



2009 Income Tax Returns

SHORE HEALTH SYSTEM, INC.

Cumulative e-File History 2009	
FED	
Locator:	94421S
Taxpayer Name:	Shore Health System, Inc.
Return Type:	990
Submitted Date:	05/10/2011 12:54:33
Acknowledgement Date:	05/10/2011 13:31:03
Status:	Rejected
Submission ID:	54028020111305000000
Submitted Date:	05/10/2011 14:43:01
Acknowledgement Date:	05/10/2011 15:01:05
Status:	Accepted
Submission ID:	54028020111305000001

Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2009, or tax year beginning 07/01, 2009, and ending 06/30, 20 10

2009

Department of the Treasury
Internal Revenue Service

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

▶ See instructions on back.

Name of exempt organization

SHORE HEALTH SYSTEM, INC.

Employer identification number

52-0610538

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

Check the box for the return for which you are using this 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 for the return for which you are filing 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	212998112.
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, line 3c)	5b	

Part II Declaration of Officer

6 I authorize the U.S. Treasury and its designated Financial Agent to initiate an 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 2009 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) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund.

Sign Here ▶ *Walter Zajac* Signature of officer 5/9/11 Date ▶ Senior VP Finance/CFO Title

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

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

ERO's Use Only

ERO's signature ▶ <u><i>Jacques C. Miller</i></u>	Date <u>5/9/11</u>	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN <u>P00634378</u>
Firm's name (or yours if self-employed), address, and ZIP code ▶ <u>KPMG LLP</u> <u>1676 INTERNATIONAL DRIVE</u> <u>MCLEAN VA 22102</u>	EIN <u>13-5565207</u>	Phone no. <u>703-286-8000</u>		

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.

Paid Preparer's Use Only

Preparer's signature ▶ _____	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN _____
Firm's name (or yours if self-employed), address, and ZIP code ▶ _____	EIN _____	Phone no. _____	

Return of Organization Exempt From Income Tax

2009

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2009 calendar year, or tax year beginning 07/01, 2009, and ending 06/30, 2010

Form header section containing B (Check if applicable), C (Name of organization), D (Employer identification number), E (Telephone number), F (Name and address of principal officer), G (Gross receipts), H (Affiliates), I (Tax-exempt status), J (Website), K (Form of organization), L (Year of formation), M (State of legal domicile).

Part I Summary

Table with 3 columns: Line number, Description, and Amount. Rows include: 1-7 (Activities & Governance), 8-12 (Revenue), 13-19 (Expenses), 20-22 (Net Assets or Fund Balances).

Part II Signature Block

Signature block section containing a declaration statement, a signature line for the officer, and a section for the preparer's signature and identifying number.

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

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.* Form 990 (2009)

Application for Extension of Time To File an Exempt Organization Return

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

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box **X**
 - If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).
- Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868.

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

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

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

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

Type or print File by the due date for filing your return. See instructions.	Name of Exempt Organization <u>Shore Health System, Inc.</u>	Employer identification number <u>52-0610538</u>
	Number, street, and room or suite no. If a P.O. box, see instructions. <u>219 S Washington St</u>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <u>Easton, MD 21601</u>	

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

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

• The books are in the care of ► WALTER ZAJAC, CFO

Telephone No. ► 410 822-1000 FAX No. ► _____

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

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 02/15, 2011, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- calendar year _____ or
- tax year beginning 07/01, 2009, and ending 06/30, 2010 .

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

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

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

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

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box **X**.
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

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

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
	Number, street, and room or suite no. If a P.O. box, see instructions. 219 S WASHINGTON ST	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. EASTON, MD 21601	

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

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

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

- The books are in the care of **WALTER ZAJAC, CFO**
Telephone No. **410 822-1000** FAX No. _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until 05/15/2011

5 For calendar year _____, or other tax year beginning 07/01/2009 and ending 06/30/2010

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

7 State in detail why you need the extension INFORMATION NECESSARY TO PREPARE A COMPLETE 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	\$	
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	0.
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

Signature and Verification

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

Signature  Title C.P.A. Date 12/17/10

KPMG LLP
440 MONTICELLO AVE, SUITE 1900
NORFOLK, VA 23510-2674

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission:

TO EXCEL IN QUALITY CARE AND PATIENT SATISFACTION.

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

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

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

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

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses \$ 181,405,264. including grants of \$ _____) (Revenue \$ 206,968,617.)

ATTACHMENT 2

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

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

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

4e Total program service expenses ▶ 181,405,264.

Part IV Checklist of Required Schedules

Table with 3 columns: Question, Yes, No. Rows 1-20 covering various organizational requirements and reporting obligations.

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

Table with columns for question numbers (1a-12b), Yes, and No. Contains various tax compliance questions and their corresponding answers.

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.

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body (17), 1b Enter the number of voting members that are independent (14), 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 organizational documents since the prior Form 990 was filed? (X), 5 Did the organization become aware during the year of a material diversion of the organization's assets? (X), 6 Does the organization have members or stockholders? (X), 7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? (X), 7b Are any decisions of the governing body subject to approval by members, stockholders, or other persons? (X), 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? (X), b 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.)

Table with 3 columns: Question, Yes, No. Rows include: 10a Does the organization have local chapters, branches, or affiliates? (X), 10b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?, 11 Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? (X), 11A Describe in Schedule O the process, if any, used by the organization to review this Form 990., 12a Does the organization have a written conflict of interest policy? If "No," go to line 13 (X), 12b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? (X), 12c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done (X), 13 Does the organization have a written whistleblower policy? (X), 14 Does 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? a The organization's CEO, Executive Director, or top management official (X), b Other officers or key employees of the organization (X), 15a If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions.), 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? (X), 16b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? (X).

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed MD,
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. [] Own website [] Another's website [X] Upon request
19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: WALTER ZAJAC, CFO 219 SOUTH WASHINGTON STREET EASTON, MD 21601 410-822-1000

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

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. Use Schedule J-2 if additional space is needed.

- 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. 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 the organization did not compensate any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ROBERT A CHRENCIK PRESIDENT - UMMS	1.00	X		X			0.	1,485,670	170,432.	
JOHN DILLON CHAIRMAN	1.00	X		X			0.	0.	0.	
RICHARD LOEFFLER VICE CHAIR	1.00	X		X			0.	0.	0.	
CHARLES LEA JR VICE CHAIR	2.00	X		X			0.	0.	0.	
JOSEPH P ROSS PRESIDENT/CEO	40.00	X		X			757,249.	0.	19,124.	
STUART BOUNDS PHD SECRETARY	1.00	X		X			0.	0.	0.	
MICHAEL MORAN MD BOARD MEMBER	1.00	X					0.	0.	0.	
LUDWIG EGLSEDER III MD BOARD MEMBER	1.00	X					48,000.	0.	0.	
JAMES PETERSON BOARD MEMBER	1.00	X					0.	0.	0.	
DAVID MILLIGAN BOARD MEMBER	1.00	X					0.	0.	0.	
NEIL MUFSON BOARD MEMBER	1.00	X					0.	0.	0.	
ROBERT CARMEAN BOARD MEMBER	1.00	X					0.	0.	0.	
MARLENE FELDMAN BOARD MEMBER	1.00	X					0.	0.	0.	
MICHAEL JOYCE MD BOARD MEMBER	1.00	X					0.	0.	0.	
JACK P STOLZ BOARD MEMBER	1.00	X					0.	0.	0.	
KEITH MCMAHAN BOARD MEMBER	1.00	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	(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			
MARTHA RUSSELL TREASURER	1.00	X		X				0.	0.	0.
PHYLLIS MATTHAI ASST SECRETARY	40.00			X				71,699.	0.	17,093.
WALTER J ZAJAC CPA CFO	40.00			X				274,131.	0.	17,528.
CHRISTOPHER J PARKER CNO	40.00				X			300,092.	0.	17,604.
GERARD M WALSH COO	40.00				X			347,123.	0.	19,206.
JULIA MARLOWE VP/PHILANTHROPY	40.00				X			242,218.	0.	7,984.
MICHAEL C TOOKE MD CMO	40.00				X			347,694.	0.	46,689.
MICHAEL J ZIMMERMAN VP/HR	40.00				X			256,465.	0.	18,846.
CATHERINE FERARA CLINICAL PHARMACIST	40.00					X		163,505.	0.	15,473.
MICHAEL L SILGEN VP	40.00					X		184,078.	0.	20,807.
JOHN SAWYER LEAD MEDICAL PHYSICIST	40.00					X		174,515.	0.	14,792.
TIMOTHY SCHNEIDER MD PHYSICIAN	40.00					X		565,795.	0.	41,302.
SUSAN SIFORD PHARMACY DIRECTOR	40.00					X		155,126.	0.	17,946.
1b Total								3,887,690.	1,485,670.	444,826.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **70**

- 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*
- 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*
- 5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person*

	Yes	No
3		X
4	X	
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.

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 3		

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **23**

Part VIII Statement of Revenue

52-0610538

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c	76,663.				
	d	Related organizations	1d	758,457.				
	e	Government grants (contributions) . .	1e	602,954.				
	f	All other contributions, gifts, grants, and similar amounts not included above .	1f	143,364.				
	g	Noncash contributions included in lines 1a-1f: \$						
	h	Total. Add lines 1a-1f ▶		1,581,438.				
Program Service Revenue				Business Code				
	2a	PATIENT SERVICE REVENUE		621500	206,968,617.	197,727,299.	9,241,318.	
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f ▶		206,968,617.				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶		1,016,569.			1,016,569.	
	4	Income from investment of tax-exempt bond proceeds . . . ▶		0.				
	5	Royalties ▶		0.				
	6a	Gross Rents	(i) Real	(ii) Personal				
			383,150.					
			b Less: rental expenses	182,744.				
			c Rental income or (loss)	200,406.				
	d	Net rental income or (loss) ▶			200,406.		200,406.	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			3,210,496.					
			b Less: cost or other basis and sales expenses					
			c Gain or (loss)	3,210,496.				
	d	Net gain or (loss) ▶			3,210,496.		3,210,496.	
	8a	Gross income from fundraising events (not including \$ <u>76,663.</u> of contributions reported on line 1c). See Part IV, line 18 a						
			b Less: direct expenses b	10,153.				
c Net income or (loss) from fundraising events ▶			24,251.			-14,098.		-14,098.
9a	Gross income from gaming activities. See Part IV, line 19 a							
		b Less: direct expenses b						
		c Net income or (loss) from gaming activities ▶				0.		
10a	Gross sales of inventory, less returns and allowances a							
		b Less: cost of goods sold b						
		c Net income or (loss) from sales of inventory ▶				0.		
Miscellaneous Revenue				Business Code				
11a	JOINT VENTURE REVENUE			900099	34,684.	34,684.		
		b						
		c						
		d All other revenue						
e	Total. Add lines 11a-11d ▶			34,684.				
12	Total Revenue. See instructions ▶			212,998,112.	197,761,983.	9,241,318.	4,413,373.	

Part IX Statement of Functional Expenses

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

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

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21 . . .	0.			
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	0.			
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16	0.			
4 Benefits paid to or for members	0.			
5 Compensation of current officers, directors, trustees, and key employees	2,760,745.	2,671,953.	88,792.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.			
7 Other salaries and wages	77,910,817.	72,008,548.	5,902,269.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,818,649.	1,680,874.	137,775.	
9 Other employee benefits	14,764,098.	13,645,618.	1,118,480.	
10 Payroll taxes	5,817,028.	5,376,349.	440,679.	
11 Fees for services (non-employees):				
a Management	2,373,042.		2,373,042.	
b Legal	15,338.		15,338.	
c Accounting	1,018,289.	9,643.	1,008,646.	
d Lobbying	15,511.	15,511.		
e Professional fundraising services. See Part IV, line 17	0.			
f Investment management fees	0.			
g Other	16,233,179.	15,408,637.	824,542.	
12 Advertising and promotion	872,150.	872,150.		
13 Office expenses	9,844,810.	9,703,501.	141,309.	
14 Information technology	5,570,378.	188,329.	5,382,049.	
15 Royalties	0.			
16 Occupancy	4,501,881.	4,501,881.		
17 Travel	407,730.	291,511.	116,219.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0.			
19 Conferences, conventions, and meetings	0.			
20 Interest	2,451,339.	2,306,511.	144,828.	
21 Payments to affiliates	0.			
22 Depreciation, depletion, and amortization	14,016,402.	13,188,294.	828,108.	
23 Insurance	1,621,585.	1,463,185.	158,400.	
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a <u>BAD DEBT</u>	8,538,125.	8,538,125.		
b <u>COST OF GOODS SOLD</u>	19,983,232.	19,983,232.		
c <u>RECRUITMENT</u>	1,423,964.	1,381,193.	42,771.	
d <u>EXPENDITURES FOR FUND PURPOS</u>	221,874.	221,874.		
e <u>EQUIPMENT RENTAL AND MAINTEN</u>	7,347,647.	7,098,633.	249,014.	
f All other expenses	1,868,319.	849,712.	1,018,607.	0.
25 Total functional expenses. Add lines 1 through 24f	201,396,132.	181,405,264.	19,990,868.	0.
26 Joint Costs. Check here <input type="checkbox"/> If following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash - non-interest-bearing	19,693,177.	1	17,006,323.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net	50,000.	3	3,600.
	4 Accounts receivable, net	22,538,621.	4	24,316,933.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	3,819,051.	8	3,784,925.
	9 Prepaid expenses and deferred charges	644,701.	9	679,587.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 272,036,463.		
	b Less: accumulated depreciation	10b 157,448,639.	106,279,204.	10c 114,587,824.
	11 Investments - publicly traded securities	10,277,372.	11	21,525,350.
	12 Investments - other securities. See Part IV, line 11	25,000,000.	12	25,000,000.
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	66,810,577.	15	77,889,473.
16 Total assets. Add lines 1 through 15 (must equal line 34)	255,112,703.	16	284,794,015.	
Liabilities	17 Accounts payable and accrued expenses	20,191,390.	17	22,207,419.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	1,366,485.	23	2,683,338.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities. Complete Part X of Schedule D	95,185,306.	25	109,096,792.
	26 Total liabilities. Add lines 17 through 25	116,743,181.	26	133,987,549.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	120,333,171.	27	130,502,765.
	28 Temporarily restricted net assets	7,193,378.	28	9,220,722.
	29 Permanently restricted net assets	10,842,973.	29	11,082,979.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	138,369,522.	33	150,806,466.
	34 Total liabilities and net assets/fund balances	255,112,703.	34	284,794,015.

Part XI Financial Statements and Reporting

- 1** Accounting method used to prepare the Form 990: Cash Accrual Other _____
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
- b** Were the organization's financial statements audited by an independent accountant?
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- d** If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

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

Form **990** (2009)

SCHEDULE A (Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2009

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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.

Name of the organization

SHORE HEALTH SYSTEM, INC.

Employer identification number

52-0610538

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 X 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 - Other
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?
(ii) A family member of a person described in (i) above?
(iii) A 35% controlled entity of a person described in (i) or (ii) above?
h Provide the following information about the supported organization(s).

Table with 2 columns: Yes, No. Rows for 11g(i), 11g(ii), 11g(iii).

Table with 7 main columns: (i) Name of supported organization, (ii) EIN, (iii) Type of organization, (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 support. Includes a Total row at the bottom.

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

Schedule A (Form 990 or 990-EZ) 2009

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

Section A. Public Support

Table with 7 columns: (a) 2005, (b) 2006, (c) 2007, (d) 2008, (e) 2009, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person; 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2005, (b) 2006, (c) 2007, (d) 2008, (e) 2009, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities; 10 Other income. Do not include gain or loss from the sale of capital assets; 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities, etc. (see instructions); 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 3 columns: Line number, Description, and Percentage. Rows include: 14 Public support percentage for 2009; 15 Public support percentage from 2008 Schedule A, Part II, line 14; 16a 33 1/3% support test - 2009; b 33 1/3% support test - 2008; 17a 10%-facts-and-circumstances test - 2009; b 10%-facts-and-circumstances test - 2008; 18 Private foundation.

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

Section A. Public Support

Table with 7 columns: (a) 2005, (b) 2006, (c) 2007, (d) 2008, (e) 2009, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Gross receipts from admissions, merchandise sold or services performed; 3 Gross receipts from activities that are not an unrelated trade or business; 4 Tax revenues levied for the organization's benefit; 5 The value of services or facilities furnished by a governmental unit; 6 Total; 7a Amounts included on lines 1, 2, and 3 received from disqualified persons; 7b Amounts included on lines 2 and 3 received from other than disqualified persons; 7c Add lines 7a and 7b; 8 Public support.

Section B. Total Support

Table with 7 columns: (a) 2005, (b) 2006, (c) 2007, (d) 2008, (e) 2009, (f) Total. Rows include: 9 Amounts from line 6; 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 10b Unrelated business taxable income; 10c Add lines 10a and 10b; 11 Net income from unrelated business activities not included in line 10b; 12 Other income; 13 Total support.

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

Section C. Computation of Public Support Percentage

Table with 3 columns: Description, Line number, Percentage. Rows: 15 Public support percentage for 2009; 16 Public support percentage from 2008 Schedule A, Part III, line 15.

Section D. Computation of Investment Income Percentage

Table with 3 columns: Description, Line number, Percentage. Rows: 17 Investment income percentage for 2009; 18 Investment income percentage from 2008 Schedule A, Part III, line 17.

19a 33 1/3% support tests - 2009. 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.

b 33 1/3% support tests - 2008. 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.

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

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

Schedule of Contributors

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

2009

Name of the organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
--	---

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 33¹/₃ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.

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

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

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization **SHORE HEALTH SYSTEM, INC.**

Employer identification number
52-0610538

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	SUSAN G KOMEN BREAST CANCER FOUNDATION 200 E JOPPA RD, SUITE 407 TOWSON, MD 21286	\$ 110,814.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	MD INST OF EMERGENCY MEDICAL SERVICES 653 W PRATT STREET BALTIMORE, MD 21201	\$ 33,225.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	MARYLAND HOSPITAL ASSOCIATION 6820 DEERPATH ROAD ELKRIDGE, MD 21075	\$ 60,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	MARYLAND BOARD OF PUBLIC WORKS 80 CALVERT ST ANNAPOLIS, MD 21401	\$ 500,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	DORCHESTER GENERAL HOSPITAL FND INC PO BOX 939 CAMBRIDGE, MD 21613	\$ 74,820.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	MEMORIAL HOSPITAL FOUNDATION INC PO BOX 1846 EASTON, MD 21601	\$ 683,637.	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 **SHORE HEALTH SYSTEM, INC.**

Employer identification number
52-0610538

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
7	MEDICAL STAFF OF SHORE HEALTH SYSTEM 219 S WASHINGTON ST. EASTON, MD 21601	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8	NORAH GODDARD 9 HATSAWAP ROAD CAMBRIDGE, MD 21613	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9	MARYLAND DEPARTMENT OF HEALTH AND MENTAL 201 W PRESTON ST BALTIMORE, MD 21201	\$ 9,729.	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.)

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

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

2009

Complete if the organization is described below.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

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

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

- Section 501(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), then

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

Name of organization: SHORE HEALTH SYSTEM, INC.
Employer identification number: 52-0610538

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 payments were made.

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) Total
2 a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

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

Table with 3 columns: Question, Yes, No. Rows include: 1 Were substantially all (90% or more) dues received nondeductible by members?; 2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?; 3 Did the organization agree to carryover lobbying and political expenditures from the prior year?.

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

Table with 2 columns: Question, Amount. Rows include: 1 Dues, assessments and similar amounts from members; 2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid); a Current year; b Carryover from last year; c Total; 3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues; 4 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?; 5 Taxable amount of lobbying and political expenditures (see instructions).

Part IV Supplemental Information

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

Also, complete this part for any additional information.

SEE PAGE 4

Series of horizontal dashed lines for providing supplemental information.

Part IV Supplemental Information (continued)

LOBBYING EXPENDITURES

SCH C PART II-B LINE 1I

THE ORGANIZATION DOES NOT ENGAGE IN ANY DIRECT LOBBYING ACTIVITIES. THE ORGANIZATION PAYS MEMBERSHIP DUES TO THE MARYLAND HOSPITAL ASSOCIATION (MHA) AND THE AMERICAN HOSPITAL ASSOCIATION (AHA). MHA AND AHA ENGAGE IN MANY SUPPORT ACTIVITIES INCLUDING LOBBYING AND ADVOCATING FOR THEIR MEMBER HOSPITALS. THE MHA AND AHA REPORTED THAT 8.73% AND 23.76% RESPECTIVELY OF MEMBER DUES WERE USED FOR LOBBYING PURPOSES AND AS SUCH, THE ORGANIZATION HAS REPORTED THIS AMOUNT ON SCHEDULE C PART II-B LINE 1I AS LOBBYING ACTIVITIES.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2009

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

Name of the organization

SHORE HEALTH SYSTEM, INC.

Employer identification number

52-0610538

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), Aggregate value at end of year, and two questions about donor informed consent.

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

Form with multiple sections: 1. Purpose(s) of conservation easements held by the organization (check all that apply). 2. Complete lines 2a through 2d if the organization held a qualified conservation contribution... 3. Number of conservation easements modified... 4. Number of states where property subject to conservation easement is located... 5. Does the organization have a written policy regarding the periodic monitoring... 6. Staff and volunteer hours devoted to monitoring... 7. Amount of expenses incurred in monitoring... 8. Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? 9. In Part XIV, describe how the organization reports 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.

Form with multiple sections: 1a. If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items. b. If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1 (ii) Assets included in Form 990, Part X 2. If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items: a. Revenues included in Form 990, Part VIII, line 1 b. Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

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

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

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

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

Table with 6 columns: (a) Current Year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows: 1a-1g (Balance, Contributions, Net investment earnings, Grants, Other expenditures, Administrative expenses, End of year balance).

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

- a Board designated or quasi-endowment %
b Permanent endowment 100.0000 %
c Term endowment %

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

Table with 2 columns: Yes, No. Rows: 3a(i) unrelated organizations, 3a(ii) related organizations, 3b.

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

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

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

Table with 5 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other.

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) 114,587,824.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other OTHER SECURITIES	25,000,000.	FMV

Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.)	25,000,000.	

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
Total. (Column (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
ASSETS WHOSE USE IS LIMITED	17,622,999.
OTHER RECEIVABLES	8,144,489.
ECONOMIC INTERESTS IN NET ASSETS OF RELATED ORGANIZATION	43,254,932.
INVESTMENT IN SUBSIDIARIES AND OTHER ASSETS	8,396,053.
SELF-INSURANCE TRUST - CURRENT POSITION	471,000.
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	77,889,473.

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

1. (a) Description of liability	(b) Amount
Federal income taxes	
ADVANCES FROM 3RD PARTY PAYORS	5,089,805.
OTHER LIABILITIES	14,041,438.
DUE TO UMMS	89,965,549.
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	109,096,792.

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

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1
2	Total expenses (Form 990, Part IX, column (A), line 25)	2
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3
4	Net unrealized gains (losses) on investments	4
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV.)	8
9	Total adjustments (net). Add lines 4 through 8	9
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10

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

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

Part XIV Supplemental Information

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

SEE PAGE 5

Part XIV Supplemental Information (continued)

FIN 48 FOOTNOTE PER AUDIT REPORT

THE ORGANIZATION IS A SUBSIDIARY OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (THE CORPORATION). THE CORPORATION ADOPTED THE PROVISIONS OF FASB INTERPRETATION NO. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES (FIN 48) ON JULY 1, 2007. FIN 48 PRESCRIBES A THRESHOLD OF MORE-LIKELY-THAN-NOT FOR RECOGNITION AND DE-RECOGNITION OF TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. FIN 48 ALSO RECOGNIZES RELATED GUIDANCE ON MEASUREMENT, CLASSIFICATION, INTEREST AND PENALTIES AND DISCLOSURE. THE IMPLEMENTATION OF FIN 48 DID NOT HAVE A SIGNIFICANT IMPACT ON THE CORPORATION'S BALANCE SHEET OR STATEMENT OF OPERATIONS. MANAGEMENT DOES NOT BELIEVE THAT THERE ARE ANY UNRECOGNIZED TAX BENEFITS THAT SHOULD BE RECOGNIZED.

ENDOWMENT FUNDS

PART V, LINE 4

ENDOWMENT FUNDS ARE USED TO SUPPORT THE HEALTHCARE MISSION OF SHORE HEALTH SYSTEM.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total events (add col. (a) through col. (c))
		DINNER/DANCE (event type)	(event type)	0 (total number)	
Revenue	1	Gross receipts	86,816.		86,816.
	2	Less: Charitable contributions	76,663.		76,663.
	3	Gross income (line 1 minus line 2)	10,153.		10,153.
Direct Expenses	4	Cash prizes			
	5	Noncash prizes			
	6	Rent/facility costs			
	7	Food and beverages	16,442.		16,442.
	8	Entertainment	3,000.		3,000.
	9	Other direct expenses	4,809.		4,809.
	10	Direct expense summary. Add lines 4 through 9 in column (d)			
11	Net income summary. Combine line 3, column (d), and line 10				-14,098.

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo		(b) Pull tabs/Instant bingo/progressive bingo		(c) Other gaming		(d) Total gaming (add col. (a) through col. (c))
		Yes	No	Yes	No	Yes	No	
Revenue	1	Gross revenue						
Direct Expenses	2	Cash prizes						
	3	Noncash prizes						
	4	Rent/facility costs						
	5	Other direct expenses						
	6	Volunteer labor	Yes _____ % No	Yes _____ % No	Yes _____ % No			
7	Direct expense summary. Add lines 2 through 5 in column (d)							()
8	Net gaming income summary. Combine line 1, column d, and line 7							

	Yes	No
9 Enter the state(s) in which the organization operates gaming activities: _____		
a Is the organization licensed to operate gaming activities in each of these states?	9a	
b If "No," explain: _____		
10 a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a	
b If "Yes," explain: _____		
11 Does the organization operate gaming activities with nonmembers?	11	
12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12	

13 Indicate the percentage of gaming activity operated in:

a The organization's facility	13a	%
b An outside facility	13b	%

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ _____

Address ▶ _____

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue?

15a

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ _____ and the amount of gaming revenue retained by the third party ▶ \$ _____.

c If "Yes," enter name and address of the third party:

Name ▶ _____

Address ▶ _____

16 Gaming manager information:

Name ▶ _____

Gaming manager compensation ▶ \$ _____

Description of services provided ▶ _____

Director/officer Employee Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

17a

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2009

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization

SHORE HEALTH SYSTEM, INC.

Employer identification number

52-0610538

Part I Charity Care and Certain Other Community Benefits at Cost

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

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

7 Charity Care and Certain Other Community Benefits at Cost

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
Charity Care and Means-Tested Government Programs						
a Charity care at cost (from Worksheets 1 and 2)			3,300,354.		3,300,354.	1.64
b Unreimbursed Medicaid (from Worksheet 3, column a)						
c Unreimbursed costs - other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			3,300,354.		3,300,354.	1.64
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			468,533.		468,533.	.20
f Health professions education (from Worksheet 5)			4,026,677.		4,026,677.	2.00
g Subsidized health services (from Worksheet 6)			4,395,784.	490,966.	3,904,818.	
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			143.		143.	
j Total Other Benefits			8,422,604.	490,966.	7,931,638.	2.20
k Total Add lines 7d and 7j			11,722,958.	490,966.	11,231,992.	3.84

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

Schedule H (Form 990) 2009

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy	4	11478	24,526.		24,526.	.01
8 Workforce development	10		247.		247.	
9 Other						
10 Total	14	11478	24,773.		24,773.	.01

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

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

Section B. Medicare

- 5 Enter total revenue received from Medicare (including DSH and IME)
- 6 Enter Medicare allowable costs of care relating to payments on line 5
- 7 Subtract line 6 from line 5. This is the surplus or (shortfall)

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:

Cost accounting system Cost to charge ratio Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

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

Part V Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER/other	Other (Describe)
THE MEMORIAL HOSPITAL AT EASTON 219 S. WASHINGTON STREET EASTON MD 21601	X	X					X		
DORCHESTER GENERAL HOSPITAL 300 BYRN STREET CAMBRIDGE MD 21613	X	X					X		
CHESAPEAKE NEUROLOGICAL SURGERY LLC 505 DUTCHMANS LANE EASTON MD 21601									OUTPATIENT PHYSICIAN OFFICE
CHESAPEAKE ENT, SINUS, & HEARING CENTER 29466 PINTAIL DRIVE EASTON MD 21601									OUTPATIENT PHYSICIAN OFFICE
CRITICAL CARE UNIVERSITY 505 BYRN STREET CAMBRIDGE MD 21613									NURSES TRAINING FACILITY
SHORE HEALTH LABORATORIES 301 BAY STREET, SUITE 201 EASTON MD 21601									OFFSITE LABORATORY
INTEGRATIVE MEDICINE 607 DUTCHMANS LANE EASTON MD 21601									OUTPATIENT FACILITY
CANCER CENTER 509 IDLEWILD AVENUE EASTON MD 21601									OUTPATIENT CANCER CLINIC
DENTON DIAGNOSTIC CENTER 920 MARKET STREET DENTON MD 21629									DIAGNOSTIC CENTER
DIGESTIVE DISEASE CENTER 511 IDLEWILD AVENUE EASTON MD 21601									DIGESTIVE CENTER
SUNBURST CENTER ROUTE 50 CAMBRIDGE MD 21613									REHABILITATION CLINIC
DR. MORAN/SHORE WORKS 2 AURORA STREET CAMBRIDGE MD 21613									OUTPATIENT PHYSICIAN OFFICE/EMPLOYEE HEALTH FACILITY
DR. PATTERSON 800 J. TALBOT STREET ST. MICHAELS MD 21663									OUTPATIENT PHYSICIAN OFFICE
DIAGNOSTIC CENTER 10 MARTIN COURT EASTON MD 21601									DIAGNOSTIC CENTER
DRS. EFFRON/MEHTA/KAMSHEH/WILKINSON 400-406 BRYN STREET CAMBRIDGE MD 21613									OUTPATIENT PHYSICIAN OFFICES
BLACKWATER MEDICAL ASSOCIATES 408 BRYN STREET CAMBRIDGE MD 21613									OUTPATIENT PHYSICIAN OFFICE

Schedule H (Form 990) 2009

Part VI Supplemental Information

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- 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 charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
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- 6 Provide any other information important to describing how the organization's hospitals 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.).
- 7 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.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART I, LINE 3C:

SHORE HEALTH SYSTEM WILL PROVIDE UNCOMPENSATED CARE TO THOSE
 INDIVIDUALS AND FAMILIES WHO EXHIBIT THE NEED FOR UNCOMPENSATED CARE,
 PROVIDE ADEQUATE EVIDENCE ON SUCH NEED AND PROVIDING THAT THERE ARE
 NO OTHER MEANS OF COMPENSATION.

PART I, LINE 6A:

SHORE HEALTH SYSTEM, IS AN AFFILIATE OF THE UNIVERSITY OF MARYLAND
 MEDICAL SYSTEM. THE COMMUNITY BENEFIT REPORT IS PREPARED SEPARATELY.

PART I, LINE 7G:

SUBSIDIZED COSTS ARE NOT ATTRIBUTED TO A PHYSICIAN CLINIC, BUT
 EMERGENCY AND ANESTHESIA SERVICES.

PART I, LINE 7:

SCHEDULE H, LINE 7B, COLUMNS (C) THROUGH (F)
 MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL
 PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH

Part VI Supplemental Information

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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'S 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 UNCOMPENSATED CARE. COMMUNITY BENEFIT EXPENSES ARE EQUAL TO
 MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO.
 ADDITIONALLY, NET REVENUES FOR MEDICAID SHOULD REFLECT THE FULL
 IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT.

SCHEDULE H, LINE 7A, COLUMN (D), LINE 7F, COLUMN (C), LINE 7F,
 COLUMN (D)

MARYLAND'S 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
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Part VI Supplemental Information

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PART III, LINE 4:

REVENUE IS REDUCED FOR ANTICIPATED DISCOUNTS UNDER CONTRACTUAL
 ARRANGEMENTS AND FOR CHARITY CARE. AN ESTIMATED PROVISION FOR BAD
 DEBTS IS RECORDED IN THE PERIOD THE RELATED SERVICES ARE PROVIDED
 BASED UPON ANTICIPATED UNCOMPENSATED CARE, AND IS ADJUSTED AS
 ADDITIONAL INFORMATION BECOMES AVAILABLE.

THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF
 HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL
 BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND
 OTHER COLLECTION INDICATORS. PERIODICALLY THROUGHOUT THE YEAR,
 MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE
 ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR
 CATEGORY. THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE
 MODIFICATIONS TO THE PROVISION FOR BAD DEBTS AND TO ESTABLISH AN
 ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES. AFTER COLLECTION OF AMOUNTS
 DUE FROM INSURERS, THE CORPORATION FOLLOWS INTERNAL GUIDELINES FOR
 PLACING CERTAIN PAST DUE BALANCES WITH COLLECTION AGENCIES.

PART III, LINE 8:

Part VI Supplemental Information

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ALLOWABLE COSTS ARE ESTIMATED RATIO OF COST TO CHARGE APPLIED TO

 GROSS CHARGES WORKSHEET.

PART III, LINE 9B:

APPENDIX 1: DESCRIBE YOUR CHARITY CARE POLICY

A. DESCRIBE HOW THE HOSPITAL INFORMS PATIENTS AND PERSON WHO WOULD

 OTHERWISE BE BILLED FOR SERVICES ABOUT THEIR ELIGIBILITY FOR

 ASSISTANCE UNDER FEDERAL, STATE OR LOCAL GOVERNMENT PROGRAMS OR UNDER

 THE HOSPITALS CHARITY CARE POLICY.

IT IS THE POLICY OF SHORE HEALTH SYSTEM TO WORK WITH OUR PATIENTS TO

 IDENTIFY AVAILABLE RESOURCES TO PAY FOR THEIR CARE. ALL PATIENTS

 PRESENTING AS SELF PAY AND REQUESTING CHARITY RELIEF FROM THEIR BILL

 WILL BE SCREENED AT ALL POINTS OF ENTRY, FOR POSSIBLE COVERAGE

 THROUGH STATE PROGRAMS AND A PROBABLE DETERMINATION FOR COVERAGE FOR

 EITHER MEDICAL ASSISTANCE OR FINANCIAL ASSISTANCE (CHARITY CARE) FROM

 THE HOSPITAL IS IMMEDIATELY GIVEN TO THE PATIENT. THE PROCESS IS

 RESOURCE INTENSIVE AND TIME CONSUMING FOR PATIENTS AND THE HOSPITAL;

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HOWEVER, IF PATIENTS QUALIFY FOR ONE OF THESE PROGRAMS, THEN THEY

WILL HAVE HEALTH BENEFITS THAT THEY WILL CARRY WITH THEM BEYOND THEIR

CURRENT HOSPITAL BILLS, AND ALLOW THEM TO ACCESS PREVENTIVE CARE

SERVICES AS WELL. SHORE HEALTH SYSTEM WORKS WITH A BUSINESS PARTNER

WHO WILL WORK WITH OUR PATIENTS TO ASSIST THEM WITH THE STATE

ASSISTANCE PROGRAMS, WHICH IS FREE TO OUR PATIENTS.

IF A PATIENT DOES NOT QUALIFY FOR MEDICAID OR ANOTHER PROGRAM, SHORE

HEALTH SYSTEM OFFERS OUR FINANCIAL ASSISTANCE PROGRAM. SHORE HEALTH

SYSTEM POSTS NOTICES OF OUR POLICY IN CONSPICUOUS PLACES THROUGHOUT

THE HOSPITALS, HAS INFORMATION WITHIN OUR HOSPITAL BILLING BROCHURE,

EDUCATES ALL NEW EMPLOYEES THOROUGHLY ON THE PROCESS DURING

ORIENTATION, AND DOES A YEARLY RE-EDUCATION TO ALL EXISTING STAFF.

ALL STAFF HAVE COPIES OF THE FINANCIAL ASSISTANCE APPLICATION, BOTH

IN ENGLISH AND SPANISH, TO SUPPLY TO PATIENTS WHO WE DEEM, AFTER

SCREENING, TO HAVE A NEED FOR ASSISTANCE. SHORE HEALTH SYSTEM HAS A

DEDICATED FINANCIAL ASSISTANCE LIAISON TO WORK WITH OUR PATIENTS TO

ASSIST THEM WITH THIS PROCESS AND EXPEDITE THE DECISION PROCESS.

PART V:

Part VI Supplemental Information

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N/A

NEEDS ASSESSMENT:

A COMPREHENSIVE NEEDS ASSESSMENT FOR THE SHS SERVICE AREA WAS COMPLETED IN 2006 AND IS UPDATED ANNUALLY. SHORE HEALTH IDENTIFIES COMMUNITY NEEDS THROUGH ANALYSIS OF THE CURRENT NEEDS ASSESSMENTS AND HEALTH PLANS DEVELOPED BY THE LOCAL HEALTH DEPARTMENTS FOR TALBOT, DORCHESTER, CAROLINE, AND QUEEN ANNE'S COUNTIES. THE NEED ASSESSMENTS INCLUDE DATA COMPILED BY COUNTY, STATE, AND FEDERAL GOVERNMENT.

SHORE HEALTH SYSTEM'S ANNUAL STRATEGIC PLANNING PROCESS INCLUDES ANALYSIS OF THE REGION'S HEALTH CARE NEEDS USING DATA PROJECTED THROUGH 2030. MANY FACTORS, SUCH AS POPULATION GROWTH PROJECTIONS, THE AGING OF THE REGIONAL POPULATION, EMERGING TRENDS IN HEALTH CARE DELIVERY, PHYSICIAN RECRUITMENT NEEDS, CHANGES IN THE REGION'S TRANSPORTATION NETWORK, AND CURRENT AND PROJECTED REGULATORY AND REIMBURSEMENT TRENDS ARE EXAMINED.

AN ADDITIONAL SOURCE REVIEWED IN FY10 TO IDENTIFY COMMUNITY NEEDS, IS

Part VI Supplemental Information

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THE HEALTHY PEOPLE 2010 GUIDELINES ESTABLISHED BY THE MARYLAND DHHS.

THE COMPREHENSIVE SET OF HEATH OBJECTIVES SET IN HEALTHY PEOPLE 2010

SERVES AS THE FRAMEWORK TO DEVELOP COMMUNITY HEALTH INITIATIVES AND

ACTIVITIES THAT ADDRESS MAJOR PUBLIC HEALTH CONCERNS.

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE:

SHORE HEALTH NOTIFIES PATIENTS OF AVAILABILITY OF FINANCIAL

ASSISTANCE FUNDS PRIOR TO SERVICE DURING OUR CALLS TO PATIENTS,

THROUGH SIGNAGE AT ALL OF OUR REGISTRATION LOCATIONS, THROUGH OUR

PATIENT BILLING BROCHURE AND THROUGH OUR DISCUSSIONS WITH PATIENTS

DURING REGISTRATION. IN ADDITION, THE INFORMATION SHEET IS MAILED TO

PATIENTS WITH ALL STATEMENTS AND/OR HANDED TO THEM IF NEEDED. NOTICES

ARE SENT REGARDING OUR HILL BURTON PROGRAM YEARLY AS WELL.

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COMMUNITY INFORMATION:

DESCRIPTION OF THE COMMUNITY SHORE HEALTH SYSTEM SERVES:

THE MEMORIAL HOSPITAL AT EASTON AND DORCHESTER GENERAL HOSPITAL IN
CAMBRIDGE ARE PRIVATE, NOT FOR PROFIT HOSPITALS OFFERING A COMPLETE
RANGE OF INPATIENT AND OUTPATIENT SERVICES TO OVER 150,000 PEOPLE
THROUGHOUT THE MID-SHORE OF MARYLAND. SITUATED ON MARYLAND'S EASTERN
SHORE, SHORE HEALTH SYSTEM SERVICES A FOUR COUNTY AREA, COVERING
CAROLINE, DORCHESTER, QUEEN ANNE, AND TALBOT COUNTIES.

TALBOT COUNTY STATISTICS FROM TALBOT COUNTY HEALTH PLAN

POPULATION 36,262

RACIAL MIXTURE 84% WHITE, 13% BLACK, 3.6% HISPANIC (US CENSUS BUREAU
2009 ESTIMATE)

MEDIAN HOUSHOLD INCOME, 2008 \$62,206

PERSONS BELOW POVERTY, 2008 8.3%

HIGH SCHOOL GRADUATE, 2008 85%

PROPORTION WITHOUT HEALTH INSURANCE 11%

MORTALITY RATE 2006 -2008 RANKING (ADJUSTED PER 100,000

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POPULATION) 717.5*

CAROLINE COUNTY STATISTICS FROM CAROLINE COUNTY HEALTH NEEDS

ASSESSMENT

POPULATION 33,367, POPULATION DENSITY 93 PERSONS PER SQUARE MILE

RACIAL MIXTURE 83% WHITE, 14% BLACK, 6% HISPANIC (US CENSUS BUREAU

2009 ESTIMATE)

MEDIAN HOUSEHOLD INCOME, 2008 \$54,934

PERSONS BELOW POVERTY, 2008 10.8%

HIGH SCHOOL GRADUATE, 2008 75%

BACHELOR'S DEGREE OR HIGHER, 2008 12.1%

PROPORTION WITHOUT HEALTH INSURANCE 16%

(LESS THAN 65)

MORTALITY RATE 2006 -2008 RANKING (ADJUSTED PER 100,000

POPULATION) 892.4*

LEADING CAUSES

1. HEART DISEASE 200.8

2. CANCER 222.4

3. STROKE 52.4

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 DORCHESTER COUNTY STATISTICS FROM DORCHESTER COUNTY HEALTH DEPARTMENT

 POPULATION 32,043

 RACIAL MIXTURE 70.1% WHITE, 27.8% BLACK, 2.5% OTHER (US CENSUS BUREAU

2009 ESTIMATE)

 MEDIAN HOUSEHOLD INCOME, 2008 \$43,288

 PERSONS BELOW POVERTY, 2008 14.3%

 HIGH SCHOOL GRADUATE, 2008 74%

 PROPORTION WITHOUT HEALTH INSURANCE 15.1%

 MORTALITY RATE 2006 -2008 RANKING (ADJUSTED PER 100,000

POPULATION) 841.8*

 QUEEN ANNE'S COUNTY

 POPULATION 47,958

 RACIAL MIXTURE 89.2% WHITE, 8.3% BLACK, 2.2% HISPANIC (US CENSUS

BUREAU 2009 ESTIMATE)

 MEDIAN HOUSEHOLD INCOME, 2008 \$77,686

 PERSONS BELOW POVERTY, 2008 6.3%

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HIGH SCHOOL GRADUATE, 2008 84%

PROPORTION WITHOUT HEALTH INSURANCE 14%

MORTALITY RATE 2006 -2008 RANKING (ADJUSTED PER 100,000

POPULATION) 766.5*

* SOURCE: MARYLAND VITAL STATISTICS, ANNUAL REPORT 2008 TABLE 50.

COMMUNITY BUILDING ACTIVITIES:

ACCESS TO QUALITY HEALTH SERVICES

" SHS PHYSICIANS AND CLINICIANS PARTICIPATE IN HEALTH FAIRS AND LECTURE SERIES PROVIDING INFORMATION AND SERVICES TO THE COMMUNITY.

" SHS AIDS IN OBTAINING NECESSARY MEDICATIONS OR EQUIPMENT NEEDED FOR DISCHARGE FOR PATIENTS UNABLE TO PAY.

" ONGOING RECRUITMENT EFFORTS OVER THE LAST YEAR INCLUDE ORTHOPEDIC, ENDOCRINOLOGY, PEDIATRICS, NEUROLOGY, PULMONARY, OB/GYN, ANESTHESIA AND FAMILY PRACTICE PHYSICIANS.

" STIPEND TO TIDEWATER ANESTHESIA AND MARYLAND EMERGENCY MEDICINE PAID TO PROVIDE EVENING, WEEKEND, AND HOLIDAY CALL AT DORCHESTER GENERAL HOSPITAL IN ORDER TO PROVIDE EMERGENCY SURGICAL SERVICES 24/7

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (f); Part I, line 7; Part III, line 4; Part III, line 8; Part III, line 9b, and Part V. See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 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 charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization's hospitals 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.).
- 7 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.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

CANCER

THE SHS BREAST CENTER PARTICIPATES IN COMMUNITY OUTREACH TO MEET THE
 NEEDS OF SCREENING, ETC FOR THE UNDERSERVED POPULATION. ONCOLOGY
 SUPPORT SOCIAL SERVICES OFFERED SPECIAL EDUCATION ON CANCER AND
 RESOURCES AVAILABLE FOR CANCER PATIENTS.

STROKE PREVENTION AND AWARENESS

SHORE HEALTH SYSTEM HOSTED COMMUNITY OUTREACH ACTIVITIES INCLUDING
 SCREENINGS AND EDUCATION ON STROKE PREVENTION AND TREATMENT.

ATTENDEES RECEIVED A FREE BLOOD PRESSURE SCREENING AND INFORMATION ON
 A VARIETY OF HEALTH TOPICS, SUCH AS DIABETES, NUTRITION, EXERCISE AND
 FITNESS. THE POWER TO END STROKE CAMPAIGN, AN INITIATIVE TO REDUCE
 THE RISK OF STROKE AMONG AFRICAN AMERICANS IS ONGOING.

DIABETES

" SHS PROVIDES NUTRITION AND DIABETIC INFORMATION AT HEALTH FAIRS
 AND PARTICIPATES IN SUPPORT GROUPS FOR ADULT AND JUVENILE DIABETES.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (f); Part I, line 7; Part III, line 4; Part III, line 8; Part III, line 9b, and Part V. See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
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- 6 Provide any other information important to describing how the organization's hospitals 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.).
- 7 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.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

" SHS HELD A WEEK-LONG DIABETIC SUMMER CAMP FOR JUVENILE

DIABETICS.

MATERNAL, INFANT AND CHILD HEALTH

SHORE HEALTH SYSTEM OFFERS A VARIETY OF COMMUNITY EDUCATION PROGRAMS

TO MEET THE NEEDS OF THE NEW MOTHER AND THE FAMILY UNIT. CHILDBIRTH

CLASSES, INFANT CPR, BREASTFEEDING CLASSES ARE OFFERED FREE OF

CHARGE.

SHORE HEALTH SYSTEM HAS PARTNERED WITH THE TALBOT COUNTY DEPARTMENT

OF SOCIAL SERVICES TO OPERATE AN EVIDENCE-BASED CHILD ADVOCACY CENTER

TO TREAT ABUSED CHILDREN. SHORE HEALTH SYSTEM OFFERS SERVICES TO

SEXUALLY ASSAULTED ADULTS AND CHILDREN.

OTHER INFORMATION:

SHORE HEALTH SYSTEM EXTENDS MEDICAL STAFF PRIVILEGES TO QUALIFIED

PHYSICIANS AND IN ADDITION ADDRESSES THE NEEDS OF THE COMMUNITY AS

PER BELOW AS WELL AS SUBSIDIES DESCRIBED.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (f); Part I, line 7; Part III, line 4; Part III, line 8; Part III, line 9b, and Part V. See Instructions.
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- 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 charity care policy.
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- 7 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.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

DESCRIPTION OF GAPS IN THE AVAILABILITY OF SPECIALIST PROVIDERS,

INCLUDING OUTPATIENT SPECIALTY CARE, TO SERVICE THE UNINSURED CARED

FOR BY SHS:

THE SHS MEDICAL STAFF BY-LAWS REQUIRE THAT PHYSICIANS PROVIDE TEN

DAYS OF EMERGENCY DEPARTMENT CALL. IN AREAS WHERE THERE IS ONLY ONE

OR TWO SUB-SPECIALISTS FOR A PARTICULAR SPECIALTY, THERE WILL BE

OCCASIONS WHEN CERTAIN DAYS ARE NOT COVERED. IF A PATIENT PRESENTS TO

THE EMERGENCY DEPARTMENT AND THERE IS NO SUB-SPECIALTY COVERAGE FOR

THAT DAY, THE PATIENT IS STABILIZED AND THEN TRANSFERRED TO AN

APPROPRIATE FACILITY FOR TREATMENT.

IF YOU LIST PHYSICIAN SUBSIDIES IN YOUR DATA, PLEASE PROVIDE DETAIL.

STIPEND TO TIDEWATER ANESTHESIA AND MARYLAND EMERGENCY MEDICINE PAID

TO PROVIDE EVENING, WEEKEND, AND HOLIDAY CALL AT DORCHESTER GENERAL

HOSPITAL IN ORDER TO PROVIDE EMERGENCY SURGICAL SERVICES 24/7.

CONSISTENT TO PRIOR YEARS, THE REPORT REFLECTS THE EXPENSE FOR ER AND

ANESTHESIOLOGY PHYSICIANS, OFFSET BY ANY OTHER REVENUE (THE CFO

REFERS TO AS REBATE OF EXPENSES RECEIVED).

AFFILIATED HEALTH CARE SYSTEM ROLES:

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c; Part I, line 6a; Part I, line 7g; Part I, line 7, column (f); Part I, line 7; Part III, line 4; Part III, line 8; Part III, line 9b, and Part V. See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 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 charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization's hospitals 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.).
- 7 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.
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

SHORE HEALTH SYSTEM, AN AFFILIATE OF THE UNIVERSITY OF MARYLAND

MEDICAL SYSTEM, IS CURRENTLY LICENSED TO OPERATE 217 BEDS COMBINED.

THE GOVERNING BODY INCLUDES THE BOARD OF SHORE HEALTH SYSTEM WHOSE

MEMBERS RESIDE IN THE PRIMARY SERVICE AREA AS PER BELOW:

SHORE HEALTH SYSTEM PRIMARILY DETERMINES ITS ROLE AS AN ORGANIZATION

IN PROMOTING HEALTH OF ITS COMMUNITY.

DESCRIPTION OF THE COMMUNITY SHORE HEALTH SYSTEM SERVES:

THE MEMORIAL HOSPITAL AT EASTON AND DORCHESTER GENERAL HOSPITAL IN

CAMBRIDGE ARE PRIVATE, NOT FOR PROFIT HOSPITALS OFFERING A COMPLETE

RANGE OF INPATIENT AND OUTPATIENT SERVICES TO OVER 150,000 PEOPLE

THROUGHOUT THE MID-SHORE OF MARYLAND. SITUATED ON MARYLAND'S EASTERN

SHORE, SHORE HEALTH SYSTEM SERVICES A FOUR COUNTY AREA, COVERING

CAROLINE, DORCHESTER, QUEEN ANNE, AND TALBOT COUNTIES.

ALL STATES WHICH ORGANIZATION FILES A COMMUNITY BENEFIT REPORT:

**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

2009

Open to Public Inspection

Name of the organization

SHORE HEALTH SYSTEM, INC.

Employer identification number

52-0610538

Part I Questions Regarding Compensation

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

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

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

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

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

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

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

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

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

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

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

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

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

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

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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	X	
2	X	
4a	X	
4b	X	
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

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

Schedule J (Form 990) 2009

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

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

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

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
ROBERT A CHRENCIK	(i) 0. (ii) 891,638. (iii) 404,276.	0. 585,000. 158,803.	0. 9,032. 194,170.	0. 151,615. 6,188.	0. 18,817. 12,936.	0. 1,656,102. 776,373.	0. 0. 158,445.
JOSEPH P ROSS	(i) 0. (ii) 176,250. (iii) 148,825.	0. 59,090. 14,680.	0. 38,791. 0.	0. 7,019. 0.	0. 10,509. 0.	0. 291,659. 0.	0. 22,815. 0.
WALTER J ZAJAC CPA	(i) 0. (ii) 145,000. (iii) 174,515.	0. 37,378. 0.	0. 1,700. 0.	0. 16,206. 0.	0. 4,601. 0.	0. 204,885. 0.	0. 0. 0.
CATHERINE FERARA	(i) 0. (ii) 457,110. (iii) 132,808.	0. 108,685. 22,318.	0. 0. 0.	0. 23,516. 3,933.	0. 17,786. 14,013.	0. 607,097. 173,072.	0. 14,147. 0.
MICHAEL L SILGEN	(i) 0. (ii) 184,190. (iii) 217,391.	0. 63,608. 69,966.	0. 52,294. 0.	0. 7,091. 0.	0. 10,513. 0.	0. 317,696. 0.	0. 27,385. 0.
JOHN SAWYER	(i) 0. (ii) 100,996. (iii) 252,301.	0. 37,659. 86,779.	0. 103,563. 8,614.	0. 3,701. 35,767.	0. 4,283. 10,922.	0. 250,202. 394,383.	0. 22,491. 0.
TIMOTHY SCHNEIDER MD	(i) 0. (ii) 168,023. (iii) 0.	0. 53,465. 0.	0. 34,977. 0.	0. 6,674. 0.	0. 12,172. 0.	0. 275,311. 0.	0. 23,044. 0.
SUSAN SIFORD	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.
CHRISTOPHER J PARKER	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.
GERARD M WALSH	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.
JULIA MARLOWE	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.
MICHAEL C TOOKE MD	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.
MICHAEL J ZIMMERMAN	(i) 0. (ii) 0. (iii) 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.	0. 0. 0.

Part III Supplemental Information

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

HEALTH CLUB DUES AND HEALTH MAINTENANCE FEES

PART I

UMMS EXECUTIVES RECEIVE A BENEFIT PACKAGE WHICH MAY BE USED TOWARDS

HEALTH CLUB DUES OR OTHER HEALTH MAINTENANCE PROGRAMS. SUCH BENEFITS ARE

CAPPED AT \$7,000, \$5,000 OR \$3,000 DEPENDING ON JOB TITLE AS DESCRIBED IN

THE PROGRAM DOCUMENTS.

SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN

PART I, LINE 4A AND 4B

THE FOLLOWING INDIVIDUALS PARTICIPATE IN A SECTION 457(F) SUPPLEMENTAL,

NONQUALIFIED RETIREMENT PLAN ("THE PLAN") SPONSORED BY THE FILING

ORGANIZATION OR A RELATED ORGANIZATION:

ROBERT A. CHRENCIK

JOSEPH P. ROSS

WALTER J. ZAJAC

MICHAEL L SILGEN

CHRISTOPHER J. PARKER

Part III Supplemental Information

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

JULIA MARLOWE

MICHAEL C. TOOKE

MICHAEL J. ZIMMERMAN

IN ADDITION, THE FOLLOWING INDIVIDUALS BECAME VESTED IN OR RECEIVED

PAYMENTS FROM THE PLAN THAT HAVE BEEN REPORTED ON SCHEDULE J, PART II,

COLUMN B (III):

JOSEPH P. ROSS \$ 186,782

WALTER J. ZAJAC \$ 36,542

CHRISTOPHER J. PARKER \$ 42,492

GERARD M. WALSH \$ 56,504

JULIA MARLOWE \$ 24,275

MICHAEL J. ZIMMERMAN \$ 25,823

THE BELOW INDIVIDUAL RECEIVED A SEVERANCE PAYMENT FROM THE FILING

ORGANIZATION OR A RELATED ORGANIZATION WHICH IS REPORTED IN SCHEDULE J,

COLUMN B (III):

Part III Supplemental Information

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

JULIA MARLOWE - \$77,248.

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

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

OMB No. 1545-0047

2009

**Open to Public
Inspection**

Name of the organization

SHORE HEALTH SYSTEM, INC.

Employer identification number

52-0610538

ATTACHMENT 1

MEMBERS

PART VI, LINES 6 AND 7

THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION IS A MEMBER OF
SHORE HEALTH SYSTEM, INC. UNIVERSITY OF MARYLAND MEDICAL SYSTEM
CORPORATION MAY ELECT MEMBERS AND APPROVE DECISIONS OF THE SHORE HEALTH
SYSTEM BOARD.

FORM 990 PREPARATION AND REVIEW PROCESS

PART VI, SECTION B, LINE 11

THE IRS FORM 990 IS PREPARED AND REVIEWED BY THE ACCOUNTING FIRM OF KPMG.
ACCOUNTING PERSONNEL IN FINANCE SHARED SERVICES AT THE UNIVERSITY OF
MARYLAND MEDICAL SYSTEM GATHER THE INFORMATION NEEDED TO COMPLETE THE
RETURN AND INPUT THE DATA INTO THE KPMG TAX ORGANIZER, WHICH IS A
WEB-BASED SYSTEM.

WHEN ALL DATA HAS BEEN ENTERED, THE INFORMATION IS SUBMITTED TO KPMG FOR
IMPORTATION INTO THEIR TAX SOFTWARE. AT THIS POINT, KPMG STAFF MEMBERS
REVIEW THE DATA, ASK FOR ADDITIONAL INFORMATION IF NEEDED AND PREPARE THE
TAX RETURN. EACH RETURN IS REVIEWED AT SEVERAL LEVELS AT KPMG INCLUDING
THE TAX PARTNER. AFTER THEIR REVIEW PROCESS, A DRAFT RETURN IS SENT TO
THE ACCOUNTING STAFF AT UMMS FOR AN IN-HOUSE REVIEW.

UPON COMPLETION OF THE IN-HOUSE REVIEW, KPMG IS INSTRUCTED TO MAKE ANY
NECESSARY CHANGES AND TO PREPARE THE FINAL TAX RETURN. THE FINAL RETURN

Name of the organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
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ATTACHMENT 1 (CONT'D)

UNDERGOES ANOTHER REVIEW BY THE ACCOUNTING STAFF AT FINANCE SHARED

SERVICES AND IS ALSO REVIEWED BY THE ACCOUNTING MANAGER, THE DIRECTOR OF FINANCIAL REPORTING, THE VICE PRESIDENT OF FINANCE AND THE CFO, WHO SIGNS THE RETURN.

PRIOR TO FILING THE IRS FORM 990, THE ORGANIZATION'S BOARD CHAIRMAN, TREASURER, AUDIT COMMITTEE CHAIRMAN, EXECUTIVE COMMITTEE CHAIRMAN OR OTHER MEMBER OF THE BOARD WITH SIMILAR AUTHORITY WILL REVIEW THE IRS FORM 990. AT THE DISCRETION OF THE REVIEWING BOARD MEMBER, SUCH MEMBER WILL BRING ANY ISSUES OR QUESTIONS RELATED TO THE COMPLETED IRS FORM 990 TO THE ATTENTION OF THE BOARD. NOTWITHSTANDING THE ABOVE, A BOARD RESOLUTION IS NOT REQUIRED FOR THE FILING OF THE ORGANIZATION'S IRS FORM 990. EACH BOARD MEMBER IS PROVIDED WITH A COPY OF THE FINAL IRS FORM 990 BEFORE FILING.

CONFLICT OF INTEREST POLICY

PART VI, SECTION B, LINE 12C

THE ORGANIZATION'S OFFICERS, DIRECTORS, EMPLOYEES AND MEDICAL STAFF MEMBERS, AS APPLICABLE, SHALL DISCLOSE CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS OF INTEREST BETWEEN THEIR PERSONAL INTERESTS AND THE INTERESTS OF THE ORGANIZATION, OR ANY ENTITY CONTROLLED BY OR OWNED IN SUBSTANTIAL PART BY THE ORGANIZATION.

A QUESTIONNAIRE WHICH DISCLOSES POTENTIAL CONFLICTS OF INTEREST IS DISTRIBUTED ANNUALLY TO ALL OFFICERS, DIRECTORS AND KEY EMPLOYEES. THE GENERAL COUNSEL OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (UMMSC) REVIEWS THE RESPONSES FOR UMMSC, UNIVERSITY SPECIALTY HOSPITAL

Name of the organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
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ATTACHMENT 1 (CONT'D)

AND JAMES LAWRENCE KERNAN HOSPITAL. THE CEO OR CFO OF EACH OF THE OTHER ENTITIES IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM REVIEWS THE RESPONSES FOR THOSE ENTITIES.

THE GENERAL COUNSEL, IN CONSULTATION WITH THE AUDIT COMMITTEE, IF NECESSARY, WOULD DETERMINE IF A CONFLICT OF INTEREST EXISTED FOR UMMSC, UNIVERSITY SPECIALTY HOSPITAL AND JAMES LAWRENCE KERNAN HOSPITAL. WITH RESPECT TO THE OTHER ENTITIES IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM, THE GENERAL COUNSEL MAY BE CALLED FOR CONSULT. IF SO, THE GENERAL COUNSEL MAY CONSULT THE AUDIT COMMITTEE, IF NECESSARY.

WHENEVER A CONFLICT OR POTENTIAL CONFLICT OF INTEREST EXISTS, THE NATURE OF THE CONFLICT OR POTENTIAL CONFLICT OF INTEREST MUST BE DISCLOSED IN WRITING TO THE ORGANIZATION'S BOARD, BOARD COMMITTEE, AN OFFICER OF THE ORGANIZATION OR OTHER APPROPRIATE EXECUTIVE. SUCH INDIVIDUAL HAVING A POTENTIAL CONFLICT OF INTEREST SHALL PLAY NO ROLE ON BEHALF OF THE ORGANIZATION, OR ANY ORGANIZATION CONTROLLED OR SUBSTANTIALLY OWNED, IN ANY TRANSACTION IN WHICH A CONFLICT EXISTS.

ALL INVITATIONS FOR BIDS, PROPOSALS OR SOLICITATIONS FOR OFFERS INCLUDE THE FOLLOWING PROVISION: ANY VENDOR, SUPPLIER OR CONTRACTOR MUST DISCLOSE ANY ACTUAL OR POTENTIAL TRANSACTION WITH ANY ORGANIZATION OFFICER, DIRECTOR, EMPLOYEE OR MEMBER OF THE MEDICAL STAFF, INCLUDING FAMILY MEMBERS WITHIN FIVE DAYS OF THE TRANSACTION. FAILURE TO COMPLY WITH THIS PROVISION IS A MATERIAL BREACH OF AGREEMENT.

Name of the organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
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ATTACHMENT 1 (CONT'D)

IN ADDITION, A BOARD DISCLOSURE REPORT IS FILED WITH THE MARYLAND HEALTH SERVICES COST REVIEW COMMISSION ON AN ANNUAL BASIS SHOWING ANY BUSINESS TRANSACTIONS BETWEEN THE BOARD MEMBERS AND THE ORGANIZATION.

EXECUTIVE COMPENSATION

PART VI, SECTION B, LINE 15

THE ORGANIZATION DETERMINES THE EXECUTIVE COMPENSATION PAID TO ITS EXECUTIVES IN THE FOLLOWING MANNER PRESCRIBED IN THE IRS REGULATIONS:

EXECUTIVE COMPENSATION PACKAGES ARE DETERMINED BY A COMMITTEE OF THE BOARD THAT IS COMPOSED ENTIRELY OF BOARD MEMBERS WHO HAVE NO CONFLICT OF INTEREST.

THE COMMITTEE ACQUIRES CREDIBLE COMPARABILITY MARKET DATA CONCERNING THE COMPENSATION PACKAGES OF SIMILARLY SITUATED EXECUTIVES. THE COMMITTEE CAREFULLY REVIEWS THAT DATA, THE EXECUTIVE'S PERFORMANCE AND THE PROPOSED COMPENSATION PACKAGES DURING THE DECISION MAKING PROCESS.

THE COMMITTEE MEMORIALIZES ITS DELIBERATIONS IN DETAILED MINUTES REVIEWED AND ADOPTED AT THE NEXT-FOLLOWING MEETING.

THE COMMITTEE SEEKS AN OPINION OF COUNSEL THAT IT HAS MET THE REQUIREMENTS OF THE IRS INTERMEDIATE SANCTIONS REGULATIONS.

THIS PROCESS IS USED TO DETERMINE THE COMPENSATION PACKAGES FOR ALL MANAGEMENT EMPLOYEES FROM THE VICE PRESIDENT LEVEL AND UP.

Name of the organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
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ATTACHMENT 1 (CONT'D)

PUBLIC DISCLOSURE

PART VI, SECTION C, LINE 19

IN GENERAL, FINANCIAL AND TAX INFORMATION RELATING TO THE ORGANIZATION IS DEEMED PROPRIETARY AND NOT SUBJECT TO DISCLOSURE UPON REQUEST. HOWEVER, SPECIFIC PROVISIONS OF FEDERAL AND STATE LAW REQUIRE THE ORGANIZATION TO DISCLOSE CERTAIN LIMITED FINANCIAL AND TAX DATA UPON A SPECIFIC REQUEST FOR THAT INFORMATION.

REQUESTS FOR FORM 990 AND FORM 1023:

A REQUESTOR SEEKING TO REVIEW AND/OR OBTAIN A COPY OF THE ORGANIZATION'S IRS FORM 990 OR FORM 1023 AS FILED WITH THE INTERNAL REVENUE SERVICE, INCLUDING ALL SCHEDULES AND ATTACHMENTS, MAY APPEAR IN PERSON OR SUBMIT A WRITTEN REQUEST. THE MOST RECENT THREE YEARS OF IRS FORM 990 MAY BE REQUESTED.

IF THE REQUESTER APPEARS IN PERSON, THE INDIVIDUAL IS DIRECTED TO THE OFFICE OF THE CHIEF FINANCIAL OFFICER FOR THE ORGANIZATION AND THE FORM 990 AND/OR FORM 1023 ARE MADE AVAILABLE FOR INSPECTION. THE INDIVIDUAL IS PERMITTED TO REVIEW THE RETURN, TAKE NOTES AND REQUEST A COPY. IF REQUESTED, A COPY IS PROVIDED ON THE SAME DAY. A NOMINAL FEE IS CHARGED FOR MAKING THE COPIES. THE ORGANIZATION MAY HAVE AN EMPLOYEE PRESENT DURING THE PUBLIC INSPECTION OF THE DOCUMENT.

WRITTEN REQUESTS FOR AN ENTITY'S FORM 990 OR FORM 1023 ARE DIRECTED IMMEDIATELY TO THE OFFICE OF THE CHIEF FINANCIAL OFFICER FOR THE ORGANIZATION. THE REQUESTED COPIES ARE MAILED WITHIN 30 DAYS OF THE

Name of the organization

SHORE HEALTH SYSTEM, INC.

Employer identification number

52-0610538

ATTACHMENT 1 (CONT'D)

REQUEST. REPRODUCTION FEES AND MAILING COSTS ARE CHARGED TO THE
REQUESTOR.

CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS:

IF THE GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY OF OUR
ORGANIZATION ARE SUBJECT TO THE FEDERAL PUBLIC DISCLOSURE RULES (OR STATE
PUBLIC DISCLOSURE RULES), THESE DOCUMENTS WILL BE MADE PUBLICLY AVAILABLE
AS APPLICABLE LAW MAY REQUIRE. OTHERWISE, THE GOVERNING DOCUMENTS AND
CONFLICT OF INTEREST POLICY WILL BE PROVIDED TO THE PUBLIC AT THE
DISCRETION OF MANAGEMENT.

TAX EXEMPT BONDS

PART IV, LINE 24

PURSUANT TO A MASTER LOAN AGREEMENT DATED JUNE 20, 1991 (THE "MASTER LOAN
AGREEMENT"), AS AMENDED, THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM
CORPORATION (THE "CORPORATION") AND SEVERAL OF ITS SUBSIDIARIES HAVE
ISSUED DEBT THROUGH THE MARYLAND HEALTH AND HIGHER EDUCATION FACILITY
AUTHORITY (THE "AUTHORITY"). AS SECURITY FOR THE PERFORMANCE OF THE BOND
OBLIGATION UNDER THE MASTER LOAN AGREEMENT, THE AUTHORITY MAINTAINS A
SECURITY INTEREST IN THE REVENUE OF THE OBLIGORS. THE MASTER LOAN
AGREEMENT CONTAINS CERTAIN RESTRICTIVE COVENANTS. THESE COVENANTS REQUIRE
THAT RATES AND CHARGES BE SET AT CERTAIN LEVELS, LIMIT INCURRENCE OF
ADDITIONAL DEBT, REQUIRE COMPLIANCE WITH CERTAIN OPERATING RATIOS AND
RESTRICT THE DISPOSITION OF ASSETS.

THE OBLIGATED GROUP UNDER THE MASTER LOAN AGREEMENT INCLUDES THE

Name of the organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
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ATTACHMENT 1 (CONT'D)

CORPORATION, UNIVERSITY SPECIALTY HOSPITAL, INC., THE JAMES LAWRENCE KERNAN HOSPITAL, INC., MARYLAND GENERAL HOSPITAL, INC., BALTIMORE WASHINGTON MEDICAL CENTER, INC., SHORE HEALTH SYSTEM, INC., CHESTER RIVER HEALTH SYSTEM, INC. AND THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM FOUNDATION, INC. EACH MEMBER OF THE OBLIGATED GROUP IS JOINTLY AND SEVERALLY LIABLE FOR THE REPAYMENT OF THE OBLIGATIONS UNDER THE MASTER LOAN AGREEMENT OF THE CORPORATION'S \$1,013,920,000 OF OUTSTANDING AUTHORITY BONDS ON JUNE 30, 2010.

ALL OF THE BONDS WERE ISSUED IN THE NAME OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND ARE REPORTED ON SCHEDULE K OF ITS FORM 990.

ATTACHMENT 24A PROGRAM SERVICE

SHORE HEALTH SYSTEM, INC. IS A 217 LICENSED BED COMMUNITY HOSPITAL PROVIDING A FULL RANGE OF INPATIENT AND OUTPATIENT CLINICAL SERVICES TO THE MARYLAND MID-SHORE AREA; INCLUDING GENERAL HOSPITAL, EMERGENCY, AND SPECIALIZED SERVICES AS WELL AS OUTPATIENT CENTERS FOR PRIMARY CARE, DIAGNOSTICS, TREATMENT, EDUCATION, AND REHABILITATION. THE SYSTEM OFFERS FREE EDUCATION PROGRAMS AND SERVICES TO PROMOTE HEALTH AWARENESS IN THE COMMUNITY.

DURING FY 2010, THE SYSTEM PROVIDED CARE FOR 14,387 INPATIENTS RESULTING IN 50,751 DAYS OF PATIENT CARE, TREATED 58,212 PATIENTS

Name of the organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
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FORM 990, PART III - PROGRAM SERVICESATTACHMENT 2 (CONT'D)

IN THE ER, AND PERFORMED 14,798 SURGERIES IN THE OR. THE SYSTEM'S ANCILLARY SERVICE DEPARTMENTS REALIZED 337,838 OUTPATIENT ENCOUNTERS. HOME HEALTH/HOSPICE SERVICES WERE PROVIDED TO 1,731 PATIENTS IN 30,299 NURSING VISITS.

THE SYSTEMS MISSION STATEMENT IS "TO EXCEL IN QUALITY CARE AND PATIENT SATISFACTION". ITS STRATEGIC PRINCIPLE IS "EXCEPTIONAL CARE, EVERY DAY", AND ITS VALUES STATEMENT IS "EVERY INTERACTION WITH ANOTHER IS AN OPPORTUNITY TO CARE". AS A PART OF ITS MISSION, THE SYSTEM PROVIDES CHARITY CARE TO PATIENTS UNABLE TO PAY, PROVIDING \$4.4 MILLION OF CHARITY CARE IN FY 2010.

ATTACHMENT 3990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
WILLOW CONSTRUCTION 400 MARYLAND AVENUE EASTON, MD 21601	CONSTRUCTION	1,871,614.
EAGLE HOSPITAL PHYSICIANS LLC 5901C PEACHTREE DUNWOODY RD ATLANTA, GA 30328	PHYSICIAN	1,933,961.
INNOVATIVE HEALTH SERVICES LLC PO BOX 778 EASTON, MD 21601	BENEFITS ADMIN	731,138.
TIDEWATER ANESTHESIA ASSOCIATES PO BOX 1208 EASTON, MD 21601	ANESTHESIA	1,275,054.
UNIVERSITY OF MD NEUROSURGERY ASSOC 22 SOUTH GREEN ST ST2 12D	NEUROSURGERY	480,000.

Name of the organization SHORE HEALTH SYSTEM, INC.	Employer identification number 52-0610538
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ATTACHMENT 3 (CONT'D)

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

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
BALTIMORE, MD 21201		
TOTAL COMPENSATION		<u>6,291,767.</u>

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

SHORE HEALTH SYSTEM, INC.

▶ **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.**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2009

**Open to Public
Inspection**

Employer identification number
52-0610538

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
CHESAPEAKE NEUROLOGICAL SURGERY 219 S. WASHINGTON STREET EASTON, MD 21601 20-2995904	HEALTHCARE	MD	1,253,130.	391,888.	N/A
CHESAPEAKE EAR, NOSE, THROAT & SINUS 219 S. WASHINGTON STREET EASTON, MD 21601 20-2995846	HEALTHCARE	MD	1,440,434.	238,240.	N/A
NHP 219 S. WASHINGTON STREET EASTON, MD 21601 26-2178083	REAL ESTATE	MD	0.	0.	N/A

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on 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
BALTIMORE WASHINGTON EMERGENCY PHYS, INC 52-1756326 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTH CARE	MD	501 (C) (3)	11	BWMS
BALTIMORE WASHINGTON HEALTHCARE SERVICES 52-1830243 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTH CARE	MD	501 (C) (3)	11	BWMS
BALTIMORE WASHINGTON MEDICAL CENTER, INC 52-0689917 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTH CARE	MD	501 (C) (3)	3	BWMS
BALTIMORE WASHINGTON MEDICAL SYSTEM, INC 52-1830242 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTH CARE	MD	501 (C) (3)	11	UMMSC
BW MEDICAL CENTER FOUNDATION, INC. 52-1813656 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	FUNDRAISING	MD	501 (C) (3)	11	BWMS
NORTH ARUNDEL DEVELOPMENT CORPORATION 52-1318404 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	REAL ESTATE	MD	501 (C) (2)		BWMS
NORTH COUNTY CORPORATION 52-1591355 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	REAL ESTATE	MD	501 (C) (2)		BWMS

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

Schedule R (Form 990) 2009

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?
							Yes	No		
ARUNDEL PHYSICIANS ASSOCIATES 301 HOSPITAL DRIVE HEALTH CARE	HEALTH CARE	MD	N/A							
CENTRAL MARYLAND RADIOLOGY ONC 10710 CHARTER DRIVE HEALTH CARE	HEALTH CARE	MD	N/A							
CENTRAL MD REHABILITATION CENT 22 SOUTH GREENE STREET HEALTH CARE	HEALTH CARE	MD	N/A							
HELEN P. DENIT CANCER TREATMEN 22 SOUTH GREENE STREET HEALTH CARE	HEALTH CARE	MD	N/A							
INNOVATIVE HEALTH, LLC 52-1997 29165 CANVASBACK DRIVE, SUITE BILLING		MD	SHS		34,684.	257,382.		X		X
NORTH ARUNDEL PET CENTER, LLC 301 HOSPITAL DRIVE HEALTH CARE	HEALTH CARE	MD	N/A							
NORTH ARUNDEL SENIOR LIVING, L 301 HOSPITAL DRIVE HEALTH CARE	HEALTH CARE	MD	N/A							

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" on 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
ARUNDEL PHYSICIANS ASSOCIATES, INC. 52-1992649 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTH CARE	MD	N/A	C CORP			
BALTIMORE WASHINGTON HEALTH ENTERPRISES 52-1936656 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTH CARE	MD	N/A	C CORP			
BW PROFESSIONAL SERVICES, INC. 52-1655640 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	HEALTH CARE	MD	N/A	C CORP			
COUNCIL OF UNIT OWNERS OF MD GEN PC 52-1891126 827 LINDEN AVENUE BALTIMORE, MD 21201	REAL ESTATE	MD	N/A	C CORP			
SHORE HEALTH ENTERPRISES, INC. 52-1363201 219 SOUTH WASHINGTON STREET EASTON, MD 21601	REAL ESTATE	MD	SHS	C CORP	57,131.	776,550.	100.0000
UNIVERSITY LITHOTRIPTER, INC. 52-1451021 22 SOUTH GREENE STREET BALTIMORE, MD 21201	HEALTH CARE	MD	N/A	C CORP			
UMMS SELF INSURANCE TRUST 52-6315433 22 SOUTH GREENE STREET BALTIMORE, MD 21201	INSURANCE	MD	N/A	TRUST			

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

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

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

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

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

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved
(1)	SHORE HEALTH ENTERPRISES	A	83,700.
(2)	SHORE HEALTH ENTERPRISES	J	57,000.
(3)	MEMORIAL HOSPITAL FOUNDATION INC	C	683,637.
(4)	DORCHESTER GENERAL HOSPITAL FOUNDATION INC	C	74,820.
(5)			
(6)			

Part II Continuation of Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity
CHESTER RIVER HEALTH FOUNDATION, INC. 52-1338861 100 BROWN STREET CHESTERTOWN, MD 21620	FUNDRAISING	MD	501 (C) (3) 11		CRHS
CHESTER RIVER HEALTH SYSTEM, INC. 52-2046500 100 BROWN STREET CHESTERTOWN, MD 21620	HEALTH CARE	MD	501 (C) (3) 11		UMMSC
CHESTER RIVER HOSPITAL CENTER, INC. 52-0679694 100 BROWN STREET CHESTERTOWN, MD 21620	HEALTH CARE	MD	501 (C) (3) 3		CRHS
CHESTER RIVER MANOR, INC. 52-6070333 200 MORGNEC ROAD CHESTERTOWN, MD 21620	HEALTH CARE	MD	501 (C) (3) 11		CRHS
MARYLAND GENERAL CLINICAL PRACTICE GROUP 52-1566211 827 LINDEN AVENUE BALTIMORE, MD 21201	HEALTH CARE	MD	501 (C) (3) 11		MGHS
MARYLAND GENERAL COMM HEALTH FOUNDATION 52-2147532 827 LINDEN AVENUE BALTIMORE, MD 21201	FUNDRAISING	MD	501 (C) (3) 11		MGHS
MARYLAND GENERAL HEALTH SYSTEMS, INC. 52-1175337 827 LINDEN AVENUE BALTIMORE, MD 21201	HEALTH CARE	MD	501 (C) (3) 11		UMMSC
MARYLAND GENERAL HOSPITAL, INC. 52-0591667 827 LINDEN AVENUE BALTIMORE, MD 21201	HEALTH CARE	MD	501 (C) (3) 3		MGHS
CARE HEALTH SERVICES, INC. 52-1510269 219 SOUTH WASHINGTON STREET EASTON, MD 21601	HEALTH CARE	MD	501 (C) (3) 11		N/A
DORCHESTER GENERAL HOSPITAL FOUNDATION 52-1703242 219 SOUTH WASHINGTON STREET EASTON, MD 21601	FUNDRAISING	MD	501 (C) (3) 11		N/A
MEMORIAL HOSPITAL FOUNDATION, INC. 52-1282080 219 SOUTH WASHINGTON STREET EASTON, MD 21601	FUNDRAISING	MD	501 (C) (3) 11		N/A
SHORE CLINICAL FOUNDATION, INC. 52-1874111 219 SOUTH WASHINGTON STREET EASTON, MD 21601	HEALTH CARE	MD	501 (C) (3) 11		N/A
JAMES LAWRENCE KERNAN HOSP ENDOW FD 23-7360743 2200 KERNAN DRIVE BALTIMORE, MD 21207	FUNDRAISING	MD	501 (C) (3) 11		UMMSC
JAMES LAWRENCE KERNAN HOSPITAL, INC. 52-0591639 2200 KERNAN DRIVE BALTIMORE, MD 21207	HEALTH CARE	MD	501 (C) (3) 3		UMMSC
SHIPLEY'S CHOICE MEDICAL PARK, INC. 04-3643849 22 SOUTH GREENE STREET BALTIMORE, MD 21201	REAL ESTATE	MD	501 (C) (2)		UMMSC
UMMS FOUNDATION, INC. 52-2238893 22 SOUTH GREENE STREET BALTIMORE, MD 21201	FUNDRAISING	MD	501 (C) (3) 11		UMMSC
UNIVERSITY OF MD MEDICAL SYSTEM CORP 52-1362793 22 SOUTH GREENE STREET BALTIMORE, MD 21201	HEALTH CARE	MD	501 (C) (3) 3		UMMSC
UNIVERSITY SPECIALTY HOSPITAL 52-0882914 611 SOUTH CHARLES STREET BALTIMORE, MD 21230	HEALTH CARE	MD	501 (C) (3) 3		UMMSC

Schedule R-1 (Form 990) 2009

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
TERRAPIN INSURANCE COMPANY P.O. BOX 1109 KY1-1102 GRAND CAYMAN, CAYMAN ISLANDS 98-0129232	INSURANCE	CJ	N/A	C CORP			
NA EXECUTIVE BUILDING CONDO 301 HOSPITAL DRIVE GLEN BURNIE, MD 21061	REAL ESTATE	MD	N/A	C CORP			

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

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

