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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)	OMB No 1545-0047 <div> <div>2011</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012		C Name of organization SHANDS TEACHING HOSPITAL AND CLINICS INC		D Employer identification number 59-1943502	
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		Doing Business As		E Telephone number (352) 265-7962	
		Number and street (or P O box if mail is not delivered to street address) Room/suite PO BOX 100362		G Gross receipts \$ 1,157,205,281	
		City or town, state or country, and ZIP + 4 GAINESVILLE, FL 326100362			
		F Name and address of principal officer DAVID GUZICK PO BOX 100362 GAINESVILLE, FL 326100362		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
				H(c) Group exemption number	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527					
J Website: UFANDSHANDS.ORG					
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		L Year of formation 1979		M State of legal domicile FL	

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities SHANDS TEACHING HOSPITAL AND CLINICS, INC. IS A PRIVATE, NOT-FOR-PROFIT CONSISTING OF A STATUTORY TEACHING HOSPITAL (COMPRISING AN ACUTE CARE HOSPITAL AND DISTINCT PART UNIT SPECIALTY PREMISES IN ADDITION TO BOTH ON-SITE AND OFF-SITE ANCILLARY SERVICES AND OUTPATIENT CARE) WHICH SUPPORTS THE UNIVERSITY OF FLORIDA'S CLINICAL, RESEARCH, AND EDUCATION MISSION IN MORE THAN 100 SPECIALTY AND SUB-SPECIALTY MEDICAL AREAS		
	2 Check this box <input type="checkbox"/> 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	16
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	6
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	9,293
6 Total number of volunteers (estimate if necessary)	6	1,601	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,161,189	
b Net unrelated business taxable income from Form 990-T, line 34	7b	-291,585	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 12,064,592	Current Year 11,312,084
	9 Program service revenue (Part VIII, line 2g)	958,449,366	1,066,553,613
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	313,358,962	19,549,423
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	16,320,300	15,318,059
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,300,193,220	1,112,733,179
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	35,821,165
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)		457,380,630	473,385,497
16a Professional fundraising fees (Part IX, column (A), line 11e)		30,141	38,040
b Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 6,358,186			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		498,444,045	513,345,823
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		991,675,981	1,023,652,646
19 Revenue less expenses Subtract line 18 from line 12		308,517,239	89,080,533
Net Assets or Fund Balances			Beginning of Current Year
	20 Total assets (Part X, line 16)	1,449,326,902	1,570,216,174
	21 Total liabilities (Part X, line 26)	724,536,263	755,789,817
	22 Net assets or fund balances Subtract line 21 from line 20	724,790,639	814,426,357

Part II	Signature Block
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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	<div> <div></div> <div>Signature of officer</div> </div>			<div> <div></div> <div>2013-05-13</div> </div>
	<div> <div></div> <div>WILLIAM ROBINSON CFO/TREASURER</div> </div> <div>Type or print name and title</div>			
Paid Preparer's Use Only	<div> <div>Preparer's signature</div> <div></div> </div>	Date	<div> <div>Check if self-employed</div> <div></div> </div>	Preparer's taxpayer identification number (see instructions)
	<div> <div>Firm's name (or yours if self-employed), address, and ZIP + 4</div> <div></div> </div>			EIN <div></div>
				Phone no <div></div>

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

Part IIISTatement 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

PROVIDES HEALTH CARE OF A HIGH QUALITY REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY SHANDS EMPHASIZES COMPASSION AND DIGNITY FOR EACH PATIENT

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 801,191,170 including grants of \$ 36,883,286) (Revenue \$ 1,066,553,613)

SHANDS TEACHING HOSPITAL AND CLINICS, INC IS A FLORIDA NOT-FOR-PROFIT CORPORATION AND OPERATES A MULTI-HOSPITAL SYSTEM INCLUDED IS A TERTIARY CARE TEACHING INSTITUTION OF 852 BEDS, AN INPATIENT PSYCHIATRIC AND SUBSTANCE ABUSE FACILITY OF 81 BEDS, AN INPATIENT REHABILITATION HOSPITAL OF 40 BEDS AND A HOSPITAL BASED HOME CARE AGENCY SHANDS' COMMUNITY BENEFIT IS A PLANNED, MANAGED, ORGANIZED, AND MEASURED APPROACH TO A HEALTH CARE ORGANIZATION'S PARTICIPATION IN MEETING IDENTIFIED COMMUNITY HEALTH NEEDS IT IS A COLLABORATION TO MEET THE NEEDS OF ITS RESIDENTS - PARTICULARLY THE POOR AND OTHER UNDERSERVED GROUPS - BY IMPROVING HEALTH STATUS AND QUALITY OF LIFE COMMUNITY BENEFIT PROJECTS AND SERVICES ARE IDENTIFIED BY HEALTH CARE ORGANIZATIONS IN RESPONSE TO FINDINGS OF A COMMUNITY HEALTH ASSESSMENT, STRATEGIC AND/OR CLINICAL PRIORITIES AND PARTNERSHIP AREAS OF ATTENTION COMMUNITY BENEFIT CATEGORIES INCLUDE FINANCIAL ASSISTANCE, COMMUNITY HEALTH SERVICES, HEALTH PROFESSIONS EDUCATION, RESEARCH AND DONATIONS SHANDS HAS A LONG HISTORY OF PROVIDING COMMUNITY BENEFITS SHANDS HAS POLICIES PROVIDING FINANCIAL ASSISTANCE FOR PATIENTS REQUIRING CARE BUT HAVE LIMITED OR NO MEANS TO PAY FOR THAT CARE THESE POLICIES PROVIDE FREE OR DISCOUNTED HEALTH AND HEALTH-RELATED SERVICES TO PERSONS WHO QUALIFY UNDER CERTAIN INCOME AND ASSET CRITERIA COMMUNITY HEALTH SERVICES INCLUDES COMMUNITY HEALTH EDUCATION, COUNSELING AND SUPPORT SERVICES AND HEALTH CARE SCREENINGS HEALTH PROFESSIONS EDUCATION INCLUDES EDUCATION PROVIDED IN CLINICAL SETTINGS SUCH AS INTERNSHIPS AND PROGRAMS FOR PHYSICIANS, NURSES AND ALLIED HEALTH PROFESSIONALS IT ALSO INCLUDES SCHOLARSHIPS FOR HEALTH PROFESSIONAL EDUCATION RELATED TO PROVIDING COMMUNITY HEALTH IMPROVEMENT SERVICES AND SPECIALTY IN-SERVICE PROGRAMS TO PROFESSIONALS IN THE COMMUNITY RESEARCH INCLUDES STUDIES ON HEALTH CARE DELIVERY, UNREIMBURSED STUDIES ON THERAPEUTIC PROTOCOLS, EVALUATION OF INNOVATIVE TREATMENTS, AND RESEARCH PAPERS PREPARED FOR PROFESSIONAL JOURNALS DONATIONS INCLUDE FUNDS AND IN-KIND SERVICES BENEFITING THE COMMUNITY-AT-LARGE

4b

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

4c

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

4d












Other program services (Describe in Schedule O)

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

4e

Total program service expenses \$ 801,191,170

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 Yes	
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	
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, line 10? 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	No
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 Yes	
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 Yes	
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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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	498	
		1b	0	
b. Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.			1c	Yes
c. Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?				
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	9,293	
	b. If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).			2b	Yes
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?				
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?				
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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?		No
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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	Yes	
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?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?	Yes	
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	Yes	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?		No
11b	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	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	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?	Yes	
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	Yes	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	FL
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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.	DENNIS CARTER PO BOX 100336 GAINESVILLE, FL 326100336 (352) 265-7962

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			
(1) DAVID GUZICK President	2 00	X		X				0	875,947	0
(2) J BERNARD MACHEN Chairman	2 00	X		X				0	853,714	0
(3) TIMOTHY M GOLDFARB CEO	37 00	X		X				1,896,564	0	48,332
(4) CAROLYN K ROBERTS Director	2 00	X						0	0	0
(5) DANNY PONCE Director	2 00	X						0	0	0
(6) DAVIS M REMBERT JR Director	2 00	X						0	0	0
(7) F KAYSER ENNEKING Director	2 00	X						0	476,254	0
(8) JOAN D RUFFIER Director	2 00	X						0	0	0
(9) JOSEPH TYNDALL Director	2 00	X						0	374,989	0
(10) KEVIN BEHRNS Director	2 00	X						0	667,862	0
(11) MATTHEW FAJACK Director	2 00	X						0	252,916	0
(12) MICHAEL GOOD Director	2 00	X						0	658,710	0
(13) PAUL OKUNIEFF Director	2 00	X						0	762,367	0
(14) ROLAND C DANIELS Director	2 00	X						0	0	0
(15) STEPHEN SHEY Director	2 00	X						0	0	0
(16) TERESA DOLAN Director	2 00	X						0	327,475	0
(17) JAMES ROBERTS Secretary	33 00			X				815,591	0	34,882

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			
(18) WILLIAM J ROBINSON Treasurer	40 00			X				782,570	0	34,491
(19) BRADLEY POLLITT VP Facilities Development	40 00				X			247,860	0	22,241
(20) EDWARD JIMENEZ COO	40 00				X			683,231	0	40,940
(21) IRENE ALEXAITIS VP Nursing Shands UF	40 00				X			283,019	0	29,862
(22) JANET CHRISTIE Sr VP Human Resources	40 00				X			404,473	0	26,032
(23) MARVIN DEWAR UFP CEO/COM Sr Assoc Dean	40 00				X			470,731	0	22,475
(24) MICHAEL LAWTON VP Managed Care & Network Dev	40 00				X			326,302	0	27,652
(25) SCOTT HAWIG VP Finance	40 00				X			299,068	0	26,780
(26) ANTHONY CARVALHO Pres FL Stat Tch Hosp Coun	40 00					X		442,631	0	28,894
(27) JAMES BURKHART President & Adm Shands Jax	40 00					X		641,900	0	32,083
(28) KARI LOU CASSEL Sr VP & CIO	40 00					X		355,540	0	25,474
(29) MARINA CECCHINI Adm Shands Rehab/Vista	40 00					X		300,040	0	27,821
(30) MICHAEL GLEASON VP Finance-Jax	40 00					X		352,783	0	27,367
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								8,302,304	5,250,235	455,328

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▶473

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>		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
CROTHALL HEALTHCARE INC 13028 COLLECTIONS CENTER DRIVE CHICAGO, IL 60693	CONSULTING	9,985,715
EPIC SYSTEMS CORP PO BOX 88314 MILWAUKEE, WI 532880314	ELECTRONIC MEDICAL RECORDS	8,276,860
OWENS & MINOR INC PO BOX 860437 ORLANDO, FL 32886	MANAGEMENT SERVICES	5,602,154
MORRISON MANAGMENT SPECIALISTS PO BOX 102289 ATLANTA, GA 303682289	MANAGEMENT SERVICES	3,747,834
SIEMENS MEDICAL SOLUTIONS USA PO BOX 120001 DEPT 0733 DALLAS, TX 753120733	MEDICAL SERVICES	3,002,890

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 ▶129

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	913,736				
	b	Membership dues	1b					
	c	Fundraising events	1c	1,596,748				
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	2,924,125				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	5,877,475				
	g	Noncash contributions included in lines 1a-1f \$ 196,456						
	h	Total. Add lines 1a-1f			11,312,084			
Program Service Revenue			Business Code					
	2a	GOVERNMENTAL	622110	518,178,251	518,178,251			
	b	ALL OTHER PROGRAM SERVICE REVENUE	622110	548,375,362	548,375,362			
	c							
	d							
	e							
	f	All other program service revenue		0	0	0	0	
	g	Total. Add lines 2a-2f			1,066,553,613			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)						
				13,768,064			13,768,064	
	4	Income from investment of tax-exempt bond proceeds . . .			865,115		865,115	
	5	Royalties			1,990		1,990	
	6a	(i) Real		(ii) Personal				
		3,581,259						
		2,042,945						
		1,538,314		0				
	d	Net rental income or (loss)			1,538,314	724,105	814,209	
	7a	(i) Securities		(ii) Other				
		46,268,682		869,496				
		41,907,806		314,127				
		4,360,876		555,369				
	d	Net gain or (loss)			4,916,244	4,916,244		
	8a	Gross income from fundraising events (not including \$ 1,596,748 of contributions reported on line 1c) See Part IV, line 18						
	a	1,874,862						
	b	Less direct expenses		b	207,223			
	c	Net income or (loss) from fundraising events . . .			1,667,639			1,667,639
	9a	Gross income from gaming activities See Part IV, line 19						
	a	13,376						
	b	Less direct expenses		b				
	c	Net income or (loss) from gaming activities . . .			13,376			13,376
	10a	Gross sales of inventory, less returns and allowances		a				
	a							
	b	Less cost of goods sold		b				
	c	Net income or (loss) from sales of inventory . . .			0			
	Miscellaneous Revenue		Business Code					
11a	NON PATIENT REVENUE	900099		8,679,040	8,679,038		2	
b	NON PATIENT PHARMACY	446110		2,398,887	2,254,696	144,191		
c	REFERENCE LAB	621500		1,018,813		1,016,998	1,815	
d	All other revenue			0	0	0	0	
e	Total. Add lines 11a-11d			12,096,740				
12	Total revenue. See Instructions			1,112,733,179	1,083,127,696	1,161,189	17,132,210	

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	36,765,916	36,765,916		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	117,370	117,370		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	6,987,741		6,987,741	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	362,365,059	295,183,949	65,548,068	1,633,042
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	35,013,427	28,522,070	6,333,565	157,792
9	Other employee benefits	40,685,190	29,504,561	11,117,186	63,443
10	Payroll taxes	28,334,080	22,702,618	5,466,080	165,382
11	Fees for services (non-employees)				
a	Management	8,598,633	2,968,239	5,630,394	
b	Legal	516,393		516,393	
c	Accounting	434,956		434,956	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	38,040			38,040
f	Investment management fees	0			
g	Other	124,807,544	100,046,161	23,314,792	1,446,591
12	Advertising and promotion	1,758,176	8,996	1,741,924	7,256
13	Office expenses	49,662,819	33,981,720	15,048,197	632,902
14	Information technology	8,661,218	3,063,793	5,565,428	31,997
15	Royalties	0			
16	Occupancy	26,088,667	9,228,525	16,763,762	96,380
17	Travel	6,100,576	4,671,923	1,154,351	274,302
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	655,012	160,196	442,563	52,253
20	Interest	15,998,713	5,659,335	10,280,273	59,105
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	51,687,261	18,283,693	33,212,618	190,950
23	Insurance	8,461,449	2,993,127	5,437,063	31,259
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	PROFESSIONAL FEES	3,965,661	3,953,283	12,378	
b	HCCB AND OTHER TAXES/LICENSES	12,359,460	12,359,460		
c	MEDICAL SUPPLIES	190,700,274	190,700,274	0	0
d	ALL OTHER EXPENSES	2,889,011	315,961	1,095,558	1,477,492
e					
f	All other expenses	0	0	0	0
25	Total functional expenses. Add lines 1 through 24f	1,023,652,646	801,191,170	216,103,290	6,358,186
26	Joint costs. Check here <input type="checkbox"/> 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	0			

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			16,169	1	16,444
	2	Savings and temporary cash investments			4,236,216	2	17,652,856
	3	Pledges and grants receivable, net			2,533,016	3	4,330,182
	4	Accounts receivable, net			153,501,613	4	192,593,235
	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			40,874,581	7	48,542,030
	8	Inventories for sale or use			13,001,235	8	12,733,861
	9	Prepaid expenses and deferred charges			146,844,051	9	218,040,581
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	1,270,216,952			
	b	Less: accumulated depreciation	10b	550,571,492	730,943,791	10c	719,645,460
	11	Investments—publicly traded securities			341,196,292	11	323,813,471
	12	Investments—other securities. See Part IV, line 11			13,198,001	12	12,438,149
	13	Investments—program-related. See Part IV, line 11			0	13	0
	14	Intangible assets			2,981,936	14	2,981,936
	15	Other assets. See Part IV, line 11			1	15	17,427,969
	16	Total assets. Add lines 1 through 15 (must equal line 34)			1,449,326,902	16	1,570,216,174
Liabilities	17	Accounts payable and accrued expenses			182,955,392	17	176,461,567
	18	Grants payable				18	
	19	Deferred revenue			1,650,896	19	2,069,641
	20	Tax-exempt bond liabilities			493,704,528	20	474,053,383
	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			2,320,078	23	11,106,725
	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			43,905,369	25	92,098,501
26	Total liabilities. Add lines 17 through 25			724,536,263	26	755,789,817	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			719,175,635	27	805,852,913
	28	Temporarily restricted net assets			5,517,821	28	8,476,261
	29	Permanently restricted net assets			97,183	29	97,183
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			724,790,639	33	814,426,357
34	Total liabilities and net assets/fund balances			1,449,326,902	34	1,570,216,174	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,112,733,179
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,023,652,646
3	Revenue less expenses Subtract line 2 from line 1	3	89,080,533
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	724,790,639
5	Other changes in net assets or fund balances (explain in Schedule O)	5	555,185
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	814,426,357

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	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	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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?	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	Yes	

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 SHANDS TEACHING HOSPITAL AND CLINICS INC	Employer identification number 59-1943502
--	--

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?

(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?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		






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

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 SHANDS TEACHING HOSPITAL AND CLINICS INC	Employer identification number 59-1943502
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)		780,080													
c Total lobbying expenditures (add lines 1a and 1b)		780,080	0												
d Other exempt purpose expenditures		969,159,000													
e Total exempt purpose expenditures (add lines 1c and 1d)		969,939,080	0												
f Lobbying nontaxable amount Enter the amount from the following table in both columns		1,000,000	0												
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)		250,000	0												
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-		0	0												
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>													

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	1,377,022	932,540	915,010	780,080	4,004,652
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				0	0

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)		(b)
		Yes	No	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
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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
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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 <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

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

► \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

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

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
1c	
1d	
1e	
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	193,720,087	180,837,580	96,491,947	141,704,169	
b Contributions	2,129,095	13,655,396	89,689,382	2,250,000	
c Investment earnings or losses	-6,212,587	-99,079	-34,816	-93,188	
d Grants or scholarships					
e Other expenditures for facilities and programs	45,000,000	673,810	5,308,933	47,369,034	
f Administrative expenses					
g End of year balance	144,636,595	193,720,087	180,837,580	96,491,947	

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

- a** Board designated or quasi-endowment ▶ 98 860 %
- b** Permanent endowment ▶ 1 140 %
- 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) Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b Yes	

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	29,718,626	14,805,879		44,524,505
b Buildings	29,022,240	739,636,479	248,422,908	520,235,811
c Leasehold improvements		6,995,353	446,294	6,549,059
d Equipment	22,026	411,141,925	299,257,303	111,906,648
e Other		38,874,424	2,444,987	36,429,437
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> ▶				719,645,460

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	1,112,733,179
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,023,652,646
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	89,080,533
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	8,571,319
9	Total adjustments (net) Add lines 4 - 8	9	8,571,319
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	97,651,852

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	1,106,997,174
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	3,891,710
e	Add lines 2a through 2d	2e	3,891,710
3	Subtract line 2e from line 1	3	1,103,105,464
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	9,627,715
c	Add lines 4a and 4b	4c	9,627,715
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	1,112,733,179

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	1,027,544,355
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	3,891,710
e	Add lines 2a through 2d	2e	3,891,710
3	Subtract line 2e from line 1	3	1,023,652,645
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	1
c	Add lines 4a and 4b	4c	1
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	1,023,652,646

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
Intended uses of endowment funds	Schedule D, Part V, Line 4	
Other changes in net assets	Schedule D, Part XI, Line 8	EQUITY TRANSFERS - 5612879, INCREASE IN TEMPORARILY HELD ASSETS - 2958440,
Other revenues in audited financial statements not in form 990	Schedule D, Part XII, Line 2d	EXPENSE OFFSET - 2250169, ELIMINATIONS - 1641541,
Other revenues in form 990 not in audited financial statements	Schedule D, Part XII, Line 4b	CAPITAL DONATIONS - 1611581, ROUNDING - 2, UNREALIZED LOSS ON INVESTMENTS - 8016132,
Other expenses in audited financial statements not in form 990	Schedule D, Part XIII, Line 2d	ELIMINATIONS - 1641541, EXPENSE OFFSET TO REVENUE - 2250169,
Other expenses in form 990 not in audited financial statements	Schedule D, Part XIII, Line 4b	ROUNDING - 1,

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19,
or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a

☒

Mail solicitations

e

☒

Solicitation of non-government grants

b

☒

Internet and e-mail solicitations

f

☐

Solicitation of government grants

c

☒

Phone solicitations

g

☒

Special fundraising events

d

☒

In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☒ Yes ☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization. Form 990-EZ filers are not required to complete this table.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
EG PRODUCTIONS 690 SW 1ST CT MIAMI, FL 33130	CONSULTING		No	552,647	38,040	514,607
Total ▶				552,647	38,040	514,607

3

List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

FL

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

Revenue			(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events (Add col (a) through col (c))	
			<u>UF DANCE MARATHON</u>	<u>FSU DANCE MARATHON</u>	<u>10</u>		
			(event type)	(event type)	(total number)		
1	Gross receipts	. . .	963,336	648,941	268,550	1,880,827	
2	Less Charitable contributions	. . .	904,358	588,116	104,273	1,596,747	
3	Gross income (line 1 minus line 2)	. . .	58,978	60,825	164,277	284,080	
Direct Expenses	4	Cash prizes	. . .	0	2,500	2,500	
	5	Non-cash prizes	. .		7,512	7,512	
	6	Rent/facility costs	. .	24,533	18,546	15,983	59,062
	7	Food and beverages	. .		14,605	14,605	
	8	Entertainment	. . .		3,800	3,800	
	9	Other direct expenses	.	46,925	42,070	30,749	119,744
	10	Direct expense summary Add lines 4 through 9 in column (d). ▶					(207,223)
	11	Net income summary Combine lines 3 and 10 in column (d). ▶					76,857

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

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming
					(Add col (a) through col (c))
Revenue	1	Gross revenue			
	2	Cash prizes			
Direct Expenses	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor	<input type="checkbox"/> Yes _____ <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ <input type="checkbox"/> No
	7	Direct expense summary Add lines 2 through 5 in column (d) ▶			()
	8	Net gaming income summary Combine lines 1 and 7 in column (d) ▶			

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

- 11

Does the organization operate gaming activities with nonmembers?

☐ Yes ☐ No
- 12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

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

14

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

Name

Address

15a

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

☐ Yes ☐ No

b

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

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

Gaming manager compensation \$

Description of services provided

☐ Director/officer

☐ Employee

☐ Independent contractor

17

Mandatory distributions

a

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

☐ Yes ☐ No

b

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

Part IV

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

Identifier	ReturnReference	Explanation
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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
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

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 <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input checked="" type="checkbox"/> 200%<input type="checkbox"/> Other _____%</div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input checked="" type="checkbox"/> 400%<input type="checkbox"/> Other _____%</div> 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	3a	Yes	
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 eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during 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)			50,963,298		50,963,298	4 980 %
b Medicaid (from Worksheet 3, column a)					0	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)					0	0 %
d Total Charity Care and Means-Tested Government Programs	0	0	50,963,298	0	50,963,298	4 980 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		43,616	902,032	20,520	881,512	0 090 %
f Health professions education (from Worksheet 5)			70,120,738	30,747,106	39,373,632	3 850 %
g Subsidized health services (from Worksheet 6)					0	0 %
h Research (from Worksheet 7)			8,095,208		8,095,208	0 790 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			557,182		557,182	0 050 %
j Total Other Benefits	0	43,616	79,675,160	30,767,626	48,907,534	4 780 %
k Total. Add lines 7d and 7j	0	43,616	130,638,458	30,767,626	99,870,832	9 760 %

Part IICommunity 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
1Physical improvements and housing					0	0 %
2Economic development					0	0 %
3Community support					0	0 %
4Environmental improvements					0	0 %
5Leadership development and training for community members					0	0 %
6Coalition building					0	0 %
7Community health improvement advocacy					0	0 %
8Workforce development					0	0 %
9Other					0	0 %
10Total	0	0	0	0	0	0 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	97,426,389	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	59,528,809	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	276,765,295	
6Enter Medicare allowable costs of care relating to payments on line 5	6	289,068,872	
7Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-12,303,577	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input checked="" type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
bIf "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 IVManagement 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 %
1SHANDS-SOLANTIC JV	URGENT CARE	50 %		
2SHANDS STARKE	HOSPITAL	40 %		
3SHANDS LIVE OAK	HOSPITAL	40 %		
4SHANDS LAKE SHORE	HOSPITAL	40 %		
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Name and address

Schedule H (Form 990) 2011

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)

SHANDS AT THE UNIVERSITY OF FLORIDA

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 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	No
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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted 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? If "Yes," indicate the FPG family income limit for eligibility for free care 200% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13		No

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	Yes	
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 <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> 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? If "Yes," check all actions in which the hospital facility or a third party engaged a <input checked="" type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16	Yes	
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> 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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> 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? If "Yes," explain in Part VI		No
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? If "Yes," explain in Part VI		No

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? 11

Name and address		Type of Facility (Describe)
1	SHANDS HOMECARE 3515 NW 98TH STREET GAINESVILLE, FL 32609	OUTPATIENT HOME CARE PROGRAMS
2	SHANDS MED GROUP AT MAGNOLIA PARKE 4740 NW 39TH PLACE STE B GAINESVILLE, FL 32606	PHYSICIANS CLINICS
3	CARESPOT 720 SW 2ND AVENUE SUITE 160A GAINESVILLE, FL 32601	URGENT, WELL CARE AND OCCUPATIONAL HEALTH SVCS
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, 6l, 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
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	0

Identifier	ReturnReference	Explanation
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	THE VALUE OF BAD DEBTS REPORTED ON LINE 2 REPRESENTS THE AGGREGATE AMOUNTS REMAINING IN NET PATIENT ACCOUNTS RECEIVABLE THAT ARE DEEMED TO BE UNCOLLECTIBLE AFTER EXERCISING REASONABLE COLLECTION EFFORTS THE AMOUNT ESTIMATED ON LINE 3 AS BEING ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY WAS BASED UPON AN ANALYSIS OF CURRENT YEAR MEDICARE BAD DEBTS THAT POPULATION OF BAD DEBTS CAN BE SEGREGATED INTO CHARITY AND NON-CHARITY BAD DEBTS THE AMOUNT REPORTED ON LINE 3 WAS DERIVED BY MULTIPLYING THE AMOUNT ON LINE 2 BY THE RATIO OF MEDICARE CHARITY BAD DEBTS TO TOTAL MEDICARE BAD DEBTS

Identifier	ReturnReference	Explanation
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	THE AMOUNTS REPORTED ON LINES 5 AND 6 WERE DERIVED FROM THE FYE 2012 MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	FOR THOSE PATIENTS WHO QUALIFY FOR DISCOUNTED SERVICES, EFFORTS WILL BE MADE TO ESTABLISH PAYMENT ARRANGEMENTS

Identifier	ReturnReference	Explanation
OTHER BILLING DETERMINATION OF INDIVIDUALS WITHOUT INSURANCE	PART V, SECTION B, LINE 10	THE PATIENTS ARE BILLED STANDARD GROSS CHARGES UNTIL THEIR FINANCIAL STATUS CAN BE CLARIFIED

Identifier	ReturnReference	Explanation
OTHER ACTIONS TOOK BEFORE ANY COLLECTION ACTIONS	PART V, SECTION B, LINE 17	THE PATIENT GETS A FINAL NOTICE STATEMENT INDICATING THE ACCOUNT MAY BE SUBJECT TO COLLECTION ACTIVITY 30 DAYS PRIOR TO BEING TRANSFERRED TO A COLLECTION AGENCY

Identifier	ReturnReference	Explanation
Means used to determine amounts billed	Schedule H, Part V Section B, Line 19d	(1) SHANDS AT THE UNIVERSITY OF FLORIDA - SHANDS USES CREDIT COUNSELLORS TO DETERMINE ELIGIBILITY FOR REDUCED/DISCOUNTED PROGRAMS ,

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H, Part VI, Line 2	<p>IN MARCH 2010, WELLFLORIDA COUNCIL - NORTH CENTRAL FLORIDA'S LOCAL HEALTH PLANNING COUNCIL - RELEASED AN ALACHUA COUNTY HEALTH NEEDS ASSESSMENT THE NEEDS ASSESSMENT WAS SPONSORED BY SHANDS AND OTHER COMMUNITY HEALTH CARE PROVIDERS COMPONENTS OF THE HEALTH ASSESSMENT I NCLUDED DEMOGRAPHICS AND SOCIOECONOMIC FACTORS, HEALTH STATUS, CHRONIC DISEASE, LEADING CA USES OF DEATH, HEALTH DISPARITIES, HEALTHY BEHAVIORS, ACCESS TO CARE, HEALTH OUTCOMES, HEAL TH CARE INFRASTRUCTURE, PUBLIC POLICY, AVOIDABLE HOSPITALIZATIONS, HEALTH PROFESSIONAL SH ORTAGES, MEDICALLY UNDERSERVED POPULATIONS, HEALTH RESOURCES, COMMUNITY CULTURE, AND HEALT HY CHOICES FINDINGS INCLUDED THE FOLLOWING *</p> <p>FIVE OF THE 10 LEADING CAUSES OF DEATH IN A LACHUA COUNTY ARE HIGHER THAN THE STATE RATE FOUR OF THESE FIVE (CANCER, STROKE, DIABETES AND HYPERTENSION) HAVE LINKS TO OBESITY AND ARE HIGHLY SUSCEPTIBLE TO PREVENTION *</p> <p>WHEN COMPARED TO DEATH RATES OF BLACK RESIDENTS ACROSS FLORIDA, THE RATES AMONG BLACK RESIDENTS IN ALACHUA COUNTY ARE HIGHER FOR EIGHT OF THE 10 LEADING CAUSES OF DEATH STATEWIDE *</p> <p>IT IS DIFFICULT TO GET A FIRM ESTIMATE ON THE NUMBER OF UNINSURED IN ALACHUA COUNTY HOWEVER, THE U S CENSUS BUREAU AND THE FLORIDA HEALTH INSURANCE STUDY, THE TWO BEST AVAILABLE SOU RCES OF THESE ESTIMATES, TELL US THAT BETWEEN 29,000 TO 62,000 RESIDENTS MAY NOT HAVE HEAL TH INSURANCE *</p> <p>[HOWEVER, BASED ON THE MOST RECENT DATA AVAILABLE FROM THE CENSUS BUREAU'S SMALL AREA HEALTH INSURANCE PROGRAM (% UNINSURED) AND THE UNIVERSITY OF FLORIDA'S BUREAU OF ECONOMIC AND BUSINESS RESEARCH (POPULATION), SHANDS ESTIMATES THAT IN 2012 THERE WERE 4 5,191 UNINSURED ALACHUA COUNTY RESIDENTS - 18% OF THE COUNTY'S TOTAL POPULATION] *</p> <p>BETWEE N 2006 AND 2008, THERE HAVE BEEN ON AVERAGE MORE THAN 29,000 ANNUAL POTENTIALLY AVOIDABLE VISITS TO HOSPITAL EMERGENCY ROOMS BY ALACHUA COUNTY RESIDENTS *</p> <p>IN ADDITION, THERE HAVE BEEN, ON AVERAGE, MORE THAN 2,500 AVOIDABLE INPATIENT HOSPITALIZATIONS ANNUALLY WITH ASSOC IATED CHARGES OF MORE THAN \$67,000,000 COMMUNITY PERSPECTIVES *</p> <p>ACCESS TO AFFORDABLE HEAL TH CARE WAS IDENTIFIED AS A BARRIER TO SEEKING ROUTINE MEDICAL/DENTAL/BEHAVIORAL HEALTH CA RE ACROSS THE BOARD *</p> <p>RESIDENTS IDENTIFIED ACCESS BARRIERS AS THE PRIORITY CONCERN IN MEE TING HEALTH CARE NEEDS LACK OF TRANSPORTATION, LACK OF SATELLITE CLINICS IN RURAL/OUTLYIN G AREAS OF THE COUNTY, LACK OF COMPASSION AND UNDERSTANDING FROM HEALTH CARE PROVIDERS, AN D RESTRICTIVE INSURANCE POLICIES WERE MOST OFTEN MENTIONED *</p> <p>BARRIERS TO ENGAGING IN PREV ENTION AND HEALTH CARE ACTIVITIES WERE INADEQUATE HEALTH INSURANCE, COST, COMORBIDITY HEAL TH CONDITIONS, ENVIRONMENTAL FACTORS (SAFETY, LACK OF INFRASTRUCTURE), LACK OF AWARENESS, UNFAVORABLE ATTITUDE OF HEALTH CARE PROVIDERS, SOCIAL NORMS (STIGMA/FEAR), LACK OF TRANSPO RTATION, DIFFICULTY FINDING PHYSICIANS ACCEPTING NEW PATIENTS (PARTICULARLY MEDICAID), AVA ILABILITY OF TIME, AND RESPONSIBILITY FOR DEPENDENT OTHERS *</p> <p>ADMINISTRATIVE BARRIERS THAT WERE IDENTIFIED AS REASONS FOR DELAYING OR AVOIDING CARE INCLUDED SCHEDULING, RESTRICTIVE ELIGIBILITY CRITERIA, PAPERWORK AND LACK OF AVAILABILITY OF A HEALTH CARE PROFESSIONAL AF TER OFFICE HOURS LACK OF AFTER-HOURS CARE AND NOT KNOWING WHERE ELSE TO GO WERE ALSO IDEN TIFIED AS THE TOPMOST REASONS FOR SEEKING CARE THROUGH EMERGENCY DEPARTMENTS WHAT ARE WE DOING? *</p> <p>FULLY IMPLEMENTED AN INTEGRATED ELECTRONIC MEDICAL RECORD SYSTEM (EPIC) ACROSS TH E UF COLLEGE OF MEDICINE FACULTY PRACTICE AND ALL LOCATIONS OF SHANDS AND MET THE FEDERAL "MEANINGFUL USE" CRITERIA FOR HOSPITALS *</p> <p>OPENED A DEDICATED PEDIATRIC EMERGENCY ROOM IN JULY 2011 *</p> <p>COMPLETED CONSTRUCTION IN JUNE 2012 FOR UF&SHANDS FAMILY MEDICINE AT MAIN, AN EXPANDED, REPLACEMENT FAMILY PRACTICE IN EAST GAINESVILLE, AND A NEW PRIMARY CARE FACILIT Y IN WESTERN ALACHUA COUNTY (JONESVILLE) *</p> <p>BROKE GROUND IN OCTOBER 2011 FOR CONSTRUCTION OF A NEW MULTI-SPECIALTY FACILITY (UF&SHANDS AT SPRINGHILL) THAT WILL CONSOLIDATE NUMEROUS SPECIALTY PRACTICES AND ANCILLARY SERVICES UNDER ONE ROOF IN A LOCATION THAT IS MORE ACCE SSIBLE FOR THE MAJORITY OF ALACHUA COUNTY'S POPULATION THAN IS THE SHANDS MAIN CAMPUS *</p> <p>P URCHASED PROPERTY TO BEGIN DEVELOPMENT OF A FREESTANDING EMERGENCY DEPARTMENT WHICH WILL A LSO BE LOCATED AWAY FROM THE MAIN CAMPUS, NEAR UF&SHANDS AT SPRINGHILL, AND IS SCHEDULED T O OPEN IN JULY 2013 *</p> <p>IN ADDITION, SHANDS AND THE UNIVERSITY OF FLORIDA ARE AT THE FOREFR ONT OF NEW EFFORTS TO ENGAGE UNDERREPRESENTED POPULATIONS IN THE RESEARCH ENTERPRISE THROU GH HEALTHSTREET, ONE OF OUR COMMUNITY ENGAGEMENT PROGRAMS HEALTHSTREET AIMS TO PRODUCE OU TCOMES THAT MATTER TO THE COMMUNITY BY 1) LINKING PEOPLE TO MEDICAL AND SOCIAL SERVICES B ASED ON THEIR NEEDS AND CONCERNS, 2) GIVING PEOPLE AN OPPORTUNITY TO LEARN ABOUT AND PARTI CIPATE IN HEALTH RESEARCH, AND 3) BUILDING NEEDED TRUST BETWEEN SCIENTISTS AND THE COMMUNI TY ALREADY, 2,000 PEOPLE IN THE GAINESVILLE AREA ALONE HAVE BEEN ASSESSED AND LINKED TO M EDICAL AND SOCIAL SERVICES, OF WHOM 75% HAVE BEEN</p>

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H, Part VI, Line 2	GIVEN OPPORTUNITIES TO PARTICIPATE IN HEALTH RESEARCH STUDIES OVER 85% OF THOSE SERVED ARE FROM MINORITY OR UNDERSERVED POPULATIONS - AFRICAN AMERICAN, ASIAN, HISPANIC, ELDERLY, DISABLED OR PERSONS FROM RURAL AREAS IN NEED OF SERVICES

Identifier	ReturnReference	Explanation
Community information	Schedule H, Part VI, Line 4	SHANDS AT THE UNIVERSITY OF FLORIDA IN URBAN GAINESVILLE, FL SERVES RESIDENTS OF ALACHUA COUNTY AND 13 OTHER NORTH CENTRAL FLORIDA COUNTIES IN ADDITION, SHANDS AT THE UNIVERSITY OF FLORIDA IS A STATEWIDE AND REGIONAL SAFETY-NET RESOURCE FOR PATIENTS IN NEED OF TERTIARY AND QUATERNARY LEVELS OF CARE NOTABLE SHANDS AT THE UNIVERSITY OF FLORIDA SERVICES INCLUDE PEDIATRICS, NEONATOLOGY, CANCER, NEUROMEDICINE, CARDIOVASCULAR MEDICINE, TRANSPLANTATION, AND TRAUMA FOLLOWING IS A SNAPSHOT OF THE NORTH CENTRAL FLORIDA SERVICE AREA * POPULATION 970,882 * AVERAGE HOUSEHOLD INCOME \$49,609 * PERCENTAGE OF FAMILIES WITH INCOMES BELOW THE FEDERAL POVERTY GUIDELINES 12.7% * NUMBER OF UNINSURED RESIDENTS 177,700 (18.3% OF THE TOTAL POPULATION) * PERCENTAGE OF NCF RESIDENT DISCHARGES FROM ACUTE CARE HOSPITALS IN FLORIDA FOR PATIENTS WHO ARE UNINSURED OR MEDICAID RECIPIENTS 25.5% * PERCENTAGE OF NCF RESIDENT DISCHARGES FROM SHANDS AT UF FOR PATIENTS WHO ARE UNINSURED OR MEDICAID RECIPIENTS 41.3% * SIX OF OUR SERVICE AREA COUNTIES ARE FEDERALLY DESIGNATED AS MEDICALLY UNDERSERVED POPULATION COUNTIES (ALACHUA, COLUMBIA, GILCHRIST, LEVY, MARION AND PUTNAM) AND THE OTHER EIGHT ARE DESIGNATED AS MEDICALLY UNDERSERVED AREA COUNTIES (BRADFORD, DIXIE, HAMILTON, LAFAYETTE, MADISON, SUWANNEE, TAYLOR AND UNION) WITHIN THE NORTH CENTRAL FLORIDA SERVICE AREA, THERE ARE 10 NON-SHANDS ACUTE CARE HOSPITAL COMPETITORS FIFTY-SIX PERCENT OF THE 2,277 LICENSED ACUTE CARE BEDS IN THE SERVICE AREA ARE OPERATED BY NOT-FOR-PROFIT PROVIDERS SHANDS HAS 55% OF THE 164 LICENSED INPATIENT MENTAL HEALTH BEDS AND 50% OF THE 80 LICENSED COMPREHENSIVE MEDICAL REHABILITATION (CMR) BEDS IN THE NORTH CENTRAL FLORIDA SERVICE AREA

Identifier	ReturnReference	Explanation
Promotion of community health	Schedule H, Part VI, Line 5	LOCATED IN GAINESVILLE, SHANDS AT THE UNIVERSITY OF FLORIDA IS ONE OF THE SOUTHEAST'S PREMIER TEACHING HOSPITALS AND THE STATE'S LEADING MEDICAL REFERRAL CENTER. NEARLY 900 EXPERT UF COLLEGE OF MEDICINE AND COMMUNITY PHYSICIANS, ALONG WITH 7,456 SKILLED SHANDS NURSING AND SUPPORT STAFF, PROVIDE COMPREHENSIVE HIGH-QUALITY PATIENT CARE, FROM PRIMARY CARE AND FAMILY MEDICINE TO SUB-SPECIALTY, TERTIARY AND QUATERNARY SERVICES FOR PATIENTS WITH HIGHLY COMPLEX MEDICAL CONDITIONS. PATIENTS COME TO SHANDS AT UF FROM ALL 67 FLORIDA COUNTIES AND FROM THROUGHOUT THE REGION, NATION AND A DOZEN COUNTRIES EACH YEAR. THE MEDICAL CENTER HAS EARNED ITS STELLAR REPUTATION BECAUSE OF THE DEDICATION TO PATIENT CARE, EDUCATION AND RESEARCH PROVIDED BY UF AND SHANDS. INTERDISCIPLINARY CLINICAL AND SUPPORT TEAMS COMMUNITY BENEFIT. FY 2012 - SHANDS TEACHING HOSPITALS AND CLINICS, INC. * CHARITY CARE AND SOCIAL RESPONSIBILITY * NET UNREIMBURSED FINANCIAL ASSISTANCE (AT COST) - \$55.4M * HEALTH PROFESSIONALS EDUCATION - \$39.4M * SCIENTIFIC AND CLINICAL RESEARCH IN THE HEALTH SCIENCES - \$8.1M * DONATIONS AND IN-KIND SERVICES TO SUPPORT COMMUNITY-BASED EFFORTS - \$1.6M * COMMUNITY AND REGIONAL HEALTH SERVICES - \$0.9M * TOTAL COMMUNITY BENEFIT (PROVIDED AT COST) - \$105.4M * SHANDS AT UF SERVES UNINSURED PATIENTS FROM NEARLY EVERY COUNTY IN FLORIDA. * SHANDS AT UF EMPLOYEES AND VOLUNTEERS AND UF COLLEGE OF MEDICINE AND HEALTH SCIENCE CENTER MEDICAL FACULTY, RESIDENTS AND STUDENTS PARTICIPATED IN 25 HEALTH FAIRS THAT REACHED MORE THAN 10,000 PEOPLE. * SHANDS AT UF OFFERED APPROXIMATELY 400 SEMINARS TO MORE THAN 18,000 PEOPLE ON TOPICS INCLUDING DISEASE PREVENTION, DIAGNOSIS AND TREATMENT. * UF FACULTY PHYSICIANS AND SHANDS NURSES AT THE UF SHANDS EASTSIDE COMMUNITY PRACTICE IN GAINESVILLE SERVE CHILDREN AND ADULTS WITH PHYSICAL CHECK-UPS, IMMUNIZATIONS, HEALTH SCREENINGS, HEALTHCARE ADVICE AND EDUCATION, SOCIAL SERVICES AND LINKS TO OTHER VALUABLE COMMUNITY RESOURCES. THEY PROVIDE SPACE FOR COMMUNITY GROUPS SUCH AS UF QUIT SMOKING NOW. * THE SHANDS WOMEN'S ADVANTAGE PROGRAM OFFERS HEALTH-FOCUSED EVENTS ON ALL ASPECTS OF WOMEN'S HEALTH. TOPICS OF FOCUS FOR FY12 INCLUDED BREAST CANCER, CHEST PAIN, DIABETES, EATING DISORDERS, ENDOMETRIOSIS, FITNESS AND OSTEOPOROSIS, AMONG OTHERS. * SHANDS AT UF HAS ONE OF FLORIDA'S SEVEN STATE-DESIGNATED LEVEL I TRAUMA CENTERS. DURING THE YEAR, OUR UF AND SHANDS TRAUMA TEAMS HOSTED NUMEROUS EDUCATIONAL OUTREACH PROGRAMS, INCLUDING SAFETY TRAINING TO NEW DRIVERS, SAFETY TIPS AT ACCIDENT SCENES AND HURRICANE PREPAREDNESS. * SHANDS AT UF CONTRIBUTED \$1.6 MILLION TO SUPPORT COMMUNITY EVENTS IN SUPPORT OF THE AMERICAN CANCER SOCIETY, AMERICAN HEART ASSOCIATION, CHILD ADVOCACY CENTER, HAVEN HOSPICE, MARCH OF DIMES, MLK CELEBRATION, RONALD MCDONALD HOUSE, STOP! CHILDREN'S CANCER, UNITED WAY AND YMCA, AS WELL AS OTHER NATIONAL AND LOCAL SPONSORSHIPS. SHANDS AT UF INCLUDES SHANDS HOSPITAL FOR CHILDREN, SHANDS PEDIATRIC EMERGENCY ROOM, SHANDS CANCER HOSPITAL AND SHANDS CRITICAL CARE CENTER, AS WELL AS THE HEALTH SYSTEM'S TWO SPECIALTY HOSPITALS, SHANDS REHAB HOSPITAL AND SHANDS VISTA BEHAVIORAL HEALTH, BOTH LOCATED IN GAINESVILLE. SHANDS AT UF IS ALSO AFFILIATED WITH MORE THAN 40 UF PHYSICIANS OUTPATIENT PRACTICES, LOCATED IN THE GAINESVILLE AREA, WHICH OFFER PRIMARY AND SPECIALTY CARE TO PATIENTS FROM NORTH CENTRAL FLORIDA AND THROUGHOUT THE STATE.

Identifier	ReturnReference	Explanation
Affiliated health care system	Schedule H, Part VI, Line 6	SHANDS AT THE UNIVERSITY OF FLORIDA SERVES AS A TRAINING GROUND FOR TOMORROW'S DOCTORS 689 UF COLLEGE OF MEDICINE PHYSICIAN RESIDENTS AND FELLOWS TRAINED IN 62 ACCREDITED GRADUATE MEDICAL EDUCATION PROGRAMS IN GAINESVILLE UNIVERSITY OF FLORIDA HEALTH SCIENCE CENTER COLLEAGUES PARTICIPATE IN SHANDS' COMMUNITY OUTREACH EFFORTS TO HOST HEALTH SEMINARS AND SCREENINGS TO PROMOTE A HEALTHIER COMMUNITY ADDITIONALLY, SEVERAL OF THE HEALTH SCIENCE CENTER COLLEGES HOLD A VARIETY OF OUTREACH EFFORTS TO PROMOTE HEALTH AND WELLNESS EXAMPLES INCLUDE * COLLEGE OF NURSING FACULTY AND STUDENTS VOLUNTEERED TO SUPPORT VARIOUS COMMUNITY HEALTH IMPROVEMENT INITIATIVES DURING THE YEAR SERVICES INCLUDED COMMUNITY HEALTH EDUCATION, SCREENINGS, SUPPORT GROUPS AND ACTIVE PARTICIPATION IN THE ALACHUA COUNTY SCHOOL-BASED FLUMIST PROGRAM * THE COLLEGE OF MEDICINE PROSTATE DISEASE CENTER'S COMMUNITY OUTREACH AND EDUCATION PROGRAM TEAM IN GAINESVILLE SEEKS TO ELIMINATE THE DISPARITY AMONG AFRICAN-AMERICAN MALES FOR HIGHER PROSTATE DISEASE INCIDENCE THE TEAM EDUCATES MINORITY AND UNDERSERVED POPULATIONS THROUGH WORKSHOPS, SEMINARS, SPECIAL PROGRAMS AND PROSTATE CANCER SCREENINGS THROUGH THE PROGRAM, PARTNERSHIPS ARE ALSO FORMED WITH BUSINESSES AND ORGANIZATIONS, SUCH AS BARBERSHOPS AND CHURCHES, TO BETTER INFORM AND EDUCATE COMMUNITIES ACROSS THE STATE ABOUT THE IMPORTANCE OF PROSTATE CANCER SCREENING

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2

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

15

3

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

1

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) if additional space is needed.

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

Part IV

Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	

Software ID: 11000230
Software Version: v2011.1.0
EIN: 59-1943502
Name: SHANDS TEACHING HOSPITAL AND CLINICS INC

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNIVERSITY OF FLORIDA226 TIGERT HALL GAINESVILLE, FL 32610	59-6002052	501(C)(1)	35,425,000	17,682	CASH	SUPPLIES/EQUIPT FOR VET SCHOOL	SUPPORT FOR THE COLLEGE OF MEDICINE
RONALD MCDONALD HOUSE CHARITIES OF NCF1600 SW 14TH STREET GAINESVILLE, FL 32608	59-1887896	501(C)(3)	48,500	32,000	FMV	DONATED SUPPLIES	GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SANTA FE COLLEGE 3000 NW 83RD STREET GAINESVILLE, FL 32608	59-1207627	501(C)(1)	42,000		CASH		NURSING EDUCATION
GAINESVILLE SUN PO BOX 915007 ORLANDO, FL 32891	06-1567241		27,344		FMV		CALENDAR OF EVENTS FOR NFPS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HAVEN HOSPICE 4200 NW 90TH BLVD GAINESVILLE, FL 32606	59-2490893	501(C)(3)	15,500		CASH		GENERAL SUPPORT
AMERICAN CANCER SOCIETY2119 SW 16TH STREET GAINESVILLE, FL 32609	59-0657320	501(C)(3)	14,250		CASH		GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MARCH OF DIMES 1831 NW 13TH STREET STE 3 GAINESVILLE, FL 32609	13-1846366	501(C)(3)	12,500	59,263	CASH	EMPLOYEE TIME TO RUN EVENTS	GENERAL SUPPORT
UNITED WAY OF NCFPO BOX 864790 ORLANDO, FL 32886	59-0808855	501(C)(3)	12,500	100,851	FMV	EMPLOYEE SUPPORT OF VARIOUS EVENTS	GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN HEART ASSOCIATION3801 NW 40TH TERRACE STE B GAINESVILLE, FL 32606	13-5613797	501(C)(3)	10,000	14,426	FMV	EMPLOYEE SUPPORT FOR EVENTS	GENERAL SUPPORT
GAINESVILLE SPORTS COMMISSION300 E UNIVERSITY AVE STE 100 GAINESVILLE, FL 32601	59-2959383	501(C)(3)	10,000		CASH		GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MLK JR COMMISSION OF FL PO BOX 2092 GAINESVILLE, FL 32602	59- 1932327	501(C)(3)	10,000		CASH		GENERAL SUPPORT
TYLER'S HOPE 13351 PROGRESS BLVD ALACHUA, FL 32615	20- 3733312	501(C)(3)	10,000		CASH		GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
STOP CHILDREN'S CANCER2622 NW 43RD STREET GAINESVILLE,FL 32606	59-2624901	501(C)(3)	6,500		CASH		GENERAL SUPPORT
FLORIDA'S EDENPO BOX 357336 GAINESVILLE,FL 32635	03-0377374	501(C)(3)	6,000		CASH		GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIFESOUTH COMMUNITY BLOOD CENTERPO BOX 830469 BIRMINGHAM, AL 35283	59- 1545914	501(C)(3)		31,044	FMV	EMPLOYEE TIME FOR BLOOD DRIVES	
FLORIDA STATE UNIVERSITY1269 W CALL STREET COLLEGE OF MEDICINE TALLAHASSEE, FL 32301	59- 6152180	501(C)(1)	232,630		CASH		GENERAL SUPPORT

Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
FOOD AND MEAL TICKETS		30,813		CASH	
DIVERSIONARY PROGRAM		20,717		CASH	
PEDIATRIC ART SUPPLIES		19,998		CASH	
NURSING SCHOLARSHIPS	9	11,936		CASH	
GASOLINE AND LODGING FOR FAMILIES		9,450		CASH	
BURN COMPRESSION GARMETS GRANT		7,700		CASH	
PARKING VOUCHERS FOR FAMILIES		6,000		CASH	
UTILITY GRANTS FOR PATIENT FAMILIES		5,023		CASH	
VARIOUS		5,733		CASH	

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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.

Name of the organization

SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number

59-1943502

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div></div> <div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div></div> <div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div></div> <div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	Yes	
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		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Written employment contract</div></div> <div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div></div> <div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
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?	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?		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?		No
b	Any related organization?		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?		No
b	Any related organization?		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		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

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.

[illegible]

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
Severance or change-of-control payment	Schedule J, Part I, Line 4a	JODI MANSFIELD \$9,448

Software ID: 11000230
Software Version: v2011.1.0
EIN: 59-1943502
Name: SHANDS TEACHING HOSPITAL AND CLINICS 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				
ANTHONY CARVALHO	(i)	385,139	0	57,492	6,817	22,077	471,526	0
	(ii)	0	0	0	0	0	0	0
BRADLEY POLLITT	(i)	209,000	23,200	15,660	3,765	18,476	270,101	0
	(ii)	0	0	0	0	0	0	0
DAVID GUZICK	(i)	0	0	0	0	0	0	0
	(ii)	725,211	143,026	7,711	0	0	875,947	0
EDWARD JIMENEZ	(i)	425,250	78,800	179,181	17,286	23,655	724,171	0
	(ii)	0	0	0	0	0	0	0
F KAYSER ENNEKING	(i)	0	0	0	0	0	0	0
	(ii)	463,306	0	12,948	0	0	476,254	0
IRENE ALEXAITIS	(i)	233,900	34,700	14,419	8,232	21,630	312,881	0
	(ii)	0	0	0	0	0	0	0
J BERNARD MACHEN	(i)	0	0	0	0	0	0	0
	(ii)	431,150	390,831	31,733	0	0	853,714	0
JAMES BURKHART	(i)	596,344	0	45,556	7,350	24,733	673,982	0
	(ii)	0	0	0	0	0	0	0
JAMES ROBERTS	(i)	365,000	67,600	382,991	7,439	27,443	850,473	0
	(ii)	0	0	0	0	0	0	0
JANET CHRISTIE	(i)	289,011	54,600	60,862	4,638	21,395	430,506	0
	(ii)	0	0	0	0	0	0	0
JOSEPH TYNDALL	(i)	0	0	0	0	0	0	0
	(ii)	369,579	0	5,411	0	0	374,989	0
KARI LOU CASSEL	(i)	289,600	53,600	12,340	5,431	20,043	381,014	0
	(ii)	0	0	0	0	0	0	0
KEVIN BEHRNS	(i)	0	0	0	0	0	0	0
	(ii)	643,336	21,532	2,994	0	0	667,862	0
MARINA CECCHINI	(i)	251,262	27,600	21,178	8,304	19,517	327,861	0
	(ii)	0	0	0	0	0	0	0
MARVIN DEWAR	(i)	394,900	0	75,832	0	22,475	493,207	0
	(ii)	0	0	0	0	0	0	0
MATTHEW FAJACK	(i)	0	0	0	0	0	0	0
	(ii)	244,460	11,680	-3,224	0	0	252,916	0
MICHAEL GLEASON	(i)	336,500	0	16,283	6,789	20,578	380,150	0
	(ii)	0	0	0	0	0	0	0
MICHAEL GOOD	(i)	0	0	0	0	0	0	0
	(ii)	640,889	0	17,822	0	0	658,710	0

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				
MICHAEL LAWTON	(i) (ii)	260,300 0	38,600 0	27,402 0	7,597 0	20,055 0	353,955 0	0 0
PAUL OKUNIEFF	(i) (ii)	0 745,349	0 13,275	0 3,744	0 0	0 0	0 762,367	0 0
SCOTT HAWIG	(i) (ii)	232,900 0	34,500 0	31,668 0	7,844 0	18,936 0	325,848 0	0 0
TERESA DOLAN	(i) (ii)	0 323,755	0 0	0 3,721	0 0	0 0	0 327,475	0 0
TIMOTHY M GOLDFARB	(i) (ii)	733,350 0	1,082,500 0	80,714 0	4,785 0	43,547 0	1,944,897 0	0 0
WILLIAM J ROBINSON	(i) (ii)	480,950 0	89,100 0	212,520 0	7,385 0	27,106 0	817,061 0	0 0

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
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

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 ALACHUA CO HEALTH FACILITIES	59-2442398		03-30-2007	175,000,000	CONSTRUCT & EQUIP FACILITY AND		X		X		X
B ALACHUA CO HEALTH FACILITIES	59-2442398	010685HN8	06-30-2008	125,000,000	REFUND PRIOR BOND ISSUE		X		X		X
C ALACHUA CO HEALTH FACILITIES	59-2442398		11-05-2008	75,000,000	REFINANCE PRIOR BOND ISSUE		X		X		X
D ALACHUA CO HEALTH FACILITIES	59-2442398	010685HT5	11-19-2008	44,340,000	REFUND PRIOR ISSUE		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0		3,750,000			
2	Amount of bonds defeased	0		0		0			
3	Total proceeds of issue	175,000,000		125,000,000		75,000,000		44,340,000	
4	Gross proceeds in reserve funds	14,371,808		0		0		4,434,000	
5	Capitalized interest from proceeds	18,995,512		0		0			
6	Proceeds in refunding escrow	0		0		0			
7	Issuance costs from proceeds	1,298,417		463,410		0		532,424	
8	Credit enhancement from proceeds	0		0		0			
9	Working capital expenditures from proceeds	0		0		0			
10	Capital expenditures from proceeds	140,334,263		0		0			
11	Other spent proceeds	0		0		0			
12	Other unspent proceeds	0		0		0			
13	Year of substantial completion	2009							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?				X	X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

		A		B		C		D	
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		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		X		X		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?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		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 %		0 %		0 %		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	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		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		X		X	
2	Is the bond issue a variable rate issue?	X		X		X			X
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X		X		X			X
b	Name of provider	MERILL LYNCH		MERILL LYNCH		COMPASS BANK			
c	Term of hedge	30 7		29 4		19 9		0 0	
d	Was the hedge superintegrated?	X			X	X			
e	Was a hedge terminated?		X		X		X		
4a	Were gross proceeds invested in a GIC?	X			X		X	X	
b	Name of provider	BAYERISCHE LA						BAYERISCHE LAN	
c	Term of GIC	5 0						5 0	
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X						X	
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X	X		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 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
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

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	ALACHUA CO HEALTH FACILITIES	59-2442398		06-15-2010	70,000,000	COSTS OF ACQUISITION AND CONST		X		X		X
B	ALACHUA CO HEALTH FACILITIES	59-2442398	010685JH9	06-29-2010	44,685,000	REFUND 1992R BONDS, ISSUED 01/		X		X		X
C	ALACHUA CO HEALTH FACILITIES	59-2442398		03-30-2007	45,210,000	REFUND A PORTION OF 1996A BOND		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	2,386,364		7,750,000		0			
2	Amount of bonds defeased	0		0		0			
3	Total proceeds of issue	70,000,000		46,735,657		45,210,000			
4	Gross proceeds in reserve funds	0		0		3,712,854			
5	Capitalized interest from proceeds	0		0		0			
6	Proceeds in refunding escrow	0		46,216,185		41,164,723			
7	Issuance costs from proceeds	0		519,472		332,423			
8	Credit enhancement from proceeds	0		0		0			
9	Working capital expenditures from proceeds	0		0		0			
10	Capital expenditures from proceeds	70,000,000		0		0			
11	Other spent proceeds	0		0		0			
12	Other unspent proceeds	0		0		0			
13	Year of substantial completion	2010							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X			X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

		A		B		C		D	
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		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		X		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?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		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 %		0 %		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	0 %		0 %		0 %			
6	Total of lines 4 and 5	0 %		0 %		0 %			
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		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		X			
2	Is the bond issue a variable rate issue?	X			X	X			
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X	X			
b	Name of provider					MERILL LYNCH			
c	Term of hedge	0 0		0 0		30 7			
d	Was the hedge superintegrated?					X			
e	Was a hedge terminated?						X		
4a	Were gross proceeds invested in a GIC?		X		X	X			
b	Name of provider					BAYERISCHE LA			
c	Term of GIC	0 0		0 0		5 0			
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?					X			
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?	X		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
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

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	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?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	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) REMBERT DAVIS	DIRECTOR	53,067	FEE FOR SERVICES PROVIDED		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
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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
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

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				
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				
FOOD FOR DM				
25 Other ► (<u>DANCERS</u>)	X	6	43,136	MARKET VALUE
RENTALS FOR DANCE				
26 Other ► (<u>MARATHON</u>)	X	1	11,000	MARKET VALUE
27 Other ► (<u>ADVERTISING</u>)	X	5	95,820	MARKET VALUE
GIFT BAGS FOR DM				
28 Other ► (<u>DANCERS</u>)	X	5	46,500	MARKET VALUE
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	0
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?				Yes 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?				Yes
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?				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
Explanations of reporting method for number of contributions	Schedule M, Part I	OTHER NUMBER OF CONTRIBUTING ORGANIZATIONS OTHER NUMBER OF CONTRIBUTING ORGANIZATIONS OTHER NUMBER OF CONTRIBUTING ORGANIZATIONS OTHER NUMBER OF CONTRIBUTING ORGANIZATIONS
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=FOOD FOR DM DANCERS	NUMBER OF CONTRIBUTING ORGANIZATIONS
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=RENTALS FOR DANCE MARATHON	NUMBER OF CONTRIBUTING ORGANIZATIONS
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=ADVERTISING	NUMBER OF CONTRIBUTING ORGANIZATIONS
Number of contributions or items contributed	Schedule M, part I, column (b), Line other=GIFT BAGS FOR DM DANCERS	NUMBER OF CONTRIBUTING ORGANIZATIONS

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
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

Identifier	Return Reference	Explanation
Significant changes to organizational documents	Form 990, Part VI, Section A, Line 4	THE DOCUMENT CHANGE IS FOUND IN ARTICLE VI - COMMITTEES OF THE BOARD, SPECIFICALLY, SECTION 6 WHICH DEFINES THE ROLE OF THE QUALITY COMMITTEE AND ITS CHARGE
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	INDIVIDUALS SERVING ON THE SHANDS BOARD OF DIRECTORS ARE MEMBERS
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	THE CORPORATE BY-LAWS STATE THAT THE PRESIDENT OF THE UNIVERSITY OF FLORIDA HAS THE RIGHT TO APPOINT UP TO 16 MEMBERS OF THE BOARD OF DIRECTORS
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	FORM 990 IS CURRENTLY NOT PROVIDED TO THE GOVERNING BODY BEFORE IT IS FILED IT IS REVIEWED BY MANAGEMENT BEFORE FILING
Conflict of interest policy	Form 990, Part VI, Section B, Line 12c	THE LEGAL DEPARTMENT RECEIVES AND REVIEWS THE INFORMATION DISCLOSED BY EMPLOYEES REGARDING CONFLICT OF INTEREST ISSUES AND IN COOPERATION WITH THE CORPORATE COMPLIANCE DEPARTMENT DETERMINES WHETHER DISCLOSURES MADE BY THE EMPLOYEES WOULD INVOLVE CONFLICT OF INTEREST ISSUES AND HOW TO RESOLVE THEM
Process used to establish compensation of top management official	Form 990, Part VI, Section B, Line 15a	MERCER, AN INDEPENDENT FIRM ENGAGED IN THE DEVELOPMENT OF COMPENSATION SURVEYS ON EXECUTIVE PAY LEVELS ACROSS DIFFERENT INDUSTRY, PROVIDES COMPETITIVE DATA AND GUIDANCE ON DETERMINING APPROPRIATE AND REASONABLE RANGES AND SALARIES. MERCER'S METHODOLOGY CONSISTS OF THE FOLLOWING STANDARD STEPS: *ANALYSIS BY POSITION AND BASED ON JOB CONTENT *REFERENCE OF MULTIPLE NATIONAL SURVEY SOURCES FOR NOT-FOR-PROFIT HEALTHCARE EXECUTIVE COMPENSATION *EXISTING BASE SALARY RANGE MIDPOINTS WERE UPDATED TO MORE CLOSELY ALIGN WITH THE MARKET 50TH PERCENTILE VALUE FOR EACH ROLE. MERCER FOLLOWED SIMILAR PROCESS TO EVALUATE THE COMPETITIVENESS OF SHANDS TOTAL CASH COMPENSATION LEVELS, AND PROVIDES RECOMMENDED INCENTIVE COMPENSATION RANGES TO INSURE TOTAL CASH COMPENSATION IS REASONABLE. MERCER PERIODICALLY REVIEWS ALL OTHER ASPECTS OF EXECUTIVE COMPENSATION-INCLUDING ALL ELEMENTS OF SUPPLEMENTAL BENEFITS-TO INSURE THAT THEY COMPORT WITH COMPETITIVE AND REASONABLE TOTAL REMUNERATION LEVELS.
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	ON A REGULAR BASIS, ALL MANAGEMENT POSITIONS ARE REVIEWED BY MERCER TO ENSURE SALARY SCALES ARE IN LINE WITH COMPARABLE POSITIONS IN SIMILAR INSTITUTIONS
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	THE YEAR END FINANCIAL STATEMENTS ARE ON THE UFANDSHANDS.ORG WEBSITE AND THE FEDERAL FORM 990 IS AVAILABLE UPON REQUEST
Other changes in net assets or fund balances	Form 990, Part XI, Line 5	TRANSFER OF ASSETS - 555185,

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
SHANDS TEACHING HOSPITAL AND CLINICS INC

Employer identification number
59-1943502

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
(1) SHANDS-SOLANTIC JOINT VENTURE LLC 8711 PERIMETER PARK BLVD STE 6 JACKSONVILLE, FL 32216 26-4732338	URGENT CARE CENTER	FL	-78,010	373,097	SHANDS TEACHING HOSPITAL AND CLINICS INC
(2) FIRST COAST ADVANTAGE CENTRAL LLC PO BOX 100336 GAINESVILLE, FL 32610 27-4971296	MEDICAID PROVIDER SERVICE NETWORK	FL	-197,978	201,209	SHANDS TEACHING HOSPITAL AND CLINICS INC
(3) SHANDS LAKE SHORE COMMUNITY HEALTH LLC PO BOX 100336 GAINESVILLE, FL 32610 27-2866181	HOSPITAL	FL	-1,169,796	3,197,072	SHANDS TEACHING HOSPITAL AND CLINICS INC
(4) SHANDS LIVE OAK COMMUNITY HEALTH LLC PO BOX 100336 GAINESVILLE, FL 32610 27-2867205	HOSPITAL	FL	235,095	2,517,648	SHANDS TEACHING HOSPITAL AND CLINICS INC
(5) SHANDS STARKE COMMUNITY HEALTH LLC PO BOX 100336 GAINESVILLE, FL 32610 27-2867522	HOSPITAL	FL	177,110	6,350,331	SHANDS TEACHING HOSPITAL AND CLINICS INC

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
See Additional Data Table							

Part III

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

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

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

Part V

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

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

1

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

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

Yes

1b

No

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

Yes

1i

Yes

1j

Yes

1k

Yes

1l

No

1m

No

1n

Yes

1o

Yes

1p

Yes

1q

Yes

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)			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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.

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID: 11000230

Software Version: v2011.1.0

EIN: 59-1943502

Name: SHANDS TEACHING HOSPITAL AND CLINICS INC

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
SHANDS JACKSONVILLE HEALTHCARE INC 655 WEST 8TH ST JACKSONVILLE, FL 32209 59-2441966	INVESTMENTS FOR SHANDS JACKSONVILLE MEDICAL CENTER, INC	FL	501(C) (3)	N/A	UNIVERSITY OF FLORIDA		No
UNIVERSITY OF FLORIDA 226 TIGERT HALL GAINESVILLE, FL 32611 59-6002052	EDUCATION	FL	501(C) (1)	N/A	NA		No
ELDERCARE OF ALACHUA COUNTY INC PO BOX 100362 GAINESVILLE, FL 32610 59-3051104	SENIOR SERVICES	FL	501(C) (3)	9	SHANDS TEACHING HOSPITAL AND CLINICS INC		No
SHANDS LAKE SHORE INC PO BOX 100362 GAINESVILLE, FL 32610 59-2699965	HOSPITAL	FL	501(C) (3)	3	SHANDS TEACHING HOSPITAL AND CLINICS INC		No
SOUTHEASTERN HEALTHCARE FOUNDATION PO BOX 100362 GAINESVILLE, FL 32610 59-2357609	HOSPITAL SUPPORT	FL	501(C) (3)	11	SHANDS TEACHING HOSPITAL AND CLINICS INC		No
SHANDS AUXILIARIES INC PO BOX 100362 GAINESVILLE, FL 32610 59-3551267	HOSPITAL SUPPORT	FL	501(C) (3)	11	SOUTHEASTERN HEALTHCARE FOUNDATION INC		No
UNIVERSITY ATHLETIC ASSOCIATION PO BOX 14485 GAINESVILLE, FL 32604 59-6002050	COLLEGIATE ATHLETIC ASSOCIATION	FL	501(C) (3)	N/A	UNIVERSITY OF FLORIDA		No
THE UNIVERSITY OF FLORIDA FOUNDATION PO BOX 14425 GAINESVILLE, FL 32604 59-0974739	FUNDRAISING	FL	501(C) (3)	7	UNIVERSITY OF FLORIDA		No
UNIVERSITY OF FLORIDA INVESTMENT COR 4510 NW 6TH PLACE 2ND FLOOR GAINESVILLE, FL 32607 20-1226494	INVESTMENT MANAGEMENT	FL	501(C) (3)	11	UNIVERSITY OF FLORIDA		No
FLORIDA CLINICAL PRACTICE ASSOCIATION PO BOX 100205 GAINESVILLE, FL 32610 59-1680273	EDUCATIONAL SUPPORT	FL	501(C) (3)	N/A	UNIVERSITY OF FLORIDA		No
FLORIDA HEALTH PROFESSIONS ASSOC INC PO BOX 100174 GAINESVILLE, FL 326100174 59-3563965	PROF SVCS / RENT	FL	501(C) (3)	11	UNIVERSITY OF FLORIDA		No

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

**Reports on Federal and State Awards in
Accordance with OMB Circular A-133 and
Chapter 10.550, *Rules of the Auditor General*
June 30, 2012
EIN: 59-1943502**

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Index

June 30, 2012

	Page(s)
Management's Discussion and Analysis (Unaudited)	1-10
Report of Independent Certified Public Accountants	11-12
Consolidated Basic Financial Statements	
Consolidated Basic Statements of Net Assets	13
Consolidated Basic Statements of Revenues, Expenses and Changes in Net Assets	14-15
Consolidated Basic Statements of Cash Flows	16-17
Notes to Consolidated Basic Financial Statements	18-52
Required Supplementary Information	
Schedule of Plan Funding Progress (Unaudited)	53
Historical Summary of Actual and Required Pension Contributions (Unaudited)	54
Historical Summary of Actual and Required Other Postemployment Contributions Under GASB Statement No. 45 (Unaudited)	55
Supplemental Consolidating Information	
Consolidating Basic Statements of Net Assets	56-57
Consolidating Basic Statements of Revenues, Expenses and Changes in Net Assets	58-61
Supplemental Schedules	
Schedule of Expenditures of Federal Awards	62-63
Schedule of State Financial Assistance	64
Note to Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance	65
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66-67
Report of Independent Certified Public Accountants on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Financial Assistance Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, <i>Rules of the Auditor General</i>	68-69
Schedule of Findings and Questioned Costs	70-71
Summary Schedule of Prior Audit Findings	72

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

This section of the Shands Teaching Hospital and Clinics, Inc. and Subsidiaries' ("Shands") annual financial report presents Shands' analysis of its financial performance as of June 30, 2012 and 2011, and for the fiscal years then ended. Please read this analysis in conjunction with the consolidated basic financial statements, which follow this section.

Introduction

Shands includes the following:

Shands UF is a major tertiary care teaching institution licensed to operate an 852-bed teaching hospital which provides clinical settings for medical education programs at the University of Florida.

Shands Vista is an inpatient psychiatric and substance abuse facility licensed to operate 81 beds, of which 61 are psychiatric and 20 are substance abuse.

Shands Rehab Hospital is a 40-bed inpatient rehabilitation hospital located on the same campus as Shands Vista.

Shands HomeCare is a hospital-based home care agency providing home care services to the citizens of north central Florida.

Property Management leases properties including a condominium medical office building and nonmedical buildings.

Elder Care of Alachua County, Inc. provides social and health care support to the elderly in Alachua County.

Southeastern HealthCare Foundation, Inc. provides charitable aid to the University of Florida and to Shands and owns and leases various rental properties in Florida.

First Coast Advantage Central, LLC is a provider service network ("PSN") established to administer Medicaid in Alachua and certain contiguous counties.

On July 1, 2010, Shands sold the operating assets and certain liabilities of three rural community hospitals (Shands Lake Shore, Shands Starke, and Shands Live Oak) to Health Management Associates, LLC ("HMA"). Shands then entered into a partnership agreement with HMA for a 40% minority interest in **Lakeshore HMA, LLC, Starke HMA, LLC, and Live Oak HMA, LLC**. HMA manages the operations of the three facilities. Shands also has an equal partnership interest with Solantic of Orlando, LLC for a walk-in urgent care center. Solantic manages the operations of the facility.

This section of Shands' consolidated basic financial statements (unaudited) presents analysis of the financial condition, the results of operations and cash flows of Shands as of June 30, 2012 and 2011 and for the years then ended.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

Overview of the Consolidated Basic Financial Statements

Along with management's discussion and analysis, the annual financial report includes the independent certified public accountants' report, and the consolidated basic financial statements of Shands. The consolidated basic financial statements also include notes that explain in more detail some of the information in the consolidated basic financial statements. By referring to the accompanying notes to the consolidated basic financial statements, a broader understanding of issues impacting financial performance can be realized.

June 30, 2012

Statements of Net Assets

The consolidated basic statements of net assets presents the financial position of Shands as of June 30, 2012 and 2011 and includes all assets and liabilities of Shands. Shands' net assets, or the difference between total assets and total liabilities, are one indicator of the current financial condition of Shands. Changes in net assets are an indicator of whether the overall financial condition of the organization has improved or worsened over a period of time. Assets and liabilities are generally measured using current values, with the exception of capital assets, which are stated at historical cost less allowances for depreciation.

A summary of Shands' consolidated basic statements of net assets at June 30, 2012 and 2011 is presented below.

(in thousands of dollars)

	2012	2011
Cash and cash equivalents and short-term investments	\$ 152,738	\$ 126,736
Other current assets	230,766	183,965
Capital assets, net	721,169	732,468
Other assets	452,402	399,410
Total assets	<u>\$ 1,557,075</u>	<u>\$ 1,442,579</u>
Current liabilities	\$ 186,261	\$ 194,662
Long-term liabilities	555,492	516,946
Total liabilities	<u>741,753</u>	<u>711,608</u>
Net assets		
Invested in capital assets, net of related debt	234,390	233,936
Restricted		
Nonexpendable	97	97
Expendable	8,750	5,684
Unrestricted	572,085	491,254
Total net assets	<u>815,322</u>	<u>730,971</u>
Total liabilities and net assets	<u>\$ 1,557,075</u>	<u>\$ 1,442,579</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

Cash and cash equivalents and short-term investments increased by \$26.0 million. See "Statements of Cash Flows" section below for further information regarding cash activity. Other current assets increased by \$46.8 million due primarily to an increase in net patient accounts receivable as a result of increased patient service volumes. Capital assets, net decreased by \$11.3 million and included new acquisitions of approximately \$59.5 million. Further changes in the level of capital assets were primarily due to the timing of acquisition of capital assets, as well as reclassification of approximately \$20.0 million in prior year costs associated with the electronic medical record project reclassified to "prepaid expenses and other current assets" and "other assets" categories. In the prior year, the reimbursable portion of the electronic medical record project was not finalized and thereby was reflected in construction-in-progress. Other assets increased by \$53.0 million due primarily to \$23.2 million in increased collateral funding requirements associated with the bond swaps, \$13.2 million in increased funding of the defined-benefit pension plan, \$9.2 million increase in the electronic medical record project receivable referred to previously, and \$7.4 million increase in other receivables.

Current liabilities decreased by \$8.4 million due primarily to decreases in salaries/leave payable and also third-party settlement liabilities offset by increases in accounts payable and accrued expenses. Long-term liabilities increased by \$38.5 million primarily due to changes in the fair value of the bond swaps, as well as the addition of \$10.0 million in new fixed-rate debt.

Total net assets increased by \$84.4 million due primarily to financial results during the year.

Statements of Revenues, Expenses and Changes in Net Assets

The following table presents Shands' condensed consolidated basic statements of revenues, expenses and changes in net assets for the years ended June 30, 2012 and 2011.

<i>(in thousands of dollars)</i>	2012	2011
Net patient service revenue	\$ 1,060,568	\$ 960,344
Other operating revenue	25,598	17,383
Total operating revenues	1,086,166	977,727
Operating expenses	971,843	938,561
Operating income	114,323	39,166
Nonoperating revenues, net	6,093	35,832
Excess of revenues over expenses	120,416	74,998
Other changes in net assets		
Capital contributions	1,612	674
Expenditures in support of the University of Florida and its medical programs	(40,744)	(37,675)
Change in accounting treatment of effective derivative instruments and change in fair value of hedging derivative instruments	-	39,649
Shands Jacksonville note receivable	-	42,276
Other changes in net assets	3,067	1,714
Increase in net assets	\$ 84,351	\$ 121,636

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Patient Volumes

Compared to the prior year, inpatient and outpatient volumes increased. The following tables reflect the associated volumes of each facility on a comparative basis to the prior year.

	2012	2011	Net Change	% Change
In-Patient Admissions				
Shands UF	37,656	36,150	1,506	4.2%
Shands Vista	3,146	3,009	137	4.6%
Shands Rehab Hospital	873	808	65	8.0%
Total	<u>41,675</u>	<u>39,967</u>	<u>1,708</u>	<u>4.3%</u>

	2012	2011	Net Change	% Change
Out-Patient Visits				
Shands UF	713,964	707,271	6,693	0.9%
Shands Vista	24,605	20,930	3,675	17.6%
Shands Rehab Hospital	1,026	1,343	(317)	-23.6%
Total	<u>739,595</u>	<u>729,544</u>	<u>10,051</u>	<u>1.4%</u>

Inpatient admissions exceeded the prior year by 4.3% due primarily to increased medical and surgical volumes. Outpatient visits exceeded the prior year by 1.4% primarily due to increased emergency room and trauma visits.

Operating Revenues

Patient service revenue, net of allowances for contractual discounts, charity care and provision for bad debt increased \$100.2 million, or 10.4% over the prior year. The primary factor for the increase was increased patient volumes, increased patient acuity, and improved utilization management which resulted in improved overall net reimbursement. Other operating revenues increased \$8.2 million, or 47.3%, due to funding recognized from the Medicare and Medicaid programs toward installation of the electronic medical record system. Shands earned the funding by meeting certain measurable benchmarks established by the two programs. Additional funding is available in future years based upon successfully achieving additional requirements.

Operating Expenses

Operating expenses increased \$33.3 million, or 3.5%. The primary factor for the increase was the increase in patient volumes. Operating expenses increased in the areas of salary and benefits expense, as well as supplies expense. On a volume and patient acuity adjusted basis, operating expenses were favorable to the prior year.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

Nonoperating Revenues, net

Nonoperating revenues, net decreased by \$29.7 million, or 83.0%. Investment income, net was lower by \$25.4 million due primarily to lower market conditions impacting the investment portfolio. State appropriations and interest expense are included in nonoperating revenues, net, in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. State appropriations were lower by \$3.5 million. Interest expense was slightly lower by \$0.9 million. Gains in the value of derivative instruments increased \$8.3 million. Disposal of property and equipment activity decreased by \$3.5 million. Other non-operating revenues increased \$1.8 million.

Statements of Cash Flows

The Statements of Cash Flows provide additional information in regards to Shands' financial results by reporting the major sources and uses of cash. Cash and cash equivalents increased by \$6.3 million. Short-term investments increased by \$19.7 million.

Cash activities included capital asset acquisitions of \$59.5 million. Payments of additional collateral related to bond swaps have totaled \$23.2 million. Shands also funded the employee pension plan by \$13.2 million in excess of pension expense. Cash in-flows have been primarily as a result of operational activity.

Debt Outstanding

As of June 30, 2012, Shands had approximately \$487.5 million in debt outstanding compared to approximately \$498.7 million the previous year. Long-term debt is comprised of bond issues, a bank note, and installment debt, described in more detail in Note 6 to the consolidated basic financial statements. Shands utilizes interest rate swaps in order to synthetically convert certain variable rate bonds to fixed rate bonds. Including the effect of the interest rate swaps, approximately 71% of Shands' bonds outstanding are fixed while 29% are variable. The Series 1996A Bonds are fixed rate bonds insured by MBIA. The Series 2007A and B Bonds, Series 2008C Bonds, and \$50 million of the Series 2008A Bonds are variable rate bonds with fixed rate payor interest rate swaps which synthetically converts them to fixed rate bonds. The Series 2008B Bonds, Series 2010A Bonds, and \$25 million of the Series 2008A Bonds are variable rate bonds. Shands entered into a fixed rate taxable loan for \$10 million to finance a property purchase, renovations, and equipment. Shands entered into installment debt agreements for \$8.4 million to finance the costs of implementation of an EMR system, as well as an upgrade to its financial and human resources information services system.

Credit Ratings

Shands has received underlying credit ratings of A2 from Moody's Investor Services on all of its debt with the exception of its 2008A and 2008B Bonds. In September, 2011 Moody's downgraded the 2008A and 2008B Bonds, which is a direct-pay letter of credit with Bank of America, from Aa2 to A1. The A2 Moody's rating was affirmed on all other debt in December, 2011 with an outlook of "Stable".

Shands has received underlying credit ratings of A from Standard & Poor's on all of its debt with an outlook of "Stable". The Standard & Poor's rating was affirmed in August 2011.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

June 30, 2011

Statement of Net Assets

The consolidated basic statement of net assets presents the financial position of Shands as of June 30, 2011 and includes all assets and liabilities of Shands. Shands' net assets, or the difference between total assets and total liabilities, are one indicator of the current financial condition of Shands. Changes in net assets are an indicator of whether the overall financial condition of the organization has improved or worsened over a period of time. Assets and liabilities are generally measured using current values, with the exception of capital assets, which are stated at historical cost less allowances for depreciation.

A summary of Shands' consolidated basic statement of net assets at June 30, 2011 is presented below.

(in thousands of dollars)

Cash and cash equivalents and short-term investments	\$ 126,736
Other current assets	183,965
Capital assets, net	732,468
Other assets	399,410
Total assets	<u>\$ 1,442,579</u>
Current liabilities	\$ 194,662
Long-term liabilities	516,946
Total liabilities	<u>711,608</u>
Net assets	
Invested in capital assets, net of related debt	233,936
Restricted	
Nonexpendable	97
Expendable	5,684
Unrestricted	491,254
Total net assets	<u>730,971</u>
Total liabilities and net assets	<u>\$ 1,442,579</u>

Cash and cash equivalents and short-term investments decreased by approximately \$40.7 million since June 30, 2010. See "Statement of Cash Flows" section below for further information regarding cash activity.

Other current assets decreased by approximately \$44.3 million since June 30, 2010 due primarily to receipt of the proceeds associated with the sale of the operating assets and certain liabilities in the three rural hospitals, Shands at Lake Shore, Shands Starke, and Shands Live Oak to Health Management Associates, Inc. ("HMA") on July 1, 2010. Subsequent to the sale, Shands purchased a 40% interest in the newly formed limited liability companies that now own the rural hospitals. HMA is managing the operations of the three rural hospitals' combined 139 beds.

Capital assets acquired in the fiscal year totaled approximately \$69.9 million, primarily related to the project costs associated with the installation and implementation of an electronic medical record ("EMR") system and the construction of the Pediatric Emergency Room.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

Other assets were primarily affected by the change from FASB to GASB as it related to the accounting treatment of Shands' defined benefit pension plan, resulting in prepaid pension assets to increase approximately \$82 million. Assets whose use is restricted, less current portion, increased by approximately \$36.5 million during fiscal year 2011 as a result of increased funding by the Board of Directors for specific purposes such as assets held in trust, strategic capital, post-retirement benefits, and other health programs.

Current liabilities decreased by approximately \$13.0 million during fiscal year 2011 due to the conclusion of construction of the Cancer Hospital project which increased vendor payables in 2010 and other timing differences for various vendor payments.

Long-term liabilities were primarily affected by the change from FASB to GASB as it related to the accounting treatment of pension and post-employment benefit liabilities and derivatives. Long-term debt, noncurrent portion, and capital lease obligations, noncurrent portion, decreased approximately \$17.7 million during fiscal year 2011 due to principal payments.

Net assets were primarily affected by the excess of revenues over expenses and the change from FASB to GASB as it related to the accounting treatment of pension and post-employment benefit liabilities, derivatives and other changes.

Statement of Revenues, Expenses and Changes in Net Assets

The following table presents Shands' condensed consolidated basic statement of revenues, expenses and changes in net assets for the year ended June 30, 2011.

(in thousands of dollars)

Net patient service revenue	\$ 960,344
Other operating revenue	17,383
Total operating revenues	<u>977,727</u>
Operating expenses	<u>938,561</u>
Operating income	39,166
Nonoperating revenues, net	<u>35,832</u>
Excess of revenues over expenses	74,998
Other changes in net assets	
Capital contributions	674
Expenditures in support of the University of Florida and its medical programs	(37,675)
Change in accounting treatment of effective derivative instruments and change in fair value of hedging derivative instruments	39,649
Shands Jacksonville note receivable	42,276
Other changes in net assets	<u>1,714</u>
Increase in net assets	<u>\$ 121,636</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Management's Discussion and Analysis (Unaudited)
June 30, 2012 and 2011

Patient Volumes

Compared to the prior year, inpatient and outpatient volumes decreased primarily as a result of the closure of Shands AGH in November 2009, and the sale of the three rural hospitals to HMA in July 2010. The following tables reflect the associated volumes of each facility on a comparative basis to the prior year.

	2011	2010	Net Change	% Change
In-Patient Admissions				
Shands UF	36,150	34,026	2,124	6.2%
Shands Vista	3,009	2,768	241	8.7%
Shands Rehab Hospital	808	753	55	7.3%
Subtotal	39,967	37,547	2,420	6.4%
Shands AGH	-	1,995	(1,995)	-100.0%
Lake Shore, Starke, and Live Oak	-	5,963	(5,963)	-100.0%
Total	39,967	45,505	(5,538)	-12.2%
	2011	2010	Net Change	% Change
Out-Patient Visits				
Shands UF	707,271	667,399	39,872	6.0%
Shands Vista	20,930	18,487	2,443	13.2%
Shands Rehab Hospital	1,343	1,073	270	25.2%
Subtotal	729,544	686,959	42,585	6.2%
Shands AGH	-	25,152	(25,152)	-100.0%
Lake Shore, Starke, and Live Oak	-	303,786	(303,786)	-100.0%
Total	729,544	1,015,897	(286,353)	-28.2%

In-patient admissions compared to the prior year were lower by 12.2%. Over the same period, the admission levels for Shands UF, Vista and Rehab increased 6.4% compared to their prior year volumes primarily related to the closure of Shands AGH. Out-patient visits compared to the prior year were lower by 28.2%. Over the same period, the out-patient visit levels for Shands UF, Vista and Rehab increased 6.2% compared to their prior year volumes primarily related to the closure of Shands AGH.

Operating Revenues

Patient service revenue, net of allowances for contractual discounts, charity care and bad debt expense, was approximately \$960.3 million, a decrease of approximately \$56.6 million, or 5.6% from fiscal year 2010. The primary factor for the decrease was the sale of the three rural hospitals in July 2010. Other operating revenues of approximately \$17.4 million were approximately \$1.0 million lower than the prior year primarily related to the closure of Shands AGH.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

Operating Expenses

Operating expenses for fiscal year 2011 were approximately \$938.6 million, a decrease of approximately \$53.8 million, or 5.4%, from fiscal year 2010. The primary factor for the decrease was the sale of the three rural hospitals in July 2010 which resulted in a decrease of approximately \$36.2 million in salaries and benefits.

Nonoperating Revenues, net

Nonoperating revenues, net for fiscal year 2011 were approximately \$35.8 million. State appropriations and interest expense are included in nonoperating revenues, net, in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. State appropriations, net were approximately \$7.5 million. Interest expense was approximately \$16.9 million. Net investment income, including the change in fair value of investments, totaled approximately \$37.5 million. Losses and the change in value of derivative instruments totaled approximately \$0.415 million. Gain on disposal of capital assets totaled approximately \$4.0 million, and other nonoperating revenues totaled approximately \$4.1 million.

Statement of Cash Flows

The statement of cash flows provides additional information in regards to Shands' financial results by reporting the major sources and uses of cash.

Total cash and cash equivalents and short-term investments decreased in fiscal year 2011 by approximately \$40.7 million. Capital asset acquisitions during the fiscal year totaled approximately \$58.0 million. Payment of principal on long-term debt and capital lease obligations was approximately \$17.7 million. Shands also funded the employee pension plan by approximately \$40.5 million in excess of pension expense. On July 1, 2010, Shands received net cash proceeds of approximately \$21.1 million from HMA from the sale of the operating assets and certain liabilities of the three rural hospitals. Shands and HMA then entered into a joint partnership for the management and operation of the three facilities.

Debt Outstanding

As of June 30, 2011, Shands had approximately \$498.7 million in debt outstanding compared to approximately \$507.2 million the previous year. Long-term debt is comprised of bond issues and installment debt, described in more detail in Note 6 to the consolidated basic financial statements. Shands utilizes interest rate swaps in order to synthetically convert certain variable rate bonds to fixed rate bonds. Including the effect of the interest rate swaps, approximately 71% of Shands' bonds outstanding are fixed while 29% are variable. The Series 1996A Bonds are fixed rate bonds insured by MBIA. The Series 2007A and B Bonds, Series 2008C Bonds, and \$50 million of the Series 2008A Bonds are variable rate bonds with fixed rate payor interest rate swaps which synthetically converts them to fixed rate bonds. The Series 2008B Bonds, Series 2010A Bonds, and \$25 million of the Series 2008A Bonds are variable rate bonds. Shands entered into installment debt agreements to finance the costs of implementation of an EMR system, as well as an upgrade to its financial and human resources information services system.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

Capital Assets

At June 30, 2011, Shands had approximately \$233.9 million invested in net capital assets. A breakdown of these assets can be found in Note 5 to the consolidated basic financial statements. This represents a decrease of approximately \$8.0 million from the previous year. Shands expects to make total capital expenditures of approximately \$81.9 million in fiscal year 2012 primarily on expenditures for the EMR project, facility upgrades, information systems and patient care equipment. These capital purchases are expected to be funded directly from operations.

Credit Ratings

Shands has received underlying credit ratings of A2 and A from Moody's Investor Services and Standard & Poor's, respectively. Both firms have assigned an outlook of "Stable". The Moody's rating was affirmed in June 2010 and the Standard & Poor's rating was affirmed in August 2011.



Report of Independent Certified Public Accountants

To the Board of Directors of
Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

In our opinion, the accompanying consolidated basic statements of net assets and the related consolidated basic statements of revenues, expenses, and changes in net assets and of cash flows present fairly, in all material respects, the financial position of Shands Teaching Hospital and Clinics, Inc. and Subsidiaries ("Shands") as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Shands' management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated basic financial statements, Shands adopted Governmental Accounting Standards Board ("GASB") No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective July 1, 2010.

The accompanying management's discussion and analysis ("MD&A") for the years ended June 30, 2012 and 2011, the Schedule of Plan Funding Progress as of July 1, 2007 through March 31, 2012 (Unaudited), the Historical Summary of Actual and Required Pension Contributions as of July 1, 2006 through June 30, 2012 (Unaudited), and the Historical Summary of Actual and Required Other Postemployment Contributions under GASB Statement No. 45 as of July 1, 2009 through June 30, 2012 (Unaudited) as listed in the index are required by accounting principles generally accepted in the United States of America to supplement the consolidated basic financial statements. Such information, although not a part of the consolidated basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated basic financial statements, and other knowledge we obtained during our audits of the consolidated basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Our audits were conducted for the purpose of forming an opinion on the consolidated basic financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated basic financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated basic financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012 on our consideration of Shands' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2012. 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 the 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 considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance for the year ended June 30, 2012 are 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 Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the consolidated basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated basic financial statements. The Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance have been subjected to the auditing procedures applied in the audit of the consolidated basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated basic financial statements or the consolidated basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are fairly stated, in all material respects, in relation to the consolidated basic financial statements taken as a whole.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers 22P'.

September 26, 2012

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Consolidated Basic Statements of Net Assets
June 30, 2012 and 2011

(in thousands of dollars)

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 24,060	\$ 17,794
Short-term investments	128,678	108,942
Patient accounts receivable, net of allowance for uncollectibles of \$43,685 and \$35,557, respectively	148,408	112,344
Inventories	12,734	13,001
Prepaid expenses and other current assets	51,438	38,309
Assets whose use is restricted, current portion	18,186	20,311
Total current assets	383,504	310,701
Assets whose use is restricted, less current portion	175,731	201,814
Capital assets, net	721,169	732,468
Other assets	276,671	197,596
Total assets	<u>\$ 1,557,075</u>	<u>\$ 1,442,579</u>
Liabilities and Net Assets		
Current liabilities		
Long-term debt, current portion	\$ 19,848	\$ 20,834
Capital lease obligations, current portion	904	873
Accounts payable and accrued expenses	69,348	58,277
Accrued salaries and leave payable	39,664	49,882
Estimated third-party payor settlements	56,497	64,796
Total current liabilities	186,261	194,662
Long-term liabilities		
Long-term debt, noncurrent portion	467,651	477,839
Capital lease obligations, noncurrent portion	542	1,447
Other liabilities	87,299	37,660
Total long-term liabilities	555,492	516,946
Total liabilities	<u>741,753</u>	<u>711,608</u>
Commitments and contingencies		
Net assets		
Invested in capital assets, net of related debt	234,390	233,936
Restricted		
Nonexpendable	97	97
Expendable	8,750	5,684
Unrestricted	572,085	491,254
Total net assets	815,322	730,971
Total liabilities and net assets	<u>\$ 1,557,075</u>	<u>\$ 1,442,579</u>

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

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Consolidated Basic Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2012 and 2011

(in thousands of dollars)

	2012	2011
Operating revenues		
Net patient service revenue, net of provision for bad debts of \$97,310 and \$85,176, respectively	\$ 1,060,568	\$ 960,344
Other operating revenue	25,598	17,383
Total operating revenues	<u>1,086,166</u>	<u>977,727</u>
Operating expenses		
Salaries and benefits	479,817	462,739
Supplies and services	439,675	423,874
Depreciation and amortization	52,351	51,948
Total operating expenses	<u>971,843</u>	<u>938,561</u>
Operating income	<u>114,323</u>	<u>39,166</u>
Nonoperating revenues (expenses)		
State appropriations	4,000	7,500
Interest expense	(15,999)	(16,860)
Net investment income, including change in fair value	11,604	37,051
Gain on disposal of capital assets, net	555	4,037
Other nonoperating revenues	5,933	4,104
Total nonoperating revenues, net	<u>6,093</u>	<u>35,832</u>
Excess of revenues over expenses before transfers, capital contributions, changes in fair value of hedging derivative instruments, and other changes in net assets	<u>\$ 120,416</u>	<u>\$ 74,998</u>

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

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Consolidated Basic Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2012 and 2011

(in thousands of dollars)

	2012	2011
Excess of revenues over expenses before transfers, capital contributions, changes in fair value of hedging derivative instruments, and other changes in net assets	\$ 120,416	\$ 74,998
Capital contributions	1,612	674
Transfers and expenditures in support of the University of Florida and its medical programs	(40,744)	(37,675)
Change in accounting treatment of effective derivative instruments and change in fair value of hedging derivative instruments	-	39,649
Shands Jacksonville note receivable	-	42,276
Other changes in net assets	3,067	1,714
	<u>84,351</u>	<u>121,636</u>
Increase in net assets		
Net assets		
Beginning of year	<u>730,971</u>	<u>609,335</u>
End of year	<u>\$ 815,322</u>	<u>\$ 730,971</u>

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

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Consolidated Basic Statements of Cash Flows
Years Ended June 30, 2012 and 2011

(in thousands of dollars)

	2012	2011
Cash flows from operating activities		
Cash received from patients and third-party payors	\$ 1,018,705	\$ 965,769
Other receipts from operations	26,833	14,335
Salaries and benefits paid to employees	(489,662)	(506,511)
Payments to suppliers and vendors	(438,928)	(414,142)
Net cash provided by operating activities	<u>116,948</u>	<u>59,451</u>
Cash flows from noncapital financing activities		
Payments received on notes receivable	3,234	1,609
Payments in support of the University of Florida and its medical programs	(40,744)	(37,399)
Donations and pledge receipts	2,854	4,108
Net cash used in noncapital financing activities	<u>(34,656)</u>	<u>(31,682)</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(59,511)	(58,044)
Proceeds from sale of capital assets	1	35,252
Proceeds from issuance of long-term debt	10,000	-
Payments of long-term debt and capital lease obligations	(21,189)	(17,715)
Interest payments	(16,566)	(17,570)
Capital contributions	1,583	640
Net cash used in capital and related financing activities	<u>(85,682)</u>	<u>(57,437)</u>
Cash flows from investing activities		
Investment income received	5,197	5,856
Interest in joint venture	-	(14,117)
Purchase of short-term investments and assets whose use is restricted	(182,341)	(163,110)
Sale of short-term investments and assets whose use is restricted	186,997	194,306
Partial termination of the 2008A fixed rate payer interest rate swap	-	(3,357)
Other investing activity	(197)	407
Net cash provided by investing activities	<u>9,656</u>	<u>19,985</u>
Net increase (decrease) in cash and cash equivalents	<u>6,266</u>	<u>(9,683)</u>
Cash and cash equivalents		
Beginning of year	<u>17,794</u>	<u>27,477</u>
End of year	<u>\$ 24,060</u>	<u>\$ 17,794</u>

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

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Consolidated Basic Statements of Cash Flows
Years Ended June 30, 2012 and 2011

(in thousands of dollars)

	2012	2011
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 114,323	\$ 39,166
Adjustments to operating income to net cash provided by operating activities		
Depreciation and amortization	52,351	51,948
Provision for bad debts	97,310	85,176
Changes in		
Patient accounts receivable	(131,246)	(75,191)
Prepaid expenses and other current assets	(10,037)	9,924
Inventories	267	(959)
Other assets	2,823	(4,971)
Accounts payable and accrued expenses	8,930	2,690
Accrued salaries and leave payable	(10,218)	(1,645)
Estimated third-party payor settlements	(8,299)	(4,560)
Other liabilities	744	(42,127)
Total adjustments	2,625	20,285
Net cash provided by operating activities	\$ 116,948	\$ 59,451
Supplemental noncash investing, capital and financing activities		
Shands Jacksonville note receivable (Note 11)	\$ -	\$ 42,276
Capital assets financed through long-term debt	-	8,350

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

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

1. Organization

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries ("Shands") was incorporated on October 15, 1979 as a Florida not-for-profit corporation. The President of the University of Florida ("UF"), or his designee, serves as the President of Shands' Board of Directors and retains appointment and termination rights over a majority of the members of Shands' Board of Directors. The President of UF is deemed a state official as the position is appointed by a Board of Trustees that govern UF (the "UF Board"), and the members of the UF Board are appointed by the Governor and the Board of Governors of the state of Florida.

Shands operates a multi-hospital system. The accompanying consolidated basic financial statements consolidate the accounts of Shands and its subsidiaries, as described below:

- **Shands UF**, a division of Shands, is a major tertiary care teaching institution located in Gainesville, Florida, licensed to operate an 852-bed teaching hospital. Shands UF is a leading referral center in the State of Florida and provides clinical settings for medical education programs at the University of Florida.
- **Shands Vista**, a division of Shands, is an inpatient psychiatric and substance abuse facility located in Gainesville, Florida, licensed to operate 81 beds, of which 61 are psychiatric and 20 are substance abuse.
- **Shands Rehab Hospital**, a division of Shands, is a 40-bed inpatient rehabilitation hospital located on the same campus as Shands Vista.
- **Shands HomeCare**, a division of Shands, is a hospital-based home care agency providing home care services to the citizens of north central Florida.
- **Property Management**, a division of Shands, leases properties in Gainesville, Florida including a condominium medical office building and nonmedical buildings.
- **ElderCare of Alachua County, Inc. ("ElderCare")**, a Florida not-for-profit corporation, provides social and health care support to the elderly in Alachua County, Florida, through the operations of a Senior Recreation Center and programs such as Meals on Wheels and an Alzheimer's Day Care Center. Shands is the sole corporate member of ElderCare.
- **Southeastern HealthCare Foundation, Inc. ("Foundation")**, a Florida not-for-profit corporation, provides charitable aid to the University of Florida and to Shands and owns and leases various rental properties in Florida. Shands is the sole corporate member of the Foundation.
- **First Coast Advantage Central, LLC** is a provider service network ("PSN") established to administer Medicaid in Alachua County and certain contiguous counties.

On July 1, 2010, Shands sold the operating assets and certain liabilities of three rural hospitals (Shands at Lake Shore, Shands Starke, and Shands Live Oak) to Health Management Associates, Inc. ("HMA"). Shands then entered into a partnership agreement with HMA for a 40% minority interest in Lake Shore HMA, LLC, Starke HMA, LLC, and Live Oak HMA, LLC and HMA manages the operations of the three facilities. Shands also has an equal partnership interest with Solantic of Orlando, LLC for a walk-in urgent care center.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Effective September 8, 2010, the Board of Directors of Shands approved a motion to reorganize its corporate structure. Under the reorganization, Shands will no longer be the sole corporate member of Shands Jacksonville HealthCare, Inc. ("Shands Jacksonville"), but will continue as an affiliated entity under common control of UF. Effective September 27, 2010, the Board of Directors of Shands Jacksonville approved the motion for Shands to no longer be the sole corporate member of Shands Jacksonville. The reorganization is being accounted for under the de-pooling method of accounting, and, as such, Shands Jacksonville is no longer consolidated with Shands effective July 1, 2010. Therefore, the financial position and results of operations and changes in net assets of Shands Jacksonville are not included in these consolidated basic financial statements.

The condensed results of operations and changes in net assets of Shands Jacksonville from July 1, 2010 to September 27, 2010 are as follows:

(in thousands of dollars)

Net patient service revenue	\$ 127,459
Other operating revenue	5,299
Operating revenues	<u>132,758</u>
Operating expenses	<u>123,404</u>
Operating income	9,354
Nonoperating revenues, net	<u>245</u>
Excess of revenues over expenses	9,599
Other changes in net assets	
Expenditures in support of the University of Florida and its medical programs	(6,479)
Note payable to Shands	<u>(42,276)</u>
Decrease in net assets	<u>\$ (39,156)</u>

2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed by Shands in the presentation of these consolidated basic financial statements:

Basis of Presentation

The accompanying consolidated basic financial statements have been prepared on the accrual basis of accounting and include the accounts of Shands and its subsidiaries. Significant intercompany accounts and transactions have been eliminated.

As of July 1, 2010, Shands adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB No. 62"). GASB No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989 that don't conflict with GASB pronouncements:

- FASB Statements and Interpretations,
- Accounting Principles Board Opinions, and

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

- Accounting Research Bulletins of the American Institute of Certified Public Accountants' ("AICPA") Committee on Accounting Procedure

GASB No. 62 also supersedes GASB No. 20, thereby eliminating the election provided in GASB No. 20 for enterprise funds and governments engaged in business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. Adoption of GASB No. 62 had no impact on the consolidated basic financial statements. Shands uses the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis.

Use of Estimates

The preparation of these consolidated basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated basic financial statements and accompanying notes. Actual results could differ from those estimates.

Tax Status

Shands and its subsidiaries are exempt from federal income taxes pursuant to Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income taxes pursuant to Chapter 220 of the Florida Statutes.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments with original maturities of three months or less when purchased, except those classified as assets whose use is restricted in the accompanying consolidated basic financial statements.

Investments

Investments primarily consist of domestic and global fixed income funds, global equity funds, hedge funds, and a private equity partnership.

Investments are carried at fair value. Interest, dividends, and gains and losses on investments, both realized and unrealized, are included in nonoperating revenues when earned.

The estimated fair value of investments is based on quoted market prices, except for alternative investments for which quoted market prices are not available. Alternative investments held by Shands include private equity and hedge funds. Shands classifies its alternative investments as assets whose use is restricted, less current portion in the accompanying consolidated basic statements of net assets as management does not have the intent, and in the case of its investments in private equity, does not have the ability to sell a portion of the alternative investments in the near term. The estimated fair value of the private equity and hedge funds is based on valuations provided by the respective partnerships or funds. Shands reviews and evaluates the values provided by the partnerships or funds and agrees with the valuation methods and assumptions used in determining the fair value of the private equity and hedge fund investments. As of June 30, 2012, these equity investments in hedge funds and private equity make up approximately 4% and 1%, respectively, of total investments in the accompanying consolidated basic statements of net assets. As of June 30, 2011, these equity investments in hedge funds and private equity made up approximately 6% and 1%, respectively, of total investments in the accompanying consolidated basic statements of net assets. Because private equity and hedge funds are not readily marketable, their estimated value is subject to uncertainty.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

and therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the accompanying consolidated basic statements of revenues, expenses and changes in net assets in the period such fluctuations occur.

Assets Whose Use is Restricted

Assets whose use is restricted primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors (the "Board"). The Board retains control of the designated assets and may, at its discretion, subsequently determine their use for other purposes. Amounts required to meet current liabilities are reported as current assets.

Inventories

Inventories consist principally of medical, surgical, and pharmaceutical supplies that are stated at the lower of cost (average cost method) or market.

Pledges Receivable

Pledges receivable represents donor commitments to provide future funding, primarily in association with various capital construction projects at Shands. Pledges receivable are recorded net of an estimated reserve. The current portion of pledges receivable are reported in prepaid expenses and other current assets in the accompanying consolidated basic statements of net assets. The long-term portion of pledges receivable are reported in other assets in the accompanying consolidated basic statements of net assets. For the years ended June 30, 2012 and 2011, pledge discount rates range from 3% - 7% and are generally due in five years or greater.

Capital Assets

Capital assets have been recorded at historical cost or fair market value at date of purchase or donation, respectively. Equipment under capital leases is stated at the present value of minimum lease payments at the inception of the lease. Routine maintenance and repairs are expensed when incurred. Expenditures that materially increase the value, change the capacity or extend the useful life of an asset are capitalized. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Depreciation for financial reporting purposes is computed using the straight-line method over the estimated useful lives of the related depreciable assets as recommended by the American Hospital Association. Capital assets under capital leases are amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the related assets. Such amortization is included in depreciation and amortization expense in the accompanying consolidated basic statements of revenues, expenses and changes in net assets. Gains and losses on dispositions are recorded in the year of disposal.

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the net assets of businesses acquired. Goodwill was approximately \$2,982,000 at June 30, 2012 and 2011 and is included in other assets in the accompanying consolidated basic statements of net assets. Goodwill is evaluated for impairment annually. Management evaluated goodwill and based on the analysis performed, no impairment loss was recorded for the years ended June 30, 2012 and 2011.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Joint Ventures

In May 2010, Shands entered into an agreement to sell a 60% controlling interest in its three rural hospitals, Shands at Lake Shore, Shands Starke, and Shands Live Oak to HMA. The closing date of the sale was July 1, 2010. Shands recognized a gain on disposal of capital assets of approximately \$4,711,000 which is included in gain on disposal of capital assets in the accompanying consolidated basic statements of revenues, expenses and changes in net assets for the year ended June 30, 2011. Shands accounts for the investment under the equity method of accounting. An investment of approximately \$12,438,000 and \$12,823,000 at June 30, 2012 and 2011, respectively, was recorded in other assets in the accompanying consolidated basic statements of net assets. An investment loss of approximately \$760,000 and \$1,545,000 for the years ended June 30, 2012 and 2011, respectively, was recorded in other nonoperating revenues in the accompanying consolidated basic statements of revenues, expenses and changes in net assets.

Bond Issuance Costs and Bond Premium and Discounts

Bond issuance costs and bond premiums and discounts are amortized over the period the bonds are outstanding using the effective interest method. Amortization of bond issuance costs of approximately \$294,000 and \$320,000 was recorded for the years ended June 30, 2012 and 2011, respectively, and unamortized bond costs at June 30, 2012 and 2011 of approximately \$2,167,000 and \$2,461,000, respectively, was recorded in other assets in the accompanying consolidated basic statements of net assets.

Accrued Personal Leave

Shands provides accrued time off to eligible employees for vacations, holidays, and short-term illness dependent on their years of continuous service and their payroll classification. Shands accrues the estimated expense related to personal leave based on pay rates currently in effect. Upon termination of employment, employees will have their eligible accrued personal leave paid in varying amounts.

Long-Term Debt

The fair value of fixed rate debt is estimated based on dealer quotes for hospital tax-exempt debt with similar terms and maturities and using discounted cash flow analyses based on current interest rates for similar types of borrowing arrangements. The fair value of variable rate debt approximates its carrying value. The carrying value of Shands' long-term debt is approximately \$487,499,000 and \$498,673,000 at June 30, 2012 and 2011, respectively. The fair value is approximately \$454,948,000 and \$461,280,000 at June 30, 2012 and 2011, respectively.

Net Assets

Net assets are categorized as "invested in capital assets, net of related debt," "restricted-expendable," "restricted-nonexpendable," and "unrestricted." Invested in capital assets, net of related debt is intended to reflect the portion of net assets that are associated with non-liquid capital assets, less outstanding balances due on borrowings used to finance the purchase or construction of those assets. Restricted net assets have restrictions placed on the use of net assets through external constraints imposed by contributors. Restricted-nonexpendable net assets are those that have been restricted by donors to be maintained by Shands in perpetuity. Restricted-expendable net assets are those whose use by Shands has been limited by donors to a specific time period or purpose. Unrestricted net assets are net assets that do not meet the definition of invested in capital assets, net of related debt and have no third-party restrictions on use.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Operating Revenues and Expenses

Shands' consolidated basic statements of revenues, expenses and changes in net assets distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, Shands' principal activity. State appropriations, net investment income, interest expense, and gain on disposal of assets are reported as nonoperating revenues (expenses). Donations received for the purpose of acquiring or constructing capital assets are recorded below nonoperating revenues as capital contributions. Operating expenses are all expenses incurred to provide health care services, excluding financing costs.

Net Patient Service Revenue and Patient Accounts Receivable

Shands has agreements with third-party payors that provide for payments to Shands at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue and patient accounts receivable are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. For the years ended June 30, 2012 and 2011, net patient service revenue increased approximately \$15,965,000 and \$13,676,000, respectively, due to such adjustments.

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.

Medicare

Shands participates in the federal Medicare program ("Medicare"). Approximately 31% of Shands' net patient service revenue in fiscal years 2012 and 2011 was derived from services to Medicare beneficiaries. Inpatient acute care services rendered to Medicare beneficiaries are reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Inpatient non-acute services, outpatient services, and defined capital costs related to Medicare beneficiaries are reimbursed based upon a prospective reimbursement methodology. Shands is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Shands and audits by the Medicare fiscal intermediary. Shands' classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review. As of June 30, 2012, the Medicare cost reports were final settled by Shands' Medicare fiscal intermediary through June 30, 2006.

It is management's opinion that settlements of outstanding Medicare cost reports, when received, will not vary materially from the estimated amounts, which are recorded as current liabilities in the accompanying consolidated basic statements of net assets.

Medicaid

Approximately 19% and 22% of Shands' net patient service revenue for fiscal years 2012 and 2011, respectively, was derived under the Medicaid program. Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid based upon a cost reimbursement methodology subject to certain ceilings. Shands is reimbursed at a tentative rate with final

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

settlement determined after submission of annual cost reports by Shands, and audits by the Medicaid fiscal intermediary. As of June 30, 2012, the Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2005. In addition to the tentative payments received by Shands for the provision of health care services to Medicaid beneficiaries, the State of Florida provides supplemental Medicaid and disproportionate share payments to reflect the additional costs associated with treating the Medicaid population in Florida. These amounts are reflected in net patient service revenue in the accompanying consolidated basic statements of revenues, expenses and changes in net assets.

Shands' Medicaid interim rates are based on the most recent "as filed" Medicare/Medicaid cost report. The rates used for 2012 were based on the unaudited cost report for 2010. The rates used for 2011 were based on the unaudited cost report for 2009.

It is management's opinion that settlements of outstanding Medicaid cost reports, when received, will not vary materially from the estimated amounts, which are recorded as current liabilities in the accompanying consolidated basic statements of net assets.

Other Third-Party Payors

Shands has also entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates.

Provision for Bad Debts and Allowance for Uncollectible Accounts

The provision for bad debts is based on management's assessment of historical and expected net collections, considering business and economic conditions, trends in federal and state governmental health care coverage, and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon these trends. The results of this review are then used to make any modification to the provision for bad debts to establish an appropriate allowance for uncollectible accounts. Patient accounts receivable are written off after collection efforts have been followed under Shands' policies.

Risk Management

Shands is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, medical malpractice, and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters in excess of self-insured limits. Settled claims have not exceeded this commercial coverage for the years ended June 30, 2012 and 2011.

Effective July 1, 2011, Shands was granted sovereign immunity under the provision of Chapter 2011-114, Laws of Florida. As such, recovery in tort actions arising subsequent to June 30, 2011 will be limited to \$100,000 for any one person for one incident and all recovery related to one incident is limited to a total of \$200,000. Effective October 1, 2011, the limits increased to \$200,000 for any one person for one incident and \$300,000 in total for one incident.

Derivative Financial Instruments

Shands' derivative financial instruments consist of interest rate swaps, which are utilized by Shands to manage net exposure to interest rate changes associated with its variable rate debt and to lower its overall borrowing costs. Shands accounts for its derivative financial instruments under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53"). GASB No. 53 addresses the recognition, measurement, and disclosure of information

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

regarding derivative instruments entered into by state and local governments (Note 7) Shands entered into the floating to fixed interest rate swap agreements to reduce the market risk associated with the changes in interest rates related to Shands' revenue bonds For those interest rate swaps that qualify for hedge accounting, as they are highly effective in offsetting changes to expected future cash flows on interest payments, changes in the fair value of the interest rate swap agreement are considered to be deferred inflows or outflows Deferred outflows related to hedging instruments are recorded in other assets while deferred inflows related to hedging instruments are recorded in other liabilities within the consolidated basic statements of net assets Changes in fair value of interest rate swaps that do not qualify for hedge accounting are included within net investment income in the accompanying consolidated basic statements of revenues, expenses and changes in net assets

Accounting Pronouncements

In June 2011, the GASB issued GASB Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB No 63") GASB No 63 improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed The provisions of GASB No 63 are effective for financial statements for periods beginning after December 15, 2011 Shands does not expect the adoption of GASB No 63 to have a material impact on its consolidated basic financial statements

In June 2011, the GASB issued GASB Statement No 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* ("GASB No 64"), an amendment of GASB No 53 GASB No 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider GASB No 64 sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied The provisions of GASB No 64 are effective for financial statements for periods beginning after June 15, 2011 The adoption of GASB No 64 did not have a material impact on Shands' consolidated basic financial statements

In March 2012, the GASB issued GASB Statement No 65, *Items Previously Reported as Assets and Liabilities* ("GASB No 65") GASB No 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities GASB No 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations, and limits the use of the term 'deferred' in financial statements The provisions of GASB No 65 are effective for financial statements for periods beginning after December 15, 2012 Shands is currently evaluating the impact GASB No 65 will have on its consolidated basic financial statements

In March 2012, the GASB issued GASB Statement No 66, *Technical Corrections - 2012, an Amendment of GASB Statements No 10 and No 62* ("GASB No 66") The objective of GASB No 66 is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statements No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* GASB No 66 amends GASB Statement No 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in GASB Statement No. 54 and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. GASB No. 66 also amends GASB Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of GASB No. 66 are effective for financial statements for periods beginning after December 15, 2012. Shands is currently evaluating the impact GASB No. 66 will have on its consolidated basic financial statements.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* ("GASB No. 68"). The primary objective of GASB No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB No. 68 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. GASB No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, GASB No. 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. In addition, GASB No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. GASB No. 68 is effective for fiscal years beginning after June 15, 2014. Shands is currently evaluating the impact GASB No. 68 will have on its consolidated basic financial statements.

3. **Un-sponsored Community Benefit**

Community benefit is a planned, managed, organized, and measured approach to a health care organization's participation in meeting identified community health needs. It implies collaboration with a "community" to "benefit" its residents, particularly the poor and other underserved groups, by improving health status and quality of life. Community benefit projects and services are identified by health care organizations in response to findings of a community health assessment, strategic and/or clinical priorities, and partnership areas of attention.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Community benefit categories include financial assistance, community health services, health professions education, research, and donations. Shands has a long history of providing community benefits and has quantified these benefits using national guidelines developed by the Catholic Health Association in collaboration with the Voluntary Hospital Association.

Shands has policies for providing financial assistance for patients requiring care but who have limited or no means to pay for that care. These policies provide free or discounted health and health-related services to persons who qualify under certain income and asset criteria. Because Shands does not pursue collection of amounts determined to qualify for financial assistance, they are not reported as net patient service revenue. Shands maintains records to identify and monitor the level of financial assistance it provides. Charges foregone for services provided under Shands' financial assistance policy as a percentage of total charges for the years ended June 30, 2012 and 2011 were approximately 6.1% and 5.2%, respectively.

In addition to financial assistance, Shands provides benefits for the broader community. The cost of providing these community benefits can exceed the revenue sources available. Examples of the benefits provided by Shands and general definitions regarding those benefits are described below:

- Community health services include activities carried out to improve community health. They extend beyond patient care activities and are usually subsidized by the health care organization. Examples include community health education, counseling and support services, and health care screenings.
- Health professions education includes education provided in clinical settings such as internships and programs for physicians, nurses, and allied health professionals. It also includes scholarships for health professional education related to providing community health improvement services and specialty in-service programs to professionals in the community.
- Research includes studies on health care delivery, unreimbursed studies on therapeutic protocols, evaluation of innovative treatments, and research papers prepared for professional journals.
- Donations include funds and in-kind services benefiting the community-at-large.

Shands' valuation of unsponsored community benefits at cost for the years ended June 30, 2012 and 2011 is as follows:

<i>(in thousands of dollars)</i>	2012	2011
Financial assistance provided	\$ 59,679	\$ 49,790
Government support applied to charity care	(4,270)	(11,240)
Net unreimbursed financial assistance	<u>55,409</u>	<u>38,550</u>
Benefits for the broader community		
Community health services	885	1,501
Health professions education	39,373	30,794
Research	8,095	10,577
Donations	<u>1,635</u>	<u>2,550</u>
Total quantifiable benefits for the broader community	<u>49,988</u>	<u>45,422</u>
Total unsponsored community benefits	<u>\$ 105,397</u>	<u>\$ 83,972</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

The cost of financial assistance provided was determined by applying Shands' overall cost to charge ratio to total charges foregone. Cost of benefits for the broader community represents actual expenses incurred.

Shands also plays a leadership role in the communities it serves by providing additional community benefits that have not been quantified. This role includes serving as a state designated Level I trauma center in Gainesville, Florida. Shands also maintains air ambulance services at its trauma center, as well as a regional burn intensive care unit in Gainesville, Florida to help meet the emergency needs of citizens. Other specialty services provided at Shands' facilities include a transplant center of excellence for adult and pediatric patients in several disciplines including heart, lung, liver, kidney, pancreas, and bone marrow. In addition, Shands provides specialized pediatric services including several levels of neonatal intensive care, pediatric intensive care, pediatric open heart and cardiac catheterization.

In addition to the community benefits described above, Shands provides additional benefits to the community through advocacy of community service by employees. Shands employees serve numerous organizations through board representation, in-kind and direct donations, fund-raising, youth sponsorship, and other related activities.

4. Investments and Assets Whose Use is Restricted

The composition of investments and assets whose use is restricted at June 30, 2012 is as follows:

(in thousands of dollars)

	Fair Value	Investment Maturities				N/A
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	
Commercial paper and money market funds	\$ 1,149	\$ 1,149	\$ -	\$ -	\$ -	\$ -
Florida Treasury Investment Pool (SPIA)	98,421	-	98,421	-	-	-
Fixed income mutual funds	42,314	-	7,780	34,534	-	-
Florida Global Fixed Income Fund, LLC	59,233	-	-	-	-	59,233
Florida Global Equity Fund, LLC	71,373	-	-	-	-	71,373
Florida Hedged Strategies Fund, LLC	14,043	-	-	-	-	14,043
Collateral on deposit with swap counterparty	31,354	31,354	-	-	-	-
Pantheon USA Fund V, L P	3,940	-	-	-	-	3,940
Other investments	768	-	-	135	-	633
	<u>\$ 322,595</u>	<u>\$ 32,503</u>	<u>\$ 106,201</u>	<u>\$ 34,669</u>	<u>\$ -</u>	<u>\$ 149,222</u>

The composition of investments and assets whose use is restricted at June 30, 2011 is as follows:

(in thousands of dollars)

	Fair Value	Investment Maturities				N/A
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	
Commercial paper and money market funds	\$ 2,460	\$ 2,460	\$ -	\$ -	\$ -	\$ -
Florida Treasury Investment Pool (SPIA)	65,416	-	65,416	-	-	-
Fixed income mutual funds	39,963	7,687	-	32,276	-	-
Florida Global Fixed Income Fund, LLC	73,739	-	-	-	-	73,739
Florida Global Equity Fund, LLC	99,518	-	-	-	-	99,518
Florida Hedged Strategies Fund, LLC	20,476	-	-	-	-	20,476
Guaranteed Investment Contract (GIC)	16,433	16,433	-	-	-	-
Collateral on deposit with swap counterparty	8,111	8,111	-	-	-	-
Pantheon USA Fund V, L P	4,117	-	-	-	-	4,117
Other investments	834	-	-	98	-	736
	<u>\$ 331,067</u>	<u>\$ 34,691</u>	<u>\$ 65,416</u>	<u>\$ 32,374</u>	<u>\$ -</u>	<u>\$ 198,586</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Shands has an investment management agreement with the University of Florida Investment Corporation ("UFICO") to manage a portion of its investments. UFICO was created by the University of Florida Trustees for the purpose of managing assets held by UF and its related corporations. As of June 30, 2012 and 2011, a portion of Shands' investments managed by UFICO are invested in the Florida Global Equity Fund, LLC, Florida Global Fixed Income Fund, LLC, and Florida Hedged Strategies Fund, LLC. Shands can redeem 90% of the limited liability company ("LLC") investments with 45 days' notice, and under certain conditions including liquidity needs, can redeem all of its LLC investments with three business days' notice.

Assets whose use is restricted include amounts internally designated by the Board of Directors and amounts held by trustees and swap counterparty with external restrictions and are comprised of the following at June 30, 2012 and 2011:

<i>(in thousands of dollars)</i>	2012	2011
Internally designated by the Board of Directors for		
Capital improvements and debt service	\$ 136,786	\$ 185,501
Other health programs	5,420	5,745
Other postemployment benefits	2,431	2,473
Held by counterparty under swap agreements	31,354	8,111
Held by trustees under indenture agreements	17,926	20,295
	<u>193,917</u>	<u>222,125</u>
Less: Current portion	<u>(18,186)</u>	<u>(20,311)</u>
Long-term portion	<u>\$ 175,731</u>	<u>\$ 201,814</u>

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as concentration of credit risk, custodial credit risk, interest rate risk and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities may be sensitive to credit risk and changes in interest rates.

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Shands' investment policy provides guidelines for its fund managers and lists specific allowable investments. The policy provides for the utilization of varying styles of managers so that portfolio diversification is maximized and total portfolio efficiency is enhanced.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

The credit risk profile of Shands' investments and assets whose use is restricted as of June 30, 2012 is as follows

(in thousands of dollars)

	Fair Value	Ratings			
		AAA	AA	A+	N/A
Commercial paper and money					
market funds	\$ 1,149	\$ -	\$ -	\$ -	\$ 1,149
Florida Treasury Investment Pool (SPIA)	98,421	-	-	98,421	-
Fixed income mutual funds	42,314	-	-	-	42,314
Florida Global Fixed Income Fund, LLC	59,233	-	-	-	59,233
Florida Global Equity Fund, LLC	71,373	-	-	-	71,373
Florida Hedged Strategies Fund, LLC	14,043	-	-	-	14,043
Collateral on deposit with swap counterparty	31,354	-	-	-	31,354
Pantheon USA Fund V, L P	3,940	-	-	-	3,940
Other investments	768	-	-	-	768
	<u>\$ 322,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,421</u>	<u>\$ 224,174</u>

The credit risk profile of Shands' investments and assets whose use is restricted as of June 30, 2011 is as follows

(in thousands of dollars)

	Fair Value	Ratings			
		AAA	AA	A+	N/A
Commercial paper and money					
market funds	\$ 2,460	\$ -	\$ -	\$ -	\$ 2,460
Florida Treasury Investment Pool (SPIA)	65,416	-	-	65,416	-
Fixed income mutual funds	39,963	-	-	-	39,963
Florida Global Fixed Income Fund, LLC	73,739	-	-	-	73,739
Florida Global Equity Fund, LLC	99,518	-	-	-	99,518
Florida Hedged Strategies Fund, LLC	20,476	-	-	-	20,476
Guaranteed Investment Contract (GIC)	16,433	-	-	-	16,433
Collateral on deposit with swap counterparty	8,111	-	-	-	8,111
Pantheon USA Fund V, L P	4,117	-	-	-	4,117
Other investments	834	-	-	-	834
	<u>\$ 331,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,416</u>	<u>\$ 265,651</u>

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of Shands' investment portfolio are required to be disclosed. Investments issued or explicitly guaranteed by the U S government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As of June 30, 2012 and 2011, Shands did not have any investments that equaled or exceeded this threshold.

Custodial Credit Risk

As of June 30, 2012 and 2011, Shands' investments were not exposed to custodial credit risk since the full amount of investments were insured, collateralized, or registered in Shands' name.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Interest Rate Risk

Shands does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Refer to the distribution of Shands' investment in fixed income securities by maturity as of June 30, 2012 and 2011.

Investment income, net for the years ended June 30, 2012 and 2011 is as follows:

<i>(in thousands of dollars)</i>	2012	2011
Dividends, interest and other income	\$ 7,063	\$ 7,314
Realized gains, net	4,361	10,332
Net (decrease) increase in the fair value of investments	(7,735)	19,820
Net increase in the fair value of derivative instruments	7,915	2,942
Loss on partial termination of a derivative instrument	-	(3,357)
Net investment income	<u>\$ 11,604</u>	<u>\$ 37,051</u>

5. Capital Assets

A summary of changes in capital assets during fiscal years 2012 and 2011 is as follows:

<i>(in thousands of dollars)</i>	Balance at June 30, 2011	Additions	Disposals and Transfers	Balance at June 30, 2012
Land	\$ 45,578	\$ 1,990	\$ -	\$ 47,568
Buildings and leasehold improvements	765,122	10,818	6,901	782,841
Equipment	<u>396,849</u>	<u>16,057</u>	<u>(9,866)</u>	<u>403,040</u>
Totals at historical cost	1,207,549	28,865	(2,965)	1,233,449
Less: Accumulated depreciation for				
Buildings and leasehold improvements	(228,651)	(22,176)	-	(250,827)
Equipment	<u>(274,615)</u>	<u>(30,175)</u>	<u>4,463</u>	<u>(300,327)</u>
	(503,266)	(52,351)	4,463	(551,154)
Construction-in-progress	<u>28,185</u>	<u>42,641</u>	<u>(31,952)</u>	<u>38,874</u>
Capital assets, net	<u>\$ 732,468</u>	<u>\$ 19,155</u>	<u>\$ (30,454)</u>	<u>\$ 721,169</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

<i>(in thousands of dollars)</i>	Balance at June 30, 2010	Additions	Disposals and Transfers	Balance at June 30, 2011
Land	\$ 43,829	\$ 1,749	\$ -	\$ 45,578
Buildings and leasehold improvements	760,663	4,588	(129)	765,122
Equipment	<u>373,361</u>	<u>36,380</u>	<u>(12,892)</u>	<u>396,849</u>
Totals at historical cost	1,177,853	42,717	(13,021)	1,207,549
Less Accumulated depreciation for				
Buildings and leasehold improvements	(206,011)	(22,748)	108	(228,651)
Equipment	<u>(257,203)</u>	<u>(29,200)</u>	<u>11,788</u>	<u>(274,615)</u>
	(463,214)	(51,948)	11,896	(503,266)
Construction-in-progress	<u>9,849</u>	<u>27,211</u>	<u>(8,875)</u>	<u>28,185</u>
Capital assets, net	<u>\$ 724,488</u>	<u>\$ 17,980</u>	<u>\$ (10,000)</u>	<u>\$ 732,468</u>

Depreciation and amortization expense was approximately \$52,351,000 and \$51,948,000 for the years ended June 30, 2012 and 2011, respectively. Amortization expense on equipment held under capital lease which is included within depreciation and amortization expense in the accompanying consolidated basic statements of revenues, expenses and changes in net assets was approximately \$877,000 for each of the years ended June 30, 2012 and 2011. Interest costs capitalized were approximately \$262,000 and \$638,000 for the years ended June 30, 2012 and 2011, respectively. Construction-in-progress at June 30, 2012 consists primarily of costs incurred for a new electronic medical records system, a medical office building and building renovations. Shands has contracts for the construction and remodeling of facilities and equipment purchases. As of June 30, 2012, estimated cost to complete the installation of the projects was approximately \$38,892,000.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

6. Long-Term Debt

Long-term debt is comprised of the following at June 30, 2012 and 2011

<i>(in thousands of dollars)</i>	2012	2011
Health Facilities Revenue Bonds		
Series 1996A, final maturity December 2016	\$ 12,695	\$ 14,805
Series 2007A, final maturity December 2037	100,395	100,395
Series 2007B, final maturity December 2037	35,000	35,000
Series 2008A, final maturity December 2037	75,000	75,000
Series 2008B, final maturity December 2037	50,000	50,000
Series 2008C, final maturity October 2028	61,875	65,625
Series 2008D1, final maturity December 2023	21,715	21,715
Series 2008D2, final maturity December 2030	22,625	22,625
Series 2010A, final maturity July 2025	64,432	67,613
Series 2010B, final maturity December 2015	29,115	36,935
	<u>472,852</u>	<u>489,713</u>
Bank Note Payable, final maturity March 2019	9,660	-
Installment debt, final maturity November 2013	4,800	8,350
	<u>487,312</u>	<u>498,063</u>
Less Net unamortized bond premium	187	610
Total long-term debt	<u>487,499</u>	<u>498,673</u>
Less Current portion	(19,848)	(20,834)
Long-term portion	<u>\$ 467,651</u>	<u>\$ 477,839</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

Changes in Shands' long-term debt, excluding unamortized discounts or premiums were as follows

<i>(in thousands of dollars)</i>	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Amounts Due Within One Year
Health Facilities Revenue Bonds					
Series 1996A, final maturity December 2016	\$ 14,805	\$ -	\$ (2,110)	\$ 12,695	\$ 2,240
Series 2007A, final maturity December 2037	100,395	-	-	100,395	-
Series 2007B, final maturity December 2037	35,000	-	-	35,000	-
Series 2008A, final maturity December 2037	75,000	-	-	75,000	-
Series 2008B, final maturity December 2037	50,000	-	-	50,000	3,190
Series 2008C, final maturity October 2028	65,625	-	(3,750)	61,875	3,750
Series 2008D1, final maturity December 2023	21,715	-	-	21,715	-
Series 2008D2, final maturity December 2030	22,625	-	-	22,625	-
Series 2010A, final maturity July 2025	67,613	-	(3,181)	64,432	3,182
Series 2010B, final maturity December 2015	36,935	-	(7,820)	29,115	2,220
Bank Note Payable, final maturity March 2019	-	10,000	(340)	9,660	1,340
Installment debt, final maturity November 2013	8,350	-	(3,550)	4,800	3,550
Total long-term debt	<u>\$ 498,063</u>	<u>\$ 10,000</u>	<u>\$ (20,751)</u>	<u>\$ 487,312</u>	<u>\$ 19,472</u>

<i>(in thousands of dollars)</i>	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Amounts Due Within One Year
Health Facilities Revenue Bonds					
Series 1996A, final maturity December 2016	\$ 16,790	\$ -	\$ (1,985)	\$ 14,805	\$ 2,110
Series 2007A, final maturity December 2037	100,395	-	-	100,395	-
Series 2007B, final maturity December 2037	35,000	-	-	35,000	-
Series 2008A, final maturity December 2037	75,000	-	-	75,000	-
Series 2008B, final maturity December 2037	50,000	-	-	50,000	-
Series 2008C, final maturity October 2028	69,375	-	(3,750)	65,625	3,750
Series 2008D1, final maturity December 2023	21,715	-	-	21,715	-
Series 2008D2, final maturity December 2030	22,625	-	-	22,625	-
Series 2010A, final maturity July 2025	70,000	-	(2,387)	67,613	3,182
Series 2010B, final maturity December 2015	44,685	-	(7,750)	36,935	7,820
Health Facilities Revenue Note					
Series 2000, final maturity December 2010	500	-	(500)	-	-
Installment debt, final maturity November 2013	-	8,850	(500)	8,350	3,550
Total long-term debt	<u>\$ 506,085</u>	<u>\$ 8,850</u>	<u>\$ (16,872)</u>	<u>\$ 498,063</u>	<u>\$ 20,412</u>

The current portion of net unamortized bond premium was approximately \$376,000 and \$422,000 as of June 30, 2012 and 2011, respectively

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

Maturities of long-term debt including corresponding interest, over the next five years and in five-year increments thereafter are as follows

(in thousands of dollars)

Year Ending June 30	Debt Service Principal	Debt Service Interest
2013	\$ 19,472	\$ 8,814
2014	20,482	8,263
2015	19,822	7,551
2016	20,457	6,807
2017	15,342	6,300
2018-2022	63,604	27,146
2023-2027	71,773	19,219
2028-2032	96,780	11,025
2033-2037	126,890	4,480
2038	32,690	112
	<u>\$ 487,312</u>	<u>\$ 99,717</u>

Shands has entered into a Master Trust Indenture with U S Bank, National Association ("U S Bank") which serves as the primary financing document for Shands and its subsidiaries, excluding ElderCare, joint ventures and the Foundation. During 2007, Shands amended the Master Trust Indenture and pledged a security interest in its gross revenues on Shands' debt obligations. The Master Trust Indenture provides for specific restrictive covenants, including a debt service coverage requirement. Shands was in compliance with all such restrictive covenants as of June 30, 2012 and 2011.

Series 1996A Health Facilities Revenue Bonds

In 1996, the Alachua County Health Facilities Authority issued the Series 1996A Health Facilities Revenue Bonds ("Series 1996A Bonds") on behalf of Shands. The proceeds of the Series 1996A Bonds were used to finance capital improvement projects and pay related issuance costs.

The Series 1996A Bonds are fixed rate bonds, which are collateralized by the unconditional and irrevocable guarantee of the Municipal Bond Investors Assurance Corporation and have a termination date which is coterminous with the Series 1996A Bonds. The interest rate on the Series 1996A Bonds is 6.25% and is payable semiannually. The Series 1996A Bonds are covered under the Master Trust Indenture with U S Bank.

Series 2007A Health Facilities Revenue Bonds and Series 2007B Health Facilities Revenue Refunding Bonds

In 2007, the Alachua County Health Facilities Authority issued the Series 2007A Health Facilities Revenue Bonds ("Series 2007A Bonds") and the Series 2007B Health Facilities Revenue Bonds ("Series 2007B Bonds") on behalf of Shands. The proceeds of the Series 2007A Bonds were used to finance capital improvement projects and pay costs associated with the issuance of the Series 2007A Bonds. The proceeds of the Series 2007B Bonds were used to partially refund outstanding principal of the Series 1996A Health Facilities Revenue Bonds and to pay costs associated with the issuance of the Series 2007B Bonds.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

The Series 2007A Bonds and Series 2007B Bonds are variable index rate bonds. The Series 2007A Bonds and Series 2007B Bonds maturing on or after June 1, 2017 are redeemable at Shands' option at par value. The interest rate on the bonds is reset quarterly and the interest rate was 1.18% and 1.04% at June 30, 2012 and 2011, respectively. The Series 2007A Bonds and Series 2007B Bonds are covered under the Master Trust Indenture with U.S. Bank.

Series 2008A and 2008B Health Facilities Revenue Bonds

In 2008, the Alachua County Health Facilities Authority issued the Series 2008A Health Facilities Revenue Bonds ("Series 2008A Bonds") and the Series 2008B Health Facilities Revenue Bonds ("Series 2008B Bonds") on behalf of Shands. The proceeds of the Series 2008A Bonds and Series 2008B Bonds were used to retire the Series 2007C Bonds and Series 2007D Bonds.

The Series 2008A Bonds and Series 2008B Bonds are variable rate bonds issued in the Unit Pricing Mode. Interest periods range from 1 to 270 days. The weighted average interest rate on the Series 2008A Bonds and the Series 2008B Bonds was 0.25% and 0.22% at June 30, 2012 and 2011, respectively. The Series 2008A Bonds and Series 2008B Bonds are backed by a bank letter of credit for approximately \$126,798,000 that expires in January 2014. There were no amounts outstanding under this letter of credit at June 30, 2012 and 2011. The Series 2008A Bonds and Series 2008B Bonds are redeemable at the option of Shands at par value plus accrued interest at any interest payment date. The Series 2008A Bonds and Series 2008B Bonds are covered under the Master Trust Indenture with U.S. Bank.

Series 2008C Health Facilities Revenue Bonds

In 2008, the Alachua County Health Facilities Authority issued the Series 2008C Health Facilities Revenue Bonds ("Series 2008C Bonds") on behalf of Shands. The proceeds of the Series 2008C Bonds were used to refund the Series 1996B Bonds and pay related costs of issuance.

The Series 2008C Bonds are variable rate bonds based upon 65% of the London Interbank Offered Rate ("LIBOR") plus 1.30%. The interest rate on the Series 2008C Bonds was 1.46% and 1.42% at June 30, 2012 and 2011, respectively. The Series 2008C Bonds are covered under the Master Trust Indenture with U.S. Bank.

Series 2008D1 and 2008D2 Health Facilities Revenue Bonds

In 2008, the Alachua County Health Facilities Authority issued the Series 2008D1 Health Facilities Revenue Bonds ("Series 2008D1 Bonds") and the Series 2008D2 Health Facilities Revenue Bonds ("Series 2008D2 Bonds") on behalf of Shands. The proceeds of the Series 2008D1 Bonds and Series 2008D2 Bonds were used to refund a portion of the Series 2007A Bonds.

The Series 2008D1 Bonds and Series 2008D2 Bonds are unenhanced fixed rate bonds. Interest rates on the Series 2008D1 Bonds and Series 2008D2 Bonds range from 6.25% to 6.75% and are payable semiannually. The Series 2008D1 Bonds and Series 2008D2 Bonds maturing on or after December 1, 2018 are redeemable at Shands' option at par value. The Series 2008D1 Bonds and Series 2008D2 Bonds are covered under the Master Trust Indenture with U.S. Bank.

Series 2010A Health Facilities Revenue Bonds

In 2010, the Alachua County Health Facilities Authority issued the Series 2010A Health Facilities Revenue Bonds ("Series 2010A Bonds") on behalf of Shands. The proceeds of the Series 2010A Bonds were used to finance capital improvement projects and pay related costs of issuance.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

The Series 2010A Bonds are variable rate bonds based upon 65% of LIBOR plus 1 105% The interest rate on the Series 2010A Bonds was 1 29% at June 30, 2012 and 2011 The Series 2010A Bonds are covered under the Master Trust Indenture with U S Bank

Series 2010B Health Facilities Revenue Bonds

In 2010, the Alachua County Health Facilities Authority issued the Series 2010B Health Facilities Revenue Bonds ("Series 2010B Bonds") on behalf of Shands The proceeds of the Series 2010B Bonds were used to defease the Series 1992R Bonds

The Series 2010B Bonds are unenhanced fixed rate bonds Interest rates on the Series 2010B Bonds range from 3 00% to 5 00% and are payable semiannually The Series 2010B Bonds are covered under the Master Trust Indenture with U S Bank

Bank Note

In 2012, PNC Bank issued a seven year taxable loan to Shands to finance a property purchase, renovations, and equipment Interest rate on the loan is fixed at 2 08% Principal and interest payments are payable monthly commencing April 2012 with a final maturity in March 2019

Cash paid for interest, net of amounts capitalized, was approximately \$16,419,000 and \$17,462,000 for the years ended June 30, 2012 and 2011, respectively

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

7. Interest Rate Swaps

On June 30, 2012 and 2011, Shands had the following derivative instruments outstanding

(in thousands of dollars)

Item	Type	Objective	Shands Notional Amount	Counterparty Notional Amount	Effective Date	Maturity Date	Terms	2012 Fair Value	2011 Fair Value
1996B	Fixed rate payer interest rate swap	Hedge of changes in cash flows on the Series 1996B Revenue Bonds refinanced in 2008	\$ 75 000	\$ 75 000	7/03/2003	12/01/2026	Pay fixed rate of 3 175% Receive 67% of one month LIBOR	\$ (13 949)	\$ (6 580)
1996B	Fixed rate receiver interest rate swap	Hedge of changes in cash flows on the 1996B fixed rate payer interest rate swap	\$ 75 000	\$ 75 000	6/03/2009	12/01/2026	Pay SIFMA Municipal Swap Index rate Receive fixed rate of 3 40%	\$ 12 867	\$ 4 678
2007A	Fixed rate payer interest rate swap	Hedge of changes in cash flows on the Series 2007A Revenue Bonds	\$ 100 395	\$ 100 395	3/30/2007	12/01/2037	Pay fixed rate of 4 349% Receive 67% of three month LIBOR plus 87 basis points	\$ (33 275)	\$ (13 140)
2007B	Fixed rate payer interest rate swap	Hedge of changes in cash flows on the Series 2007B Revenue Bonds	\$ 35 000	\$ 35 000	3/30/2007	12/01/2037	Pay fixed rate of 4 349% Receive 67% of three month LIBOR plus 87 basis points	\$ (10 837)	\$ (4 459)
2007A	Total return interest rate swap	Hedge of changes in cash flows on the Series 2007A Revenue Bonds	\$ 27 950	\$ 40 000	1/27/2011	12/01/2016	Pay SIFMA Municipal Swap Index rate plus 100 basis points Receive 67% of three month LIBOR plus 87 basis points	\$ 4 316	\$ 680
2007B	Total return interest rate swap	Hedge of changes in cash flows on the Series 2007B Revenue Bonds	\$ 24 456	\$ 35 000	1/27/2011	12/01/2016	Pay SIFMA Municipal Swap Index rate plus 100 basis points Receive 67% of three month LIBOR plus 87 basis points	\$ 4 382	\$ 923
2008A	Fixed rate payer interest rate swap	Hedge of changes in cash flows on a portion of the Series 2008A Revenue Bonds	\$ 50 000	\$ 50 000	11/07/2007	12/01/2037	Pay fixed rate of 3 538% Receive 67% of one month LIBOR	\$ (17 456)	\$ (7 053)
2008C	Fixed rate payer interest rate swap	Hedge of changes in cash flows on the Series 2008C Revenue Bonds	\$ 61 875	\$ 61 875	11/05/2008	10/02/2028	Pay fixed rate of 4 18% Receive 65% of one month LIBOR plus 130 basis points	\$ (8 493)	\$ (4 278)
								<u>\$ (62 445)</u>	<u>\$ (29 229)</u>

During the years ended June 30, 2012 and 2011, the fixed rate 2007A, 2007B, 2008A and 2008C interest rate swaps qualified for hedge accounting under GASB No 53. At June 30, 2012, approximately \$21,565,000 and \$84,010,000 related to the fair value of interest rate swaps is recorded in other assets and other liabilities, respectively, and at June 30, 2011, approximately \$6,281,000 and \$35,510,000 related to the fair value of interest rate swaps is recorded in other assets and other liabilities, respectively, in the accompanying consolidated basic statements of net assets.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

The fair values of the fixed rate payer and fixed rate receiver interest rate swaps are estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps. The fair values of the 2007A and 2007B total return swaps are estimated using a forecast of expected discounted cash flows assuming that the forward rates would be similar to the rates for a healthcare credit rating similar to Shands.

Credit Risk

Shands has sought to limit its counterparty risk by contracting only with highly rated entities. As of June 30, 2012, the credit ratings for the counterparty for the swap agreements with the exception of the 2008C swap agreement were Baa2/A-, and the credit ratings for the counterparty of the 2008C interest rate swap agreement was Baa2/BBB. As of June 30, 2011, the credit ratings for the counterparty for the swap agreements with the exception of the 2008C swap agreement were A2/A, and the credit ratings for the counterparty of the 2008C interest rate swap agreement was A3/A. The counterparty for all of the swap agreements with the exception of the 2008C swap agreement may be required to post collateral should it fail to meet certain minimum credit ratings.

Interest Rate Risk

Shands is not exposed to interest rate risk on all of its fixed rate payer interest rate swap agreements as they are structured in a receive variable, pay fixed rate mode. The 1996B fixed receiver swap is structured in a receive fixed, pay variable rate mode. However, the 1996B fixed receiver swap hedges the cash flows associated with the 1996B fixed payer swap. The 2007A and 2007B total return swaps are structured in a receive variable, pay variable rate mode and hedge the cash flows associated with the Series 2007A Bonds and Series 2007B Bonds.

Basis Risk

Shands is exposed to basis risk on its 2008A fixed rate payer swap agreement because the variable-rate payments received by Shands on the hedging derivative instrument is based on a rate or index other than the interest rates that Shands pays on its hedged variable rate debt, which is remarketed in varying amounts and at various dates. As of June 30, 2012 and 2011, the weighted variable interest rate on Shands hedged variable rate debt is 0.25% and 0.18%, respectively, while the swap index is 67% of one month LIBOR, or 0.16% and 0.12%, respectively.

Termination Risk

The interest rate swap agreements use the International Swap Dealers Association Master Agreement, which includes standard termination events provisions, such as failure to pay and bankruptcy.

Commitments

Several of Shands' interest rate swap agreements require collateral to be posted if the fair value of the interest rate swap is negative and meets certain thresholds. The threshold amount depends on Shands unenhanced credit rating as determined by Standard & Poor's and Moody's Investor Services. Collateral in the amount of approximately \$31,354,000 and \$8,111,000 was required to be posted as of June 30, 2012 and 2011, respectively.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Swap Termination

Shands terminated a portion of the 2008A fixed payer interest rate swap in January 2011. The loss recognized on the swap termination was approximately \$3,357,000 which is included within net investment income in the accompanying consolidated basic statements of revenues, expenses and changes in net assets for the year ended June 30, 2011.

8. Retirement Benefit Plans

Defined Contribution Plans

Shands sponsors the Shands HealthCare Matched Savings Plan, which is a defined contribution plan that covers eligible employees of Shands. Under the provisions of the plan, employees' eligible contributions are matched by Shands at established rates. Contributions to the defined contribution plan by Shands were approximately \$9,904,000 and \$5,640,000 for the years ended June 30, 2012 and 2011, respectively.

Defined Benefit Pension Plan

Shands sponsors the Shands HealthCare Pension Plan (the "Plan") which is a defined benefit pension plan that covers eligible employees of Shands.

During April 2010, Shands' Board of Directors approved an amendment to the Plan. Effective July 1, 2011, Shands employees who were vested as of July 1, 2002 will begin to participate in the Retirement Growth Account (account-based benefit) and will no longer accrue traditional plan benefits. Employees who were not vested as of July 1, 2002 will continue to participate in the Retirement Growth Account (account-based benefit). Effective July 1, 2010, new employees hired by Shands will participate in the Shands HealthCare Matched Savings defined contribution plan.

Contribution Requirements and Contributions Made

The annual required contribution ("ARC") for the current year was determined as part of the actuarial valuation using the projected unit credit actuarial cost method. The Plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. All contributions to the Plan are made by the employer and are intended to fund both the actuarially determined costs, as well as the Plan's operating costs. Shands' practice is to make sufficient annual contributions in accordance with the actuarial funding requirements. Annual required contributions to the Plan for fiscal years 2012 and 2011 totaled approximately \$19,633,000 and \$26,271,000, respectively. The contributions represent approximately 5.44% and 6.63% of current covered payroll for fiscal years 2012 and 2011, respectively. Total pension expense for the years ended June 30, 2012 and 2011 totaled approximately \$27,484,000 and \$30,201,000, respectively. As of June 30, 2012 and 2011, Shands has a pension asset of approximately \$95,237,000 and \$82,021,000, respectively. Pension expense is allocated to Shands' facilities based on valuation of payroll.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

Information regarding payroll and participant data used in the calculation of the current-year actuarial information is as follows

	2012	2011
Covered payroll for the calculation of the actuarial information	<u>\$ 361,028,469</u>	<u>\$ 396,053,964</u>
Participant data as of July 1, 2011 (date of most recent valuation)		
Active	7,035	7,688
Retired	1,656	1,472
Terminated vested	<u>3,902</u>	<u>3,812</u>
	<u>12,593</u>	<u>12,972</u>

The more significant actuarial assumptions utilized in the most recent actuarial valuation (April 1, 2012) for computing the annual required contributions for the Plan are as follows

Assumed rate of return on investments	7 25% per year (net of expenses)
Mortality basis	2012 PPA separate static annuitant and nonannuitant mortality tables
Amortization method	Level dollar closed
Remaining amortization period	8 years
Asset valuation method	Market value smoothed over 5 years
Termination	Graduated rates from 20 to 50 are as follows

Table of Select Withdrawal Rates (Cash Balance Plan Benefits)

Withdrawal (Based on Years of Service)			
Age	<2	2-2.99	3 or more
20	38 5%	21 1%	21 0%
25	35 0%	20 0%	18 5%
30	31 8%	18 6%	17 0%
35	29 3%	17 1%	15 5%
40	27 4%	15 3%	14 0%
45	25 7%	13 8%	12 0%
50	24 2%	12 3%	10 0%

Table of Select and Ultimate Withdrawal Rates (Traditional Plan Benefits)

Age	Percentage
20	16 7%
25	16 7%
30	13 3%
35	6 4%
40	5 9%
45	4 3%
50	3 6%

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

Table of Salary Increases

Age	Percentage
20	3 65%
25	3 95%
30	3 65%
35	3 45%
40	3 25%
45	3 15%
50+	3 05%

Retirement Rates

Attained Age	Cash Balance Benefits	Traditional Benefits
50	8 5%	1 5%
51	10 0%	1 7%
52	10 1%	1 9%
53	10 2%	2 0%
54	10 3%	2 0%
55	10 4%	3 5%
56	10 5%	3 5%
57	10 6%	3 5%
58	10 7%	3 5%
59	10 8%	5 0%
60	10 9%	5 0%
61	11 0%	20 0%
62	12 0%	35 0%
63	14 0%	25 0%
64	16 0%	25 0%
65	17 0%	35 0%
66	18 0%	30 0%
67	19 0%	50 0%
68	20 0%	50 0%
69	20 0%	50 0%
70+	100 0%	100 0%

Funding Status and Progress

Shands' actuarial accrued liability ("AAL") as of April 1, 2012 was approximately \$677,705,000. The actuarial value of the Plan assets available to pay these benefits at April 1, 2012 was approximately \$658,953,000, leaving a deficit as compared to the AAL of approximately \$18,752,000 at April 1, 2012. The AAL and the actuarial value of Plan net assets for the current year are based upon the April 1, 2012 actuarial valuation. The schedules of Plan funding progress, presented as required supplementary information ("RSI") following the notes to the consolidated basic financial statements, present multiyear trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the AAL for benefits.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

The funded status of the Plan as of April 1, 2012, the most recent actuarial valuation date, is as follows

Actuarial Valuation Date	Actuarial Value of Assets (a)	AAL (Projected Unit Credit) (b)	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
April 1, 2012	\$ 658,952,840	\$ 677,704,474	\$ 18,751,634	97.23%	\$ 361,028,469	5.19%

The present value of accumulated plan benefits is computed to measure the funds required as of the valuation date to provide in full the benefits earned to date by all Plan participants. As of April 1, 2012, the present value of accumulated Plan benefits was approximately \$673,529,000.

Trend Information

This information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The trend information for each of the last three fiscal years is as follows:

	April 1, 2012	April 1, 2011	July 1, 2010 (Unaudited)
Net assets available for benefits as a percentage of the AAL	97.23%	99.45%	95.74%
Unfunded actuarial accrued liability as a percentage of covered payroll	5.19%	0.88%	5.97%
Annual required contributions as a percentage of covered payroll	5.44%	6.63%	5.67%

Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. For the three fiscal years presented, contributions to the Plan were made in accordance with actuarially determined requirements.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

A summary of annual pension cost, contribution information, and the change in the net pension obligation for the last three fiscal years is as follows

	2012	2011	2010 (Unaudited)
Annual required contribution	\$ 19,632,635	\$ 26,271,142	\$ 23,308,692
Interest on net pension obligation	(6,151,568)	(3,210,346)	(3,098,257)
Adjustment to annual required contribution	14,003,186	7,140,114	3,414,877
Annual pension cost	27,484,253	30,200,910	23,625,312
Contributions made by Shands	(40,700,000)	(70,798,000)	(27,494,500)
Decrease in net pension obligation	(13,215,747)	(40,597,090)	(3,869,188)
Net pension (asset) obligation			
Beginning of year	(82,020,908)	(41,423,818)	(37,554,630)
End of year	<u>\$ (95,236,655)</u>	<u>\$ (82,020,908)</u>	<u>\$ (41,423,818)</u>
Percentage of annual pension cost contributed	<u>148 1%</u>	<u>234 4%</u>	<u>116 4%</u>

The net pension asset of approximately \$95,237,000 and \$82,021,000 at June 30, 2012 and 2011, respectively, is included within other assets in the accompanying consolidated basic statements of net assets

A summary of Plan assets as of June 30, 2012 and 2011 and of the changes in Plan assets for fiscal years 2012 and 2011 is as follows

<i>(in thousands of dollars)</i>	2012	2011
Statements of Plan Net Assets		
Cash and short-term investments	<u>\$ 4,973</u>	<u>\$ 2,404</u>
Investments at fair value		
Domestic equity funds and securities	196,738	197,710
International equity funds and securities	186,142	192,593
Fixed income funds	159,447	157,332
High yield fund	52,608	50,884
Private equity	31,593	27,667
Total investments	<u>626,528</u>	<u>626,186</u>
Net assets held in trust for pension benefits	<u>\$ 631,501</u>	<u>\$ 628,590</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

<i>(in thousands of dollars)</i>	2012	2011
Statements of Changes in Plan Net Assets		
Beginning investment value of account	\$ 628,590	\$ 467,433
Receipts		
Employer contributions	40,700	70,798
Realized and unrealized gains (losses), net	(15,571)	105,385
Interest and dividends	9,804	14,504
Total receipts	34,933	190,687
Disbursements		
Benefit payments	28,066	25,243
Investment management and administrative fees	3,956	4,287
Total disbursements	32,022	29,530
Ending investment value of account	\$ 631,501	\$ 628,590

9. Other Postemployment Benefits

In addition to providing pension benefits, Shands provides certain health care benefits for approximately 1,139 eligible active and retired employees through the Shands HealthCare Health Plan ("Health Benefit Plan"). Many of Shands' employees may become eligible for those benefits if they reach retirement age while working for Shands.

The GASB requires state and local governmental employers to account for and report the annual cost of other postemployment benefits ("OPEB") and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they become due. The GASB's provisions may be applied prospectively and do not require governments to fund their OPEB plans. The actuarially determined cost for providing benefits to retirees and current employees during fiscal years 2012 and 2011 was approximately \$306,000 and \$323,000, respectively. This includes approximately (\$68,000) and \$146,000 of actual (contributions) payments and approximately \$374,000 and \$177,000 of additional expense recorded on the accrual basis during fiscal years 2012 and 2011, respectively.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

Funding Policy

The GASB does not require funding of the OPEB expense. The ARC is based on projected pay-as-you-go financing requirements, with an additional amount required to be recognized and accumulated as the net OPEB obligation. For fiscal years 2012 and 2011, Shands contributed approximately (\$68,000) and \$146,000, respectively, to the plan, which is net of retiree contributions. Retiree contributions for fiscal years 2012 and 2011 were approximately \$284,000 and \$263,000, respectively, according to the following table:

**Average annual retiree contributions
(pre and post Medicare)**

	2012		2011	
	Retiree	Spouse/ Family	Retiree	Spouse/ Family
Preferred Plan	\$ 8,868	\$ 11,280	\$ 8,606	\$ 10,840
Basic Plan	6,410	8,015	6,221	7,695
Limited Plan	4,980	6,115	4,833	5,865

Annual

OPEB Cost and Net OPEB Obligation – Shands' annual OPEB cost is calculated based on its ARC, an amount actuarially determined in accordance with the GASB parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over an 8 year period. The components of Shands' annual OPEB cost for the year, the amount actually contributed to the plan, and changes in Shands' net OPEB obligation as of June 30, 2012 and 2011 are as follows:

	2012	2011
Annual required contribution	\$ 451,258	\$ 447,254
Interest on net OPEB obligation	65,469	63,100
Adjustment to annual required contribution	(211,101)	(187,846)
Annual OPEB cost	305,626	322,508
Contributions made	67,709	(146,133)
Increase in net OPEB obligation	373,335	176,375
Net OPEB obligation		
Beginning of year	1,378,289	1,201,914
End of year	\$ 1,751,624	\$ 1,378,289

Shands' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years was as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 305,626	22.2%	\$ 1,751,624
June 30, 2011	322,508	45.3%	1,378,289
June 30, 2010 (unaudited)	437,721	-4.4%	1,201,914

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Funded Status and Funding Progress

As discussed above, the GASB does not require, and Shands has not funded, the AAL. As of April 1, 2012, the unfunded actuarial accrued liability ("UAAL") for benefits was approximately \$2,072,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$385,138,000 and the ratio of the UAAL to the covered payroll was 0.54%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the consolidated basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.30% discount rate, representing an estimate of the discount rate for an unfunded plan. The UAAL is being amortized as a level dollar base for a closed 8 year period.

The significant actuarial assumptions utilized in the most recent actuarial analysis are as follows:

Discount rate	4.30% per year
Retiree contribution increases	Retiree contribution increases are calculated so that the employer claim payments are capped at a 3% increase each year.
Health care cost trend rates	The trend rates of incurred claims represent the rate of increase in employer claims payments.
Medical Annual Rates of Increase	
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.50%
Year that the rate reaches the ultimate trend rate	2028

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

10. Commitments and Contingencies

Lease Agreements

Shands entered into a contractual agreement as of July 1, 1980 with the State Board of Education of the State of Florida (the "State Board of Education"), as subsequently restated and amended, which provides for the use of hospital facilities (buildings and improvements) of the patient care and clinical education unit of the J. Hillis Miller Health Center at the University of Florida (the "Health Center") through December 31, 2057, with renewal provisions. The contractual agreement also provided for the transfer to Shands of all other assets and liabilities arising from the operation of the Shands UF hospital facilities prior to July 1, 1980. At termination of the contractual agreement, the net assets of the Shands UF hospital facility revert to the State Board of Education. Legal title to all buildings and improvements transferred to Shands remains with the State of Florida during the term of the contractual agreement. The contractual agreement provides for a 12-month grace period for any event of default, other than the bankruptcy of Shands. In addition, the contractual agreement limits the right of the State Board of Education to terminate the contractual agreement solely to the circumstance when Shands declares bankruptcy and, in such event, requires net revenue derived from the operation of the hospital facilities to continue to be applied to the payment of Shands' debts.

Under the terms of the contractual agreement, Shands is obligated to manage, operate, maintain, and insure the hospital facilities in support of the programs of the Health Center, which include the College of Medicine, and further agrees to contract with the State Board of Education for the provision of these programs.

In May 2010, Shands entered into an agreement to sell a 60% controlling interest in its three rural hospitals, Shands at Lake Shore, Shands Starke, and Shands Live Oak to HMA. The closing date of the sale was July 1, 2010. The lease agreement between Shands at Lake Shore and the Lake Shore Hospital Authority was amended effective July 1, 2010. Shands at Lake Shore assigned all of its interest in the lease to HMA Lakeshore, Inc. Under the terms of the amended lease agreement, Shands provides a 40% guaranty and HMA provides a 60% guaranty on the lease payments. Currently the monthly lease payments are \$41,233 and are subject to increases annually based upon the change in the Consumer Price Index. The lease expires June 30, 2040.

The following is a schedule, by year, of future minimum lease payments under capital and noncancelable operating leases together with the present value of net minimum capital lease payments as of June 30, 2012:

<i>(in thousands of dollars)</i> Years Ending	Capital Lease	Operating Leases
2013	\$ 940	\$ 4,908
2014	549	4,654
2015	-	3,424
2016	-	3,467
2017	-	2,868
Thereafter	-	10,950
Total minimum lease payments	1,489	\$ 30,271
Less: Amount representing interest	(43)	
Present value of net minimum lease payments	<u>\$ 1,446</u>	

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Operating lease expense for the rental of property and equipment for the years ended June 30, 2012 and 2011 was approximately \$5,632,000 and \$5,963,000, respectively. At June 30, 2012 and 2011, gross assets under capital leases included in capital assets was \$3,506,000. Accumulated amortization on capital leases as of June 30, 2012 and 2011 was approximately \$2,118,000 and \$1,242,000, respectively.

Commitments

Shands has contracts for the construction and remodeling of facilities and equipment purchases. As of June 30, 2012, the remaining commitment relating to these contracts was approximately \$38,892,000 (Note 5).

Shands has contracts for the maintenance of computer application software for its core operation systems. As of June 30, 2012, the remaining commitment relating to these contracts was approximately \$11,770,000.

Professional Liabilities

Shands participates with other health care providers in the University of Florida J. Hillis Miller Health Center Self-Insurance Program ("UFSIP"). UFSIP is an operating unit of the Board of Governors of the State of Florida ("FBOG"). UFSIP provides occurrence-based coverage to Shands. Insurance in excess of the coverage provided by UFSIP is provided by the University of Florida Healthcare Education Insurance Company ("UFHEIC"). UFHEIC is wholly-owned by FBOG. UFHEIC provides coverage to Shands on a claims reported basis. UFHEIC obtains reinsurance for a substantial portion of the insurance coverage that it provides to the participants in its insurance program. The policies between UFSIP and UFHEIC and Shands are not retrospectively rated. The costs incurred by Shands related to these policies are expensed in the period that coverage is provided.

Shands could be subject to malpractice claims in excess of insurance coverage through UFSIP or UFHEIC, however, the estimated potential loss, if any, cannot be estimated. Management of Shands is not aware of any potential uninsured losses that could materially affect the financial position of Shands.

Effective July 1, 2011, Shands was granted sovereign immunity (Note 2).

Health Insurance

Shands has a self-insurance plan for health and medical coverage for its employees. Amounts contributed by Shands and its employees to the plan are determined by the level of benefits coverage selected by each employee. Expense related to the self-insured health and medical plan for the years ended June 30, 2012 and 2011 was approximately \$45,128,000 and \$39,652,000, respectively. The estimated claims incurred, payments on claims and the balance of the reserve for health insurance claims for the years ended June 30, 2012 and 2011 were as follows:

<i>(in thousands of dollars)</i>	2012	2011
Amount of claims liabilities at the beginning of the year	\$ 7,593	\$ 12,502
Incurred claims	48,487	45,137
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	(42,832)	(50,046)
Amount of claims liabilities at the end of the year	<u>\$ 13,248</u>	<u>\$ 7,593</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Workers' Compensation Insurance

Shands is self-insured for workers' compensation up to \$600,000 and \$500,000 per occurrence for the years ended June 30, 2012 and 2011, respectively. Shands has purchased excess coverage from a commercial carrier up to the amount allowed by Florida Statutes. Total workers' compensation expenses for the years ended June 30, 2012 and 2011 were approximately \$595,000 and \$543,000, respectively.

Litigation

Shands is involved in litigation arising in the normal course of business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect on Shands' future financial position or results of operations.

Other Industry Risks

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services. There have also been numerous lawsuits filed against nonprofit hospitals related to charity care. These lawsuits allege various hospital practices related to the uninsured, including, among other things, charging uninsured patients more than what insurers would pay for the same services, rapidly rising prices, and aggressive collection policies. Management believes that Shands is in compliance with current laws and regulations and that Shands' ultimate exposure from any such matters would not have a material effect on Shands' consolidated basic financial statements.

11. Transactions with Related Parties

Shands has various agreements for services provided by UF for support of the educational, clinical, and research activities of the College of Medicine, maintenance, security, utilities, and various services. Expenses related to these agreements were approximately \$142,884,000 and \$142,088,000 for the years ended June 30, 2012 and 2011, respectively, of which approximately \$40,744,000 and \$37,675,000 for the years ended June 30, 2012 and 2011, respectively, are transfers and expenditures in support of the University of Florida and its medical programs included under this caption in the accompanying consolidated basic statements of revenues, expenses and changes in net assets. At June 30, 2012 and 2011, approximately \$9,387,000 and \$5,566,000, respectively, was owed to UF under these agreements and is included in accounts payable and accrued expenses in the accompanying consolidated basic statements of net assets.

Shands provides contracted services at cost to UF for support of the clinical and research activities of the College of Medicine, maintenance, utilities, telephone communication, and various other services. The amount credited against expenses for these contracted services was approximately \$60,945,000 and \$56,653,000 for the years ended June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, approximately \$4,499,000 and \$2,068,000, respectively, was owed to Shands under these agreements and is included in prepaid expenses and other current assets in the accompanying consolidated basic statements of net assets.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Notes to Consolidated Basic Financial Statements

June 30, 2012 and 2011

Shands has an agreement with UF to provide billing services for emergency room physician fees. UF remits the collections to Shands on a monthly basis less an administrative fee. The amount collected by UF on Shands' behalf less the administrative fee for the years ended June 30, 2012 and 2011 was approximately \$7,104,000 and \$7,673,000, respectively. At June 30, 2012 and 2011, approximately \$531,000 and \$517,000, respectively, was owed to Shands and is included in prepaid expenses and other current assets in the accompanying consolidated basic statements of net assets.

During 2010, Shands entered into an investment management agreement with UFICO to manage a portion of its investments. UFICO was created by the UF Trustees for the purpose of managing assets held by UF and its related corporations. As of June 30, 2012 and 2011, the fair value of investments managed by UFICO on Shands' behalf was approximately \$144,649,000 and \$193,733,000, respectively. Investment management fees of approximately \$206,000 and \$228,000 were incurred for the years ended June 30, 2012 and 2011, respectively.

Shands provides contracted services at cost to Shands Jacksonville Medical Center, Inc., a related party entity controlled by UF, for administrative and information services support services. The amount credited against expenses for these contracted services was approximately \$7,511,000 and \$5,712,000 for the years ended June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, approximately \$2,671,000 and \$831,000, respectively, was owed to Shands under these agreements and is included in prepaid expenses and other current assets in the accompanying consolidated basic statements of net assets.

Shands Jacksonville provides organ procurement services to Shands. Expenses related to the organ procurement services were approximately \$500,000 and \$513,000 for the years ended June 30, 2012 and 2011, respectively.

At June 30, 2012 and 2011, Shands has a note receivable of approximately \$40,268,000 and \$41,635,000, respectively, due from Shands Jacksonville. The original amount of the note was approximately \$42,276,000 to be paid in quarterly installments of \$804,620 including interest of 4.5% and matures on October 1, 2030. The current portion of the note receivable of approximately \$1,431,000 and \$1,368,000 is included within prepaid expenses and other current assets and the long-term portion of the note receivable of approximately \$38,837,000 and \$40,267,000 at June 30, 2012 and 2011, respectively, is included within other assets in the accompanying consolidated basic statements of net assets.

During the past year, construction began in earnest on the 39th Avenue Medical Office Building ("MOB") which will provide additional clinical space for the Florida Clinical Practice Association ("FCPA"). During this time, Shands had performed as construction manager and approximately \$14.3 million in project costs are reflected in Shands' construction-in-progress (CIP) balance at June 30, 2012. The construction agreements were assigned to FCPA in June 2012 and their financing was in place as of August 2012. However, accounting treatment requires Shands to continue to reflect the MOB as a component of its CIP and any reimbursement received from FCPA for the benefit of this project is to be reflected as a liability until the project is concluded. Upon conclusion of the project, the building is expected to be conveyed in full to FCPA.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Notes to Consolidated Basic Financial Statements
June 30, 2012 and 2011

12. Concentrations of Credit Risk

Shands grants credit without collateral to its patients, many of whom are local residents and are insured under third-party payor agreements. Shands does not charge interest on accounts receivable. The composition of receivables from patients and third-party payors is as follows:

	2012	2011
Medicare	28.4%	26.2%
Medicaid	13.3%	13.6%
Other third-party payors	57.9%	59.8%
Patients	0.4%	0.4%
	<u>100.0%</u>	<u>100.0%</u>

Certain financial instruments potentially subject Shands to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents and patient accounts receivable. Concentrations of credit risk with respect to patient accounts receivable are limited to Medicare, Medicaid and various commercial payors. Shands places its cash and cash equivalents and investments with what management believes to be high-quality financial institutions and thus limits its credit exposure. Shands has deposits in excess of the federal insured amount of \$250,000. Management does not anticipate nonperformance risk by the financial institutions.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Schedule of Plan Funding Progress (Unaudited)
July 1, 2007 Through June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a) / (c)
July 1, 2007	\$ 510,110,923	\$ 446,075,640	\$ (64,035,283)	114.4%	\$ 374,703,980	-17.1%
July 1, 2008	516,653,578	504,184,948	(12,468,630)	102.5%	393,947,017	-3.2%
July 1, 2009	506,841,837	535,105,649	28,263,812	94.7%	410,812,664	6.9%
July 1, 2010	551,570,055	576,104,670	24,534,615	95.7%	410,512,664	6.0%
April 1, 2011	625,296,308	628,781,832	3,485,524	99.4%	396,053,964	0.9%
April 1, 2012	658,952,840	677,704,474	18,751,634	97.2%	361,028,469	5.2%

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Historical Summary of Actual and Required Pension Contributions (Unaudited)
July 1, 2006 Through June 30, 2012

(Fiscal) Plan Year	Employer Contributions		
	Annual Required Contribution	Annual Contributions Made by Shands	Percentage Contributed
July 1, 2006 to June 30, 2007	\$ 18,877,847	\$ 29,647,500	157 2%
July 1, 2007 to June 30, 2008	14,410,886	25,735,000	178 6%
July 1, 2008 to June 30, 2009	20,129,673	21,992,500	109 3%
July 1, 2009 to June 30, 2010	23,308,692	27,494,500	118 0%
July 1, 2010 to June 30, 2011	26,271,142	70,798,000	269 5%
July 1, 2011 to June 30, 2012	19,632,635	40,700,000	207 3%

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Historical Summary of Actual and Required Other Postemployment Contributions
Under GASB Statement No. 45 (Unaudited)
July 1, 2009 Through June 30, 2012

(Fiscal) Plan Year	Employer Contributions		
	Annual Required Contribution	Actual Contributions, Net of Retiree Contributions	Percentage Contributed
July 1, 2009 to June 30, 2010	\$ 448,460	\$ (19,327)	-4 3%
July 1, 2010 to June 30, 2011	447,254	146,133	32 7%
July 1, 2011 to June 30, 2012	451,258	(67,709)	-15 0%

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Consolidating Basic Statements of Net Assets

June 30, 2012

(in thousands of dollars)

	Shands UF	Shands AGH	Shands Vista	Shands Rehab Hospital	Eliminations	Total Alachua County Hospital Group	Shands Home Care	Property Management	Shands Starke	Shands Live Oak	Subtotal Other	Eliminations	Total Obligated Group	Shands at Lake Shore	Other	Eliminations	Consolidated Total
Assets																	
Current assets																	
Cash and cash equivalents	\$ 18 723	\$ -	\$ 1	\$ -	\$ -	\$ 18 724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18 724	\$ -	\$ 5 336	\$ -	\$ 24 060
Short-term investments	128 665	-	-	-	-	128 665	-	-	-	-	-	-	128 665	-	13	-	128 678
Patent accounts receivable net	139 771	-	4 461	3 121	-	147 353	1 052	-	-	-	1 052	-	148 405	-	3	-	148 408
Inventories	12 734	-	-	-	-	12 734	-	-	-	-	-	-	12 734	-	-	-	12 734
Prepaid expenses and other current assets	49 544	-	767	212	(142)	50 381	562	2	-	-	564	-	50 945	20	473	-	51 438
Assets whose use is restricted current portion	18 186	-	-	-	-	18 186	-	-	-	-	-	-	18 186	-	-	-	18 186
Total current assets	367 623	-	5 229	3 333	(142)	376 043	1 614	2	-	-	1 616	-	377 659	20	5 825	-	383 504
Assets whose use is restricted less current portion	175 711	-	-	-	-	175 711	-	-	-	-	-	-	175 711	-	20	-	175 731
Capital assets net	693 116	1 666	8 608	2 177	-	705 567	163	13 914	-	-	14 077	-	719 644	-	1 525	-	721 169
Due from affiliates net	4 699	-	-	-	-	4 699	-	-	-	-	-	-	4 699	-	-	(4 699)	-
Other assets	256 779	1	3 611	2 667	-	263 058	1 133	(1)	-	-	1 132	-	264 190	-	12 481	-	276 671
Total assets	\$ 1 497 928	\$ 1 667	\$ 17 448	\$ 8 177	\$ (142)	\$ 1 525 078	\$ 2 910	\$ 13 915	\$ -	\$ -	\$ 16 825	\$ -	\$ 1 541 903	\$ 20	\$ 19 851	\$ (4 699)	\$ 1 557 075
Liabilities and Net Assets																	
Current liabilities																	
Long-term debt current portion	\$ 19 848	\$ -	\$ -	\$ -	\$ -	\$ 19 848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19 848	\$ -	\$ -	\$ -	\$ 19 848
Capital lease obligations current portion	904	-	-	-	-	904	-	-	-	-	-	-	904	-	-	-	904
Accounts payable and accrued expenses	66 098	16	625	322	-	67 061	606	121	23	23	773	-	67 834	90	1 424	-	69 348
Accrued salaries and leave payable	39 529	-	69	39	-	39 637	11	-	-	-	11	-	39 648	-	16	-	39 664
Estimated third-party payor settlements	55 166	-	496	-	(142)	55 520	-	-	273	101	374	-	55 894	603	-	-	56 497
Total current liabilities	181 545	16	1 190	361	(142)	182 970	617	121	296	124	1 158	-	184 128	693	1 440	-	186 261
Long-term liabilities																	
Long-term debt noncurrent portion	467 651	-	-	-	-	467 651	-	-	-	-	-	-	467 651	-	-	-	467 651
Capital lease obligations noncurrent portion	542	-	-	-	-	542	-	-	-	-	-	-	542	-	-	-	542
Due to affiliates net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 699	(4 699)	-
Other liabilities	87 202	-	50	26	-	87 278	21	-	-	-	21	-	87 299	-	-	-	87 299
Total long-term liabilities	555 395	-	50	26	-	555 471	21	-	-	-	21	-	555 492	-	4 699	(4 699)	555 492
Total liabilities	736 940	16	1 240	387	(142)	738 441	638	121	296	124	1 179	-	739 620	693	6 139	(4 699)	741 753
Net assets																	
Invested in capital assets net of related debt	207 861	1 667	8 608	2 177	-	220 313	163	13 914	-	-	14 077	-	234 390	-	-	-	234 390
Restricted																	
Nonexpendable	97	-	-	-	-	97	-	-	-	-	-	-	97	-	-	-	97
Expendable	8 476	-	-	-	-	8 476	-	-	-	-	-	-	8 476	-	274	-	8 750
Unrestricted	544 554	(16)	7 600	5 613	-	557 751	2 109	(120)	(296)	(124)	1 569	-	559 320	(673)	13 438	-	572 085
Total net assets	760 988	1 651	16 208	7 790	-	786 637	2 272	13 794	(296)	(124)	15 646	-	802 283	(673)	13 712	-	815 322
Total liabilities and net assets	\$ 1 497 928	\$ 1 667	\$ 17 448	\$ 8 177	\$ (142)	\$ 1 525 078	\$ 2 910	\$ 13 915	\$ -	\$ -	\$ 16 825	\$ -	\$ 1 541 903	\$ 20	\$ 19 851	\$ (4 699)	\$ 1 557 075

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Consolidating Basic Statements of Net Assets

June 30, 2011

(in thousands of dollars)

	Shands UF	Shands AGH	Shands Vista	Shands Rehab Hospital	Eliminations	Total Alachua County Hospital Group	Shands Home Care	Property Management	Shands Starke	Shands Live Oak	Subtotal Other	Eliminations	Total Obligated Group	Shands at Lake Shore	Other	Eliminations	Consolidated Total
Assets																	
Current assets																	
Cash and cash equivalents	\$ 14 093	\$ -	\$ 1	\$ -	\$ -	\$ 14 094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14 094	\$ -	\$ 3 700	\$ -	\$ 17 794
Short-term investments	108 929	-	-	-	-	108 929	-	-	-	-	-	-	108 929	-	13	-	108 942
Patient accounts receivable net	104 572	-	4 217	2 318	-	111 107	1 044	-	-	-	1 044	-	112 151	193	-	-	112 344
Inventories	13 001	-	-	-	-	13 001	-	-	-	-	-	-	13 001	-	-	-	13 001
Prepaid expenses and other current assets	36 499	4	717	568	(498)	37 290	596	6	-	-	602	-	37 892	37	380	-	38 309
Assets whose use is restricted current portion	20 311	-	-	-	-	20 311	-	-	-	-	-	-	20 311	-	-	-	20 311
Total current assets	297 405	4	4 935	2 886	(498)	304 732	1 640	6	-	-	1 646	-	306 378	230	4 093	-	310 701
Assets whose use is restricted less current portion	201 814	-	-	-	-	201 814	-	-	-	-	-	-	201 814	-	-	-	201 814
Capital assets net	704 082	1 666	8 106	2 344	-	716 198	215	14 530	-	-	14 745	-	730 943	-	1 525	-	732 468
Due from affiliates net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 003	(3 003)	-
Other assets	177 629	-	3 250	2 490	-	183 369	981	-	-	-	981	-	184 350	-	13 246	-	197 596
Total assets	\$ 1 380 930	\$ 1 670	\$ 16 291	\$ 7 720	\$ (498)	\$ 1 406 113	\$ 2 836	\$ 14 536	\$ -	\$ -	\$ 17 372	\$ -	\$ 1 423 485	\$ 230	\$ 21 867	\$ (3 003)	\$ 1 442 579
Liabilities and Net Assets																	
Current liabilities																	
Long-term debt current portion	\$ 20 834	\$ -	\$ -	\$ -	\$ -	\$ 20 834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20 834	\$ -	\$ -	\$ -	\$ 20 834
Capital lease obligations current portion	873	-	-	-	-	873	-	-	-	-	-	-	873	-	-	-	873
Accounts payable and accrued expenses	54 782	26	532	319	-	55 659	665	98	138	112	1 013	-	56 672	283	1 322	-	58 277
Accrued salaries and leave payable	49 737	-	69	39	-	49 845	11	-	-	-	11	-	49 856	-	26	-	49 882
Estimated third-party payor settlements	62 278	1 062	417	-	(498)	63 259	-	-	410	250	660	-	63 919	877	-	-	64 796
Total current liabilities	188 504	1 088	1 018	358	(498)	190 470	676	98	548	362	1 684	-	192 154	1 160	1 348	-	194 662
Long-term liabilities																	
Long-term debt noncurrent portion	477 839	-	-	-	-	477 839	-	-	-	-	-	-	477 839	-	-	-	477 839
Capital lease obligations noncurrent portion	1 447	-	-	-	-	1 447	-	-	-	-	-	-	1 447	-	-	-	1 447
Due to affiliates net	2 696	-	-	-	-	2 696	-	-	-	-	-	-	2 696	-	307	(3 003)	-
Other liabilities	37 583	-	39	21	-	37 643	17	-	-	-	17	-	37 660	-	-	-	37 660
Total long-term liabilities	519 565	-	39	21	-	519 625	17	-	-	-	17	-	519 642	-	307	(3 003)	516 946
Total liabilities	708 069	1 088	1 057	379	(498)	710 095	693	98	548	362	1 701	-	711 796	1 160	1 655	(3 003)	711 608
Net assets																	
Invested in capital assets net of related debt	207 074	1 667	8 106	2 344	-	219 191	215	14 530	-	-	14 745	-	233 936	-	-	-	233 936
Restricted																	
Nonexpendable	97	-	-	-	-	97	-	-	-	-	-	-	97	-	-	-	97
Expendable	5 518	-	-	-	-	5 518	-	-	-	-	-	-	5 518	-	166	-	5 684
Unrestricted	460 172	(1 085)	7 128	4 997	-	471 212	1 928	(92)	(548)	(362)	926	-	472 138	(930)	20 046	-	491 254
Total net assets	672 861	582	15 234	7 341	-	696 018	2 143	14 438	(548)	(362)	15 671	-	711 689	(930)	20 212	-	730 971
Total liabilities and net assets	\$ 1 380 930	\$ 1 670	\$ 16 291	\$ 7 720	\$ (498)	\$ 1 406 113	\$ 2 836	\$ 14 536	\$ -	\$ -	\$ 17 372	\$ -	\$ 1 423 485	\$ 230	\$ 21 867	\$ (3 003)	\$ 1 442 579

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Consolidating Basic Statements of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2012

(in thousands of dollars)

	Shands UF	Shands AGH	Shands Vista	Shands Rehab Hospital	Eliminations	Total Alachua County Hospital Group	Shands Home Care	Property Management	Shands Starke	Shands Live Oak	Subtotal Other	Eliminations	Total Obligated Group	Shands at Lake Shore	Other	Eliminations	Consolidated Total
Operating revenues																	
Net patient service revenue, net of provision for bad debts of \$97,310	\$ 1,009,353	\$ 1,040	\$ 25,969	\$ 17,593	\$ (429)	\$ 1,053,526	\$ 6,674	\$	\$ 231	\$ (9)	\$ 6,896	\$	\$ 1,060,422	\$ 146	\$	\$	\$ 1,060,568
Other operating revenue	22,169		188			22,357		1,749		3	1,752	(966)	23,143		2,702	(247)	25,598
Total operating revenues	1,031,522	1,040	26,157	17,593	(429)	1,075,883	6,674	1,749	231	(6)	8,648	(966)	1,083,565	146	2,702	(247)	1,086,166
Operating expenses																	
Salaries and benefits	447,121	(24)	15,256	10,329	1,082	473,764	4,989		(2)	(1)	4,986		478,750	33	1,034		479,817
Supplies and services	426,924	(130)	6,210	4,178	(1,511)	435,671	1,527	1,432	224	205	3,388	(966)	438,093	234	1,595	(247)	439,675
Depreciation and amortization	50,911		525	251		51,687	53	611			664		52,351				52,351
Total operating expenses	924,956	(154)	21,991	14,758	(429)	961,122	6,569	2,043	222	204	9,038	(966)	969,194	267	2,629	(247)	971,843
Operating income (loss)	106,566	1,194	4,166	2,835		114,761	105	(294)	9	(210)	(390)		114,371	(121)	73		114,323
Nonoperating revenues (expenses)																	
State appropriations	4,000					4,000							4,000				4,000
Interest expense	(15,999)					(15,999)							(15,999)				(15,999)
Net investment income, including change in fair value	11,536					11,536							11,536		68		11,604
Gain (loss) on disposal of capital assets, net	555					555							555				555
Other nonoperating revenues (expenses)	6,420	2	105			6,527		166			166		6,693		(760)		5,933
Total nonoperating revenues (expenses), net	6,512	2	105			6,619		166			166		6,785		(692)		6,093
Excess (deficit) of revenues over expenses before transfers, capital contributions, changes in fair value of hedging derivative instruments, and other changes in net assets	\$ 113,078	\$ 1,196	\$ 4,271	\$ 2,835	\$	\$ 121,380	\$ 105	\$ (128)	\$ 9	\$ (210)	\$ (224)	\$	\$ 121,156	\$ (121)	\$ (619)	\$	\$ 120,416

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Consolidating Basic Statements of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2012

(in thousands of dollars)

	Shands UF	Shands AGH	Shands Vista	Shands Rehab Hospital	Eliminations	Total Alachua County Hospital Group	Shands Home Care	Property Management	Shands Starke	Shands Live Oak	Subtotal Other	Eliminations	Total Obligated Group	Shands at Lake Shore	Other	Eliminations	Consolidated Total
Excess (deficit) of revenues over expenses before transfers capital contributions changes in fair value of hedging derivative instruments and other changes in net assets	\$ 113 078	\$ 1 196	\$ 4 271	\$ 2 835	\$ -	\$121 380	\$ 105	\$ (128)	\$ 9	\$ (210)	\$ (224)	\$ -	\$ 121 156	\$ (121)	\$ (619)	\$ -	\$ 120 416
Capital contributions	1 612	-	-	-	-	1 612	-	-	-	-	-	-	1 612	-	-	-	1 612
Transfers and expenditures in support of the University of Florida and its medical programs	(40 744)	-	-	-	-	(40 744)	-	-	-	-	-	-	(40 744)	-	-	-	(40 744)
Transfer of net assets in association with consolidation and support of other operations and divisions of Shands	11 222	(127)	(3 297)	(2 386)	-	5 412	24	(516)	243	448	199	-	5 611	378	(5 989)	-	-
Other changes in net assets	2 959	-	-	-	-	2 959	-	-	-	-	-	-	2 959	-	108	-	3 067
Increase (decrease) in net assets	88 127	1 069	974	449	-	90 619	129	(644)	252	238	(25)	-	90 594	257	(6 500)	-	84 351
Net assets																	
Beginning of year	672 861	582	15 234	7 341	-	696 018	2 143	14 438	(548)	(362)	15 671	-	711 689	(930)	20 212	-	730 971
End of year	<u>\$ 760 988</u>	<u>\$ 1 651</u>	<u>\$ 16 208</u>	<u>\$ 7 790</u>	<u>\$ -</u>	<u>\$786 637</u>	<u>\$ 2 272</u>	<u>\$ 13 794</u>	<u>\$ (296)</u>	<u>\$ (124)</u>	<u>\$ 15 646</u>	<u>\$ -</u>	<u>\$ 802 283</u>	<u>\$ (673)</u>	<u>\$ 13 712</u>	<u>\$ -</u>	<u>\$ 815 322</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Consolidating Basic Statements of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2011

(in thousands of dollars)

	Shands UF	Shands AGH	Shands Vista	Shands Rehab Hospital	Eliminations	Total Alachua County Hospital Group	Shands Home Care	Property Management	Shands Starke	Shands Live Oak	Subtotal Other	Eliminations	Total Obligated Group	Shands at Lake Shore	Other	Eliminations	Consolidated Total
Operating revenues																	
Net patient service revenue, net of provision for bad debts of \$85,176	\$ 912,868	\$ 1,592	\$ 22,319	\$ 15,918	\$ (393)	\$ 952,304	\$ 6,975	\$	\$ 46	\$ 233	\$ 7,254	\$	\$ 959,558	\$ 786	\$	\$	\$ 960,344
Other operating revenue	14,182		71	21		14,274		1,713	8	6	1,727	(993)	15,008	5	2,615	(245)	17,383
Total operating revenues	927,050	1,592	22,390	15,939	(393)	966,578	6,975	1,713	54	239	8,981	(993)	974,566	791	2,615	(245)	977,727
Operating expenses																	
Salaries and benefits	432,138		13,856	9,481	956	456,431	5,210		29	55	5,294		461,725	1	1,013		462,739
Supplies and services	408,406	1,284	5,377	3,585	(1,349)	417,303	1,492	1,387	656	541	4,076	(993)	420,386	1,810	1,923	(245)	423,874
Depreciation and amortization	50,433		566	268		51,267	52	629			681		51,948				51,948
Total operating expenses	890,977	1,284	19,799	13,334	(393)	925,001	6,754	2,016	685	596	10,051	(993)	934,059	1,811	2,936	(245)	938,561
Operating income (loss)	36,073	308	2,591	2,605		41,577	221	(303)	(631)	(357)	(1,070)		40,507	(1,020)	(321)		39,166
Nonoperating revenues (expenses)																	
State appropriations	7,500					7,500							7,500				7,500
Interest expense	(16,860)					(16,860)							(16,860)				(16,860)
Net investment income, including change in fair value	37,009	3				37,012							37,012		39		37,051
Gain (loss) on disposal of capital assets, net	(676)	10				(666)	(4)	(5)	306	78	375		(291)	4,327	1		4,037
Other nonoperating revenues	5,734		59			5,793			(7)	3	(4)		5,789		(1,685)		4,104
Total nonoperating revenues, net	32,707	13	59			32,779	(4)	(5)	299	81	371		33,150	4,327	(1,645)		35,832
Excess (deficit) of revenues over expenses before transfers, capital contributions, changes in fair value of hedging derivative instruments, and other changes in net assets	\$ 68,780	\$ 321	\$ 2,650	\$ 2,605	\$	\$ 74,356	\$ 217	\$ (308)	\$ (332)	\$ (276)	\$ (699)	\$	\$ 73,657	\$ 3,307	\$ (1,966)	\$	\$ 74,998

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Consolidating Basic Statements of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2011

(in thousands of dollars)

	Shands UF	Shands AGH	Shands Vista	Shands Rehab Hospital	Eliminations	Total Alachua County Hospital Group	Shands Home Care	Property Management	Shands Starke	Shands Live Oak	Subtotal Other	Eliminations	Total Obligated Group	Shands at Lake Shore	Other	Eliminations	Consolidated Total
Excess (deficit) of revenues over expenses before transfers capital contributions changes in fair value of hedging derivative instruments and other changes in net assets	\$ 68 780	\$ 321	\$ 2 650	\$ 2 605	\$ -	\$ 74 356	\$ 217	\$ (308)	\$ (332)	\$ (276)	\$ (699)	\$ -	\$ 73 657	\$ 3 307	\$ (1 966)	\$ -	\$ 74 998
Capital contributions	674	-	-	-	-	674	-	-	-	-	-	-	674	-	-	-	674
Transfers and expenditures in support of the University of Florida and its medical programs	(37 675)	-	-	-	-	(37 675)	-	-	-	-	-	-	(37 675)	-	-	-	(37 675)
Change in accounting treatment of effective derivative instruments and change in fair value of hedging derivative instruments	39 649	-	-	-	-	39 649	-	-	-	-	-	-	39 649	-	-	-	39 649
Transfer of net assets in association with consolidation and support of other operations and divisions of Shands	(67 722)	2 844	46 068	23 779	-	4 969	2 335	10 321	(14 537)	(5 937)	(7 818)	-	(2 849)	(12 159)	15 008	-	-
Shands Jacksonville note receivable	42 276	-	-	-	-	42 276	-	-	-	-	-	-	42 276	-	-	-	42 276
Other changes in net assets	1 728	-	-	-	-	1 728	-	-	(99)	-	(99)	-	1 629	-	85	-	1 714
Increase (decrease) in net assets	47 710	3 165	48 718	26 384	-	125 977	2 552	10 013	(14 968)	(6 213)	(8 616)	-	117 361	(8 852)	13 127	-	121 636
Net assets																	
Beginning of year	625 151	(2 583)	(33 484)	(19 043)	-	570 041	(409)	4 425	14 420	5 851	24 287	-	594 328	7 922	7 085	-	609 335
End of year	<u>\$ 672 861</u>	<u>\$ 582</u>	<u>\$ 15 234</u>	<u>\$ 7 341</u>	<u>\$ -</u>	<u>\$ 696 018</u>	<u>\$ 2 143</u>	<u>\$ 14 438</u>	<u>\$ (548)</u>	<u>\$ (362)</u>	<u>\$ 15 671</u>	<u>\$ -</u>	<u>\$ 711 689</u>	<u>\$ (930)</u>	<u>\$ 20 212</u>	<u>\$ -</u>	<u>\$ 730 971</u>

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA#	Pass-Through Entity Identification Number	Federal Expenditures
U.S. Department of Health and Human Services:			
<i>Pass-Through the University of Florida</i>			
Research and Development Cluster:			
National Center for Advancing Translational Sciences	93 350	UL1 TR000064 / UF12160	\$ 517,952
National Center for Research Resources	93 389	UL1 RR029890 / UF11091	1,592,392
Total Research and Development Cluster			<u>2,110,344</u>
<i>Pass-Through the Mid-Florida Area Agency on Aging, Inc and Department of Elder Affairs</i>			
Low Income Home Energy Assistance	93 568	EA-10-ALA	4,652
Low Income Home Energy Assistance	93 568	EA-11-ALA	86,872
Subtotal 93 568			<u>91,524</u>
Aging Cluster:			
Title III-B Grants for Supportive Services and Senior Centers	93 044	OAA-11-ALA	58,118
Title III-B Grants for Supportive Services and Senior Centers	93 044	OAA-12-ALA	55,172
Subtotal 93 044			<u>113,290</u>
Title III-C-1 Nutrition Services	93 045	OAA-11-ALA	69,183
Title III-C-1 Nutrition Services	93 045	OAA-12-ALA	84,059
Title III-C-2 Nutrition Services	93 045	OAA-11-ALA	77,584
Title III-C-2 Nutrition Services	93 045	OAA-12-ALA	76,179
Subtotal 93 045			<u>307,005</u>
Nutrition Services Incentive Program	93 053	NSIP-10-ALA	14,765
Nutrition Services Incentive Program	93 053	NSIP-11-ALA	31,477
Subtotal 93 053			<u>46,242</u>
Total Aging Cluster			<u>466,537</u>
Title IV and Title II Discretionary Projects (ARRA)	93 048	CLP-11-ALA	8,830
Title IV and Title II Discretionary Projects (ARRA)	93 048	CLP-12-ALA	5,297
Subtotal 93 048			<u>14,127</u>
Title III-E National Family Caregiver Support	93 052	IIIE-11-ALA	21,996
Title III-E National Family Caregiver Support	93 052	IIIE-12-ALA	26,420
Subtotal 93 052			<u>48,416</u>
Total U.S. Department of Health and Human Services			<u>2,730,948</u>

The accompanying note is an integral part of this Schedule of Expenditures of Federal Awards

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA#	Pass-Through Entity Identification Number	Federal Expenditures
National Endowment for the Arts:			
<i>Pass-Through the State of Florida</i>			
Promotion of the Arts-Partnership Agreements	45 025	12-8501/10-6100-2011	<u>24,469</u>
Total National Endowment for the Arts			<u>24,469</u>
U.S. Department of Housing and Urban Development:			
<i>Pass-Through the City of Gainesville</i>			
Community Development Block Grants/Entitlement Grants	14 218	N/A	17,741
Community Development Block Grants/Entitlement Grants	14 218	N/A	<u>8,750</u>
Total U.S. Department of Housing and Urban Development			<u>26,491</u>
U.S. Department of Justice			
<i>Pass-Through the University of Florida</i>			
Legal Assistance for Victims	16 524	2009-WL-AX-0006/UF10169	<u>2,753</u>
Total U.S. Department of Justice			<u>2,753</u>
Total Expenditures of Federal Awards			<u>\$ 2,784,661</u>

The accompanying note is an integral part of this Schedule of Expenditures of Federal Awards

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Schedule of State Financial Assistance
Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program or Cluster Title	CSFA#	Contract Identification Number	Award Amount	Grant Period	State Expenditures
State of Florida, Department of Health:					
Trauma Center Financial Support	64 075	TRA-16	\$ 611,102	7/1/11-6/30/12	<u>\$ 611,102</u>
<i>Pass-Through the University of Florida</i>					
Children's Medical Services					
Comprehensive Cardiac Program	N/A	COQQY/UF010024	136,368	7/1/09-6/30/12	45,456
Children's Medical Services Consolidated Contract - Hematology	N/A	COQSM/UF10258	72,186	10/1/10-6/30/12	37,880
Regional Genetics Program	N/A	COQSR/UF11084	100,681	7/1/10-6/30/12	67,121
			<u>309,235</u>		<u>150,457</u>
Total State of Florida, Department of Health			<u>920,337</u>		<u>761,559</u>
State of Florida, Department of State					
Cultural and Museum Grants/Culture Builds Florida	45 058	12 5 0033	25,000	7/1/11-6/30/12	25,000
Total State of Florida, Department of State			<u>25,000</u>		<u>25,000</u>
State of Florida, Department of Elder Affairs:					
<i>Pass-Through Mid-Florida Area Agency on Aging, Inc and Department of Elder Affairs</i>					
Home Care for the Elderly	65 001	HCE-11-ALA	5,100	7/1/11-6/30/12	5,100
Alzheimer's Disease Initiative - Model Day Care	65 002	ADI-11-ALA-MDC	113,355	7/1/11-6/30/12	113,355
Alzheimer's Disease Initiative - In-Home Respite	65 004	ADI-11-ALA	46,687	7/1/11-6/30/12	46,687
Local Service Program - Expended Adult Day Care	65 009	LSP-11-ALA	25,549	7/1/11-6/30/12	25,549
Community Care for the Elderly	65 010	CCE-11-ALA	310,907	7/1/11-6/30/12	310,904
Total State of Florida, Department of Elder Affairs			<u>501,598</u>		<u>501,595</u>
Total Expenditures of State Financial Assistance			<u>\$1,446,935</u>		<u>\$ 1,288,154</u>

The accompanying note is an integral part of this Schedule of State Financial Assistance

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Note to Schedule of Expenditures of Federal Awards and Schedule of State
Financial Assistance
Year Ended June 30, 2012

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance (the "Schedules") include the federal and state grant activity of Shands Teaching Hospital and Clinics, Inc. and Subsidiaries ("Shands"), and are presented on the accrual basis of accounting.

The information on these Schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10 550, *Rules of the Auditor General*. Because the Schedules present only a selected portion of the operations of Shands, they are not intended to and do not present the financial position, changes in net assets, or cash flows of Shands. The purpose of the Schedules is to present a summary of those activities of Shands for the year ended June 30, 2012, which have been financed by the federal and state of Florida governments. For purposes of the Schedules, federal awards and state financial assistance include any assistance provided by a federal or state agency directly or indirectly in the form of grants and contracts.

Direct and indirect costs are charged to awards in accordance with cost principles contained in the Department of Health and Human Services, Office of the Assistant Secretary Comptroller ("OASC"), OASC-3, *A Guide for Hospitals*. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.



**Report of Independent Certified Public Accountants 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
Shands Teaching Hospital and Clinics, Inc and Subsidiaries

We have audited the consolidated basic financial statements of Shands Teaching Hospital and Clinics, Inc and Subsidiaries ("Shands") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 26, 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 Shands' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shands' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Shands' 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 misstatements 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 Shands' consolidated basic 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*.

We noted certain matters that we reported to management of Shands in a separate letter dated September 26, 2012.

This report is intended solely for the information and use of Shands' management, the Board of Directors, the Audit Committee, others within the entity, the state of Florida, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read 'PricewaterhouseCoopers 22P'.

September 26, 2012



**Report of Independent Certified Public Accountants on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Federal Program and State
Financial Assistance Program and on Internal Control Over Compliance in Accordance with
OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General***

To the Board of Directors of
Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Compliance

We have audited the compliance of Shands Teaching Hospital and Clinics, Inc. and Subsidiaries ("Shands") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012. Shands' major federal and state 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 federal and state programs is the responsibility of Shands' management. Our responsibility is to express an opinion on Shands' 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, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* 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 or state program occurred. An audit includes examining, on a test basis, evidence about Shands' 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 Shands' compliance with those requirements.

In our opinion, Shands complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.



Internal Control Over Compliance

Management of Shands is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and state financial assistance programs. In planning and performing our audit, we considered Shands' internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state program in order to determine the 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 and Chapter 10 550, *Rules of the Auditor General*, 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 Shands' 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 or state 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 or state 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 over compliance 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 Shands' management, the Board of Directors, the Audit Committee, others within the entity, the state of Florida, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, which appears to read 'PricewaterhouseCoopers 22P'.

October 10, 2012

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified	
Internal control over financial reporting		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards and State Financial Assistance

Internal control over major programs and state assistance		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditor's report issued on compliance for major programs and state assistance	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 or Chapter 10 550, <i>Rules of the Auditor General</i> ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
--	------------------------------	--

Identification of major programs and state assistance

Federal Awards:

CFDA Number

93 389
93 350

Name of Federal Program or Cluster

National Center for Research Resources
National Center for Advancing Translational Sciences

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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State Financial Assistance:

CSFA Number

64 075
65 002

Name of State Financial Assistance Project

Trauma Center Financial Support
Alzheimer's Disease Initiative - Model Day Care

Dollar threshold used to distinguish Type A and Type B programs	\$300,000
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Auditee qualified as low-risk pursuant to the Single Audit Act of the State of Florida?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section II: *Financial Statement Findings*

None noted

Section III: *Major Federal Awards Programs and State Financial Assistance Projects Findings and Questioned Costs*

None noted

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2012

Finding 2011-1: Purchases and Payables Cycle - Significant Deficiency

Testing was performed over key controls in the purchases and payables cycle. Four key controls were deemed to have not been operating effectively during the year, as follows:

- AP 1 0 – Express checks supporting documentation is appropriately reviewed
- AP 1 3 – Check requests submitted timely after the expense is incurred
- AP 3 1 – Purchasing card statements are reconciled to the appropriate receipt documentation on a monthly basis
- AP 6 0 – Segregation of duties prevents personnel from making unauthorized purchases

Three of the controls related to appropriate supporting documentation for check requests, and included review of the processes over manual checks and purchasing card reimbursements. It was also noted that Shands lacks appropriate segregation of duties over initiation of purchase orders and receiving of goods. There is a compensating control in place to review instances where an employee has both initiated a purchase order and received the goods on that purchase order, however, the compensating control was also found to not be operating effectively. Additionally, an adjustment to increase accounts payable by approximately \$1,231,000 was recorded in the consolidated basic financial statements as a result of testing performed over payments made subsequent to June 30, 2011.

When aggregated, these control failures and the adjustments to the consolidated basic financial statements indicate a significant deficiency in the purchases and payables cycle. A lack of effective segregation of duties over purchasing combined with inadequate support for payables could result in a material misstatement of the consolidated basic financial statements or provide the opportunity for employees to perpetrate fraud.

Our external auditors recommended that management strengthen its current controls over the purchases and payables cycle and review current segregation of duties over purchasing and receiving and enforce existing control procedures over requests for payment.

Status

All but one of the identified control failures noted for the year ended June 30, 2011 were remediated during the year ended June 30, 2012. Management worked to ensure that reviews were performed timely by the appropriate personnel and that segregation of duties controls were strengthened to eliminate the control failures noted in the prior year. Management continues to enhance its control activities to ensure organizational goals are achieved. Additionally, management performed a detailed review of disbursements after June 30, 2012 to ensure there were no material misstatements of liabilities as of June 30, 2012.

**Shands Teaching Hospital and
Clinics, Inc.
and Subsidiaries**

**Letter of Comments and Recommendations
June 30, 2012**



Board of Directors of
Shands Teaching Hospital and Clinics, Inc and Subsidiaries
Gainesville, Florida

September 26, 2012

Members of the Board of Directors

We have audited the consolidated basic financial statements of Shands Teaching Hospital and Clinics, Inc and Subsidiaries ("Shands"), as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated September 26, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated basic financial statements are free of material misstatement.

In planning and performing our audit of the consolidated basic financial statements of Shands as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we consider its 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 Shands' internal control over financial reporting. Accordingly, we do not express an opinion on Shands' internal control over financial reporting.

Our consideration of internal control over financial reporting is for the limited purpose described in the preceding paragraph and is not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, of the AICPA Professional Standards includes the following definitions of a deficiency, a significant deficiency and a material weakness:

Deficiency—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 misstatements on a timely basis.

Significant Deficiency—a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weakness—a deficiency, or 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.

We are providing you with the deficiencies identified during our audit procedures to date for your review.



Board of Directors of
Shands Teaching Hospital and Clinics, Inc and Subsidiaries
September 26, 2012

Additionally, our audit was conducted in accordance with Chapter 10 550, Rules of the Auditor General, which governs the conduct of local government entity audits performed in the State of Florida and requires that the "Letter of Comments and Recommendations" address the following matters

- The Rules of the Auditor General (Section 10 554(1)(i)1), require that we comment as to whether or not corrective actions have been taken to address recommendations made in the preceding annual financial audit report. The current status of comments reported in fiscal year 2011 is included in the status of prior year's recommendations section of the attachment.
- As required by the Rules of the Auditor General (Section 10 554(1)(i)2), we determined that Shands complied with Section 218 415, Florida Statutes, regarding the investment of public funds.
- The Rules of the Auditor General (Section 10 554(1)(i)3), require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we are submitting for consideration the accompanying recommendations designed to help improve financial management.
- The Rules of the Auditor General (Section 10 554(1)(i)4), require that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- The Rules of the Auditor General (Section 10 554(1)(i)5), require, based on professional judgment, the reporting of the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. We are submitting for consideration the accompanying recommendations designed to help improve internal control and ensure compliance with laws and regulations as required by the Rules of the Auditor General (Section 10 554(1)(i)5).
- The Rules of the Auditor General (Section 10 554(1)(i)6), require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Shands Teaching Hospital was established in 1958 by the University of Florida and leased to Shands Teaching Hospital and Clinics, Inc., a not-for-profit corporation, in 1980. Effective July 1, 2011, Shands was designated an instrumentality of the state under the provision of Chapter 2011-114, Laws of Florida.
- The Rules of the Auditor General (Section 10 554(1)(i)7 a), require a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218 503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Shands did not meet any of the conditions described in Section 218 503(1), Florida Statutes.



Board of Directors of
Shands Teaching Hospital and Clinics, Inc and Subsidiaries
September 26, 2012

- Section 10 554(1)(i)7 b , Rules of the Auditor General, requires that we determine whether the annual financial report for Shands for the fiscal year ended June 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218 32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended June 30, 2012 In connection with our audit, we determined that these two reports were in agreement
- As required by the Rules of the Auditor General (Sections 10 554(1)(i)7 c and 10 556(7)), we applied financial condition assessment procedures It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same In connection with our audit, our procedures did not disclose deteriorating financial conditions as defined in the aforementioned section

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Directors of Shands and management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties

Yours very truly,

Priscilla L. Cooper 22P

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Letter of Comments and Recommendations
June 30, 2012

	Page(s)
I. Recent Accounting Pronouncements	
1 Governmental Accounting Standards Board ("GASB") Statement No 65, <i>Items Previously Reported as Assets and Liabilities</i>	1
2 GASB Statement No 66, <i>Technical Corrections – 2012, an Amendment of GASB Statements No 10 and No 62</i>	1-2
3 GASB Statement No 68, <i>Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No 27</i>	2
II. Status of Prior Year's Recommendations	3

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries
Letter of Comments and Recommendations
June 30, 2012

I. Recent Accounting Pronouncements

1. Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"). GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations, and limits the use of the term deferred in the financial statements.

The provisions of GASB No. 65 are effective for financial statements for periods beginning after December 15, 2012. Shands is currently evaluating the impact GASB No. 65 will have on its consolidated basic financial statements.

Management's Response:

We will work with our external auditors to assess the impact of this pronouncement to identify any impact that it may have on our consolidated basic financial statements.

2. GASB Statement No. 66, *Technical Corrections – 2012, an Amendment of GASB Statements No. 10 and No. 62*

In March 2012, the GASB issued GASB Statement No. 66, *Technical Corrections - 2012, an Amendment of GASB Statements No. 10 and No. 62* ("GASB No. 66"). The objective of GASB No. 66 is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB No. 66 amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in GASB Statement No. 54 and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

GASB No. 66 also amends GASB Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Letter of Comments and Recommendations

June 30, 2012

The provisions of GASB No. 66 are effective for financial statements for periods beginning after December 15, 2012. Shands is currently evaluating the impact GASB No. 66 will have on its consolidated basic financial statements.

Management's Response:

We will work with our external auditors to assess the impact of this pronouncement to identify any impact that it may have on our consolidated basic financial statements.

3. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* ("GASB No. 68"). The primary objective of GASB No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB No. 68 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. GASB No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, GASB No. 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. In addition, GASB No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

GASB No. 68 is effective for fiscal years beginning after June 15, 2014. Shands is currently evaluating the impact GASB No. 68 will have on its consolidated basic financial statements.

Management's Response:

We will work with our external auditors to assess the impact of this pronouncement to identify any impact that it may have on our consolidated basic financial statements.

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

Letter of Comments and Recommendations

June 30, 2012

II. Status of Prior Year's Recommendations

In connection with an audit of Shands' June 30, 2011 consolidated basic financial statements, we made certain comments and recommendations, which have been reviewed in order to determine the status of implementation. A summary of the status of prior year's recommendations is as follows:

Recommendations	Status
Recent Accounting Pronouncements	
<ul style="list-style-type: none">GASB Statement No. 63, <i>Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position</i>	Shands is required to adopt GASB No. 63 for the year ended June 30, 2013.
<ul style="list-style-type: none">GASB Statement No. 64, <i>Derivative Instruments' Application of Hedge Accounting Termination Provisions</i>	The adoption of GASB No. 64 did not have a significant impact on Shands' consolidated basic financial statements.
Business Recommendations	
<ul style="list-style-type: none">Actuarial Review of Medical Claims Liability	The reserve for medical claims liability for the year ended June 30, 2012 was appropriately stated.
<ul style="list-style-type: none">Purchases and Payables Cycle	Many of the control failures noted for the year ended June 30, 2011 were remediated during the year ended June 30, 2012. Additionally, there were no material misstatements noted in the purchases and payables cycle for the year ended June 30, 2012.

Additional Data

Software ID: 11000230

Software Version: v2011.1.0

EIN: 59-1943502

Name: SHANDS TEACHING HOSPITAL AND CLINICS INC

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			
DAVID GUZICK President	2 00	X		X				0	875,947	0
J BERNARD MACHEN Chairman	2 00	X		X				0	853,714	0
TIMOTHY M GOLDFARB CEO	37 00	X		X				1,896,564	0	48,332
CAROLYN K ROBERTS Director	2 00	X						0	0	0
DANNY PONCE Director	2 00	X						0	0	0
DAVIS M REMBERT JR Director	2 00	X						0	0	0
F KAYSER ENNEKING Director	2 00	X						0	476,254	0
JOAN D RUFFIER Director	2 00	X						0	0	0
JOSEPH TYNDALL Director	2 00	X						0	374,989	0
KEVIN BEHRNS Director	2 00	X						0	667,862	0
MATTHEW FAJACK Director	2 00	X						0	252,916	0
MICHAEL GOOD Director	2 00	X						0	658,710	0
PAUL OKUNIEFF Director	2 00	X						0	762,367	0
ROLAND C DANIELS Director	2 00	X						0	0	0
STEPHEN SHEY Director	2 00	X						0	0	0
TERESA DOLAN Director	2 00	X						0	327,475	0
JAMES ROBERTS Secretary	33 00			X				815,591	0	34,882
WILLIAM J ROBINSON Treasurer	40 00			X				782,570	0	34,491
BRADLEY POLLITT VP Facilities Development	40 00				X			247,860	0	22,241
EDWARD JIMENEZ COO	40 00				X			683,231	0	40,940
IRENE ALEXAITIS VP Nursing Shands UF	40 00				X			283,019	0	29,862
JANET CHRISTIE Sr VP Human Resources	40 00				X			404,473	0	26,032
MARVIN DEWAR UFP CEO/COM Sr Assoc Dean	40 00				X			470,731	0	22,475
MICHAEL LAWTON VP Managed Care & Network Dev	40 00				X			326,302	0	27,652
SCOTT HAWIG VP Finance	40 00				X			299,068	0	26,780

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			
ANTHONY CARVALHO Pres FL Stat Tch Hosp Coun	40 00					X		442,631	0	28,894
JAMES BURKHART President & Adm Shands Jax	40 00					X		641,900	0	32,083
KARI LOU CASSEL Sr VP & CIO	40 00					X		355,540	0	25,474
MARINA CECCHINI Adm Shands Rehab/Vista	40 00					X		300,040	0	27,821
MICHAEL GLEASON VP Finance-Jax	40 00					X		352,783	0	27,367