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POLICY

This policy applies to The Johns Hopkins Health System Corp. (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center (JHBMC), Howard County General Hospital (HCGH), Johns Hopkins Community Physicians (JHCP), Johns Hopkins Medical Services Corporation (JHMSC), Johns Hopkins Medicine International (JHMI), Ophthalmology Associates (OA), Johns Hopkins Employer Health Programs (EHP), Johns Hopkins Medical Management Corporation (JHMMC), Priority Partners (PP), Johns Hopkins Pharmaquip, Inc. (JHPQ), Johns Hopkins Home Health Services, Inc. (JHHHS), Johns Hopkins Pediatrics Home, Inc. (JHPAHI), Johns Hopkins HealthCare (JHHC), Johns Hopkins Home Care Group (JHHCG), Suburban Health Center (SHC), Broadway Acquisition and Development, and HCGH OB/GYN Associates Series, LLC (HCGH OBGYN).

Purpose

The purpose of this policy is to define and clarify the use of agency funds by JHHS and its affiliates.

Definition

Agency Fund: A fund consisting of resources received and held by JHHS or an affiliate as an agent for another non-affiliated organization, such as The Johns Hopkins University (JHU), or for specific projects or other donor-identified undertakings. This definition refers specifically to the use of the term "agency fund " in FASB Statement No. 116 - Accounting for Contributions Received and Contributions Made and the AICPA Audit Guide concerning agency funds.


It is the preference of JHHS and its affiliates not to receive or hold assets for others under agency relationships. In special circumstances, the JHHS Vice President of Finance/Chief Financial Officer (CFO) and Treasurer may approve exceptions. These exceptions will comply with the provisions set forth in this policy.

The Assistant Treasurer, JHHS, will determine when an agency relationship exists and when an agency relationship might benefit JHHS or an affiliate. Once the Assistant Treasurer has identified such relationships, he will present the findings to the JHHS Vice President of Finance/CFO and Treasurer for review. The JHHS Vice President of Finance/CFO and Treasurer will either approve or deny JHHS's entry into agency relationships.

In accepting responsibility for assets under an agency agreement, JHHS will account for agency funds on an accrual basis. Accordingly, JHHS will record a liability to the principal to return the funds in the future, or, if authorized, to distribute them to the beneficiary. JHHS will also establish an asset account recognizing the funds received.

No agency fund transaction should be included in the results of the operations of JHHS or its affiliates. Any appreciation of the fund and interest equal to the return on investment received by JHHS will be credited monthly to the agency funds.

When a beneficiary submits a written request for disbursement of funds, JHHS or its affiliates will review

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the request and determine if the request meets the fund requirements. In cases where disbursement approval has not been designated to JHHS or its affiliates, and if fund requirements are met, JHHS or its affiliates will obtain approval from the principal and then disburse funds to the beneficiary. In cases where disbursement approval is designated to JHHS or its affiliates, the specified JHHS or its affiliates employee, physician or agent will make the approval.

REFERENCE

Financial Accounting Standards Board (FASB) Statement No. 116 - Accounting for Contributions Received and Contributions Made

AICPA Audit Guide

RESPONSIBILITIES

- | | |
|-------------------------------------|--|
| Assistant Treasurer | Determine when an agency relationship might exist, noting instances when an agency relationship may benefit JHHS or its affiliates.

Present findings on agency relationships to CFO for review. |
| Vice President of Finance/CFO, JHHS | Approve or deny the entry of JHHS into agency relationships. |
| Director of General Accounting | Set up agency fund asset and liability accounts as directed by the Office of the Fund for Johns Hopkins Medicine. |

SPONSOR

Vice President of Finance/CFO and Treasurer, JHHS

REVIEW CYCLE

Three (3) years


APPROVAL

President JHH/JHHS

Date

Although the following procedures are numbered sequentially, certain activities are intended to occur simultaneously.

PROCEDURES

 <p>JOHNS HOPKINS M E D I C I N E JOHNS HOPKINS H E A L T H S Y S T E M</p>	<p>The Johns Hopkins Health System Policy & Procedure</p>	<p><i>Policy Number</i></p>	<p>FIN029</p>
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1. Assistant Treasurer
 - a. Determine when an agency relationship might exist, noting instances when an agency relationship may benefit JHHS or its affiliates.
 - b. Obtain approval of the CFO on the agency relationship.
 - c. Inform the Director of General Accounting when JHHS enters into an agency relationship.

2. Vice President of Finance/CFO and Treasurer, JHHS
 - a. Review proposed agency relationship as indicated by the Assistant Treasurer and approve or deny relationship.
 - b. Set up the appropriate asset and liability accounts when informed by the Assistant Treasurer of a new agency relationship and obtain signature authorization for the expenditure of funds according to fund requirements.

3. Director of General Accounting
 - a. Set up agency fund asset and liability accounts as directed by the directed by the Office of the Fund for Johns Hopkins Medicine.
 - b. Reduce liabilities and assets for agency relationships when approved distributions are made to beneficiaries or to grantors.