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Form **990-T****Exempt Organization Business Income Tax Return**  
(and proxy tax under section 6033(e))

OMB No. 1545-0687

**2018**Department of the Treasury  
Internal Revenue ServiceFor calendar year 2018 or other tax year beginning 07/01, 2018, and ending 06/30, 2019▶ Go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for  
501(c)(3) Organizations Only

<b>A</b> <input type="checkbox"/> Check box if address changed		Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions ) <b>MEDSTAR AMBULATORY SERVICES, INC.</b>		<b>D</b> Employer identification number (Employees' trust, see instructions )  <b>52-1132992</b>	
<b>B</b> Exempt under section <input checked="" type="checkbox"/> 501(c) (3) <input type="checkbox"/> 220(e) <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)		Number, street, and room or suite no. If a P O box, see instructions  <b>10980 GRANTCHESTER WAY, 6TH FLOOR</b>		<b>E</b> Unrelated business activity code (See instructions )	
<b>C</b> Book value of all assets at end of year  <b>114,197,928.</b>		City or town, state or province, country, and ZIP or foreign postal code <b>COLUMBIA, MD 21044</b>			
<b>F</b> Group exemption number (See instructions ) ▶					
<b>G</b> Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust					

**H** Enter the number of the organization's unrelated trades or businesses ▶ N/A Describe the only (or first) unrelated trade or business here ▶ \_\_\_\_\_ If only one, complete Parts I-V. If more than one, describe the first in the blank space at the end of the previous sentence, complete Parts I and II, complete a Schedule M for each additional trade or business, then complete Parts III-V

**I** During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ☒ Yes ☐ No  
If "Yes," enter the name and identifying number of the parent corporation ▶ ATCH 1 MedS 52-2087445

**J** The books are in care of ▶ JOEL BRYAN Telephone number ▶ 410-772-6721

Part I Unrelated Trade or Business Income				(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales					
b	Less returns and allowances		c Balance ▶	1c		
2	Cost of goods sold (Schedule A, line 7)			2		
3	Gross profit Subtract line 2 from line 1c			3		
4a	Capital gain net income (attach Schedule D)			4a		
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			4b		
c	Capital loss deduction for trusts			4c		
5	Income (loss) from a partnership or an S corporation (attach statement)			5		
6	Rent income (Schedule C)			6		
7	Unrelated debt-financed income (Schedule E)			7		
8	Interest, annuities, royalties, and rents from a controlled organization (Schedule F)			8		
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			9		
10	Exploited exempt activity income (Schedule I)			10		
11	Advertising income (Schedule J)			11		
12	Other income (See instructions, attach schedule)			12		
13	Total Combine lines 3 through 12			13	0.	

**Part II Deductions Not Taken Elsewhere** (See instructions for limitations on deductions ) (Except for contributions, deductions must be directly connected with the unrelated business income )

14	Compensation of officers, directors, and trustees (Schedule K)		14	
15	Salaries and wages		15	
16	Repairs and maintenance		16	
17	Bad debts		17	
18	Interest (attach schedule) (see instructions)		18	
19	Taxes and licenses		19	9,044.
20	Charitable contributions (See instructions for limitation rules)		20	
21	Depreciation (attach Form 4562)		21	
22	Less depreciation claimed on Schedule A and elsewhere on return		22a	
23	Depletion		23	
24	Contributions to deferred compensation plans		24	
25	Employee benefit programs		25	
26	Excess exempt expenses (Schedule I)		26	
27	Excess readership costs (Schedule J)		27	
28	Other deductions (attach schedule)		28	
29	Total deductions. Add lines 14 through 28		29	9,044.
30	Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13		30	-9,044.
31	Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)		31	
32	Unrelated business taxable income Subtract line 31 from line 30		32	-9,044.

For Paperwork Reduction Act Notice, see instructions

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32061H 2502

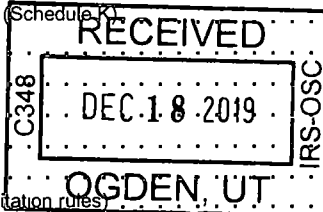
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**Part III Total Unrelated Business Taxable Income**

33	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions).	33	-9,044.
34	Amounts paid for disallowed fringes	34	109,630.
35	Deduction for net operating loss arising in tax years beginning before January 1, 2018 (see instructions).	35	
36	Total of unrelated business taxable income before specific deduction Subtract line 35 from the sum of lines 33 and 34.	36	100,586.
37	Specific deduction (Generally \$1,000, but see line 37 instructions for exceptions)	37	1,000.
38	Unrelated business taxable income Subtract line 37 from line 36. If line 37 is greater than line 36, enter the smaller of zero or line 36.	38	99,586.

**Part IV Tax Computation**

39	Organizations Taxable as Corporations. Multiply line 38 by 21% (0.21).	39	20,913.
40	Trusts Taxable at Trust Rates See instructions for tax computation. Income tax on the amount on line 38 from <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041).	40	
41	Proxy tax See instructions	41	
42	Alternative minimum tax (trusts only).	42	
43	Tax on Noncompliant Facility Income. See instructions	43	
44	Total Add lines 41, 42, and 43 to line 39 or 40, whichever applies	44	20,913.

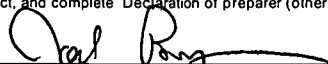
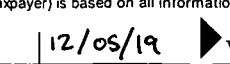
**Part V Tax and Payments**

45a	Foreign tax credit (corporations attach Form 1118, trusts attach Form 1116).	45a	
b	Other credits (see instructions).	45b	
c	General business credit Attach Form 3800 (see instructions)	45c	
d	Credit for prior year minimum tax (attach Form 8801 or 8827).	45d	
e	Total credits. Add lines 45a through 45d	45e	
46	Subtract line 45e from line 44.	46	20,913.
47	Other taxes Check if from <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	47	
48	Total tax. Add lines 46 and 47 (see instructions)	48	20,913.
49	2018 net 965 tax liability paid from Form 965-A or Form 965-B, Part II, column (k), line 2.	49	
50a	Payments A 2017 overpayment credited to 2018	50a	239.
b	2018 estimated tax payments	50b	
c	Tax deposited with Form 8868.	50c	42,000.
d	Foreign organizations Tax paid or withheld at source (see instructions)	50d	
e	Backup withholding (see instructions)	50e	
f	Credit for small employer health insurance premiums (attach Form 8941)	50f	
g	Other credits, adjustments, and payments <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other Total	50g	
51	Total payments. Add lines 50a through 50g	51	42,239.
52	Estimated tax penalty (see instructions) Check if Form 2220 is attached.	52	
53	Tax due If line 51 is less than the total of lines 48, 49, and 52, enter amount owed	53	
54	Overpayment. If line 51 is larger than the total of lines 48, 49, and 52, enter amount overpaid	54	21,326.
55	Enter the amount of line 54 you want Credited to 2019 estimated tax Refunded	55	

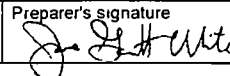
**Part VI Statements Regarding Certain Activities and Other Information** (see instructions)

56	At any time during the 2018 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If "Yes," the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country here	Yes	No
57	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the organization may have to file		X
58	Enter the amount of tax-exempt interest received or accrued during the tax year		

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

**Sign Here**  12/05/19 **VP/TREASURER**  **Chief Investment Officer**

Signature of officer Date Title

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	JG WHITE		12/5/2019		P01498698
	Firm's name ▶ KPMG LLP	Firm's EIN ▶ 13-5565207			
	Firm's address ▶ 8350 BROAD STREET, SUITE 900, MCLEAN, VA 22102	Phone no 703-286-8000			

**Schedule A - Cost of Goods Sold.** Enter method of inventory valuation ►

<b>1</b> Inventory at beginning of year	<b>1</b>		<b>6</b> Inventory at end of year	<b>6</b>	
<b>2</b> Purchases	<b>2</b>		<b>7</b> Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2.	<b>7</b>	
<b>3</b> Cost of labor	<b>3</b>				
<b>4a</b> Additional section 263A costs (attach schedule)	<b>4a</b>				
<b>b</b> Other costs (attach schedule)	<b>4b</b>		<b>8</b> Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	<b>Yes</b>	<b>No</b>
<b>5</b> Total. Add lines 1 through 4b.	<b>5</b>				X

**Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)**

(see instructions)

<b>1. Description of property</b>		
(1)		
(2)		
(3)		
(4)		
<b>2. Rent received or accrued</b>		
<b>(a)</b> From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	<b>(b)</b> From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	<b>3(a)</b> Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	Total	
<b>(c) Total income.</b> Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A).		<b>(b) Total deductions.</b> Enter here and on page 1, Part I, line 6, column (B).

**Schedule E - Unrelated Debt-Financed Income** (see instructions)

<b>1</b> Description of debt-financed property		<b>2.</b> Gross income from or allocable to debt-financed property	<b>3</b> Deductions directly connected with or allocable to debt-financed property	
			<b>(a)</b> Straight line depreciation (attach schedule)	<b>(b)</b> Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
<b>4</b> Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	<b>5</b> Average adjusted basis of or allocable to debt-financed property (attach schedule)	<b>6</b> Column 4 divided by column 5	<b>7</b> Gross income reportable (column 2 x column 6)	<b>8</b> Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
			Enter here and on page 1, Part I, line 7, column (A)	Enter here and on page 1, Part I, line 7, column (B)
<b>Totals</b>				
<b>Total dividends-received deductions</b> included in column 8				

**Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions)

1 Name of controlled organization	2 Employer identification number	Exempt Controlled Organizations			
		3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column 4 that is included in the controlling organization's gross income	6 Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

**Nonexempt Controlled Organizations**

7 Taxable income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column 9 that is included in the controlling organization's gross income	11 Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
			Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A)	Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B)
<b>Totals</b> .....				

**Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col 3 plus col 4)
(1)				
(2)				
(3)				
(4)				
		Enter here and on page 1, Part I, line 9, column (A)		Enter here and on page 1, Part I, line 9, column (B)
<b>Totals</b> .....				

**Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income** (see instructions)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3) If a gain, compute cols 5 through 7	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
		Enter here and on page 1, Part I, line 10, col (A)	Enter here and on page 1, Part I, line 10, col (B)			Enter here and on page 1, Part II, line 26
<b>Totals</b> .....						

**Schedule J—Advertising Income** (see instructions)**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals (carry to Part II, line (5))</b> .....						

**Part II** **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals from Part I</b> . . . . . ▶						
	Enter here and on page 1, Part I, line 11, col (A)	Enter here and on page 1, Part I, line 11, col (B)				Enter here and on page 1, Part II, line 27
<b>Totals, Part II (lines 1-5)</b> . . . . . ▶						

**Schedule K - Compensation of Officers, Directors, and Trustees** (see instructions)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
<b>Total</b> Enter here and on page 1, Part II, line 14 . . . . . ▶			

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MEDSTAR AMBULATORY SERVICES, INC.

52-1132992

ATTACHMENT 1

NAME AND FEIN OF PARENT CORPORATION

MEDSTAR HEALTH, INC.  
52-2087445