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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 04-01-2011 and ending 03-31-2012

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
SHEPHERD CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2020 PEACHTREE ROAD NW

City or town, state or country, and ZIP + 4
ATLANTA, GA 30309

D Employer identification number
51-0141601

E Telephone number
(404) 350-7310

G Gross receipts $ 158,914,972

F Name and address of principal officer
GARY R ULICNY
2020 PEACHTREE ROAD NW
ATLANTA, GA 30309

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW SHEPHERD ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1975

M State of legal domicile GA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE SCHEDULE O FOR A COMPLETE DESCRIPTION OF SHEPHERD CENTER'S MISSION STATEMENT SHEPHERD CENTER'S MISSION IS TO HELP PEOPLE WITH A TEMPORARY OR PERMANENT DISABILITY CAUSED BY INJURY OR DISEASE REBUILD THEIR LIVES WITH HOPE, INDEPENDENCE, AND DIGNITY, ADVOCATING FOR THEIR FULL INCLUSION IN ALL ASPECTS OF COMMUNITY LIFE WHILE PROMOTING SAFETY AND INJURY PREVENTION

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	24
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	20
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,530
6	Total number of volunteers (estimate if necessary)	**6**	800
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	122,440
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-123,539

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	15,992,840	11,570,889
9	Program service revenue (Part VIII, line 2g)	116,725,223	142,403,110
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	364,820	1,453,926
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,294,250	3,458,379
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	136,377,133	158,886,304
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	80,109,869	88,141,524
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	45,111,393	50,971,124
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	125,221,262	139,112,648
19	Revenue less expenses Subtract line 18 from line 12	11,155,871	19,773,656

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	299,977,627	323,341,883
21	Total liabilities (Part X, line 26)	86,963,088	88,522,197
22	Net assets or fund balances Subtract line 21 from line 20	213,014,539	234,819,686

Part II Signature Block

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

Sign Here

****** | 2012-11-16
Signature of officer | Date

STEPHEN B HOLLEMAN CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: WILLA P BROWNLEE | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions) P00746452

Firm's name (or yours if self-employed), address, and ZIP + 4: CARR RIGGS & INGRAMLLC, 4360 CHAMBLEE DUNWOODY RD SUITE 420, ATLANTA, GA 30341

EIN ▶ 72-1396621

Phone no ▶ (770) 457-6606

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

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

SHEPHERD CENTER'S PRIMARY PURPOSE IS TO PROVIDE ACUTE AND REHABILITATIVE HOSPITAL CARE TO PATIENTS WITH SPINAL CORD INJURIES, ACQUIRED BRAIN INJURIES, MULTIPLE SCLEROSIS, AND OTHER NEUROMUSCULAR AND UROLOGICAL DISEASES CONTINUED ON SCHEDULE O WE STRIVE TO BE THE MOST COMPREHENSIVE CATASTROPHIC CARE SPECIALTY HOSPITAL IN THE WORLD COMMITTED TO IMPROVING OUR PATIENTS' LIVES

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 organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 88,214,256 including grants of $) (Revenue $ 142,403,110)

IN REFERENCE TO THE PROVISION OF PATIENT CARE SERVICES, SHEPHERD CENTER IS DEDICATED TO HELPING PEOPLE WHO HAVE EXPERIENCED CATASTROPHIC INJURY OR DISEASE REBUILD THEIR LIVES WITH HOPE, DIGNITY, AND INDEPENDENCE, ADVOCATING FOR THEIR FULL INCLUSION IN ALL ASPECTS OF COMMUNITY LIFE IN THE LAST FISCAL YEAR, SHEPHERD CENTER INCURRED EXPENSES TO PROVIDE SERVICES FOR 968 INPATIENT ADMISSIONS, 41,236 INPATIENT DAYS, 47,997 OUTPATIENT VISITS, AND 14,357 DAY PATIENT DAYS

4b (Code) (Expenses $ 11,117,213 including grants of $) (Revenue $ 9,090,901)

BECAUSE OF THE GENEROUS FINANCIAL SUPPORT OF THE COMMUNITY, SHEPHERD CENTER IS ABLE TO PROVIDE MANY COMMUNITY FUNDED SERVICES THAT ARE NOT AVAILABLE IN OTHER HOSPITALS SHEPHERD CENTER OFFERS SERVICES SUCH AS FAMILY HOUSING AND TRAINING, EXPANDED THERAPEUTIC RECREATION SERVICES, ASSISTIVE TECHNOLOGY AND ADAPTIVE EQUIPMENT, AND VOCATIONAL TRAINING, AS WELL AS MEDICAL CARE FOR PATIENTS WITHOUT THE ABILITY TO PAY FOR THESE SERVICES

4c (Code) (Expenses $ 4,415,153 including grants of $) (Revenue $ 3,344,264)

WITH REGARD TO RESEARCH ACTIVITY, SHEPHERD CENTER IS A SITE FOR LEADING-EDGE RESEARCH AND PROVIDES IMPORTANT OUTCOMES TRACKING THAT HELP SHAPE THE FACE OF REHABILITATION IN THE UNITED STATES OUR VISION IS TO BE A CENTER OF EXCELLENCE IN PATIENT CARE, PARTICIPATING IN RESEARCH THAT WILL ACHIEVE THE HIGHEST OUTCOMES AND IMPROVE THE LIVES OF OUR PATIENTS AND FAMILIES

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 103,746,622

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
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? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
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?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
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? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
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? *If "Yes," complete Schedule L, Part III*	**27**		No
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? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
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? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
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? *If "Yes," complete Schedule R, Part VI*	**37**		No
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	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	436		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	1,530			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	24		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	20		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
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		9		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ GA , SC , FL , TN , AL , NC

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

NORA MANGRUM
2020 PEACHTREE RD NW
ATLANTA, GA 303091402
(404) 350-7320

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

Check if Schedule O contains a response to any question in this Part VII . . . . . .☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								6,285,913	0	237,686

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 88

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
PIEDMONT HOSPITAL PO BOX 725507 ATLANTA, GA 31139	MEDICAL SERVICES	5,102,417
HIMFORMATICS 1735 BUFORD HWY STE 215-311 CUMMING, GA 30041	COMPUTER CONSULTING SERVICES	968,854
CAREFUSION SOLUTIONS LLC 25082 NETWORK PLACE CHICAGO, IL 60673	RENTAL SERVICES OF PXYIS MACHINES	590,410
ANGELICA TEXTILE SERVICES PO BOX 535122 ATLANTA, GA 30353	LINEN & LAUNDRY CLEANING SERVICES	512,524
SUCCESS ADVERTISING INC 26 EASTMANS ROAD PARSIPPANY, NJ 07054	ADVERTISING SERVICES	476,942

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 25

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	2,407,724			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	9,163,165			
	g	Noncash contributions included in lines 1a-1f $ 396,377					
	h	**Total.** Add lines 1a-1f		11,570,889			
Program Service Revenue			Business Code				
	2a	NET INPATIENT SERVICE	900099	111,231,365	111,231,365		
	b	NET OUTPATIENT SERVICE	900099	23,509,520	23,509,520		
	c	NET DAYPATIENT SERVICE	900099	7,662,225	7,662,225		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		142,403,110			
	3	Investment income (including dividends, interest and other similar amounts)		1,451,311			1,451,311
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	631,620				
	b	Less rental expenses	27,783				
	c	Rental income or (loss)	603,837				
	d	Net rental income or (loss)			603,837	603,837	
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		3,500			
	b	Less cost or other basis and sales expenses		885			
	c	Gain or (loss)		2,615			
	d	Net gain or (loss)			2,615		2,615
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	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					
	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					
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA REVENUE	900099	1,111,314			1,111,314
	b	ADMINISTRATIVE FEES	532000	61,407		61,407	
	c	RENTAL INCOME	532000	61,033		61,033	
	d	All other revenue		1,620,788	1,620,788		
	e	**Total.** Add lines 11a–11d		2,854,542			
	12	**Total revenue.** See Instructions		158,886,304	144,627,735	122,440	2,565,240

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)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	3,855,255	1,836,004	2,019,251	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	68,763,193	55,309,444	13,453,749	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,705,726		1,705,726	
9	Other employee benefits	3,037,577	2,443,265	594,312	
10	Payroll taxes	10,779,773	4,371,365	6,408,408	
11	Fees for services (non-employees)				
a	Management	822,075	129,288	692,787	
b	Legal	215,638	2,623	213,015	
c	Accounting	113,107		113,107	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	9,697,271	7,779,936	1,917,335	
12	Advertising and promotion	461,660		461,660	
13	Office expenses	2,679,244	1,528,366	1,150,878	
14	Information technology	1,472,735		1,472,735	
15	Royalties . .				
16	Occupancy	2,572,245	501,622	2,070,623	
17	Travel	948,285	574,505	373,780	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	485,462	205,858	279,604	
20	Interest	939,185		939,185	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	8,713,818	1,871,410	6,842,408	
23	Insurance	806,392	104,047	702,345	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	14,679,860	13,680,788	999,072	
b	BAD DEBT EXPENSE	2,519,205		2,519,205	
c	EQUIPMENT RENTAL & MAIN	1,982,440	1,515,477	466,963	
d	ALLOCATION OF INDIRECT	0	11,484,248	-11,484,248	
e					
f	All other expenses	1,862,502	408,376	1,454,126	
25	**Total functional expenses.** Add lines 1 through 24f	139,112,648	103,746,622	35,366,026	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		9,178,530	1	10,174,786
	2	Savings and temporary cash investments		10,365,880	2	24,238,510
	3	Pledges and grants receivable, net		1,048,070	3	673,367
	4	Accounts receivable, net		23,905,381	4	29,461,673
	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		918,291	8	1,212,204
	9	Prepaid expenses and deferred charges		1,742,925	9	2,122,505
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 220,205,447			
	b	Less accumulated depreciation	10b 93,679,161	127,600,339	10c	126,526,286
	11	Investments—publicly traded securities		122,715,800	11	126,315,056
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		2,502,411	15	2,617,496
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		299,977,627	16	323,341,883
Liabilities	17	Accounts payable and accrued expenses		10,872,841	17	13,902,749
	18	Grants payable			18	
	19	Deferred revenue		629,707	19	918,230
	20	Tax-exempt bond liabilities		68,900,000	20	67,200,000
	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			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		6,560,540	25	6,501,218
	26	**Total liabilities.** Add lines 17 through 25		86,963,088	26	88,522,197
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		157,212,964	27	176,379,764
	28	Temporarily restricted net assets		14,368,852	28	16,119,646
	29	Permanently restricted net assets		41,432,723	29	42,320,276
		Organizations that do not follow SFAS 117, check here ▶ ☐ 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		213,014,539	33	234,819,686
	34	Total liabilities and net assets/fund balances		299,977,627	34	323,341,883

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	158,886,304
2	Total expenses (must equal Part IX, column (A), line 25)	2	139,112,648
3	Revenue less expenses Subtract line 2 from line 1	3	19,773,656
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	213,014,539
5	Other changes in net assets or fund balances (explain in Schedule O)	5	2,031,491
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	234,819,686

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ 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? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 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	2c	Yes	
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 separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated 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?	3a	Yes	
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 . .	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

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 **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - 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?

	Yes	No
(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 the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) 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) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part III **Support Schedule for Organizations Described in IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** 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. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 51-0141601
Name: SHEPHERD CENTER INC

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
FRED V ALIAS BOARD MEMBER	1 00	X						0	0	0
GREGORY ANDERSON BOARD MEMBER	1 00	X						0	0	0
DAVID F APPLE JR MD VP/MEDICAL DIRECTOR EMERITUS	24 00	X			X			168,406	0	17,724
JAMES M CASWELL JR BOARD MEMBER	1 00	X						0	0	0
SARA S CHAPMAN BOARD MEMBER	1 00	X						0	0	0
CLARK H DEAN BOARD MEMBER	1 00	X						0	0	0
JOHN S DRYMAN BOARD MEMBER	1 00	X						0	0	0
DAVID H FLINT BOARD MEMBER	1 00	X						0	0	0
DONALD P LESLIE MD VP/MEDICAL DIRECTOR	40 00	X			X			629,659	0	16,375
DOUGLAS LINDAUER BOARD MEMBER	1 00	X						0	0	0
BERNARD MARCUS BOARD MEMBER	1 00	X						0	0	0
JULIAN B MOHR BOARD MEMBER	1 00	X						0	0	0
C TALBOT NUNNALLY III BOARD MEMBER	1 00	X						0	0	0
SALLY D NUNNALLY BOARD MEMBER	1 00	X						0	0	0
J HAROLD SHEPHERD BOARD MEMBER	1 00	X						0	0	0
W CLYDE SHEPHERD III BOARD MEMBER	1 00	X						0	0	0
JAMES E STEPHENSON BOARD MEMBER	1 00	X						0	0	0
JAMES D THOMPSON BOARD MEMBER	1 00	X						0	0	0
JAMES H SHEPHERD JR CHAIRMAN	40 00	X		X				259,323	0	19,666
GARY ULICNY PHD PRESIDENT/CEO	40 00	X		X				582,719	0	20,720
EMORY A SCHWALL BOARD VP	4 00	X		X				0	0	0
WILLIAM C FOWLER BOARD TREASURER	2 00	X		X				0	0	0
STEPHEN B GOOT BOARD CORPORATE SEC	2 00	X		X				0	0	0
ALANA SHEPHERD BOARD RECORDING SEC	20 00	X		X				0	0	0
STEPHEN B HOLLEMAN CFO	40 00	X		X				336,209	0	24,144

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
WILMA BUNCH VP BUILDING SERVICES	40 00	X			X			187,359	0	18,663
MITCHELL J FILLHABER VP MARKETING	40 00	X			X			301,044	0	12,970
BROCK BOWMAN MD ASSOC MEDICAL DIRECTOR	40 00	X			X			443,712	0	20,656
TAMARA KING CHIEF NURSE EXECUTIVE	40 00	X			X			198,151	0	20,416
MICHAEL JONES VP RESEARCH	40 00	X			X			298,921	0	21,984
SCOTT H SIKES VP DEVELOPMENT	40 00	X			X			242,590	0	13,844
GERALD BILSKY MD PHYSICIAN	40 00					X		470,524	0	11,734
ANNA ELMERS MD PHYSICIAN	40 00					X		524,595	0	8,611
JOHN MUSSER MD PHYSICIAN	40 00					X		470,963	0	0
ERIK SHAW MD PHYSICIAN	40 00					X		562,624	0	9,719
BEN THROWER MD PHYSICIAN	40 00					X		609,114	0	460

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

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

Name of the organization	Employer identification number
SHEPHERD CENTER INC	51-0141601

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 on behalf of or in opposition to candidates for public office 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 funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

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

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)	44,752	
b	Total lobbying expenditures to influence a legislative body (direct lobbying)	11,776	
c	Total lobbying expenditures (add lines 1a and 1b)	56,528	
d	Other exempt purpose expenditures	103,690,094	
e	Total exempt purpose expenditures (add lines 1c and 1d)	103,746,622	
f	Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	
g	Grassroots nontaxable amount (enter 25% of line 1f)	250,000	
h	Subtract line 1g from line 1a If zero or less, enter -0-	0	
i	Subtract line 1f from line 1c If zero or less, enter -0-	0	

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

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? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)		(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a	Lobbying non-taxable amount	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b	Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c	Total lobbying expenditures	9,789	37,087	49,024	56,528	152,428
d	Grassroots non-taxable amount	250,000	250,000	250,000	250,000	1,000,000
e	Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f	Grassroots lobbying expenditures	9,544	31,048	42,730	44,752	128,074

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)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
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 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).

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

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".

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

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

Identifier	Return Reference	Explanation
PART IV, SUPPLEMENTAL INFORMATION		SHEPHERD CENTER, INC EMPLOYS MARK JOHNSON AS DIRECTOR OF ADVOCACY DURING THE YEAR, HE AND ADVOCACY SPECIALIST CAROL JONES WERE INVOLVED IN THE FOLLOWING ACTIVITIES 1 MAINTAINED ADVOCACY BULLETIN BOARD, A LISTING OF ADVOCACY OPPORTUNITIES FOR STAFF (GRASSROOTS - LINE 1A) 2 SUPPORTED EFFORTS TO INCREASE AND IMPROVE HOME AND COMMUNITY BASED SERVICES AS WELL AS TRANSPORTATION (GRASSROOTS - LINE 1A) 3 PARTICIPATED IN PROMOTING THE NATIONAL DISABILITY ALLIANCES PUBLIC POLICY AGENDA (NDLA,HTTP //WWW DISABILITYLEADERSHIP NET)(DIRECT LOBBYING - LINE 1B) 4 PARTICIPATED IN GEORGIA'S ANNUAL DISABILITY DAY AT THE CAPITOL, FEBRUARY 16, 2011 (DIRECT LOBBYING - LINE 1B) 5 HOSTED MEETINGS WITH THE US ACCESS BOARD AND FEMA DEPUTY ADMINISTRATOR (DIRECT LOBBYING - LINE 1B) 6 PROMOTED FAIR HOUSING MONTH IN APRIL 2011 AND NATIONAL DISABILITY EMPLOYMENT AWARENESS MONTH AND RELATED EFFORTS IN OCTOBER, 2011

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

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

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

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

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

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

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

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

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

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

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

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

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

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

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

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

Part IV 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

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	41,432,723	43,555,890	43,196,059	41,657,033	
b Contributions	887,553	-2,123,167	359,831	1,539,026	
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	42,320,276	41,432,723	43,555,890	43,196,059	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		16,628,506		16,628,506
b Buildings		99,832,674	29,918,785	69,913,889
c Leasehold improvements				
d Equipment		96,762,785	63,061,806	33,700,979
e Other		6,981,482	698,570	6,282,912
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				126,526,286

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should 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
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
ANNUITIES PAYABLE	6,501,218
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	6,501,218

2. Fin 48 (ASC 740) 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 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to 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 - 8	9	
10	Excess or (deficit) for the year per 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 should 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 should 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, 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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE CENTER APPLIES THE FASB ASC PROVISIONS FOR INCOME TAXES THESE PROVISIONS REQUIRE THAT A TAX POSITION BE RECOGNIZED OR DERECOGNIZED BASED ON A "MORE-LIKELY-THAN-NOT" THRESHOLD THIS APPLIES TO POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN THE CENTER DOES NOT BELIEVE ITS CONSOLIDATED FINANCIAL STATEMENTS INCLUDE ANY MATERIAL UNCERTAIN TAX POSITIONS

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ 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 during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a		No
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did 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	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
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 eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	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

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)	1	2,127	3,554,883	0	3,554,883	2 600 %
b Medicaid (from Worksheet 3, column a)	1	1,722	2,187,964	0	2,187,964	1 600 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs	2	3,849	5,742,847		5,742,847	4 200 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	72	18,880	5,859,897	44,846	5,815,051	4 260 %
f Health professions education (from Worksheet 5)	2	12	219,303	0	219,303	0 160 %
g Subsidized health services (from Worksheet 6)	8	7,132	463,126	2,000	461,126	0 340 %
h Research (from Worksheet 7)	37	300	3,674,540	73,554	3,600,986	2 640 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	4	71	62,876	0	62,876	0 050 %
j **Total** Other Benefits	123	26,395	10,279,742	120,400	10,159,342	7 450 %
k **Total.** Add lines 7d and 7j	125	30,244	16,022,589	120,400	15,902,189	11 650 %

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	1	2,199	571,935	6,815	565,120	0 410 %
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	1	1,500	129,528	0	129,528	0 090 %
8	Workforce development						
9	Other	3	2,182	34,945	0	34,945	0 030 %
10	**Total**	5	5,881	736,408	6,815	729,593	0 530 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense	2	1,123,069		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
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 a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	12,388,310		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	17,669,971		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-5,281,661		
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	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	SHEPHERD CENTER INC 2020 PEACHTREE ROAD NW ATLANTA,GA 30309	X					X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

SHEPHERD CENTER INC

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**		No
If "Yes," indicate the FPG family income limit for eligibility for free care __%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☐ The policy was available upon request			
	g ☑ Other (describe in Part VI)			
Billing and Collections				
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14		No
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**		No
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 2

	Name and address	Type of Facility (Describe)
1	SHEPHERD PATHWAYS 1942 CLAIRMONT ROAD DECATUR,GA 30033	OUTPATIENT CENTER SERVING BRAIN INJURY PATIENTS
2	BEYOND THERAPY TENNESSEE 277 MALLORY STATION FRANKLIN,TN 37067	OUTPATIENT CENTER PROVIDING INTENSIVE REHABILITATION SERVICES
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 2519205

Identifier	ReturnReference	Explanation
		PART II SHEPHERD CENTER'S COMMUNITY BUILDING ACTIVITIES ARE CONCENTRATED IN THE FOLLOWING AREAS ADVOCACYSHEPHERD CENTER'S ADVOCACY PROGRAM IS RESPONSIBLE FOR THE FOLLOWING 1 SERVE AS A PRIMARY LIAISON BETWEEN SHEPHERD CENTER AND THE DISABILITY COMMUNITY 2 PROVIDE DAY-TO-DAY EXPERTISE ON DISABILITY RIGHTS ISSUES 3 PROMOTE DISABILITY RIGHTS 4 SUPPORT THE DEVELOPMENT OF LOCAL AND NATIONAL CAMPAIGNS RELATED TO HOME AND COMMUNITY BASED SERVICES (HCBS), ACCESSIBLE, AFFORDABLE, INTEGRATED HOUSING, AFFORDABLE, INTEGRATED HOUSING, REUSE EFFORTS AND INCLUSIVE EMERGENCY MANAGEMENT 5 SERVE ON AMERIGROUP'S AGING AND DISABILITY ADVISORY BOARDONE OF THE HIGHLIGHTS IN FYE 2011 WAS DISABILITY DAY AT THE GEORGIA STATE CAPITAL WHERE MARK JOHNSON, DIRECTOR OF ADVOCACY AT THE SHEPHERD CENTER HOSTED A RALLY TO RAISE AWARENESS IN REGARD TO CURRENT BILLS UNDER REVIEW BY THE STATE LEGISLATURE PERTAINING TO DISABILITY RIGHTS HOUSINGHAVING THE FAMILIES AND LOVED ONES INVOLVED IN REHABILITATION AFTER A CATASTROPHIC INJURY IS IMPERATIVE TO THE SUCCESSFUL TRANSITION TO COMMUNITY, HOME, WORK AND/OR SCHOOL SHEPHERD CENTER OFFERS COMPLIMENTARY HOUSING FOR 30 DAYS FOR FAMILIES WHO TRAVEL MORE THAN 60 MILES FROM ATLANTA TO GET TO SHEPHERD CENTER THIS SUPPORT IS CRUCIAL AND APPRECIATED BY FAMILIES AS IT ENABLES THEM TO FOCUS ON THEIR LOVED ONE GETTING BETTER AND NOT THE FINANCIAL BURDENS AND STRESS THAT COMES WITH MOVING FROM HOME FOR CARE COMPLIMENTARY HOUSING IS ALSO OFFERED FOR DAY PROGRAM PATIENTS AS A WAY TO EXPERIENCE WHAT THEY HAVE LEARNED IN THE INPATIENT SETTING AND PUT IT TO WORK IN A SAFE ENVIRONMENT THE HOUSING PROGRAM HELPS ALLEVIATE STRESS AND UNCERTAINTY AS PATIENTS TRANSITION BACK TO THEIR HOME AND COMMUNITY IN ORDER TO PROVIDE A PEER SUPPORT COMMUNITY FOR MILITARY PATIENTS, HOUSING IS PROVIDED AT BISCAYNE PLACE, AN APARTMENT COMPLEX WITH WITHIN TWO MILES OF SHEPHERD CENTER MOST EVERY FAMILY MEMBER THAT STAYS IN THE WOODRUFF FAMILY RESIDENCE CENTER HAS SHARED THAT, BY HAVING HOUSING AVAILABLE TO THEM, SHEPHERD CENTER HAS ALLEVIATED THE STRESS AND WORRY OF TRYING TO FIND AND PAY FOR A PLACE TO STAY PLUS, THEY ARE SO CLOSE TO THEIR LOVED ONES AT THE HOSPITAL, IT GIVES THEM A SENSE OF SECURITY AND CONVENIENCE THEY WOULDN'T HAVE HAD OTHERWISE INJURY PREVENTIONINJURY PREVENTION AT SHEPHERD CENTER IS A SERIOUS EFFORT TO PREVENT BRAIN, SPINAL CORD AND OTHER TRAUMATIC INJURIES THROUGH THE EDUCATION OF INDIVIDUALS (PRE-K THROUGH COLLEGE STUDENTS), COMMUNITY LEADERS AND CIVIC ORGANIZATIONS THE GOAL OF THE PROGRAM IS TO MAKE YOUNG PEOPLE UNDERSTAND THE DANGERS OF DIVING HEAD FIRST INTO SHALLOW WATERS, RIDING WITHOUT A HELMET AND DRIVING WITHOUT SEATBELTS LAST YEAR, NEW SOCIAL MEDIA CONTENT AND OUTREACH EDUCATION WAS DEVELOPED THROUGH THE CREATION OF THE YIPES!! PROGRAM YIPES!! STANDS FOR YOUTH AND INJURY PREVENTION EDUCATION AT SHEPHERD THROUGH YIPES!! VIDEO PSAS HAVE BEEN ABLE TO REACH AND EDUCATE MORE YOUNG DRIVERS IN THE ATLANTA AREA SHEPHERD CENTER'S THINK FIRST CHAPTER HAS ASSISTED IN TRAINING TWO NEW THINK FIRST CHAPTERS IN GEORGIA (DALTON AND ATLANTA), AS WELL AS TRAINING FIVE NEW CHAPTERS IN SOUTH CAROLINA (AIKEN, FLORENCE, GREENVILLE, COLUMBIA, AND HORRY COUNTY)

Identifier	ReturnReference	Explanation
		PART III, LINE 4 AS STATED IN THE FOOTNOTES OF SHEPHERD CENTER'S FINANCIAL STATEMENTS, THE CENTER PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS NET REVENUE OR ACCOUNTS RECEIVABLE THE CENTER MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY AND THE ESTIMATED COSTS OF THOSE SERVICES AND SUPPLIES THE AMOUNTS OF CHARGES FOREGONE, BASED ON ESTABLISHED RATES, AND ESTIMATED COSTS AND EXPENSES INCURRED TO PROVIDE CHARITY CARE IN FY 2012 WERE $ $8,108,424 AND $ $3,554,883, RESPECTIVELY, RESULTING IN A 43 84% COST FACTOR THIS COST FACTOR WAS APPLIED TO GROSS BAD DEBT EXPENSE OF $ $2,561,636 TO GET THE AMOUNT ON PART III, LINE TWO

Identifier	ReturnReference	Explanation
		PART III, LINE 9B ACCORDING TO SHEPHERD CENTER'S DEBT COLLECTION POLICY, ALL PATIENTS ARE ASKED TO COMPLETE A FINANCIAL SCREENING AT THE TIME OF REGISTRATION IF A PATIENT IS APPROVED FOR ASSISTANCE BASED ON THE FINANCIAL DATA SUPPLIED, ANY PATIENT BALANCES WILL BE APPLIED TO A CHARITY ALLOWANCE BASED ON THE HOSPITAL'S FINANCIAL ASSISTANCE TO PATIENTS POLICY

Identifier	ReturnReference	Explanation
SHEPHERD CENTER, INC		PART V, SECTION B, LINE 10 IT IS SHEPHERD CENTER'S POLICY TO EXTEND ITS SERVICES TO AS MANY PATIENTS AS IT CAN WITHIN THE FINANCIAL RESOURCES THAT ARE AVAILABLE THOSE WHO DO NOT HAVE FINANCIAL RESOURCES TO PAY FOR THEIR CARE WILL BE CONSIDERED FOR FINANCIAL ASSISTANCE IT IS CRITICAL TO SAFEGUARD FUNDS AVAILABLE FOR THIS PURPOSE BY ASSURING THAT THIS ASSISTANCE PROGRAM IS THE "PAYER OF LAST RESORT" AND IS ONLY PROVIDED TO THOSE WHO HAVE PROVEN AN INABILITY TO PAY WHEN PATIENTS ARE SCHEDULED OR AN ADMISSION REFERRAL IS MADE, APPROPRIATE FINANCIAL SCREENING IS PROVIDED THE FIRST STEP OF THIS SCREENING WILL INCLUDE DETERMINING WHETHER THIRD PARTY PAYER RESOURCES ARE AVAILABLE TO COVER THE COST OF CARE FOR THE INPATIENT OR DAY PATIENT CHARGES IN FULL IF THERE ARE NO THIRD PARTY PAYER RESOURCES AVAILABLE, OR THERE IS EXPECTED TO BE PATIENT LIABILITY BALANCES DUE AFTER INSURANCE, THE FINANCIAL COUNSELOR WILL COMPLETE A "PRE-SCREENING" USING THE FINANCIAL ASSISTANCE SCREENING FORM IF FINANCIAL RESOURCES DO NOT APPEAR TO BE AVAILABLE AND THE PATIENT LIABILITY IS EXPECTED TO EXCEED $5,000, THE PATIENT OR GUARANTOR WILL BE ASKED TO COMPLETE A "PATIENT FINANCIAL EVALUATION" FORM TO OBTAIN ADDITIONAL INFORMATION THAT WILL FURTHER ASSIST IN THE ASSESSMENT OF THEIR ELIGIBILITY FOR CHARITY ASSISTANCE THE PATIENT OR GUARANTOR WILL BE REQUIRED TO COMPLETE THE APPLICATION IN FULL AND PROVIDE SUPPORTING EVIDENCE TO SUBSTANTIATE INCOME MINIMUM SUPPORTING EVIDENCE FOR INCOME INCLUDES PAY STUBS REPRESENTING CURRENT INCOME OF HOUSEHOLD ANYTHING THAT PROVIDES PROOF OF INCOME, I E , W2S, PRIOR YEAR INCOME TAX FORMS, LETTERS FROM EMPLOYERS ETC IF NO INCOME, LETTER FROM PERSON PROVIDING ROOM & BOARD TO PATIENT IS REQUIRED ONCE THE FINANCIAL ASSISTANCE FORM IS COMPLETE THE FINANCIAL COUNSELOR WILL REVIEW TO ASSURE THAT SUPPORTING DOCUMENTATION IS ATTACHED, PROVIDE ALL THE CALCULATIONS REQUIRED, AND PROVIDE A PRELIMINARY ASSESSMENT OF ELIGIBILITY ELIGIBILITY WILL BE BASED ON THE CRITERIA ESTABLISHED BY SHEPHERD CENTER AS FOLLOWS A CURRENT INCOME MUST NOT EXCEED 250% OF THE FEDERAL POVERTY GUIDELINES FOR THE CURRENT YEAR B IF INCOME EXCEEDS 250% OF THE FEDERAL POVERTY GUIDELINES, ADDITIONAL INFORMATION MAY BE REQUIRED FROM THE PATIENT OR GUARANTOR TO DETERMINE IF ASSISTANCE CAN BE GRANTED BASED ON A "MEDICALLY NEEDY" SITUATION RESULTING FROM THE CATASTROPHIC EVENT NECESSITATING ADMISSION TO SHEPHERD CENTER IF THE PATIENT STILL DOES NOT MEET CRITERIA, THE FINANCIAL COUNSELOR WILL ESTABLISH DEPOSIT REQUIREMENTS BASED ON THE EXPECTED LENGTH OF STAY AND WILL OFFER THE PATIENT PAYMENT OPTIONS INCLUDING, BUT NOT LIMITED TO (SEE ALSO FINANCIAL ARRANGEMENTS POLICY FOR SELF PAY PATIENTS) BANK LOAN VISA/MASTERCARD/DISCOVER/AMERICAN EXPRESS NINETY-(90) DAY PAYMENT PLAN, AS DETAILED IN THE CREDIT & COLLECTIONS POLICY IF THE PRELIMINARY ASSESSMENT APPROVES THE PATIENT FOR FINANCIAL ASSISTANCE, THE FINANCIAL COUNSELOR WILL PRESENT THE PACKET TO THE MANAGER OF PATIENT FINANCIAL SERVICES FOR REVIEW AND QUALIFICATION APPROVAL IN ADDITION, THE PROGRAM DIRECTOR WILL SIGN TO APPROVE THAT THE USE OF FUNDS MEETS CLINICAL APPROPRIATENESS FOR THEIR AREA FOR INPATIENTS AND DAY PATIENTS, THE PATIENT WILL NEED TO MEET ASSET REQUIREMENTS EXPECTATION WOULD BE THAT ASSETS OTHER THAN THOSE LISTED BELOW AND DISPOSABLE INCOME AFTER REASONABLE LIVING EXPENSES WOULD BE USED TO SATISFY A PORTION OR ALL OF THE FINANCIAL REQUIREMENTS OF THE PATIENT'S CARE ASSETS THAT MAY BE EXCLUDED FROM CONSIDERATION ARE PATIENT'S HOME WITH NO MORE THAN 25% OR $25,000 EQUITY, WHICHEVER IS LESS THE REQUIREMENTS TO USE HOME EQUITY CAN BE WAIVED IF THE PATIENT IS UNABLE TO MAKE PAYMENTS ON ADDITIONAL DEBT IF THE PATIENT HAS APPLIED FOR GEORGIA MEDICAID, THE FINANCIAL ASSISTANCE PROGRAM FORM SHOULD BE COMPLETED AND IF SUCH CHARGES ARE ULTIMATELY NOT COVERED OR UNCOLLECTIBLE THE PATIENT IS DEEMED ELIGIBLE FOR FINANCIAL ASSISTANCE ALL FINANCIAL AND OTHER MITIGATING CIRCUMSTANCES ARE REVIEWED BY THE MANAGER OF PATIENT FINANCIAL SERVICES WHO THEN MAKES THE FINAL DECISION REGARDING ELIGIBILITY IF ASSISTANCE IS NOT APPROVED THE FINANCIAL COUNSELOR WILL COORDINATE THE NOTIFICATION TO THE PATIENT PAYMENT ARRANGEMENTS WILL BE COMPLETED AS LISTED ABOVE AND BASED ON THE FINANCIAL ARRANGEMENTS POLICY IF APPROVED FOR FULL ASSISTANCE OR ASSISTANCE FOR PATIENT LIABILITY OVER INSURANCE AMOUNTS, THE FINANCIAL COUNSELOR WILL NOTIFY THE PATIENT THE COVERED AMOUNT WILL BE WRITTEN-OFF PURSUANT TO ESTABLISHED POLICY AFTER DISCHARGE OR INSURANCE IS FINALIZED

Identifier	ReturnReference	Explanation
SHEPHERD CENTER, INC		PART V, SECTION B, LINE 13G WHEN PATIENTS ARE SCHEDULED OR AN ADMISSION REFERRAL IS MADE, APPROPRIATE FINANCIAL SCREENING IS PROVIDED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 SHEPHERD CENTER'S MISSION IS TO HELP PEOPLE WITH A TEMPORARY OR PERMANENT DISABILITY CAUSED BY INJURY OR DISEASE REBUILD THEIR LIVES WITH HOPE, INDEPENDENCE AND DIGNITY, ADVOCATING FOR THEIR FULL INCLUSION IN ALL ASPECTS OF COMMUNITY LIFE WHILE PROMOTING SAFETY AND INJURY PREVENTION SHEPHERD CENTER IS COMMITTED TO PROVIDING THE RESOURCES AND TOOLS OUR PATIENTS NEED TO FACILITATE THE SUCCESSFUL TRANSITION BACK TO LIFE AND COMMUNITY AFTER A CATASTROPHIC INJURY FROM DAY ONE, SHEPHERD CENTER HAS FOCUSED ON PATIENT-CENTERED CARE AND HAS DEVELOPED A CONTINUUM THAT IS UNIQUE IN THE SETTING OF AN ACUTE CARE, REHABILITATION HOSPITAL BECAUSE OF THE VALUE-ADDED PROGRAMS OFFERED AT SHEPHERD CENTER, OUR PATIENTS HAVE THE RESOURCES TO RE-LEARN ACTIVITIES OF DAILY LIVING AND ACHIEVE THE GOALS THEY SET FOR THEMSELVES POST-INJURY THOSE GOALS INCLUDE RETURNING TO HOME, SCHOOL AND/OR WORK THEY ALSO INCLUDE "GETTING THEIR LIFE BACK" IN REGARD TO REGAINING THE ABILITY TO ENJOY LIFE THROUGH SOCIAL EVENTS, HOBBIES, AND LEISURE ACTIVITIES, AS WELL AS PROVIDING FOR THEMSELVES AND THEIR FAMILY THE VALUE-ADDED PROGRAMS AID IN REGAINING ONE'S LIFE AND REBUILDING THEIR HOPE, BUT ARE OFTEN NOT REIMBURSED BY INSURANCE OR MEDICARE/MEDICAID THEY ARE ESSENTIAL IN A PATIENT'S SUCCESSFUL RECOVERY SHEPHERD CENTER BELIEVES THESE PROGRAMS DIRECTLY CONTRIBUTE TO THE MUCH GREATER THAN AVERAGE CLINICAL OUTCOMES ACHIEVED BY OUR PATIENTS SHEPHERD CENTER'S RETURN TO HOME AND COMMUNITY RATES FOR SPINAL CORD INJURY PATIENT ARE 87 PERCENT AS COMPARED TO THE NATIONAL AVERAGE OF 73 PERCENT AND FOR BRAIN INJURY PATIENTS 93 PERCENT AS COMPARED TO THE NATIONAL AVERAGE OF 65 PERCENT SHEPHERD CENTER'S CLINICAL OUTCOMES HAVE BEEN RECOGNIZED THREE STRAIGHT YEARS AS A TOP 10 REHABILITATION HOSPITAL BY U S WORLD & NEWS REPORT

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 IT IS SHEPHERD CENTER'S (SC) POLICY TO EXTEND ITS SERVICES TO AS MANY PATIENTS AS IT CAN WITHIN THE FINANCIAL RESOURCES THAT ARE AVAILABLE THOSE WHO DO NOT HAVE FINANCIAL RESOURCES TO PAY FOR THEIR CARE AT SC WILL BE CONSIDERED FOR FINANCIAL ASSISTANCE WHEN PATIENTS ARE SCHEDULED OR AN ADMISSION REFERRAL IS MADE, APPROPRIATE FINANCIAL SCREENING IS PROVIDED THE FIRST STEP OF THIS SCREENING WILL INCLUDE WHETHER THIRD PARTY PAYER RESOURCES ARE AVAILABLE TO COVER THE COST OF CARE FOR THE INPATIENT OR DAY PATIENT CHARGES IN FULL IF THERE ARE NO THIRD PARTY PAYER RESOURCES AVAILABLE, OR THERE IS EXPECTED TO BE PATIENT LIABILITY BALANCES DUE OVER INSURANCE, THE FINANCIAL COUNSELOR WILL COMPLETE A 'PRE-SCREENING' USING THE FINANCIAL ASSISTANCE SCREENING FORM IF FINANCIAL RESOURCES DO NOT APPEAR TO BE AVAILABLE AND THE PATIENT LIABILITY IS EXPECTED TO EXCEED $5,000, THE PATIENT OR GUARANTOR WILL BE ASKED TO COMPLETE A 'PATIENT FINANCIAL EVALUATION' FORM TO OBTAIN ADDITIONAL INFORMATION THAT WILL FURTHER ASSIST IN THE ASSESSMENT OF THEIR ELIGIBILITY FOR CHARITY ASSISTANCE THE PATIENT OR GUARANTOR WILL BE REQUIRED TO COMPLETE THE APPLICATION IN FULL AND PROVIDE SUPPORTING EVIDENCE TO SUBSTANTIATE INCOME MINIMUM SUPPORTING EVIDENCE FOR INCOME WOULD INCLUDE -PAY STUBS REPRESENTING CURRENT INCOME OF HOUSEHOLD -ANYTHING THAT PROVIDES PROOF OF INCOME, I E , W2S, PRIOR YEAR INCOME TAX FORMS, LETTERS FROM EMPLOYERS ETC -IF NO INCOME, LETTER FROM PERSON PROVIDING ROOM & BOARD TO PATIENT IS REQUIRED ONCE THE FINANCIAL ASSISTANCE FORM IS COMPLETE THE FINANCIAL COUNSELOR WILL REVIEW TO ASSURE THAT SUPPORTING DOCUMENTATION IS ATTACHED, PROVIDE ALL THE CALCULATIONS REQUIRED, AND PROVIDE A PRELIMINARY ASSESSMENT OF ELIGIBILITY ELIGIBILITY WILL BE BASED ON THE CRITERIA ESTABLISHED BY SHEPHERD CENTER AS FOLLOWS A CURRENT INCOME MUST NOT EXCEED 250% OF THE FEDERAL POVERTY GUIDELINES FOR THE CURRENT YEAR B IF INCOME EXCEEDS 250% OF THE FEDERAL POVERTY GUIDELINES, ADDITIONAL INFORMATION MAY BE REQUIRED FROM THE PATIENT OR GUARANTOR TO DETERMINE IF ASSISTANCE CAN BE GRANTED BASED ON A 'MEDICALLY NEEDY' SITUATION RESULTING FROM THE CATASTROPHIC EVENT NECESSITATING ADMISSION TO SHEPHERD CENTER IF THE PATIENT STILL DOES NOT MEET CRITERIA, THE FINANCIAL COUNSELOR WILL ESTABLISH DEPOSIT REQUIREMENTS BASED ON THE EXPECTED LENGTH OF STAY AND WILL OFFER THE PATIENT PAYMENT OPTIONS INCLUDING, BUT NOT LIMITED TO (SEE ALSO FINANCIAL ARRANGEMENTS POLICY FOR SELF PAY PATIENTS)-BANK LOAN- VISA/MASTERCARD/DISCOVER/AMERICAN EXPRESS- NINETY-(90) DAY PAYMENT PLAN, AS DETAILED IN THE CREDIT & COLLECTIONS POLICY IF THE PRELIMINARY ASSESSMENT IS TO APPROVE THE PATIENT FOR FINANCIAL ASSISTANCE, THE FINANCIAL COUNSELOR WILL PRESENT THE PACKET TO THE MANAGER OF PATIENT FINANCIAL SERVICES FOR REVIEW AND QUALIFICATION APPROVAL IN ADDITION, THE PROGRAM DIRECTOR WILL SIGN TO APPROVE THAT USE OF FUNDS MEET CLINICAL APPROPRIATENESS FOR THEIR AREA FOR INPATIENTS AND DAY PATIENTS, THE PATIENT WILL NEED TO MEET ASSET REQUIREMENTS EXPECTATION WOULD BE THAT ASSETS OTHER THAN THOSE LISTED BELOW AND DISPOSABLE INCOME AFTER REASONABLE LIVING EXPENSES WOULD BE USED TO SATISFY A PORTION OR ALL OF THE FINANCIAL REQUIREMENTS OF THE PATIENT'S CARE ASSETS THAT MAY BE EXCLUDED FROM CONSIDERATION ARE -PATIENT'S HOME WITH NO MORE THAN 25% OR $25,000 EQUITY, WHICHEVER IS LESS THE REQUIREMENTS TO USE HOME EQUITY CAN BE WAIVED IF THE PATIENT IS UNABLE TO MAKE PAYMENTS ON ADDITIONAL DEBT -IF THE PATIENT HAS APPLIED FOR GEORGIA MEDICAID, THE FAP FORM SHOULD BE COMPLETED AND IF SUCH CHARGES ARE ULTIMATELY NOT COVERED OR UNCOLLECTIBLE THE PATIENT IS DEEMED ELIGIBLE FOR FINANCIAL ASSISTANCE ALL FINANCIAL AND OTHER MITIGATING CIRCUMSTANCES ARE REVIEWED BY THE MANAGER OF PATIENT FINANCIAL SERVICES WHO THEN MAKES THE FINAL DECISION REGARDING ELIGIBILITY IF ASSISTANCE IS NOT APPROVED THE FINANCIAL COUNSELOR WILL COORDINATE THE NOTIFICATION TO THE PATIENT PAYMENT ARRANGEMENTS WILL BE COMPLETED AS LISTED ABOVE AND BASED ON THE FINANCIAL ARRANGEMENTS POLICY IF APPROVED FOR FULL ASSISTANCE OR ASSISTANCE FOR PATIENT LIABILITY OVER INSURANCE AMOUNTS, THE FINANCIAL COUNSELOR WILL NOTIFY THE PATIENT THE COVERED AMOUNT WILL BE WRITTEN OFF PURSUANT TO ESTABLISHED POLICY AFTER DISCHARGE OR INSURANCE IS FINALIZED

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 SHEPHERD CENTER DEFINES COMMUNITY BENEFIT AS SERVICES AND ACTIVITIES THAT SPECIFICALLY ADDRESS THE HEALTH NEEDS OF PATIENTS WITH SPINAL CORD AND BRAIN INJURY, MULTIPLE SCLEROSIS, CHRONIC PAIN, OTHER NEUROMUSCULAR DISEASES, AS WELL AS THE FAMILY OR LOVED ONES OF THOSE PATIENTS THESE SERVICES INCLUDE THE FULL CONTINUUM OF CARE AS A PATIENT AND EXTEND BACK TO THE PATIENT'S COMMUNITY BECAUSE OF THE UNDERSERVED NATURE OF THIS PATIENT POPULATION, SHEPHERD CENTER CONTINUES TO BE A RESOURCE FOR OUR PATIENTS THROUGHOUT THEIR LIFE SHEPHERD CENTER'S COMMUNITY INCLUDES CURRENT PATIENTS AND THEIR FAMILY, AS WELL AS FORMER PATIENTS AND THEIR FAMILY SHEPHERD CENTER ALSO TAKES A LEADERSHIP ROLE IN EDUCATING HEALTH-CARE PROFESSIONALS (PHYSICIANS, NURSES AND THERAPISTS) WHO ARE FOCUSED ON SPECIALTIES IN SPINAL CORD AND BRAIN INJURY REHABILITATION SHEPHERD CENTER HAS ALWAYS SERVED AS A STRONG ADVOCATE IN THE COMMUNITY FOR ANYONE LIVING WITH A PHYSICAL DISABILITY SHEPHERD CENTER'S COMMUNITY EXTENDS BEYOND OUR CURRENT PATIENT POPULATION TO ATLANTA, THE STATE OF GEORGIA, THE NATION AND THE WORLD AS THE LEADING AND SPECIALTY HOSPITAL FOR THIS PATIENT POPULATION AS A RECOGNIZED ADVOCATE FOR PEOPLE LIVING WITH DISABILITIES, SHEPHERD CENTER HAS CHANGED THE LANDSCAPE IN ATLANTA AND BEYOND TO BE MORE RECEPTIVE OF PEOPLE WITH DISABILITIES LIVING IN OUR COMMUNITY SHEPHERD CENTER HAS TREATED PATIENTS FROM ALL 50 STATES AND MORE THAN 22 FOREIGN COUNTRIES

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	GA

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate 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 ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
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?	**2**		
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 ☑ Compensation committee ☐ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☑ Form 990 of other organizations ☑ 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?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only 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?	**5a**		No
b	Any related organization?	**5b**		No
	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?	**6a**	Yes	
b	Any related organization?	**6b**		No
	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	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured 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	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(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				
(1) DAVID F APPLE JR MD	(i)	127,719	29,512	11,175	10,250	7,474	186,130	0
	(ii)	0	0	0	0	0	0	0
(2) DONALD P LESLIE MD	(i)	529,759	24,600	75,300	11,000	5,375	646,034	0
	(ii)	0	0	0	0	0	0	0
(3) JAMES H SHEPHERD JR	(i)	218,804	10,130	30,389	10,250	9,416	278,989	0
	(ii)	0	0	0	0	0	0	0
(4) GARY ULICNY PHD	(i)	487,459	23,815	71,445	11,000	9,720	603,439	0
	(ii)	0	0	0	0	0	0	0
(5) STEPHEN B HOLLEMAN	(i)	280,420	13,947	41,842	11,000	13,144	360,353	0
	(ii)	0	0	0	0	0	0	0
(6) WILMA BUNCH	(i)	181,859	5,500	0	11,000	7,663	206,022	0
	(ii)	0	0	0	0	0	0	0
(7) MITCHELL J FILLHABER	(i)	266,044	35,000	0	3,250	9,720	314,014	0
	(ii)	0	0	0	0	0	0	0
(8) BROCK BOWMAN MD	(i)	439,712	4,000	0	8,250	12,406	464,368	0
	(ii)	0	0	0	0	0	0	0
(9) TAMARA KING	(i)	191,151	5,500	1,500	11,000	9,416	218,567	0
	(ii)	0	0	0	0	0	0	0
(10) MICHAEL JONES	(i)	247,943	49,478	1,500	10,250	11,734	320,905	0
	(ii)	0	0	0	0	0	0	0
(11) SCOTT H SIKES	(i)	240,590	2,000	0	4,125	9,719	256,434	0
	(ii)	0	0	0	0	0	0	0
(12) GERALD BILSKY MD	(i)	466,224	4,300	0	11,274	460	482,258	0
	(ii)	0	0	0	0	0	0	0
(13) ANNA ELMERS MD	(i)	518,879	5,716	0	8,308	303	533,206	0
	(ii)	0	0	0	0	0	0	0
(14) JOHN MUSSER MD	(i)	463,772	7,191	0	0	0	470,963	0
	(ii)	0	0	0	0	0	0	0
(15) ERIK SHAW MD	(i)	558,724	3,650	250	9,416	303	572,343	0
	(ii)	0	0	0	0	0	0	0
(16) BEN THROWER MD	(i)	501,734	106,630	750	0	460	609,574	0
	(ii)	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

Identifier	Return Reference	Explanation
	PART I, LINE 6	SHEPHERD CENTER'S BOARD OF DIRECTORS APPROVED A "SHEPHERD SHARE" IN FY 2012 FOR ALL ELIGIBLE EMPLOYEES BECAUSE THE CENTER SUCCESSFULLY MET TARGETED GOALS THE BOARD RESERVES THE RIGHT TO DECLINE TO PAY EVEN IF THE CENTER MEETS TARGETED FINANCIAL GOALS IF WE DO NOT MEET OTHER GOALS SUCH AS QUALITY AND CUSTOMER SERVICE GOALS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 51-0141601
Name: SHEPHERD CENTER INC

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DAVID F APPLE JR MD	(I)	127,719	29,512	11,175	10,250	7,474	186,130	0
	(II)	0	0	0	0	0	0	0
DONALD P LESLIE MD	(I)	529,759	24,600	75,300	11,000	5,375	646,034	0
	(II)	0	0	0	0	0	0	0
JAMES H SHEPHERD JR	(I)	218,804	10,130	30,389	10,250	9,416	278,989	0
	(II)	0	0	0	0	0	0	0
GARY ULICNY PHD	(I)	487,459	23,815	71,445	11,000	9,720	603,439	0
	(II)	0	0	0	0	0	0	0
STEPHEN B HOLLEMAN	(I)	280,420	13,947	41,842	11,000	13,144	360,353	0
	(II)	0	0	0	0	0	0	0
WILMA BUNCH	(I)	181,859	5,500	0	11,000	7,663	206,022	0
	(II)	0	0	0	0	0	0	0
MITCHELL J FILLHABER	(I)	266,044	35,000	0	3,250	9,720	314,014	0
	(II)	0	0	0	0	0	0	0
BROCK BOWMAN MD	(I)	439,712	4,000	0	8,250	12,406	464,368	0
	(II)	0	0	0	0	0	0	0
TAMARA KING	(I)	191,151	5,500	1,500	11,000	9,416	218,567	0
	(II)	0	0	0	0	0	0	0
MICHAEL JONES	(I)	247,943	49,478	1,500	10,250	11,734	320,905	0
	(II)	0	0	0	0	0	0	0
SCOTT H SIKES	(I)	240,590	2,000	0	4,125	9,719	256,434	0
	(II)	0	0	0	0	0	0	0
GERALD BILSKY MD	(I)	466,224	4,300	0	11,274	460	482,258	0
	(II)	0	0	0	0	0	0	0
ANNA ELMERS MD	(I)	518,879	5,716	0	8,308	303	533,206	0
	(II)	0	0	0	0	0	0	0
JOHN MUSSER MD	(I)	463,772	7,191	0	0	0	470,963	0
	(II)	0	0	0	0	0	0	0
ERIK SHAW MD	(I)	558,724	3,650	250	9,416	303	572,343	0
	(II)	0	0	0	0	0	0	0
BEN THROWER MD	(I)	501,734	106,630	750	0	460	609,574	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	DEVELOPMENT AUTHORITY OF FULTON COUNTY	58-1506878	359900ZT7	11-04-2009	56,000,000	PROVIDE FUNDS TO REFUND 4/20/05 ISSUE FOR HOSPITAL EXPANSION		X		X		X
B	DEVELOPMENT AUTHORITY OF FULTON COUNTY	58-1506878	359597EB3	12-02-2010	13,900,000	PROVIDE FUNDS TO REFUND 9/29/97 ISSUE FOR HOSPITAL RENOVATIONS		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,000,000	1,700,000		
2	Amount of bonds defeased				
3	Total proceeds of issue	56,000,000	13,900,000		
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	56,000,000	13,900,000		
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2007	1998		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?	X							

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X							
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X						
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	1 400 %							
6	Total of lines 4 and 5	1 400 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) LINDA SHEPHERD	FAMILY MEMBER	35,686	EMPLOYEE		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	(A) NAME OF PERSON LINDA SHEPHERD	(D) DESCRIPTION OF TRANSACTION EMPLOYEE COMPENSATION

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded	X	45	346,369	MARKET VALUE
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (LIGHTING)	X	1	50,008	FAIR MARKET VALUE
26	Other ▶( )				
27	Other ▶( )				
28	Other ▶ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	SHEPHERD CENTER LAUNCHED RESCUE, A COMMUNITY SERVICE PROGRAM PROVIDING HOME ALERT LABELS AND EDUCATION FOR PEOPLE WITH PHYSICAL AND OR COGNITIVE LIMITATIONS WHO FIND THEMSELVES IN EMERGENCY SITUATIONS THE MISSION IS TO AID IN QUICKER RESPONSE TIMES AND CREATION OF BETTER EMERGENCY PLANS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	FAMILY RELATIONSHIP JAMES SHEPHERD (CHAIRMAN OF THE BOARD), ALANA SHEPHERD (RECORDING SECRETARY), J HAROLD SHEPHERD (BOARD MEMBER), AND W CLYDE SHEPHERD, III (BOARD MEMBER) FAMILY & BUSINESS RELATIONSHIP LINDA SHEPHERD (EMPLOYEE) AND JULIE SHEPHERD (EMPLOYEE) BUSINESS RELATIONSHIP JAMES E STEPHENSON BUSINESS RELATIONSHIP DAVID F APPLE, M D

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM IS PREPARED BY CARR, RIGGS & INGRAM, LLC WITH THE ASSISTANCE OF THE ACCOUNTING STAFF AT SHEPHERD CENTER THE RETURN IS THEN REVIEWED BY THE CHIEF FINANCIAL OFFICER WITH FURTHER CONSULTATION WITH CRI FOR ALL QUESTIONS THAT ARE UNCLEAR AS TO MEANING AND INTENT THE CHIEF FINANCIAL OFFICER THEN REVIEWS THE FORM 990 WITH THE CHAIRMAN OF THE BOARD, THE CHIEF EXECUTIVE OFFICER, AND THE EXECUTIVE DIRECTOR OF SHEPHERD CENTER FOUNDATION FOR THEIR INPUT AND APPROVAL SHEPHERD CENTER PROVIDES EACH MEMBER OF THE BOARD WITH A FINAL COPY OF THE FILED 990 UPON COMPLETION OF THE PROCESS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	SHEPHERD CENTER BOARD OF DIRECTORS ARE PRESENTED WITH A CONFLICT OF INTEREST QUESTIONNAIRE ON AN ANNUAL BASIS AND THEY INDICATE THEIR COMPLIANCE BY SIGNING THE DOCUMENT, WHICH IS KEPT ON FILE IN ADMINISTRATION IN ADDITION, ON AN ANNUAL BASIS SHEPHERD CENTER ACCOUNTING STAFF AS WELL AS THE CHIEF FINANCIAL OFFICER REVIEWS ALL 1099'S BEFORE DISTRIBUTION FOR ANY BOARD MEMBER NAMES/COMPANIES THE STAFF ALSO CHECKS WITH THE DEVELOPMENT OFFICE FOR ANY ADDITIONAL INFORMATION REGARDING BOARD MEMBER AFFILIATIONS WITH OTHER ENTITIES WITH WHICH SHEPHERD CENTER DOES BUSINESS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	SHEPHERD CENTER UTILIZES A BOARD COMPENSATION COMMITTEE TO DETERMINE COMPENSATION FOR THE CEO AND OTHER EXECUTIVE MANAGEMENT THIS COMMITTEE UTILIZES OUTSIDE CONSULTANTS (FOR EXAMPLE, SULLIVAN COTTER), INDUSTRY COMPENSATION SURVEYS, AND REVIEWS OF SIMILAR ORGANIZATIONS' FORMS 990 TO DETERMINE APPROPRIATENESS OF COMPENSATION SHEPHERD CENTER UTILIZES WATSON WYATT DATA SERVICES COMPENSATION SURVEYS TO DETERMINE WHETHER OR NOT A COMPENSATION PACKAGE IS IN LINE WITH OUR REGION AND RELATIVE BED SIZE THE HUMAN RESOURCES DIRECTOR ANALYZES THE DATA AND GETS APPROVAL FROM THE CEO

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 18	AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
	FORM 990, PART IX	SHEPHERD CENTER HAS ALLOCATED A PORTION OF THE EXPENSES OF THESE INDIRECT COST CENTERS TO PROGRAM SERVICE EXPENSE. DEPRECIATION, ENGINEERING, INFORMATION SYSTEMS, COMMUNICATIONS, QUALITY AND OUTCOMES MANAGEMENT, SECURITY, SEATING CLINIC, TRANSPORATION, COMPLIANCE AND AUDIT, RISK MANAGEMENT, CODING AUDIT, AND RENOVATIONS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 998,397 CHANGES IN TEMPORARILY RESTRICTED NET ASSETS 1,750,793 CHANGE IN INTERCOMPANY ACCOUNTS -1,605,240 CHANGES IN PERMANENTLY RESTRICTED NET ASSETS 887,553 ROUNDING -12 TOTAL TO FORM 990, PART XI, LINE 5 2,031,491

Identifier	Return Reference	Explanation
	FORM 990, PART XI, LINE 2C	NO CHANGE HAS OCCURRED FROM PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHEPHERD CENTER INC

Employer identification number
51-0141601

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

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	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) SHEPHERD CENTER FOUNDATION 2020 PEACHTREE ROAD NW ATLANTA, GA 30309 20-1238224	FUNDRAISING FOR SHEPHERD CENTER EXCLUSIVELY	GA	501(C)(3)	509(A)(1)	N/A		No

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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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
(1) SSC AFFILIATES INC 2020 PEACHTREE ROAD NW ATLANTA, GA 30309 58-1921355	RETAIL PHARMACY, MEDICAL SUPPLY, AND GIFT SHOP	GA	SHEPHERD CENTER INC	C	314,850	1,376,634	100 000 %

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r	Yes	

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	(d) Method of determining amount involved
(1) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

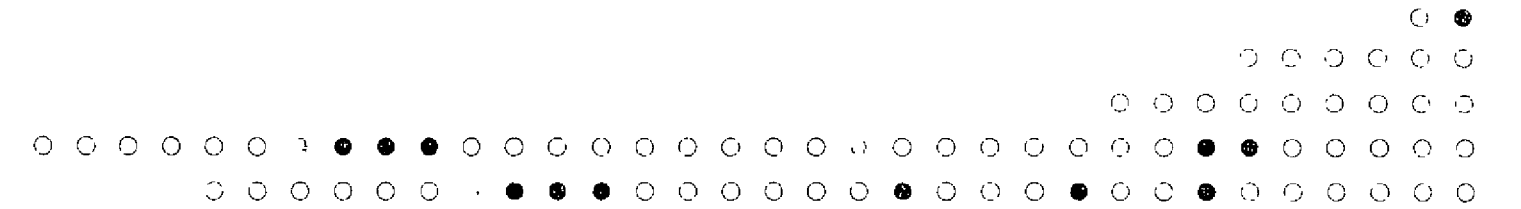
Return to Form

Software ID:
Software Version:
EIN: 51-0141601
Name: SHEPHERD CENTER INC

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	SSC AFFILIATES INC	A	61,033	FMV
(2)	SSC AFFILIATES INC	C	250,000	FMV
(3)	SSC AFFILIATES INC	K	61,407	FMV
(4)	SHEPHERD CENTER FOUNDATION INC	L	767,854	FMV
(5)	SHEPHERD CENTER FOUNDATION INC	M	11,536	FMV
(6)	SSC AFFILIATES INC	N	748,238	FMV
(7)	SHEPHERD CENTER FOUNDATION INC	N	1,163,973	FMV
(8)	SSC AFFILIATES INC	P	709,759	FMV
(9)	SHEPHERD CENTER FOUNDATION INC	R	9,322,848	FMV

Shepherd Center, Inc. and Subsidiaries
(A Not-for-Profit Organization)



Consolidated Financial Statements and Compliance Reports

March 31, 2012 and 2011

BENNETT B|T THRASHER

BETTER TOGETHER™

Shepherd Center, Inc. and Subsidiaries
(A Not-for-Profit Organization)

Table of Contents
March 31, 2012 and 2011

BENNETT B|T THRASHER

Independent Auditors' Report

To the Board of Directors of
Shepherd Center, Inc.

We have audited the accompanying consolidated statements of financial position of Shepherd Center, Inc. and Subsidiaries (the Center) (a not-for-profit organization) as of March 31, 2012 and 2011 and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shepherd Center, Inc. and Subsidiaries as of March 31, 2012 and 2011 and the results of their operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Center taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended March 31, 2012 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bennett Thrasher P.C.

June 18, 2012

Shepherd Center, Inc. and Subsidiaries
(A Not-For-Profit Organization)

Consolidated Statements of Financial Position
March 31, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 13,250,822	$ 12,402,836
Patient accounts receivable, less allowance for doubtful accounts of $1,512,552 in 2012 and $1,031,014 in 2011	29,250,422	23,836,803
Contributions receivable	2,513,106	1,700,477
Estimated third-party payor settlements	18,896	255,214
Other current assets	4,998,350	4,365,326
Total current assets	50,031,596	42,560,656
Investments	149,452,090	131,913,747
Assets limited as to use	1,024,832	870,638
Property and equipment, at cost less accumulated depreciation	126,738,472	127,812,351
Noncurrent contributions receivable, less discount of $365,825 in 2012 and $276,343 in 2011	2,688,878	1,651,212
Other assets	899,952	700,910
Total assets	$ 330,835,820	$ 305,509,514
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	$ 1,800,000	$ 1,700,000
Current portion of annuities payable	497,894	497,927
Accounts payable	4,117,402	2,431,193
Accrued compensation and expenses	9,883,762	8,594,574
Deferred revenue	1,345,221	762,156
Total current liabilities	17,644,279	13,985,850
Annuities payable, less current portion	6,003,323	6,062,613
Long-term debt, less current portion	65,400,000	67,200,000
Total liabilities	89,047,602	87,248,463
Net assets:		
Unrestricted	178,139,342	159,128,456
Temporarily restricted	20,801,994	17,023,950
Permanently restricted	42,846,882	42,108,645
Total net assets	241,788,218	218,261,051
Total liabilities and net assets	$ 330,835,820	$ 305,509,514

See accompanying notes to consolidated financial statements.

Shepherd Center, Inc. and Subsidiaries
(A Not-For-Profit Organization)

Consolidated Statements of Operations
For the Years Ended March 31, 2012 and 2011

	2012	2011
Unrestricted revenues, gains and other support:		
Net patient service revenue	$ 142,403,110	$ 116,725,224
Other revenue	15,832,548	17,171,841
Investment income	1,193,669	1,096,015
Total unrestricted revenues, gains and other support	159,429,327	134,993,080
Expenses:		
Salaries	74,478,803	67,389,714
Payroll taxes and employee benefits	15,848,514	14,672,573
Patient, pharmacy and office supplies	19,855,894	17,063,225
Purchased services	16,655,509	14,720,831
Provision for doubtful accounts	2,561,636	1,577,587
Depreciation and amortization	8,720,668	8,924,997
Interest	939,184	1,321,353
Other	5,959,868	5,113,734
Total expenses	145,020,076	130,784,014
Excess of revenues, gains and other support over expenses	14,409,251	4,209,066
Change in net unrealized gains on investments	998,397	6,034,144
Unrealized gains resulting from preservation and recovery of endowment values	-	841,982
Contributions of property and equipment	50,022	524,791
Net assets released from restrictions used for purchase of property and equipment	3,553,216	5,766,588
Increase in unrestricted net assets	$ 19,010,886	$ 17,376,571

See accompanying notes to consolidated financial statements.

Shepherd Center, Inc. and Subsidiaries
(A Not-For-Profit Organization)

Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2012 and 2011

	2012	2011
Unrestricted net assets:		
Excess of revenues, gains and other support over expenses	$ 14,409,251	$ 4,209,066
Change in net unrealized gains on investments	998,397	6,034,144
Unrealized gains resulting from preservation and recovery of endowment values	-	841,982
Contributions of property and equipment	50,022	524,791
Net assets released from restrictions used for purchase of property and equipment	3,553,216	5,766,588
Increase in unrestricted net assets	19,010,886	17,376,571
Temporarily restricted net assets:		
Contributions	10,352,670	5,680,656
Investment income	1,649,924	799,173
Change in net unrealized gains on investments	871,897	4,827,703
Change in donor restriction	-	2,250,025
Change in charitable gift annuities	(437,488)	(473,035)
Net assets released from restrictions	(8,658,959)	(11,417,548)
Increase in temporarily restricted net assets	3,778,044	1,666,974
Permanently restricted net assets:		
Contributions	738,237	185,859
Change in donor restriction	-	(2,500,025)
Increase (decrease) in permanently restricted net assets	738,237	(2,314,166)
Increase in net assets	23,527,167	16,729,379
Net assets, beginning of year	218,261,051	201,531,672
Net assets, end of year	$ 241,788,218	$ 218,261,051

See accompanying notes to consolidated financial statements.

Shepherd Center, Inc. and Subsidiaries
(A Not-For-Profit Organization)

Consolidated Statements of Cash Flows
For the Years Ended March 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	$ 23,527,167	$ 16,729,379
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized gains on investments	(1,870,294)	(11,703,829)
Contribution of investments	(346,369)	(1,315,180)
Restricted contributions	(10,744,538)	(4,551,335)
Net investment (income) loss and realized (gains) losses on investments	(1,100,322)	627,228
Provision for doubtful accounts	2,561,636	1,577,587
Discount on contributions receivable	89,483	(270,286)
Depreciation and amortization	8,720,668	8,924,997
Other	(15,134)	(36,136)
Actuarial change in gift annuity liability	422,351	397,863
Changes in operating assets and liabilities:		
Patient accounts receivable	(7,975,255)	(2,445,540)
Contributions receivable	(1,939,778)	4,383,480
Estimated third-party payor settlements	236,318	(88,442)
Other assets	(832,066)	(545,499)
Accounts payable	1,686,209	(748,260)
Accrued compensation and expenses	1,289,188	(1,302,738)
Deferred revenue	583,065	(149,205)
Net cash provided by operating activities	14,292,329	9,484,084
Cash flows from investing activities:		
Purchases of property and equipment	(7,651,370)	(6,891,905)
Proceeds from disposals of property and equipment	6,800	3,929
Purchases of investments	(34,720,350)	(54,123,028)
Proceeds from sale of investments	20,344,798	30,916,971
Payment of charitable gift annuities	(497,544)	(496,781)
Net cash used in investing activities	(22,517,666)	(30,590,814)
Cash flows from financing activities:		
Proceeds from restricted contributions	10,744,538	4,551,335
Proceeds from offerings of charitable gift annuities	28,785	84,471
Proceeds from borrowings of long-term debt	-	13,900,000
Payment of long-term debt	(1,700,000)	(16,500,000)
Net cash provided by financing activities	9,073,323	2,035,806
Net increase (decrease) in cash and cash equivalents	847,986	(19,070,924)
Cash and cash equivalents at beginning of year	12,402,836	31,473,760
Cash and cash equivalents at end of year	$ 13,250,822	$ 12,402,836
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 826,075	$ 1,064,952

See accompanying notes to consolidated financial statements.

Note 1: Description of Organization and Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Shepherd Center, Inc. (Shepherd) and its wholly owned subsidiaries, SSC Affiliates, Inc. (SSC) and Shepherd Center Foundation, Inc. (Foundation) (collectively, the Center). All significant intercompany accounts and transactions have been eliminated.

Description of Organization

Shepherd is a private not-for-profit hospital in Atlanta providing acute and rehabilitative care primarily to patients with traumatic spinal cord injuries and disease, acquired brain injury, multiple sclerosis and other neuromuscular disease. Shepherd was incorporated under the laws of the state of Georgia on April 21, 1975. SSC conducts a pharmacy and medical supply sales practice at the Center's premises. SSC was incorporated under the laws of the state of Georgia on November 16, 1990. Foundation raises funding for Shepherd Center by seeking potential donors and conducting fundraising activities in the community. Foundation was incorporated under the laws of the state of Georgia on May 26, 2004 and remained dormant until April 1, 2005.

Recently Adopted Accounting Standards

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*, in August 2010. ASU 2010-23 amends Accounting Standards Codification (ASC) Subtopic 954-605, *Health Care Entities – Revenue Recognition*, to require that cost be used as the measurement basis for charity care disclosure purposes. The method used to estimate such costs as well as any funds received to offset or subsidize charity services provided should be disclosed. The Center was in compliance with this ASU.

The FASB issued ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, in August 2010. ASU 2010-24 amends ASC Subtopic 954-450, *Health Care Entities – Contingencies*, to clarify that a health care entity should not net insurance recoveries against a related liability and the claim liability should be determined without consideration of insurance recoveries. The ASU is effective for the Center's fiscal year 2012 and does not have a significant impact on the Center's consolidated financial statements.

Use of Estimates in Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks and highly liquid temporary investments with initial maturities of ninety days or less. The Center routinely invests its surplus operating funds in money market accounts. These funds generally invest in highly liquid U.S. government and agency obligations.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues, gains and other support over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues, gains and other support over expenses.

Property and Equipment

Property and equipment acquisitions are recorded at cost, net of accumulated depreciation expense. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. A summary of the estimated useful lives of the various asset classes is as follows:

Land improvements	10 to 20 years
Building	10 to 40 years
Building services equipment	10 to 40 years
Fixed equipment	3 to 20 years
Major movable equipment	3 to 20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When indicators of impairment are present, management evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. In the opinion of management, no long-lived assets were impaired as of March 31, 2012 or 2011.

Deferred Certificate and Bond Issuance Costs

Certificate and bond issuance costs were paid to a financial institution for structuring financing arrangements (see Note 6). These issuance costs are being amortized over the related debt terms ranging from 7 to 30 years. Interest expense includes amortization of certificate and bond issuance costs of $119,664 in 2012 and $131,639 in 2011.

The unamortized portions of the certificate and bond issuance costs are presented as other assets in the accompanying consolidated statements of financial position.

Temporarily Restricted Net Assets

The use of temporarily restricted net assets has been limited by donors to a specific time period or purpose.

Endowment Funds

The Center's endowment funds consist of funds established for a variety of purposes (see Note 7). The endowment funds include only donor-restricted endowments. As required by GAAP, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law related to Endowment Funds

The Center's Board of Directors has interpreted Georgia's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the purchasing power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Because of this, the Center classifies the original value of gifts (initial or subsequent) donated in accordance with the purpose established by the donor as permanently restricted net assets. To the degree that there are gains or other net income generated and potentially available for expenditure, these are classified as temporarily restricted net assets in accordance with the purpose established by the donor or until appropriated by the Board of Directors for endowments whose use is unrestricted.

Investment and Spending Policies of Endowment Funds

The Center has established prudent investment and spending policies related to the management of endowment funds and related amounts available for expenditure. These policies have been established and are continually reviewed and updated by the Center's Finance & Investment Committee and Board of Directors. With regard to investments, the Committee takes into account the need to preserve the donor principal, the purposes for which the fund was established, overall economic conditions (to include the effects of inflation and deflation), the expected total return from income as well as possible appreciation from investments, and other resources of the Center. The Center from time to time may also employ an outside investment consultant who assists with the overall asset allocation, investment manager selection, and monitoring and reporting of investment results. The Center's policies are set to achieve a return of at least 5% over inflation in an appropriately diversified portfolio over the long-term, and further allows for spending up to 10% of available earnings in a given year if the endowment earnings are greater than 10% of the principal balance. In so doing, the goal is to carefully manage the endowment funds such that the principal is preserved and earnings are available in most years for the appropriate purpose. Other goals of spending less than anticipated earnings are allowing for reasonable inflationary growth and helping to cushion against reasonable downturns in the economy. It is also understood that these assumptions and allocations may be revised from time to time as circumstances dictate, so that the Center may continually manage these assets in a prudent manner in accordance with UPMIFA.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Center in estimating the fair value of its financial instruments:

Cash and cash equivalents: The carrying amount reported in the consolidated statements of financial position for cash and cash equivalents approximates its fair value.

Investments: Fair value, which are the amounts reported in the consolidated statements of financial position, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Long-term debt: The fair value of the Center's long-term debt is estimated to approximate its carrying value as a result of the debt's variable interest rate.

Excess of Revenues over Expenses

The consolidated statements of operations include excess of revenues, gains and other support over expenses. Changes in unrestricted net assets which are excluded from excess of revenues, gains and other support over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Charity Care

The Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net revenue or accounts receivable (see Note 10).

Donor-Restricted Contributions

Contributions (including unconditional promises to give, i.e., pledges) are recorded in the year they are received or pledged, with allowances provided for pledges estimated to be uncollectible. Unconditional pledges are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions in the accompanying statements of changes in net assets. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations or time restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time to the Center and its various programs; however, these donated services are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

Income Taxes

Shepherd and Foundation have both been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the Code) as organizations described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. The Center had no significant unrelated business taxable income during 2012 and 2011; accordingly, no provision or benefit for income taxes has been included in the accompanying consolidated financial statements.

SSC is subject to Federal and state income taxes (see Note 12).

The Center applies the provisions for Income Taxes. These provisions require that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The Center does not believe its consolidated financial statements include any material uncertain tax positions.

Inventory

Inventories of pharmaceuticals, supplies and equipment are valued at the lower of cost (as principally determined on the first-in, first-out method) or market.

Vacation and Earned Time Off

Vacation and earned time off benefits are accrued as earned by employees.

Insurance Claims and Related Insurance Recoveries

The Center evaluates its exposure to losses arising from claims and recognizes a liability, if necessary. The liability, if any, is not presented net of anticipated insurance recoveries. There were no claims paid out in fiscal year 2012 or 2011. In the opinion of management, there is no claim liability as of March 31, 2012 or 2011.

Note 2: Assets Limited as to Use

Assets limited as to use comprised of a supplemental deferred compensation plan and consisted of mutual funds stated at fair value of $1,024,832 and $870,638 at March 31, 2012 and 2011, respectively.

Note 3: Cash and Investments

Cash and investments consisted of the following as of March 31, 2012 and 2011:

	2012		2011	
	Cost	Fair value	Cost	Fair value
Fair value investments:				
Equity securities	$ 7,455,932	$ 8,746,887	$ 9,232,635	$ 10,203,952
U.S. Government securities	28,594,881	28,686,309	20,166,219	19,938,692
Corporate bonds	11,610,521	11,948,460	5,822,053	5,753,343
Mutual funds:				
Equity funds	74,290,957	79,514,413	74,254,118	75,517,315
Fixed income funds	17,653,670	20,556,021	18,098,523	20,500,445
Total	139,605,961	149,452,090	127,573,548	131,913,747
Total cash and cash equivalents:	13,250,822	13,250,822	12,402,836	12,402,836
	$ 152,856,783	$ 162,702,912	$ 139,976,384	$ 144,316,583

Investment income (unrestricted) is comprised of the following for the years ended March 31, 2012 and 2011:

	2012	2011
Investment income		
Interest and dividend income	$ 1,205,314	$ 765,765
Net realized gains (losses) on the sale of investments	(11,645)	330,250
	$ 1,193,669	$ 1,096,015
Other changes in unrestricted net assets		
Change in net unrealized gains on investments	$ 998,397	$ 6,034,144
Unrealized gains resulting from the preservation and recovery of endowment values	-	841,982
	$ 998,397	$ 6,876,126

Investment advisory fees are included in investment income and amounted to $327,833 and $323,618 in 2012 and 2011, respectively.

Fair Value Measurement

The Center defines fair value as the price that would be received from selling an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

When determining fair value, the Center uses various valuation approaches. The accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Center. Unobservable inputs reflect the Center's assumptions about the inputs that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Center has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Center in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Center's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Center uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Valuation Techniques

Investments in equity securities, U.S. Government securities, corporate bonds, and mutual funds are valued at quoted market prices.

The Center's investments recorded at fair value have been categorized based upon a fair value hierarchy. The measurements of the fair values of the Center's investments in marketable securities are based on Level 1 inputs as of March 31, 2012 and 2011.

There were no assets classified as Level 2 or 3 at March 31, 2012 and 2011. Additionally, there were no assets transferred in or out of Level 2 or 3 classifications.

Note 4: Contributions Receivable and Conditional Promises Received

Contributions receivable, net of discount, at March 31, 2012 and 2011 are comprised of the following:

	2012	2011
Unconditional promises expected to be collected in		
Less than one year	$ 2,513,106	$ 1,700,477
One to five years	2,517,378	1,498,712
More than five years	171,500	152,500
	$ 5,201,984	$ 3,351,689

There was no allowance for unconditional pledges as of March 31, 2012 and 2011.

Certain pledges receivable with due dates extending beyond one year are discounted using 5% as of March 31, 2012 and 2011, respectively.

As of March 31, 2012 and 2011, the Center had also received conditional promises to give consisting primarily of bequests which, if received, would generally be restricted for specific purposes stipulated by the donors, including research, indigent care, or general operating support for a particular department of the Center. Conditional promises to give are not included in the accompanying consolidated financial statements.

Note 5: Property and Equipment

A summary of property and equipment at March 31, 2012 and 2011, is as follows:

	2012	2011
Land	$ 16,810,106	$ 16,810,106
Land improvements	1,160,444	1,072,030
Building	99,832,674	99,653,939
Building services equipment	47,647,681	47,506,973
Fixed equipment	2,689,920	2,681,078
Major movable equipment	46,690,745	45,094,314
	214,831,570	212,818,440
Less accumulated depreciation and amortization	93,744,739	85,044,656
	121,086,831	127,773,784
Construction in progress	5,651,641	38,567
	$ 126,738,472	$ 127,812,351

Construction in progress at March 31, 2012 is related to various Center facility and information technology projects. These projects have an estimated total remaining cost to complete of approximately $9.3 million. Capitalized interest is not significant in either 2012 or 2011.

Depreciation and amortization expense for the years ended March 31, 2012 and 2011 amounted to $8,720,668 and $8,924,997, respectively.

Note 6: Long-Term Debt

Bonds Payable – Series 2009

Under a Trust Indenture, dated February 1, 2005, between Development Authority of Fulton County (Issuer) and a commercial bank (Trustee), Development Authority of Fulton County Revenue Bonds (Shepherd Center, Inc. Project), Series 2005 (2005 Bonds) totaling $56,000,000 were issued on April 19, 2005. The Issuer loaned the net proceeds of the sale of the Bonds to the Center, pursuant to a Loan Agreement, dated February 1, 2005 between the Issuer and the Center to enable the Center to finance the acquisition, construction and equipping of improvements to the Center.

Under a Trust Indenture, dated November 4, 2009, between Development Authority of Fulton County (Issuer) and a commercial bank (Trustee), Development Authority of Fulton County Refunding Revenue Bonds (Shepherd Center, Inc. Project), Series 2009 (2009 Bonds) totaling $56,000,000 were issued on November 4, 2009. The Issuer loaned the net proceeds of the sale of the 2009 Bonds to the Center, pursuant to a Loan Agreement, dated November 1, 2009 between the Issuer and the Center to enable the Center to use the proceeds of the sale of the 2009 Bonds for the purpose of refunding the 2005 Bonds.

Outstanding borrowings totaled $55,000,000 at March 31, 2012 and 2011.

The Bonds bear interest at a variable rate set not to exceed 12% per annum (0.16% at March 31, 2012) as determined by the remarketing agent (see below) and interest is paid weekly. The average interest rates during 2012 and 2011 were 0.14% and 0.26%, respectively. Interest expense, which included remarketing fees, letter of credit fees, and amortization of bond issuance costs, totaled $736,817 and $891,796 for 2012 and 2011, respectively.

The Bonds are redeemable at the option of the Center, in whole or in part, at various redemption prices on any interest payment date and have required escalating principal payments due annually beginning in December 2018 and maturing in December 2035.

In connection with the issuance of the 2009 Bonds, the Center obtained an irrevocable letter of credit in the initial amount of $56,736,439 from a financial institution (Credit Provider). The letter of credit serves as a credit enhancement and as security for the bonds. The letter of credit, which is secured by the Center's revenues, was issued on November 4, 2009. The expiration date of the letter of credit is November 16, 2015. The balance at March 31, 2012 was $55,723,288. For the years ended March 31, 2012 and 2011, the Center was subject to an annual fee of 1.05% and 0.90%, respectively, of the letter of credit amount, payable semi-annually in advance.

In connection with the issuance of the 2009 Bonds and the irrevocable letter of credit, the Center also obtained an irrevocable standby letter of credit in the initial amount of $56,736,439 from another financial institution (Confirming Bank). The standby letter of credit serves as an additional credit enhancement and as security for the 2009 Bonds. The standby letter of credit is issued in connection with the letter of credit agreement by and between the Center and the Credit Provider. The standby letter of credit has an annual fee of 0.05% and the same expiration date as the irrevocable letter of credit. The balance at March 31, 2012 was $55,723,288.

In addition, the Center entered into a remarketing agent agreement with a financial institution. The remarketing agent determines the weekly variable interest rate and remarkets all Bonds redeemed at the option of the Bond holders for an annual fee of 0.08% of the weighted average daily principal amount of Bonds outstanding.

The Center is subject to certain financial and nonfinancial covenants under the various Bond loan agreements. At March 31, 2012, the Center was in compliance with these covenants.

Certificates Payable

In 1997, the Center financed the cost of certain capital improvements to the hospital and related facilities and the refunding of the $8,000,000 Fulco Hospital Authority Revenue Anticipation Certificates (Shepherd Spinal Center Project), Series 1988-A with Fulco Hospital Authority (Georgia) Variable Rate Demand Revenue Anticipation Certificates (Shepherd Center, Inc. Project), Series 1997 (the Certificates) totaling $18,500,000 issued through the Fulco Hospital Authority.

The Certificates were redeemable at the option of the Center, in whole or in part, at various redemption prices on any interest payment date and had required principal payments due annually beginning in September 2008 and maturing in September 2017. In January 2011, the Center redeemed the Certificates in whole. The redemption was financed through the issuance of the subsequently discussed Series 2010 Bonds Payable. In 2011, the average interest rate related to the Certificates was 0.25% and interest expense, which included remarketing fees, letter of credit fees, and the amortization of certificate issuance costs, totaled $363,155.

Bonds Payable – Series 2010

Under a Trust Indenture, dated December 1, 2010, between Development Authority of Fulton County (Issuer) and a commercial bank (Trustee), Development Authority of Fulton County Revenue Bonds (Shepherd Center, Inc. Project), Series 2010 (2010 Bonds) totaling $13,900,000 were issued on December 1, 2010. The Issuer loaned the net proceeds of the sale of the Bonds to the Center, pursuant to a Loan Agreement, dated December 1, 2010 between the Issuer and the Center to enable the Center to refund all or a portion of the Certificates previously discussed.

Outstanding borrowings totaled $12,200,000 and $13,900,000 at March 31, 2012 and 2011, respectively.

The Bonds bear interest based on London Interbank Offered Rate (LIBOR) plus an applicable spread as defined (1.25% at March 31, 2012) and interest is paid monthly. The average interest rate during 2012 and 2011 was 1.25% and 1.26%, respectively. Interest expense, which included an annual administration fee and the amortization of bond issuance costs, totaled $202,367 and $66,402 for 2012 and 2011, respectively.

The Bonds are redeemable at the option of the Center, in whole or in part, at various redemption prices on any interest payment date and have required principal payments due annually beginning in September 2011 and maturing in September 2017. Fiscal year contractual maturities of the Bonds payable at March 31, 2012 are as follows:

Year Ending March 31,	
2013	$ 1,800,000
2014	1,900,000
2015	2,000,000
2016	2,100,000
2017	2,100,000
2018	2,300,000
	$ 12,200,000

The Center is subject to certain financial and nonfinancial covenants under the various Bond loan agreements. At March 31, 2012, the Center was in compliance with these covenants.

Note 7: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes at March 31, 2012 and 2011:

	2012	2011
Temporarily Restricted:		
Jesse Crawford Research Fund	$ 2,955,757	$ 2,850,000
Capital Projects and Maintenance	2,516,942	1,533,755
Other Miscellaneous Funds	1,873,543	1,586,249
SCI Research Program	1,209,798	-
MS Research and Wellness Fund	1,196,945	-
Charitable Gift Annuity Program	1,169,003	1,365,656
Marcus Community Bridge Program	1,015,730	2,177,255
Jesse Crawford Research Mentoring Fund	155,566	150,000
Beyond Therapy Tennessee Scholarship Fund	101,323	128,277
Share Initiative	100,005	100
	12,294,612	9,791,292
Temporarily Restricted - Endowments:		
Charity Care	2,634,848	2,560,453
Patient Equipment	1,650,559	1,460,863
Theraputic Recreation	639,081	440,351
Anniversary Fund	607,229	387,099
Professional Development	484,206	412,553
Assistive Technology	415,821	323,726
Research	338,740	273,312
MS Research	329,461	263,428
Other Miscellaneous Funds	314,900	258,799
Capital Projects and Maintenance	307,598	236,806
Housing/Transportation	230,834	167,185
Vocational Services	172,438	134,618
Noble Learning Resource Center	149,088	113,831
Injury Prevention Program	130,754	114,657
Advocacy	62,283	47,397
Wishing Wall	39,542	37,580
	8,507,382	7,232,658
	$ 20,801,994	$ 17,023,950

During 2012 and 2011, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes in the amounts of $8,658,959 and $11,417,548, respectively. The releases generally related to the purposes listed above.

Permanently restricted net assets are restricted for the following purposes at March 31, 2012 and 2011:

	2012	2011
Charity Care	$ 7,560,406	$ 6,980,961
Therapeutic Recreation	6,284,350	6,271,745
Anniversary Fund	5,175,253	5,175,153
Patient Equipment	4,650,721	4,650,721
Assistive Technology	3,264,587	3,264,587
Housing/Transportation	2,447,543	2,430,358
Research	2,340,350	2,228,750
Professional Development	2,160,417	2,160,417
MS Research	1,960,111	1,960,111
Capital Projects and Maintenance	1,674,084	1,674,084
Other Miscellaneous Funds	1,450,968	1,433,766
Vocational Services	1,345,857	1,345,757
Noble Learning Resource Center	1,228,704	1,228,704
Injury Prevention Program	685,006	685,006
Advocacy	512,509	512,509
Wishing Wall	106,016	106,016
	$ 42,846,882	$ 42,108,645

Changes in endowment net assets for the fiscal year ended March 31, 2012 are as follows:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Beginning of the year	$ -	$ 7,232,658	$ 42,108,645	$ 49,341,303
Contributions	-	-	738,237	738,237
Investment income	-	1,300,656	-	1,300,656
Unrealized gains	-	563,245	-	563,245
Expenditures	-	(589,177)	-	(589,177)
End of the year	$ -	$ 8,507,382	$ 42,846,882	$ 51,354,264

Changes in endowment net assets for the fiscal year ended March 31, 2011 are as follows:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Beginning of the year	$ (841,982)	$ 3,318,766	$ 44,422,811	$ 46,899,595
Contributions	-	-	185,859	185,859
Donor reclassifications	-	-	(2,500,025)	(2,500,025)
Investment income	-	385,212	-	385,212
Unrealized gains	841,982	3,938,927	-	4,780,909
Expenditures	-	(410,247)	-	(410,247)
End of the year	$ -	$ 7,232,658	$ 42,108,645	$ 49,341,303

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the donor's original gift. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets.

The Center's Board of Directors chose to continue to provide the services that these endowment funds would support by use of unrestricted funds for a portion of the year ended March 31, 2011. As of March 31, 2011, all endowments have regained their values and are generating income and gains that are available to offset expenditures for the related programs.

Note 8: Net Patient Service Revenue

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Services rendered to Medicare program beneficiaries are paid based on prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.

Final settlements have not been reached for bad debt expense with Medicare for fiscal year 2012. Upon ultimate settlement, management expects that the amounts payable or receivable for the unsettled years will approximate the amounts included in the accompanying consolidated statements of financial position. Any adjustments to amounts previously recorded, based on final settlements, are recorded in the period of final settlement.

Medicaid inpatient services are paid on a prospective payment system. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Center and audits thereof by the Medicaid fiscal intermediary.

Patients identified as low-income and that have not been approved for Medicaid benefits are classified as "Medicaid Pending". The Center assists the patients in obtaining these benefits from the Georgia Department of Medical Assistance. Approximately 4 percent of the Center's gross patient revenue was derived from Medicaid Pending patients in 2012 and 2011.

Final settlements have not been reached with Medicaid for fiscal years 2008, 2009, 2010, 2011 and 2012. Upon ultimate settlement, management expects that the amounts payable or receivable for the unsettled years will approximate the amounts included in the accompanying consolidated statements of financial position. Any adjustments to amounts previously recorded, based on final settlements, are recorded in the period of final settlement.

Revenue from the Medicare and Medicaid programs account for approximately 13 percent and 8 percent, respectively, of the Center's gross patient revenue for fiscal 2012, and approximately 13 percent and 9 percent from the Medicare and Medicaid programs, respectively, of the Center's gross patient revenue for fiscal 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Center also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. With respect to reserves for these agreements, the Center typically reserves a percentage of relevant revenues. The Center has historically provided such reserves in recognition of the complexity of relevant reimbursement regulations, the volatility of related settlement processes, and an increasingly provocative healthcare regulatory environment and believes that such policy provides the Center's routine exposures in this area consistent with industry-specific accounting principles and practices. In any event, the Center's estimates in this area may differ from actual experience, and those differences may be material.

Note 9: Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of operations. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses related to providing these services are as follows:

	2012	2011
Health care services	$ 94,046,914	$ 83,123,468
Administrative services	25,845,969	22,691,770
Facilities and other expenses	18,910,421	19,056,916
Research	4,380,675	4,251,680
Fundraising	1,836,097	1,660,180
	$ 145,020,076	$ 130,784,014

Note 10: Charity Care

The Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and the estimated cost of those services and supplies. The following information measures the Center's charity care provided during the years ended March 31, 2012 and 2011:

	2012	2011
Charges foregone, based on established rates	$ 8,108,424	$ 7,969,687
Estimated costs and expenses incurred to provide charity care	$ 3,554,883	$ 3,808,534

The Center determined estimated costs and expenses incurred to provide charity care by applying charity care Medicare and Medicaid ratio of costs to charges percentages to charges foregone related to inpatients, and day patients and outpatients, respectively.

In addition to charity care, the Center provides many other services not typically paid for by insurance or government payors. During the year ended March 31, 2012 and 2011, the Center incurred $7,561,234 and $7,681,132, respectively, in expenses supporting programs including, but not limited to, therapeutic recreation, patient equipment, assistive technology, housing, vocational services, research, the Marcus Community Bridge Program, the Noble Learning Resource Center, professional development, injury prevention and advocacy.

Note 11: Benefit Plan

The Center provides a defined contribution plan for substantially all employees. The amount of employer contribution is determined by the Board of Directors annually. Employees are one hundred percent vested in employer contributions after three full years of service. Amounts charged to expense for the plan were $1,705,726 and $1,601,075 in 2012 and 2011, respectively.

Note 12: Income Taxes

SSC applies an asset and liability approach to income tax accounting. The statements of financial position reflect the anticipated tax impact of future taxable income or deductions implicit in the statements of financial position in the form of temporary differences. These temporary differences reflect the difference between the basis in assets and liabilities as measured in the consolidated financial statements and as measured by the tax laws using enacted tax rates.

The deferred tax asset arising from significant temporary differences and carryforwards of SSC was as follows at March 31, 2012 and 2011:

	2012	2011
Net operating loss carryforward	$ 216,847	$ 225,980
Valuation allowance	(216,847)	(225,980)
Net deferred tax asset	$ -	$ -

SSC has provided a valuation allowance for its net operating losses because it is more likely than not that they will expire prior to utilization. As of March 31, 2012 SSC has approximately $556,017 of Federal and state net operating loss carryforwards available to offset future taxable income, which begin to expire in 2017.

Note 13: Commitments and Contingencies

Industry

The health care industry is subject to laws and regulations of Federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Over the past several years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Center is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. The Center has established an Ethics in Business program in order to help ensure compliance with applicable laws and regulations.

Operating Leases

The Center leases various equipment and facilities under noncancelable lease agreements expiring at various dates through June 2016. Total rental expense in 2012 and 2011 was $1,102,305 and $996,313, respectively. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases.

Future minimum rental payments under all noncancelable operating leases were as follows as of March 31, 2012:

Year Ending March 31,	
2013	$ 575,821
2014	339,063
2015	214,600
2016	137,793
2017	18,873
	$ 1,286,150

Total rent expense includes month-to-month rental expense as well as contingent rental expense of approximately $348,000 and $306,000 for 2012 and 2011, respectively.

Litigation

The Center, at times, is involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Center's financial position, change in net assets or cash flows.

Note 14: Concentrations of Credit Risk

The Center grants credit without collateral to its patients, most of whom participate under third-party payor agreements (see Note 8). The mix of receivables from patients and third-party payors at March 31, 2012 and 2011, was as follows:

	2012	2011
Medicare	9%	16%
Medicaid	11%	10%
Pending Medicaid benefits	4%	6%
Other third-party payors	74%	67%
Patients	2%	1%
	100%	100%

At March 31, 2012 and 2011, the Center has cash and cash equivalent balances in major financial institutions which exceed Federal depository insurance limits. Management believes that credit risk related to these deposits is minimal.

Investment securities are exposed to various risks such as interest rate, market and credit. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect portfolio value in the near term.

Note 15: Related Party Transactions

Shepherd Center Auxiliary (the Auxiliary) is a non-profit organization that sponsors several events which raise contributions on behalf of the Center for various purposes. The Auxiliary raised $115,125 and $105,115 in 2012 and 2011, respectively. In 2012 and 2011, the effect of these contributions was to increase temporarily restricted assets by $115,125 and $105,115, respectively.

Note 16: Gift Annuities

The Center enters into agreements with donors in which the donors contribute Annuity Gifts to the Center in exchange for an annuity to be paid to the donor or their designee for a specified period of time. The assets received for an annuity are recorded at fair value at the date of the gift. The liability associated with Annuity Gifts is recorded at present value based on IRS mortality tables and prevailing interest rates. The difference constitutes an increase to temporarily restricted net assets. In 2012 and 2011, respectively, the Center received Annuity Gifts totaling $28,785 and $84,471, of which $15,870 and $48,067 were recorded as annuities payable. At March 31, 2012 and 2011, the liability associated with received Annuity Gifts was estimated to be $6,501,217 and $6,560,540, respectively, and is shown as annuities payable in the accompanying consolidated financial statements.

Note 17: Subsequent Events

The Center has evaluated for subsequent events between the balance sheet date of March 31, 2012 and the report date, the date the financial statements were available for issuance. The Center has concluded there were no recognized subsequent events or unrecognized subsequent events requiring disclosure.

* * * * *

Supplemental Information

Shepherd Center, Inc. and Subsidiaries
(A Not-For-Profit Organization)

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education		
Direct Programs:		
National Institute on Disability and Rehabilitation Research Spinal Cord Injury Model Demonstrations; Award No. H133N110005	84.133N	$ 225,120
National Institute on Disability and Rehabilitation Research Spinal Cord Injury Model Demonstrations; Award No. H133N06009-08C	84.133N	90,959
National Institute on Disability and Rehabilitation Research Evaluating the Effects of Activity-Based Therapy for Individuals with Chronic Spinal Cord Injury; Award No. H133G080031-10	84.133G	164,292
National Institute on Disability and Rehabilitation Research Assessing Safety after Traumatic Brain Injury; Award No. H133G080153-10	84.133G	144,577
National Institute on Disability and Rehabilitation Research The Collaborators; Award No. H133N110005	84.133N	77,518
Total Direct Programs:		$ 702,466
Pass-through Programs from:		
Georgia Institute of Technology		
National Institute on Disability and Rehabilitation Research Rehabilitation Engineering Research Center on Mobile Wireless Technologies for Persons with Disabilities Pass-through #H133E0110002; Sub-Award No. RC307-G1	84.133E	$ 389,553
National Institute on Disability and Rehabilitation Research Rehabilitation Engineering Research on Wheeled Mobility Pass-through #H133E080003; Sub-Award No. T6904-G3	84.133E	49,402
Craig Hospital		
National Institute on Disability and Rehabilitation Research TBIMS Long-Term Follow-Up Study Gambis Pass-through #H133A060038	84.133A	8,634
National Institute on Disability and Rehabilitation Research Application for a Collaborative Spinal Cord Injury Model Systems Program Pass-through #H133A060103; Sub-Award No. 2699	84.133A	92,679
Albert Einstein Healthcare Network		
National Institute on Disability and Rehabilitation Research Zolpidem and Restoration of Consciousness: an Exploration of the Mechanism of Action Pass-through #H133G080066	84.133G	122
Medical University of South Carolina		
Rehabilitation and Research Training Center on Secondary Conditions in Individuals with Spinal Cord Injuries Pass-through #H133B090005-11; Sub-Award #MUSC09-137	84.133B	59,283

Shepherd Center, Inc. and Subsidiaries
(A Not-For-Profit Organization)

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2012 - Continued

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
The Ohio State University Research Foundation		
National Institute on Disability and Rehabilitation Research		
Individual Planning after Traumatic Brain Injury		
Pass-through #H133A080023; Sub-Award #60016791	84.133A	$ 45,142
Thomas Jefferson University		
Regional Spinal Cord Injury Center of the Delaware Valley for the		
CUE Tool Development Grant		
Pass-through #H133N06001-10; Sub-Award #080-26000-R84001	84.133N	659
Total Pass-through Programs:		$ 645,474
Total U.S. Department of Education		$ 1,347,940
National Institutes of Health (NIH)		
Pass-through Programs from:		
University of Georgia		
NIH/Muscle Plasticity, Fitness, and Health after Spinal Cord Injury		
Pass-through #2 R01 HD039676-06A2;		
Sub-Award #RR234-212/3840828	93.865	$ 96,947
Georgia Institute of Technology		
ARRA - DHHS/NIH Development & Translational Assessment of		
Tongue Based Assistive Neuro-technology for Individuals with		
Severe Neurological Disorders		
Pass-through #1 RC1 EB010915-01; Sub-Award No. S7059-G2	93.701	131,921
International Severity Information Systems, Inc. (ISIS)		
NIH/Extramural Research Programs in the Neurosciences and		
Neurological Disorders		
Pass-through #1 R01 H050439-01A2; Sub-Award #RHD050439A	93.865	59,333
Oregon Health & Science University		
NIH/Spatial and Temporal Control of Targeted Limb Movement		
Pass-through #1 R01 NS061304; Sub-Award #ABMEN0086ST-SC	93.701	3,163
Total National Institutes of Health		$ 291,364
Department of Health and Human Services (DHHS)		
Pass-through Program from:		
Health Resources and Services Administration		
HRSA Spinal Cord Injury Lab Grant		
Award No. 1 C76HF19681-01	93.887	$ 628
Total Department of Health and Human Services		$ 628

Shepherd Center, Inc. and Subsidiaries
(A Not-For-Profit Organization)

Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2012 - Continued

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
Department of Defense (DOD)		
Pass-through Program from:		
University of Maryland		
A Comparison of Robotic Body Weight Supported Locomotor Training & Aquatic Therapy in Chronic Motor Incomplete Spinal Cord Injuries; Pass through No. W81XWH-10-01-0981; Sub-Award No. SR00001541	12.420	$ 142,885
University of Miami		
Obesity/Overweight in Person's with Early & Chronic Spinal Cord Injuries: A Randomized Multi-center Controlled Lifestyle Intervention Award No. IW81 XWH-10-1-1044; Sub-Award No. SC090095	12.420	128,085
Emory University		
Intermittent Hypoxia Elicits Prolonged Restoration of Motor Function in Human Spinal Cord Injuries Award No. W81XWH-10-1-0832; Sub-Award No. S585113	12.420	36,959
Total Department of Defense		$ 307,929
Social Security Administration (SSA)		
Direct Program:		
Benefits Planning, Assistance and Outreach Program for Disabled Georgians; Award No. 5 WIP06050227-06	96.008	$ 305,848
Total Social Security Administration		$ 305,848
National Institute of Child Health and Human Development		
Pass-through Program from:		
Vanderbilt University		
I-Step Long-leg Orthosis Award No. ROI HD059832; Sub-Award: VU-D5R 20247-51	93.865	$ 83,651
Total National Institute of Child Health and Human Development		$ 83,651
Centers for Disease Control (CDC)		
Pass-through Program from:		
Christopher Reeve Foundation & University of Louisville		
Neuro Recovery Network Grant Award No. UC10-CCU220379	93.184	$ 52,523
Total for Centers for Disease Control		$ 52,523
Total Expenditures of Federal Awards		$ 2,389,883

See independent auditors' report and accompanying notes to financial statements.

Shepherd Center, Inc. and Subsidiaries
(A Not-for-Profit Organization)

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2012

Note A: Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Shepherd Center, Inc. and Subsidiaries. Expenditures are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in OMB Circular A-122, *Cost Principles of Nonprofit Organizations*. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

Note B: Federal Pass-through Funds

The Center is the subrecipient of Federal funds which have been subject to testing and are reported as expenditures and listed as Federal pass-through funds in the accompanying schedule. Federal awards other than these are considered direct.

See independent auditors' report and accompanying notes to consolidated financial statements.

BENNETT B|T THRASHER

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Shepherd Center, Inc.

We have audited the consolidated financial statements of Shepherd Center, Inc. and Subsidiaries (the Center) (a not-for-profit organization) as of and for the year ended March 31, 2012, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and the Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bennett Thrasher P.C.

June 18, 2012

BENNETT B|T THRASHER

Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors of
Shepherd Center, Inc.

Compliance

We have audited Shepherd Center, Inc. and Subsidiaries' (the Center) (a not-for-profit organization) compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended March 31, 2012. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended March 31, 2012.

Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bennett Thrasher P.C.

June 18, 2012

Shepherd Center, Inc. and Subsidiaries
(A Not-for-Profit Organization)

Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2012

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified.

Internal control over financial reporting:
Material weaknesses identified? No.
Significant deficiencies identified? None reported.

Noncompliance material to financial statements noted? No.

Federal Awards

Internal control over major programs:
Material weaknesses identified? No.
Significant deficiencies identified? None reported.

Type of auditors' report issued on compliance for all major programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No.

Major programs:

CFDA Number	Name of Federal Program
84.133E	National Institute on Disability and Rehabilitation Research Rehabilitation Engineering Research Center on Mobile Wireless Technologies for Persons with Disabilities; Pass-through #H133E0110002; Sub-Award #RC307-G1
96.008	Social Security Administration: Benefits Planning Assistance and Outreach Program for Disabled Georgians; Award No. 5WIP06050227-06
93.701	American Recovery and Reinvestment Act of 2009 and the National Institute of Health; Development and Translational Assessment of Tongue Based Assistive Neuro-technology for Individuals with Severe Neurological Disorders Pass-through #1 RC1 EB010915-01; Sub-Award #S7059-G2

Dollar threshold used to distinguish between type A and type B programs: $300,000.

Auditee qualified as low-risk auditee? Yes.

Shepherd Center, Inc. and Subsidiaries
(A Not-for-Profit Organization)

Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2012 - Continued

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Shepherd Center, Inc. and Subsidiaries
(A Not-for-Profit Organization)

Schedule of Prior Audit Findings
For the Year Ended March 31, 2012

Findings:	None.
Questioned Costs:	None.