</b>	<b>2012</b>	
Premier Purchasing Partners	Cost	0.2 %	\$ -	\$ 368	
Colonial Regional Alliance	Cost	12.5 %	50	50	
			<u>\$ 50</u>	<u>\$ 418</u>	

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

Premier Purchasing Partners, L.P. ("Premier") is a California based for-profit, limited partnership in which the Hospital had an investment (0.2%). Premier provides group purchasing services principally by negotiating contracts for medical, surgical, and other supplies and services. In June 2013, JHHS purchased the Premier equity investment on the Hospital's books in the intent that JHHS will become the sole member of Premier. The Hospital will continue to receive a share back based on spending.

Colonial Regional Alliance ("CRA") is a Maryland based not-for-profit, limited liability company in which the Hospital has an investment (12.5%). 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.

**7. Property, Plant and Equipment**

Property, plant and equipment and accumulated depreciation consisted of the following as of June 30:

<i>(in thousands)</i>	2013		2012	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and land improvements	\$ 573	\$ 178	\$ 996	\$ 552
Building and improvements	113,084	56,343	152,480	87,054
Fixed and moveable equipment	85,245	58,716	119,705	96,777
Capitalized software	22,337	14,297	26,049	15,833
Construction in progress	10,848	-	13,537	-
	<u>\$ 232,087</u>	<u>\$ 129,534</u>	<u>\$ 312,767</u>	<u>\$ 200,216</u>

Accruals for purchases of property, plant and equipment as of June 30, 2013 and 2012 amounted to \$932 thousand and \$276 thousand, respectively, and are included in accounts payable and accrued liabilities in the Consolidated Balance Sheets. Depreciation expense for the years ended June 30, 2013 and 2012 amounted to \$15.2 and \$15.1 million, respectively. During the year ended June 30, 2013 and 2012, SHI retired long-lived assets determined to have no future value.

During 2013, the original cost and corresponding accumulated depreciation of these long-lived assets was \$88.1 million and \$84.6 million, respectively. No proceeds from retirement were received in 2013. During 2012, the original cost and corresponding accumulated depreciation of these long-lived assets was \$2.0 million and \$1.5 million, respectively. No proceeds from retirement were received in 2012.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

**8. Debt**

Debt as of June 30 is summarized as follows:

<i>(in thousands)</i>	2013		2012	
	Current Portion	Long-Term Portion	Current Portion	Long-Term Portion
MHHEFA Bonds and Notes				
2004 Series - Revenue Bonds - including original issue premium of \$150 and \$223 as of June 30, 2013 and 2012, respectively	\$ 2,400	\$ 10,795	\$ 2,660	\$ 13,268
2008 Series - Revenue Bond	-	-	54,855	-
Capital leases	325	118	311	443
	\$ 2,725	\$ 10,913	\$ 57,826	\$ 13,711

**Obligated Group**

The Johns Hopkins Health System Obligated Group ("JHHS Obligated Group") consists of Johns Hopkins Hospital ("JHH"), Johns Hopkins Bayview Medical Center, Inc. ("JHBMC"), Howard County General Hospital ("HCGH"), Johns Hopkins Health System Corp ("JHHSC"), Suburban Hospital Healthcare System, Inc. ("SHHS"), and SHI. JHBMC was admitted into the JHHS Obligated Group in 2004 as part of a plan of debt refinancing. SHI and SHHS were admitted into the JHHS Obligated Group in 2010 as part of a JHH debt issuance. HCGH was admitted to the JHHS Obligated Group in May 2012 as part of the JHH debt issuance. JHHSC was admitted in May 2013 as part of a JHHSC debt issuance. All of the debt of JHH, JHBMC, HCGH, JHHSC, SHI, and SHHS 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, HCGH's, JHHSC's, SHI's, and SHHS' receipts as defined in the Master Loan Agreement with MHHEFA. JHHS Obligated Group members 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, 2013, JHHS Obligated Group were in compliance with these requirements. As of June 30, 2013, the outstanding JHHS Obligated Group parity debt was 1.2 billion. As of June 30, 2012, the outstanding JHH, JHBMC, SHI, and SHHS parity debt was \$1.1 billion. See note 14 for affiliate note payable.

**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 \$4.9 million of Serial bonds due in annual installments that began on July 1, 2005 at interest rates between 4.7% 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 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.



## Suburban Hospital, Inc. and Controlled Entities

### Notes to Consolidated Financial Statements

#### June 30, 2013 and 2012

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In connection with the 2008 Series Revenue Bonds, SHI entered into a \$58.4 million letter of credit agreement dated June 16, 2010 with PNC Bank, N.A. to provide for payment of such interest as well as principal at maturity subject to certain conditions described therein. This agreement was scheduled to expire on June 16, 2013 subject to extension or earlier termination.

In May 2013, the 2008 series revenue bond was refinanced as part of the JHHS 2013B bond issuance. See note 14.

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, 2013:

*(in thousands)*

2014	\$	2,400
2015		2,500
2016		4,835
2017		3,310
2018		-
Thereafter		-
	\$	<u>13,045</u>

For the debt of the Hospital described above, interest expense incurred in the years ended June 30, 2013 and 2012, in thousands, are \$774 and \$875, respectively. For the years ended June 30, 2013 and 2012 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, 2013 and 2012 is \$1.5 million. Accumulated depreciation on equipment held under capital leases was \$1.1 million and \$799 thousand at June 30, 2013 and 2012, respectively. Depreciation expense on these assets is included within depreciation expense in the Consolidated Statements of Operations and Other Changes in Unrestricted Net Assets.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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

<i>(in thousands)</i>	<b>Capital Lease Payments</b>
2014	\$ 339
2015	119
2016	-
2017	-
2018	-
Total minimum lease payments	<u>\$ 458</u>
Interest on capital lease obligations	<u>(15)</u>
Net minimum lease payments	\$ 443
Less: Current obligations under capital leases	<u>325</u>
Long term capital lease obligations	<u>\$ 118</u>

**9. 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, 2013 and 2012, respectively.

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 nonoperating revenue or expense within the excess of revenues over expenses on the Consolidated Statements of Operations and Changes in Net Assets.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

Fair value of derivative instruments as of June 30:

	Derivatives Reported as Liabilities			
	2013		2012	
<i>(in thousands)</i>	Balance Sheet Caption	Fair Value	Balance Sheet Caption	Fair Value
Interest rate swaps not designated as hedging instruments	Other long-term liabilities	\$ 3,533	Other long-term liabilities	\$ 4,714

Derivatives not designated as hedging instruments as of June 30:

<i>(in thousands)</i>	Amount of gain (loss) recognized in change in unrestricted net assets	
	2013	2012

**Classification of derivative loss  
in statement of operations**

Interest rate swaps

Change in the market value of swap adjustments	\$ 1,181	\$ (1,243)
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The following is a description of the Hospital's interest rate swap agreement:

In May 2004, SHI entered into a fixed payer interest rate swap agreement with J.P. Morgan, 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. SHI 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, 2013 and 2012 was .13% and .17%, respectively.

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

Temporarily restricted net assets were available for the following purposes as of June 30:

<i>(in thousands)</i>	2013	2012
Health care services	\$ 12,589	\$ 8,065
Property, plant, and equipment	3,520	3,013
Indigent care	16	6
Health education	379	273
	<u>\$ 16,504</u>	<u>\$ 11,357</u>

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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Permanently restricted net assets as of June 30 are restricted to:

<i>(in thousands)</i>	<b>2013</b>	<b>2012</b>
Student scholarships	\$ 4,167	\$ 4,162
Health education	718	718
Other healthcare services	<u>5,974</u>	<u>5,956</u>
	<u>\$ 10,859</u>	<u>\$ 10,836</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.

**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, 2013 and 2012, 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.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

**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 SHI'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:

<i>(in thousands)</i>	2013		2012	
	Permanently Restricted	Temporarily Restricted	Permanently Restricted	Temporarily Restricted
Student scholarships	\$ 4,167	\$ 280	\$ 4,162	\$ 186
Health education	718	112	718	95
Other healthcare services	5,974	3,944	5,956	3,242
	<u>\$ 10,859</u>	<u>\$ 4,336</u>	<u>\$ 10,836</u>	<u>\$ 3,523</u>

The Foundation had the following endowment activities during the years ended June 30, 2013 and 2012 delineated by net asset class and donor restriction versus board designated funds:

<i>(in thousands)</i>	2013		2012	
	Permanently Restricted	Temporarily Restricted	Permanently Restricted	Temporarily Restricted
Net appreciation (depreciation)	\$ -	\$ 1,011	\$ -	\$ 75
Contributions	4	-	45	-
Amounts appropriated for expenditure	19	(198)	-	(294)
Total change in endowment funds	\$ 23	\$ 813	\$ 45	\$ (219)
Beginning balances	10,836	3,523	10,791	3,742
Ending balances	<u>\$ 10,859</u>	<u>\$ 4,336</u>	<u>\$ 10,836</u>	<u>\$ 3,523</u>

**11. 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.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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, 2013 and 2012 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.

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

<i>(in thousands)</i>	2013	2012
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of the year	\$ 49,231	\$ 44,466
Service cost	2,597	2,710
Interest cost	2,157	2,532
Actuarial (gain) loss	(2,541)	2,564
Benefits paid	(1,930)	(3,041)
Benefit obligation as of June 30	<u>\$ 49,514</u>	<u>\$ 49,231</u>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ 40,667	\$ 39,614
Return on plan assets	2,388	(4)
Employer contributions	2,612	4,098
Benefits paid	(1,930)	(3,041)
Fair value of plan assets at end of year	<u>\$ 43,737</u>	<u>\$ 40,667</u>
<b>Funded Status as of June 30</b>		
Fair value of plan assets	\$ 43,737	\$ 40,667
Projected benefit obligation	(49,514)	(49,231)
Unfunded Status	<u>\$ (5,777)</u>	<u>\$ (8,564)</u>

Amounts recognized in the Consolidated Balance Sheets consist of:

<i>(in thousands)</i>	2013	2012
Net pension liability	<u>\$ (5,777)</u>	<u>\$ (8,564)</u>

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

<i>(in thousands)</i>	2013	2012
Actuarial net loss	\$ 14,332	\$ 18,249
Prior service cost	(533)	(693)
	<u>\$ 13,799</u>	<u>\$ 17,556</u>
Accumulated benefit obligation	<u>\$ 49,279</u>	<u>\$ 48,941</u>

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

**Net Periodic Pension Cost**

Components of net periodic benefit pension cost:

<i>(in thousands)</i>	<b>2013</b>	<b>2012</b>
Service cost	\$ 2,597	\$ 2,710
Interest cost	2,157	2,532
Expected rate of return on plan assets	(2,774)	(3,378)
Amortization of prior service cost	(160)	(160)
Amortization of actuarial loss	1,764	1,195
Net periodic benefit cost	<u>\$ 3,584</u>	<u>\$ 2,899</u>

<i>(in thousands)</i>	<b>2013</b>	<b>2012</b>
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Other changes in Plan Assets and Benefit Obligations

Recognized in Unrestricted Net Assets:

Net (gain) loss	\$ (2,154)	\$ 5,946
Amortization of net loss (gain)	(1,764)	(1,195)
Amortization of prior service cost	160	160
Total recognized in unrestricted net assets	<u>\$ (3,758)</u>	<u>\$ 4,911</u>

Total recognized in net periodic benefit cost and  
unrestricted net assets

	<u>\$ (174)</u>	<u>\$ 7,810</u>
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The estimated net loss and prior service cost (credit) for the Plan that will be amortized from unrestricted net assets into net periodic pension cost over the next fiscal year are \$1.2 million and (\$160) thousand, respectively.

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

	<b>2013</b>	<b>2012</b>
Discount rate	4.66 %	6.03 %
Expected return on plan assets	8.00 %	8.25 %
Rate of compensation increase - ultimate	3.00 %	3.00 %

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

	<b>2013</b>	<b>2012</b>
Discount rate	5.12 %	4.66 %
Expected return on plan assets	8.00 %	8.25 %
Rate of compensation increase	2.50 %	3.00 %

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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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 class are as follows:

<i>(in thousands)</i>	<b>2013</b>	<b>2012</b>
<b>Asset class</b>		
Cash equivalents	2.0 %	4.9 %
Equities and equity funds	32.4	30.2
Alternatives	29.2	38.6
Fixed income Funds	36.4	26.3
	<u>100.0 %</u>	<u>100.0 %</u>

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, 2013 and 2012.



**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

The following table presents the plan assets carried at fair value as of June 30, 2013 and 2012 grouped by hierarchy level:

Assets	June 30, 2013		
	Level 1	Level 2	Total Fair Value
Cash equivalents (1)	\$ 863	\$ -	\$ 863
Equities and equity funds (2)	965	13,221	14,186
Fixed income Funds (3)	11,484	1,283	12,767
Alternatives (4)	-	15,921	15,921
	<u>\$ 13,312</u>	<u>\$ 30,425</u>	<u>\$ 43,737</u>

Assets	June 30, 2012		
	Level 1	Level 2	Total Fair Value
Cash equivalents (1)	\$ -	\$ 2,018	\$ 2,018
Equities and equity funds (2)	970	11,306	12,276
Fixed income Funds (3)	9,441	1,252	10,693
Alternatives (4)	-	15,680	15,680
	<u>\$ 10,411</u>	<u>\$ 30,256</u>	<u>\$ 40,667</u>

- (1) Cash and cash equivalents, commercial paper, and money market funds include investments with original maturities of three months or less, and are rendered level 1 due to their frequent pricing and ease of converting to cash.
- (2) Equities include individual equities and investments in mutual funds, commingled trusts and hedge funds. The individual equities and mutual funds are valued based on the closing price on the primary market and 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.
- (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 valued based on the closing price on the primary market and 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.

There are no unfunded commitments related to the Plan's alternative investments.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

The following table displays information by major alternative investment category as of June 30, 2013 and 2012:

June 30, 2013				
Description	Fair Market Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	\$ 7,964	Monthly	5 to 30 days	(1)
Fund of funds	130	Quarterly	45 days	(2)
Hedge Fund	6,328	Monthly, quarterly, or bi-annually	30 to 90 days	(3)
Credit Fund	1,473	Annually	60 to 90 days	(4)
Distressed Credit	26	December 31, 2013		(5)
	\$ 15,921			

- (1) At least 95% within 15 days, remaining within 30 days of redemption date.
- (2) At least 90% within 30 days, remaining received after the audit or as SPV shares.
- (3) 90-95% within 3-30 days, 5-10% after the annual audit or redemption date.
- (4) Within 30 days, or 90% within 10 days, 10% after annual audit.
- (5) Locked up until December 2013.

June 30, 2012				
Description	Fair Market Value	Liquidity	Notice Period	Receipt of Proceeds
Global asset allocation	\$ 7,198	Monthly	5 - 30 days	(1)
Fund of funds	3,257	Quarterly	45 days or terminated	(2)
Hedge Fund	3,467	Monthly or Quarterly, or bi-annually	30-90 days	(3)
Credit Fund	1,270	Annual	60-90 days	(4)
Distressed Credit	488	December 31, 2013		(5)
	\$ 15,680			

- (1) At least 95% within 15 days, remaining within 30 days of redemption date.
- (2) At least 90% within 60 days, remaining received after the audit or as SPV shares.
- (3) 90-95% within 30 days, 5-10% after the annual audit.
- (4) Within 30 days, or 90% within 10 days, 10% after annual audit.
- (5) Locked up until December 2013.

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

The Hospital expects to contribute \$3.5 million to the Plan in the fiscal year ending June 30, 2014.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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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, 2013:

*(in thousands)*

2014	\$	5,368
2015		4,559
2016		4,400
2017		4,300
2018		4,308
2019 - 2022		20,425

**12. Maryland Health Services Cost Review Commission (“Commission” or “HSCRC”)**

SHI’s charges are subject to review and approval by the Commission. SHI management has filed the required forms with the Commission and believes SHI 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, 2014. Effective April 1, 1999, the Commission developed a methodology to control inpatient hospital charges and SHI elected to be paid under the new 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, 2011, the Commission modified this methodology in an effort to reduce readmissions at Maryland hospitals. Under a Charge per Episode (“CPE”) methodology, hospitals are allowed to retain any rate authority lost due to reductions in readmissions. Conversely, hospitals are not granted any additional rate authority for any increases to readmissions.

In fiscal 2011, the HSCRC implemented 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. This methodology is primarily focused on ambulatory surgery procedures, medical clinic visits and emergency room visits. The methodology also includes other types of outpatient services including infusion procedures, therapies, mental health and major radiology procedures. 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. In March 2012, the HSCRC voted to suspend the CPV methodology for fiscal 2012. The HSCRC has not yet provided a timeline for the establishment of a replacement 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 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**  
**June 30, 2013 and 2012**

**13. Professional and General Liability Insurance**

JHU and JHHS and its Affiliates, including SHI, participate in an agreement with four other medical institutions to provide a program of professional and general liability insurance for each member institution. As part of this program, the participating medical institutions have formed a risk retention group ("RRG") and a captive insurance company to provide self-insurance for a portion of their risk. JHH and JHU each have a 10% ownership interest in the RRG and the captive insurance company.

The medical institutions obtain primary and excess liability insurance coverage from commercial insurers and the RRG. The primary coverage is written by the RRG, and a portion of the risk is reinsured with the captive insurance company. Commercial excess insurance and reinsurance is purchased under a claims-made policy by the participating institutions for claims in excess of primary coverage retained by the RRG and the captive. Primary retentions are \$1.0 million per incident. Primary coverage is insured under retrospectively rated claims made policy; premiums are accrued based upon an estimate of the ultimate cost of the experience to date of each participating member institution. The basis for loss accruals for unreported claims under the primary policy is an actuarial estimate of asserted and unasserted claims including reported and unreported incidents and includes costs associated with settling claims. Projected losses were discounted at .57 % and .73% as of June 30, 2013 and 2012, respectively.

Professional and general liability insurance expense /(refund) incurred by the Hospital was \$1.3 million and \$450 thousand for the years ended June 30, 2013 and 2012, respectively, and is included in purchased services in the statement of operations. Reserves were \$2.5 and \$2.1 million as of June 30, 2013 and 2012, respectively, and are included in other long term liabilities on the balance sheet.

Effective July 1, 2011, SHI adopted the provisions of ASU 2010-24, "Presentation of Insurance Claims and Related Insurance Recoveries", which clarifies that health care entities should not net insurance recoveries against the related claims liabilities. In connection with JHHS' adoption of ASU 2010-24, SHI recorded an increase in its assets and liabilities in the accompanying consolidated Balance Sheet as of June 30, 2013 as follows:

<i>(in thousands)</i>	2013	2012
<b>Caption on Combined Balance Sheet</b>		
Prepaid expenses and other current assets	\$ 630	\$ 663
Estimated malpractice recoveries, net of current	1,105	837
Total assets	<u>\$ 1,735</u>	<u>\$ 1,500</u>
Current portion of estimated malpractice costs	\$ 630	\$ 663
Estimated malpractice costs, net of current portion	1,105	837
Total liabilities	<u>\$ 1,735</u>	<u>\$ 1,500</u>

The assets and liabilities represent SHI's estimated self-insured captive insurance recoveries for claims reserves and certain claims in excess of self-insured retention levels. The insurance recoveries and liabilities have been allocated between short-term and long-term assets and liabilities based upon the expected timing of the claims payments. The adoption had no impact on SHI's results of operations or cash flows.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

**14. Related Party Transactions**

During the years ended June 30, 2013 and 2012, the Hospital and its affiliate engaged in transactions with JHHS, and its affiliates, The Johns Hopkins Hospital ("JHH"), Johns Hopkins Community Physicians ("JHCP"), The Johns Hopkins University ("JHU"), and JHMI Utilities, LLC ("Utility").

Significant expense transactions (in thousands):

	2013	2012
JHCP Physician services	\$ 6,612	\$ 5,026
JHHS Shared Services	5,192	2,851
Utilities	1,275	1,265

Balances due to related parties as of June 30 (in thousands):

	2013	2012
Due (to) from JHHS for chargebacks	\$ (1,561)	\$ (356)
Due (to) from JHCP for physician services provided	(951)	(261)
Due (to) from Utility for electricity and Epic	(137)	(115)
Due (to) from JHH for services provided	(79)	16
Due (to) from other	25	-
Total due to affiliates	<u>\$ (2,703)</u>	<u>\$ (716)</u>

In May 2013, SHI and JHHS entered into a long-term Promissory Note ("2013B Affiliate Note") in the amount of \$51.8 million, and carries a variable rate of interest based on 67% of one month LIBOR plus a spread. The 2013B Affiliate Note comes due in 2029. Interest payments will be made at the end of each month. The rate was approximately 0.84% for the year ended June 30, 2013. Interest expense paid to JHHS was \$48 thousand for the year ended June 30, 2013. Principle payments on the 2013B Affiliate Note begin in the year 2014, and range from \$1.6 million to \$6.2 million.

Total maturities of all affiliate notes during the next five years and thereafter are as follows as of June 30, 2013 (in thousands):

*(in thousands)*

2014	\$ 1,595
2015	1,655
2016	1,710
2017	1,780
Thereafter	45,085
	<u>\$ 51,825</u>

The current portion of affiliate notes was \$1.6 million as of June 30, 2013.

**Suburban Hospital, Inc. and Controlled Entities**  
**Notes to Consolidated Financial Statements**  
**June 30, 2013 and 2012**

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**15. 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, 2013, that have initial or remaining lease terms in excess of one year.

*(in thousands)*

2014	\$	655
2015		663
2016		567
2017		550
2018		432
Thereafter		797

Rental expense for all operating leases for the years ended June 30, 2013 and 2012 amounted to \$3.1 and \$3.5 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.

**16. 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)*

	2013	2012
Healthcare services	\$ 211,809	\$ 211,003
Management and general	35,883	38,933
Fundraising services	1,334	1,095
Program services	1,115	1,486
	<u>\$ 250,141</u>	<u>\$ 252,517</u>

**17. Subsequent Events**

Suburban Hospital has performed an evaluation of subsequent events through September 27, 2013, which is the date the financial statements were issued.

## **Supplemental Information**



## Independent Auditor's Report on Supplemental Information

To the Board of Trustees of  
Suburban Hospital, Inc. and Controlled Entities:

The report on our audit of the consolidated financial statements of Suburban Hospital, Inc. and Controlled Entities ("SHI") as of June 30, 2013 and for the year then ended appears on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the results of operations of the individual entities. Accordingly, we do not express an opinion on the results of operations of the individual entities. However, the consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

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

September 27, 2013



**Suburban Hospital, Inc. and Controlled Entities**  
**Consolidating Statement of Operations and Other Changes in Unrestricted Net Assets**  
**Year Ended June 30, 2013**

The 2013 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.
<b>Operating revenues</b>					
Net patient service revenue before bad debts expense	\$ 244,690	\$ -	\$ 111	\$ -	\$ 244,801
Provision for bad debts	(9,345)	-	-	-	(9,345)
Net patient service revenue	\$ 235,345	\$ -	\$ 111	\$ -	\$ 235,456
Other revenue	46,875	(120)	-	(564)	46,191
Investment income	1,497	316	-	-	1,813
Net assets released from restrictions used for operations	-	1,394	-	-	1,394
Total operating revenues	283,717	1,590	111	(564)	284,854
<b>Operating expenses</b>					
Salaries, wages and benefits	115,910	603	3,376	-	119,889
Purchased services and other	52,487	1,835	295	(564)	54,053
Supplies	60,206	10	8	-	60,224
Interest	774	-	-	-	774
Depreciation and amortization	15,200	1	-	-	15,201
Total operating expenses	244,577	2,449	3,679	(564)	250,141
Income from operations	39,140	(859)	(3,568)	-	34,713
<b>Nonoperating revenues and expenses</b>					
Interest expense on swap agreement	(941)	-	-	-	(941)
Change in market value of swap agreement	1,181	-	-	-	1,181
Realized and unrealized gains (losses) on investments	5,974	1,210	-	-	7,184
Loss on advance refunding of debt	(530)	-	-	-	(530)
Loss on impairment of long-lived assets	(3,473)	-	-	-	(3,473)
Excess of revenues over expenses	41,351	351	(3,568)	-	38,134
<b>Unrestricted net assets</b>					
Contribution to affiliates	(4,054)	(393)	1,867	-	(2,580)
Change in funded status of defined benefit plan	3,758	-	-	-	3,758
Net assets released from restrictions used for purchase of PPE	10	-	-	-	10
Total change in unrestricted net assets	\$ 41,065	\$ (42)	\$ (1,701)	\$ -	\$ 39,322