See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

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

C Name of organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 100336

City or town, state or country, and ZIP + 4
GAINESVILLE, FL 32610

D Employer identification number
59-2142859

E Telephone number
(352) 265-7962

G Gross receipts $ 514,172,647

F Name and address of principal officer
RUSSELL ARMISTEAD
PO BOX 100336
GAINESVILLE, FL 32610

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

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

H(c) Group exemption number ▶

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

J Website: ▶ UFANDSHANDSJAX ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1981 | **M** State of legal domicile FL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE MISSION AT SHANDS JACKSONVILLE MEDICAL CENTER, INC IS TO HEAL, TO COMFORT AND TO EDUCATE WE DEDICATE OUR WORK TO IMPROVING LIFE THROUGH INNOVATIONS IN HEALTHCARE OUR COMMITTMENT IS TO PROVIDE CONSTANT ATTENTION TO THE NEEDS OF OUR PATIENTS, COMMUNITY AND EACH OTHER

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
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**	4,506
6	Total number of volunteers (estimate if necessary)	**6**	1,543
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	12,993,347
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-297,185

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	4,117,869	4,023,895
	9 Program service revenue (Part VIII, line 2g)	501,959,566	483,830,758
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	817,853	2,134,695
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	16,629,543	23,481,886
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	523,524,831	513,471,234
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	247,407,706	253,683,791
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶2,135,448		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	281,180,952	286,047,598
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	528,588,658	539,731,389
	19 Revenue less expenses Subtract line 18 from line 12	-5,063,827	-26,260,155

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	435,608,200	443,089,686
	21 Total liabilities (Part X, line 26)	239,143,260	270,805,512
	22 Net assets or fund balances Subtract line 21 from line 20	196,464,940	172,284,174

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2013-05-10 Date

▶ MICHAEL GLEASON VP & TREASURER
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ | EIN ▶ | Phone no ▶

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE MISSION AT SHANDS JACKSONVILLE MEDICAL CENTER, INC IS TO HEAL, TO COMFORT AND TO EDUCATE WE DEDICATE OUR WORK TO IMPROVING LIFE THROUGH INNOVATIONS IN HEALTHCARE OUR COMMITTMENT IS TO PROVIDE CONSTANT ATTENTION TO THE NEEDS OF OUR PATIENTS, COMMUNITY AND EACH OTHER

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 355,740,069 including grants of $) (Revenue $ 486,357,568)

SHANDS JACKSONVILLE MEDICAL CENTER, INC PROVIDES QUALITY HEALTH CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF THE MEDICAL CENTER, IT IS RECOGNIZED THAT MEDICAL SERVICES NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE THESE ESSENTIAL OUR MISSION IS TO SERVE THE COMMUNITY WITH RESPECT BY PROVIDING HEALTH CARE SERVICES AND HEALTH EDUCATION THE FOLLOWING SERVICES AND ACTIVITIES ARE PROVIDED WHERE THE NEED AND A INDIVIDUALS INABILITY TO PAY COEXIST FREE CARE AND/OR SUBSIDIZED CARE, CARE PROVIDED TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT OR BELOW COST AND HEALTH ACTIVITIES AND PROGRAMS TO SUPPORT THE COMMUNITY SHANDS JACKSONVILLE IS A 696 BED NOT-FOR-PROFIT ACADEMIC MEDICAL CENTER AFFILIATED WITH THE UNIVERSITY OF FLORIDA THERE ARE MORE THAN 350 HOSPITAL-BASED AND PRIVATE PRACTICE COMMUNITY DOCTORS THE UNIVERSITY OF FLORIDA HAS OVER 300 FULL TIME RESIDENTS AT SHANDS JACKSONVILLE TWENTY FIVE PERCENT OF THE EDUCATION OF COLLEGE OF MEDICINE STUDENTS TAKES PLACE HERE SHANDS JACKSONVILLE HAS A LEVEL 1 TRAUMA CENTER AND IS HOME TO THE REGIONAL PERINATAL ICU, THE HIGHEST LEVEL OF NEONATAL INTENSIVE CARE OUR PHYSICIANS SPECIALIZE IN HIGH-RISK PREGNANCY AND COMPLEX PEDIATRIC ILLNESSES THE FLORIDA POISON INFORMATION CENTER IS ALSO LOCATED ON CAMPUS, COVERING 42 COUNTIES AND A RESOURCE FOR OVER SIX MILLION RESIDENTS, 151 HEALTH CARE INSTITUTIONS AND 121 EMS (EMERGENCY MEDICAL SERVICES) AGENCIES OVER 12,000 PEOPLE WERE EXPOSED TO THE POISON PREVENTION AND SAFETY AND SAFETY MESSAGES, INCLUDING CHILDREN K THROUGH 12TH GRADES SHANDS JACKSONVILLE TOGETHER WITH THE UNIVERSITY OF FLORIDA HAS DEVELOPED SEVERAL CENTERS OF EXCELLENCE THE CARDIOVASCULAR CENTER, THE NEUROSCIENCE INSTITUTE, THE BONE AND JOINT INSTITUTE AND THE UF CANCER CENTER THESE CENTERS BRING TOGETHER INTERDISCIPLINARY TEAMS USING ALL THE RESOURCES OF THE ACADEMIC MEDICAL CENTER SHANDS JACKSONVILLE IS A LEADER IN PROVIDING BOTH UNIQUE AND ESSENTIAL CLINICAL PROGRAMS AND SERVICES, AS WELL AS IN PROMOTING GOOD HEALTH WITH PREVENTATIVE CARE, SCREENINGS AND HEALTH EDUCATION PROGRAMS THAT REACH RESIDENTS WHERE THEY LIVE AND WORK THE HOSPITAL HOSTED OR PARTICIPATED IN OVER 150 HEALTH FAIRS AND OTHER SPECIAL EVENTS AND PREFORMED BLOOD PRESSURE , HIV, CHOLESTEROL, STROKE ASSESSMENT, PREGNANCY, BLOOD SUGAR AND GLAUCOMA SCREENINGS IN ADDITION, TOTAL NUMBER OF EMPLOYEE VOLUNTEER HOURS DONATED TO THE COMMUNITY EXCEEDED 35,000 SHANDS JACKSONVILLE ALSO HAS AN ACTIVE COMMUNITY AFFAIRS DEPARTMENT COMMITTED TO IMPROVING THE QUALITY OF LIFE THROUGH LEADERSHIP, NETWORKING, COLLABORATION AND EDUCATION THE COMMUNITY AFFAIRS DEPARTMENT SERVES A DEFINED AREA OF JACKSONVILLE'S URBAN CORE THAT REPRESENTS 40 PER CENT OF THE AFRICAN-AMERICAN POPULATION IN JACKSONVILLE

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** ▶ $ 355,740,069

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3	Yes	
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	Yes	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
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		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	283		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	10		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c** Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	4,506		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b** Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a** Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b** Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**	
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the aggregate amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	6		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		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? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6	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?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9	Yes	

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ 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

☐ Own website ☐ Another's website ☑ Upon request

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

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

PATRICIA RAUSCH CONTROLLER
655 WEST 8TH STREET
JACKSONVILLE, FL 32209
(904) 244-8675

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								1,356,062	5,522,817	362,976

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 ▶ 111

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
PROPOCO 220 GERMANTOEN PIKE SUITE 250 PLYMOUTH MEETING, PA 19462	FACILITY MANAGEMENT	6,696,003
COGENT HMG 5410 MARYLAND WAY SUITE 300 BRENTWOOD, TN 37027	PHYSICIAN MANAGEMENT	4,182,076
DIALYSIS CLINIC INC 1633 CHURCH ST NASHVILLE, TN 37203	DIALYSIS SERVICES	2,738,664
CROTHALL LAUNDRY SERVICES 12626 HANCOCK RD CLERMONT, FL 34711	LAUNDRY SERVICES	2,391,401
MORRISON MANAGEMENT SPECIALISTS 5801 PEACHTREE DUNWOODY ROAD ATLANTA, GA 30342	DIETARY MANAGEMENT	2,318,543

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 ▶ 31

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	4,003,604			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	20,291			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		4,023,895			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	622000	483,830,758	483,830,758		
	b						
	c						
	d						
	e						
	f	All other program service revenue		0	0	0	0
	g	**Total.** Add lines 2a–2f		483,830,758			
	3	Investment income (including dividends, interest and other similar amounts)		1,924,861			1,924,861
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	2,316,976 /				
	b	Less rental expenses	/				
	c	Rental income or (loss)	2,316,976 / 0				
	d	Net rental income or (loss)		2,316,976	2,316,976		
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	/ 911,247				
	b	Less cost or other basis and sales expenses	/ 701,413				
	c	Gain or (loss)	0 / 209,834				
	d	Net gain or (loss)		209,834	209,834		
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	OTHER MISC REVENUE	900099	21,164,910		12,993,347	8,171,563
	b						
	c						
	d	All other revenue		0	0	0	0
	e	**Total.** Add lines 11a–11d		21,164,910			
	12	**Total revenue.** See Instructions		513,471,234	486,357,568	12,993,347	10,096,424

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	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
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	2,386,502		2,386,502	
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	191,605,696	155,087,018	36,343,093	175,585
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	9,820,801	8,169,028	1,651,773	
9	Other employee benefits	35,822,385	29,596,555	6,213,181	12,649
10	Payroll taxes	14,048,407	11,498,350	2,550,057	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	2,846,227		2,846,227	
c	Accounting	484,193		484,193	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	36,747,823	33,296,240	3,451,583	
12	Advertising and promotion	0			
13	Office expenses	140,083,557	102,247,622	35,888,721	1,947,214
14	Information technology	9,654,800		9,654,800	
15	Royalties . .	0			
16	Occupancy	30,145,862	15,397,601	14,748,261	
17	Travel	603,604	363,387	240,217	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	151,008	84,268	66,740	
20	Interest	3,409,507		3,409,507	
21	Payments to affiliates	27,436,641		27,436,641	
22	Depreciation, depletion, and amortization	21,684,739		21,684,739	
23	Insurance	6,896,781		6,896,781	
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	ACHA ASSESSMENT	5,843,765		5,843,765	
b	ROUNDING	1		1	
c	LOSS ON DISPOSAL FIXED ASSETS	59,090		59,090	
d					
e					
f	All other expenses	0	0	0	0
25	**Total functional expenses.** Add lines 1 through 24f	539,731,389	355,740,069	181,855,872	2,135,448
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation	0			

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		4,849,218	1	1,046,472
	2	Savings and temporary cash investments		104,545,921	2	90,410,401
	3	Pledges and grants receivable, net		8,486,569	3	6,983,193
	4	Accounts receivable, net		68,423,802	4	65,431,048
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		9,428,984	8	9,016,128
	9	Prepaid expenses and deferred charges		1,316,008	9	1,211,905
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 414,363,642			
	b	Less accumulated depreciation	10b 259,258,677	136,006,360	10c	155,104,965
	11	Investments—publicly traded securities		22,960,254	11	
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		1,940,636	14	1,699,043
	15	Other assets See Part IV, line 11		77,650,448	15	112,186,530
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		435,608,200	16	443,089,686
Liabilities	17	Accounts payable and accrued expenses		93,729,740	17	100,286,588
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		67,233,907	20	66,086,880
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		78,179,613	25	104,432,044
	26	**Total liabilities.** Add lines 17 through 25		239,143,260	26	270,805,512
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		195,149,902	27	170,969,136
	28	Temporarily restricted net assets		1,315,038	28	1,315,038
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		196,464,940	33	172,284,174
	34	Total liabilities and net assets/fund balances		435,608,200	34	443,089,686

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	513,471,234
2	Total expenses (must equal Part IX, column (A), line 25)	2	539,731,389
3	Revenue less expenses Subtract line 2 from line 1	3	-26,260,155
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	196,464,940
5	Other changes in net assets or fund balances (explain in Schedule O)	5	2,079,389
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	172,284,174

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

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 JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

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

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

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

_____

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

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

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

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

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

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

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

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

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

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

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

Section A. Public Support

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

Section B. Total Support

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

12 Gross receipts from related activities, etc (See instructions) **12**

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
SHANDS JACKSONVILLE MEDICAL CENTER INC	59-2142859

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 ▶	$ 954,758
3	Volunteer hours	0

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 ▶	$ 0
2	Enter the amount of any excise tax incurred by organization managers under section 4955 ▶	$ 0
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If "Yes," describe in Part IV	

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶	$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶	$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶	$
4	Did the filing organization file **Form 1120-POL** for this year?	☐ Yes ☐ No

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

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)	954,758	
c Total lobbying expenditures (add lines 1a and 1b)	954,758	0
d Other exempt purpose expenditures	354,785,311	
e Total exempt purpose expenditures (add lines 1c and 1d)	355,740,069	0
f Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	0

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

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? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures		618,495	649,846	954,758	2,223,099
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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

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

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of political campaign activities	Schedule C, Part I-A, Line 1	OTHER LOBBYING ACTIVITIES

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

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 JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

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

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

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

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

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

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

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

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

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

4 Number of states where property subject to conservation easement is located ▶ 1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	19,550,000	18,925,000	18,250,000	18,250,000	
b Contributions		625,000	675,000		
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	19,550,000	19,550,000	18,925,000	18,250,000	

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

- a Board designated or quasi-endowment ▶ 100 000 %
- b Permanent endowment ▶
- 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)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,541,933		4,541,933
b Buildings		237,686,110	136,945,007	100,741,103
c Leasehold improvements				0
d Equipment		160,595,331	119,773,914	40,821,417
e Other		11,540,268	2,539,756	9,000,512
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				155,104,965

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DEPOSITS AND OTHER	2,637,454
(2) DUE FROM AFFILIATES	70,809,055
(3) INVESTMENT SUBSIDIARIES/OTHER	23,068,168
(4) ROUNDING	-4
(5) PENSION ASSET	15,671,857
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	112,186,530

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
3RD PARTY SETTLEMENT	22,509,582
CAPITAL LEASE	8,936,721
NOTES PAYABLE TO STHC	8,836,720
OTHER EXPENSES	13,508,126
OTHER LIABILITIES	10,987,165
PATIENT REFUNDS	816,392
LINE OF CREDIT	38,837,338
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	104,432,044

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

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

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Conservation easements financial reporting	Schedule D, Part II, Line 9	
Intended uses of endowment funds	Schedule D, Part V, Line 4	THE BOARD DESIGNATED FUNDS ARE FOR CLINICAL SUPPORT, EDUCATION, RESEARCH, OTHER HEALTH PROGRAMS AND STRATEGIC CAPITAL EXPENDITURES

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

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 JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4		No
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		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			64,061,305	3,166,467	60,894,838	11 280 %
b Medicaid (from Worksheet 3, column a)			0	0	0	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d **Total** Charity Care and Means-Tested Government Programs	0	0	64,061,305	3,166,467	60,894,838	11 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	16	10,525	1,247,285	7,975	1,239,310	0 230 %
f Health professions education (from Worksheet 5)			44,912,195	19,944,619	24,967,576	4 630 %
g Subsidized health services (from Worksheet 6)	0		0	0	0	0 %
h Research (from Worksheet 7)	0		0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	0		87,853	0	87,853	0 020 %
j **Total** Other Benefits	16	10,525	46,247,333	19,952,594	26,294,739	4 880 %
k **Total.** Add lines 7d and 7j	16	10,525	110,308,638	23,119,061	87,189,577	16 160 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					0	0 %
2	Economic development					0	0 %
3	Community support					0	0 %
4	Environmental improvements					0	0 %
5	Leadership development and training for community members					0	0 %
6	Coalition building					0	0 %
7	Community health improvement advocacy					0	0 %
8	Workforce development					0	0 %
9	Other					0	0 %
10	**Total**	0	0	0	0	0	0 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	68,372,225		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	46,493,113		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	114,080,944
6	Enter Medicare allowable costs of care relating to payments on line 5	6	128,477,848
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-14,396,904
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a			No
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b			

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	SHANDS JACKSONVILLE MED CENTER 655 W 8TH STREET JACKSONVILLE,FL 32209	X	X		X			X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

SHANDS JACKSONVILLE MED CENTER

Name of Hospital Facility:

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

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

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10		No
	If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11		No
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☐ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12		No
13	Included measures to publicize the policy within the community served by the hospital facility?	13		No
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☐ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14		No
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☑ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	THE COSTING METHOD IS A COST TO CHARGE RATIO

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 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 STHE ADEQUACY OF THE ALLOWANCE FOR NONCOLLECTABLE 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 NONCOLLECTABLE ACCOUNTS PATIENT ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION HAVE BEEN FOLLOWED UNDER THE COMPANIES POLICIES SJMC HAS POLICIES PROVIDING ASSISTANCE FOR PATIENTS REQUIRING CARE BUT WHO HAVE LIMITED OR NO MEANS TO PAY FOR THAT CARE THESE POLICIES PROVIDE FREE HEALTH RELATED SERVICES TO PERSONS WHO QUALIFY UNDER CERTAIN INCOME AND ASSET CRITERIA SJMC MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF FINANCIAL ASSISTANCE IT PROVIDES THE VALUE OF BAD DEBTS REPORTED ON LINE 2 REPRESENTS THE AGGREGATE AMOUNTS REMAINING IN NET PATIENT ACCOUNTS RECEIVABLE THAT ARE DEEMED TO BE NONCOLLECTABLE 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 UP ON AN ANALYSIS OF CURRENT YEAR MEDICARE 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
Used federal poverty guidelines (FPG) to determine eligibility	Schedule H, Part V Section B, Line 9	(1) SHANDS JACKSONVILLE MED CENTER - THE HOSPITAL USED DUVAL COUNTY, FLORIDA GUIDELINES FOR FREE CARE ,

Identifier	ReturnReference	Explanation
Used FPG to determine eligibility for providing discounted care criteria	Schedule H, Part V Section B, Line 10	(1) SHANDS JACKSONVILLE MED CENTER - DISCOUNTED CARE WAS PROVIDED USING A SLIDING SCALE BETWEEN 200% AND 400% OF FPG ,

Identifier	ReturnReference	Explanation
Other actions taken before collection actions	Schedule H, Part V Section B, Line 17e	(1) SHANDS JACKSONVILLE MED CENTER - 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 JACKSONVILLE MED CENTER - THE PATIENTS ARE BILLED STANDARD GROSS CHARGES UNTIL THEIR FINANCIAL STATUS CAN BE CLARIFIED ,

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H, Part VI, Line 2	SJMC IS 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 UNDESERVED GROUPS, BY IMPROVING HEALTH STATUS AND QUALITY OF LIFE COMMUNITY BENEFITS PROJECTS AND SERVICES ARE IDENTIFIED BY HEALTH CARE ORGANIZATIONS IN RESPONSE TO FINDINGS OF A A COMMUNITY HEATH ASSESSMENT, STRATEGIC AND/OR CLINICAL PRIORITIES, AND PARTNER AREAS OF ATTENTION COMMUNITY BENEFIT CATEGORIES INCLUDE FINANCIAL ASSISTANCE, COMMUNITY HEALTH SERVICES, HEALTH PROFESSIONS EDUCATION, RESEARCH AND DONATIONS SJMC HAS A LONG HISTORY OF PROVING COMMUNITY BENEFITS AND HAS QUANTIFIED THOSE BENEFITS USING NATIONAL GUIDELINES DEVELOPED BY THE CATHOLIC HEALTH ASSOCIATION IN COLLABORATION WITH THE VOLUNTARY HOSPITAL ASSOCIATION ("VHA")

Identifier	ReturnReference	Explanation
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	THE ELIGIBILITY FOR ASSISTANCE UNDER FEDERAL, STATE OR LOCAL GOVERNMENT PROGRAMS IS DETERMINED UNDER THE ORGANIZATION,S FINANCIAL ASSISTANCE POLICY THIS ELIGIBILITY TRIES TO BE OBTAINED UPON ADMISSION OR BEFORE DISCHARGE IF THIS ELIGIBILITY CAN NOT BE OBTAINED DURING THEIR HOSPITAL STAY, THE PATIENTS ARE BILLED STANDARD GROSS CHARGES UNTIL THEIR FINANCIAL STATUS CAN BE DETERMINED

Identifier	ReturnReference	Explanation
Community information	Schedule H, Part VI, Line 4	THE JACKSONVILLE METROPOLITAN COMMUNITY BENEFIT PARTNERSHIP WAS FORMED BY FIVE HEALTH CARE SYSTEMS (9 NON PROFIT HOSPITALS) AND FOUR PUBLIC HEALTH DEPARTMENTS THIS PARTNERSHIP CAME TOGETHER AND CONDUCTED THE FIRST EVER MULTI-HOSPITAL SYSTEM AND PUBLIC HEALTH SECTOR COLLABORATIVE COMMUNITY NEEDS ASSESSMENT FEBRUARY AND MARCH OF 2012 THIS PARTNERSHIPS VISION IS TO IMPROVE POPULATION HEALTH IN THE REGION BY ELIMINATING THE GAPS THAT PREVENT ACCESS TO QUALITY, INTEGRATED HEATH CARE AND TO IMPROVE ACCESS TO RESOURCES THAT SUPPORT A HEALTHY LIFE STYLE THE COMMUNITY HEALTH SURVEY INCLUDED CLAY, DUVAL, NASSAU AND NORTHERN ST JOHN'S COUNTY THIS COMMUNITY HEALTH NEEDS ASSESSMENT IS TO ENABLE PRACTITIONERS, MANAGERS AND POLICY MAKERS TO IDENTIFY THOSE INDIVIDUALS IN GREATEST NEED AND TO ENSURE THAT HEALTH CARE RESOURCES ARE USED TO MAXIMIZE HEALTH IMPROVEMENT

Identifier	ReturnReference	Explanation
Promotion of community health	Schedule H, Part VI, Line 5	IN ADDITIONS TO SATISFYING REGULATORY REQUIREMENTS OF THE FEDERAL AND STATE AGENCIES AND LOCAL FUNDERS, THE COMMUNITY NEEDS ASSESSMENT REPRESENTS AN UNPRECEDENTED EFFORT AND KEY OPPORTUNITY TO BRING TOGETHER HOSPITAL DATA, POPULATION HEALTH, HEALTH- RELATED QUALITY OF LIFE INDICATORS AND COMMUNITY MEMBER INPUT TO PROVIDE A MORE DETAILED AND COMPLETE PROFILE OF COMMUNITY HEALTH NEEDS THE LONG TERM GOAL TO ACHIEVE REGIONAL COLLABORATION THAT WILL SERVE AS AN OPPORTUNITY FOR OPTIMAL LEVERAGE OF RESOURCES, SETTING (AND MANAGING) REGIONAL HEALTH PRIORITIES, AND DEVELOPING REGIONAL COLLECTIVE IMPACT STRATEGIES AMONG ALL HEALTH-RELATED STAKEHOLDERS

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name		**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table								

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
Arrangement used to establish the top management official's compensation	Schedule J, Part I, Line 3	AN INDEPENDENT FIRM IS ENGAGED IN THE DEVELOPMENT OF THE COMPENSATION ACROSS DIFFERENT INDUSTRY, PROVIDES COMPETITIVE DATA AND GUIDANCE ON DETERMINING APPROPRIATE AND REASONABLE RANGES AND SALARIES
Severance or change-of-control payment	Schedule J, Part I, Line 4a	DURING THE FISCAL YEAR ENDING 6/30/2012, CHARLES CANIFF RECEIVED SEVERANCE PAY OF $35,783 99

Additional Data

Return to Form

Software ID: 11000230
Software Version: v2011.1.0
EIN: 59-2142859
Name: SHANDS JACKSONVILLE MEDICAL CENTER INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ANA ALVAREZ	(I)	0	0	0	0	0	0	0
	(II)	157,388	5,000	2,223	0	0	164,611	0
BARBARA VERNOSKI	(I)	161,431	0	376	8,475	10,616	180,898	0
	(II)	0	0	0	0	0	0	0
CHARLES CANIFF	(I)	0	0	0	0	0	0	0
	(II)	251,053	0	8,019	6,616	19,001	284,689	0
CHRISTOPHER WILLIAMS	(I)	0	0	0	0	0	0	0
	(II)	364,598	5,000	3,531	0	0	373,129	0
DAVID GUZICK	(I)	0	0	0	0	0	0	0
	(II)	725,211	143,026	7,711	0	0	875,947	0
GREG MILLER	(I)	348,111	0	45,057	20,577	23,792	437,538	0
	(II)	0	0	0	0	0	0	0
JAMES BURKHART	(I)	0	0	0	0	0	0	0
	(II)	596,344	0	45,556	7,350	24,733	673,982	0
JAMES ROBERTS	(I)	0	0	0	0	0	0	0
	(II)	365,000	67,600	382,991	7,439	27,443	850,473	0
JAY SCHAUBEN	(I)	170,845	0	9,151	9,692	20,487	210,175	0
	(II)	0	0	0	0	0	0	0
KELLY MILES	(I)	0	0	0	0	0	0	0
	(II)	165,157	0	50,943	6,503	15,429	238,032	0
LESLI WARD	(I)	0	0	0	0	0	0	0
	(II)	229,944	0	2,800	7,124	18,408	258,276	0
LINDA EDWARDS	(I)	0	0	0	0	0	0	0
	(II)	186,421	5,000	3,940	0	0	195,361	0
MARILYN MAIN	(I)	151,878	0	-4,964	7,973	17,685	172,572	0
	(II)	0	0	0	0	0	0	0
MATTHEW CALKINS	(I)	135,224	0	10,014	7,919	20,202	173,358	0
	(II)	0	0	0	0	0	0	0
MICHAEL GLEASON	(I)	0	0	0	0	0	0	0
	(II)	336,500	0	16,283	6,789	20,578	380,150	0
PENELOPE THOMPSON	(I)	151,374	0	20,463	8,882	13,754	194,474	0
	(II)	0	0	0	0	0	0	0
RAMON BAUTISTA	(I)	0	0	0	0	0	0	0
	(II)	182,417	5,000	1,639	0	0	189,056	0
ROBERT NUSS	(I)	0	0	0	0	0	0	0
	(II)	399,254	25,000	11,286	0	0	435,540	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				
RONALD CHARLTON	(I)	158,970	0	-1,868	8,346	17,163	182,611	0
	(II)	0	0	0	0	0	0	0
SAMIR ARRAY	(I)	0	0	0	0	0	0	0
	(II)	214,553	26,487	11,549	0	0	252,589	0
THEODORE BASS	(I)	0	0	0	0	0	0	0
	(II)	502,834	10,000	5,560	0	0	518,394	0

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

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 JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

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	JACKSONVILLE ECONOMIC DEVE	59-6000344	46936FAJ7	04-22-2005	47,260,000	REFUND PRIOR DEBT		X		X		X
B	JACKSONVILLE ECONOMIC DEV	59-6000344	46936XAB5	01-30-2004	45,475,090	CAPITAL IMPROVEMENTS		X		X		X
C	JACKSONVILLE ECONOMIC DEV	59-6000344	46936XAB5	01-30-2004	40,966,518	REFUND PRIOR DEBT		X		X		X
D	JACKSONVILLE ECONOMIC DEV	59-6000344	46936XAB5	01-30-2004	2,250,395	CREDIT ENHANCEMENT		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	46,925,000	0	40,377,134	0
2	Amount of bonds defeased	0	0	0	0
3	Total proceeds of issue	46,925,000	0	40,377,134	0
4	Gross proceeds in reserve funds	0	0	0	0
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrow	0	0	0	0
7	Issuance costs from proceeds	335,000	654,206	589,384	32,410
8	Credit enhancement from proceeds	0	0	0	2,217,985
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	0	44,820,884	0	0
11	Other spent proceeds	0	0	0	0
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X			X	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		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	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		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								
c	Term of hedge		0 0		0 0		0 0		0 0
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider								
c	Term of GIC		0 0		0 0		0 0		0 0
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?								

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

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 JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

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	JACKSONVILLE ECONOMIC DEV	59-6000344	46936XBA6	06-27-2008	59,374,694	REFUND PRIOR DEBT		X		X		X
B	JACKSONVILLE ECONOMIC DEV	59-6000344	46936XBA6	06-27-2008	30,306	CREDIT ENHANCEMENT		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	58,950,000	0		
2	Amount of bonds defeased	0	0		
3	Total proceeds of issue	58,950,000	0		
4	Gross proceeds in reserve funds	0	0		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrow	0	0		
7	Issuance costs from proceeds	424,694	213		
8	Credit enhancement from proceeds	0	30,093		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	0	0		
11	Other spent proceeds	0	0		
12	Other unspent proceeds	0	0		
13	Year of substantial completion				

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

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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				
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					
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 %				
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 %				
6	Total of lines 4 and 5		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					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?	X		X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge		0 0		0 0				
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC		0 0		0 0				
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?								

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

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 JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

Identifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	THE SOLE MEMBER OF THE CORPORATION SHALL BE SHANDS JACKSONVILLE HEALTHCARE, INC
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	THE SOLE MEMBER OF THE CORPORATION SHALL BE SHANDS JACKSONVILLE HEALTHCARE, INC THE DIRECTORS SHALL BE THE SAME INDIVIDUALS FROM TIME TO TIME AS THE BOARD OF DIRECTORS OF SHANDS JACKSONVILLE HEALTHCARE, INC , SUBJECT TO THE RIGHT OF THE MAYOR OF THE CITY OF JACKSONVILLE TO NOMINATE A DIRECTOR
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	THE FOLLOWING ACTIONS SHALL REQUIRE APPROVAL BY THE MEMBER A) ADOPTION OF ANNUAL OPERATING BUDGET B) THE MERGER OR DISSOLUTION , OR SALE, LEASE, EXCHANGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS, C) THE ACQUISITION OF AN INTEREST IN REAL OR PERSONAL PROPERTY, OUTSIDE OF APPROVED BUDGETARY AUTHORITY, AT A PRICE OR INVOLVING AN ANNUAL ECONOMIC OBLIGATION IN EXCESS OF FIVE HUNDRED THOUSAND DOLLARS D) THE CONVEYANCE OR DISPOSITION OF AN INTEREST IN REAL OR PERSONAL PROPERTY INVOLVING FAIR MARKET VALUE, NET BOOK VALUE OR AN ANNUAL ECONOMIC BENEFIT EXCEEDING FIVE HUNDRED THOUSAND DOLLARS E) THE ESTABLISHMENT OF A LONG RANGE OR STRATEGIC PLAN F) THE INCURRENCE OF LONG TERM INDEBTEDNESS, G) THE ELECTION OR REMOVAL WITH OR WITHOUT CAUSE OF THE CHIEF EXECUTIVE OFFICER, H) THE AMENDMENT OF BYLAWS OR ARTICLES OF INCORPORATION I) SUCH OTHER MATTERS WHERE MEMBER OR SHAREHOLDER ACTION IS REQUIRED BY LAW
Interested persons who cannot be reached at organization's address	Form 990, Part VI, Section B, Line 9	CHARLES CANIFF 1560 MISTY LAKE DRIVE ORANGE PARK, FL 32003 JAMES BURKHART 1 TAMPA GENERAL CIRCLE TAMPA, FL 33606
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	THE TAX RETURN IS MADE AVAILABLE TO THE PRESIDENT, SECRETARY AND TREASURER OF THE CORPORATION TO REVIEW BEFORE THE RETURN IS FILED
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 EMPLOYEES WOULD INVOLVE CONFLICT OF INTERST 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 ON AN ANNUAL BASIS MERCER FOLLOWS A SIMILAR PROCESS TO EVALUATE THE COMPETITIVENESS OF SHANDS TOTAL CASH COMPENSATION (BASE SALARY PLUS INCENTIVE BONUS)LEVELS, AND PROVIDES RECOMMENDED INCENTIVE COMPENSATION RANGES TO INSURE TOTAL CASH COMPENSATION IS ALSO REASONABLE MERCER ALSO 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	AN INDEPENDENT FIRM IS ENGAGED IN THE DEVELOPMENT OF COMPENSATION ACROSS DIFFERENT INDUSTRY, PROVIDES COMPETITIVE DATA AND GUIDANCE ON DETERMINING APPROPRIATE AND REASONABLE RANGES AND SALARIES
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	REQUESTS ARE HANDLED ON AN INDIVIDUAL BASIS THE INFORMATION IS GIVEN TO THE PARTIES UPON REQUEST
Other changes in net assets or fund balances	Form 990, Part XI, Line 5	GAIN ON INCOME OTHER THAN INVESTMENTS - 564000, VARIOUS DONATIONS - 1516000, ROUNDING - -611,

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133019793

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) SOUTHERN HOSPITAL SYSTEMS INC 655 WEST 8TH STREET JACKSONVILLE, FL 32209 59-1930524	SUPPORT FOR SHANDS JACKSONVILLE MEDICAL CENTER, INC	FL	SHANDS JACKSONVILLE AFFILIATES INC	C CORPORATION	0	0	1 00 %

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

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

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)				

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID: 11000230
Software Version: v2011.1.0
EIN: 59-2142859
Name: SHANDS JACKSONVILLE MEDICAL CENTER 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)	11 - Type II	UNIVERSITY OF FLORIDA		No
SHANDS JACKSONVILLE PROPERTIES INC 655 WEST 8TH ST JACKSONVILLE, FL 32209 59-1158241	SUPPORT SHANDS JACKSONVILLE MEDICAL CENTER, INC	FL	501(C)(3)	11 - Type II	SHANDS JACKSONVILLE HEALTHCARE INC		No
SHANDS JACKSONVILLE AFFILIATES INC 655 WEST 8TH ST JACKSONVILLE, FL 32209 59-1911381	SUPPORT SHANDS JACKSONVILLE MEDICAL CENTER, INC	FL	501(C)(3)	11 - Type II	SHANDS JACKSONVILLE MEDICAL CENTER INC		No
SHANDS JACKSONVILLE COMMUNITY SERVICE 655 WEST 8TH ST JACKSONVILLE, FL 32209 59-0173761	SUPPORT SHANDS JACKSONVILLE MEDICAL CENTER, INC	FL	501(C)(3)	11 - Type II	SHANDS JACKSONVILLE HEALTHCARE INC		No
SHANDS JACKSONVILLE FOUNDATION INC 655 WEST 8TH ST JACKSONVILLE, FL 32209 59-2622323	SUPPORT SHANDS JACKSONVILLE MEDICAL CENTER, INC	FL	501(C)(3)	11 - Type II	SHANDS JACKSONVILLE HEALTHCARE INC		No
UNIVERSITY OF FLORIDA 226 TIGERT HALL GAINESVILLE, FL 32611 59-6002052	EDUCATION	FL	501(C)(1)	N/A	NA		No
SHANDS TEACHING HOSPITAL AND CLINICS PO BOX 100336 GAINESVILLE, FL 32610 59-1943502	HOSPITAL	FL	501(C)(3)	3	UNIVERSITY OF FLORIDA		No
UNIVERSITY OF JACKSONVILLE PHYSICIAN 655 WEST 8TH ST JACKSONVILLE, FL 32209 59-1867557	SUPPORTS SHANDS JACKSONVILLE MEDICAL CENTER, INC	FL	501(C)(3)	Type II	UNIVERSITY OF FLORIDA		No

Shands Jacksonville HealthCare, Inc. and Subsidiaries

Consolidated Basic Financial Statements, Required Supplementary Information and Supplemental Consolidating Information

June 30, 2011

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Index
June 30, 2011

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Management's Discussion and Analysis (Unaudited)
June 30, 2011

This section of the Shands Jacksonville HealthCare, Inc and Subsidiaries ("SJH" or the "Company") annual financial report presents the Company's analysis of its financial performance as of June 30, 2011, and for the fiscal year then ended Please read this analysis in conjunction with the consolidated basic financial statements, which follow this section

Introduction

Shands Jacksonville HealthCare, Inc , formerly known as Jacksonville Health Group, Inc , is a Florida not-for-profit corporation with direct or indirect legal control over numerous subsidiaries

Shands Jacksonville Medical Center, Inc ("SJMC"), formerly known as University Medical Center, Inc ("UMC"), is a Florida not-for-profit corporation and the principal operating subsidiary of SJH SJMC operates a teaching hospital located in Jacksonville, Florida, through a lease with the City of Jacksonville (the "City")

On September 30, 1999, Methodist Medical Center, Inc , Methodist Health System, Inc and The Methodist Hospital Foundation, Inc (collectively, "Methodist"), SJH, UMC and Shands Teaching Hospital and Clinics, Inc ("Shands") completed an affiliation agreement (the "Affiliation") which allowed for the combination of the hospital operations of UMC and Methodist under SJMC SJH became the sole member of both SJMC and Methodist

The Affiliation was approved by the City and secured creditors of both UMC and Methodist As a result of the Affiliation, the requisite corporate actions were taken on February 1, 2003 to designate Shands as the sole corporate member of SJH

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 the Company, but will continue as an affiliated entity under common control of the University of Florida Effective September 27, 2010, the Board of Directors of the Company approved the motion for Shands to no longer be the sole corporate member of the Company The Company continues to receive management and operational services from Shands As a part of the reorganization, the Company delivered a promissory note to Shands in the amount of approximately $42,276,000, payable over 20 years, in acknowledgement of historical investments in the Company

The accompanying consolidated basic financial statements include the accounts of SJH, SJMC, Methodist and other subsidiaries of SJH as of and for the year ended June 30, 2011 The "Company" in these consolidated basic financial statements refers to the consolidated operations of these entities Significant transactions between these entities have been eliminated

After reassessing its articles of incorporation and bylaws, the Company determined that it meets the definition of a governmental entity and thus adopted Governmental Accounting Standards Board ("GASB") financial reporting Previously, the Company utilized Financial Accounting Standards Board ("FASB") financial reporting The primary consolidated basic financial statement items affected by the change in accounting treatment are pension liabilities, postemployment benefits, and related effects to net assets These changes have been presented as if GASB was effective prior to July 1, 2010 Due to the differences in accounting treatment and presentation of results, it is management's determination that it is not practical to present the consolidated basic financial statements reflecting prior year comparative information

As such, the Company is presenting financial results for the fiscal year ending June 30, 2011 in single-year format Management will make reference in its discussion and analysis to certain financial results not impacted by the GASB to FASB conversion Comparative analysis will be presented in future years' consolidated basic financial statements

This section of the Company's financial statements presents analysis of the financial condition, the results of operations and cash flows for the fiscal year ending June 30, 2011 Along with the information in this report, the notes to the consolidated basic financial statements should be used to provide additional information that is essential for a full understanding of the consolidated basic financial statements

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 the Company 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

Consolidated Basic Statement of Net Assets

The consolidated basic statement of net assets presents the financial position of the Company as of June 30, 2011 and includes all assets and liabilities of the Company The Company's net assets, or the difference between total assets and total liabilities, are one indicator of the current financial condition of the Company 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 the Company's condensed 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	$	127,432
Other current assets		92,679
Capital assets, net		161,359
Other noncurrent assets		37,252
Total assets	$	418,722
Current liabilities	$	92,411
Noncurrent liabilities		132,922
Total liabilities		225,333
Net assets		
Invested in capital assets, net of related debt		69,388
Restricted		
Expendable		3,006
Unrestricted		120,995
Total net assets		193,389
Total liabilities and net assets	$	418,722

Cash and cash equivalents and short-term investments decreased by approximately $4 4 million since June 30, 2010 See "Consolidated Basic Statement of Cash Flows" section below for further information regarding cash activity

Other current assets increased by approximately $7 3 million since June 30, 2010 due primarily to growth in net patient accounts receivable (approximately $4 2 million) and a new bond sinking fund requirement (approximately $3 5 million)

Capital assets, net, decreased approximately $17 4 million since June 30, 2010 primarily from routine annual depreciation and the sale of property (approximately $5 1 million) to the Veteran's Administration for the building of a new outpatient clinic

Other noncurrent assets were primarily affected by the change from FASB to GASB as it related to accounting treatment of pension activity

Other current liabilities did not experience a significant change in total during fiscal year 2011 As previously noted, as part of the corporate restructuring the Company recorded a $42 3 million note payable to Shands in fiscal year 2011 The current portion due Shands is reflected in the other current liabilities Additionally, amounts due to third-party programs increased approximately $4 3 million while accounts and salaries payable decreased approximately $6 4 million The salary accrual was for only 5 days at fiscal year ended 2011 versus 18 days in 2010

Other noncurrent liabilities and net assets were primarily affected by the new note payable to Shands and the change from FASB to GASB as it related to the accounting treatment of pension and postemployment benefits, which had a combined favorable impact on net assets of approximately $43 6 million

As of June 30, 2011, the Company has approximately $133 3 million in debt outstanding compared to approximately $98 6 million the previous year The long-term debt is comprised of a number of bond issues and a promissory note, described in more detail in Note 11 to the consolidated basic financial statements The promissory note for $42 3 million, as mentioned above, was recorded by the Company during fiscal year 2011 During 2010, the Series 2008 Bonds were converted from variable to index rate bonds, which are now held in their entirety by Wells Fargo Bank, during the initial index rate period The Series 2005 Bonds are variable rate bonds, which are backed by a bank letter of credit issued during 2010 for approximately $29,000,000, which expires in October 2015 No amounts were outstanding under this letter of credit at June 30, 2011

Consolidated Basic Statement of Revenues, Expenses and Changes in Net Assets

The following table presents the Company's condensed consolidated basic statement of revenues, expenses and changes in net assets for the year ended June 30, 2011 The table presents the extent to which the Company's overall net assets decreased during the year as a result of operations or other reasons, with the exception of the impact of the GASB conversion on pension and postemployment benefits, which were an adjustment to opening July 1, 2010 net assets

(in thousands of dollars)

Net patient service revenue	$ 501,960
Other revenue	24,621
Total operating revenues	526,581
Operating expenses	499,390
Operating Income	27,191
Nonoperating revenues, net	3,991
Excess of revenues over expenses before transfers, capital contributions, and note payable to Shands	31,182
Other changes in net assets	
Transfers and expenditures to the University of Florida and its medical programs	(26,647)
Capital contributions, net	206
Note payable to Shands	(42,276)
Decrease in net assets	$ (37,535)

Patient Volumes

Compared to the prior year, inpatient and outpatient volumes increased slightly The following table reflects the associated volumes on a comparative basis to the prior year

	2011	2010	Net Change	% Change
Inpatient admissions	28,644	28,550	94	0 3%
Outpatient visits	339,486	339,069	417	0 1%

Inpatient admissions compared to the prior year were slightly lower with a decrease of 40 (less than 1%) offset by an increase in Skilled Nursing admissions of 134 (25%) The increase in Skilled Nursing admissions is the result of a mid-year expansion of 16 beds in fiscal year 2010, which were open all of fiscal year 2011 Total outpatient visits were unchanged with a decrease in hospital emergency room and trauma visits offset by increased outpatient ancillary visits with the opening of expanded ancillary services at the Emerson location during fiscal year 2011

Operating Revenues

Patient service revenue, net of allowances for contractual discounts, charity care and bad debt expense, of approximately $502 0 million, was flat in comparison to fiscal year 2010 Revenue increases associated with higher volumes and reimbursement rates were offset by decreases in state funding Other operating revenues of approximately $24 6 million, is approximately $3 3 million, or 15 5%, higher than the prior year, primarily due to increased Provider Service Network enrollment

Operating Expenses

Operating expenses of approximately $499 4 million represents a 4 6% increase from fiscal year 2010 This is primarily related to increases in salaries, wages and benefits for the following additional staffing corresponding to the increase in patient days, an average wage increase of 2%, increased employee and retiree medical claims expense and a pension cost increase primarily associated with the conversion from FASB to GASB, as well as changes to the discount rate and change in asset returns

Nonoperating Revenues, Net

Nonoperating revenues, net for fiscal year 2011 were approximately $4 0 million Interest expense of approximately $3 3 million is 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* Investment income totaled approximately $2 2 million Gain on disposal of capital assets totaled approximately $5 3 million Fair value decreases for changes in derivatives and investments are approximately $0 2 million

Consolidated Basic Statement of Cash Flows

The consolidated basic statement of cash flows provides additional information in regards to the Company's 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 $4 4 million Capital asset acquisition during the fiscal year 2011 totaled approximately $10 6 million The Company received approximately $11 5 million from selling land Payment of principal on long-term debt and capital lease obligations were approximately $8 4 million The Company also funded the employee pension plan by approximately $12 8 million, approximately $9 4 million in excess of pension expense

Credit Ratings

The Company has received an underlying credit rating of Baa1 from Moody's Investor Services, with an assigned outlook of "Stable" This rating was affirmed in June 2010

pwc

Report of Independent Certified Public Accountants

The Board of Directors of
Shands Jacksonville HealthCare, Inc
and Subsidiaries

In our opinion, the accompanying consolidated basic statement of net assets and the related consolidated basic statement of revenues, expenses, and changes in net assets and of cash flows present fairly, in all material respects, the financial position of Shands Jacksonville HealthCare, Inc and Subsidiaries (the "Company") at June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America These financial statements are the responsibility of the Company's management Our responsibility is to express an opinion on these financial statements based on our audit We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America 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 audit provides a reasonable basis for our opinion

As discussed in Note 2 to the consolidated basic financial statements, the Company has restated its 2010 financial statements to correct an error as the prior year financial statements were prepared under Financial Accounting Standards Board ("FASB") standards and not Governmental Accounting Standards Board ("GASB") standards As the prior period financial statements have not been presented herein, the restatement has been effected as an adjustment to the opening net asset balance as of July 1, 2010

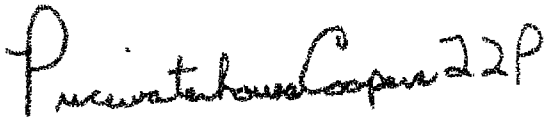
As discussed in Note 2 to the consolidated basic financial statements, the Company adopted GASB No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective July 1, 2010

The Management's Discussion and Analysis ("MD&A") for the year ended June 30, 2011, the Schedule of Plan Funding Progress as of July 1, 2006 through June 30, 2011 (Unaudited), the Historical Summary of Actual and Required Pension Contributions as of July 1, 2005 through June 30, 2011 (Unaudited), and the Historical Summary of Actual and Required Other Postemployment Contributions Under GASB Statement No 45 as of July 1, 2008 through June 30, 2011 (Unaudited), as listed in the index, are not a required part of the consolidated basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information However, we did not audit the information and express no opinion on it

PricewaterhouseCoopers LLP, 4221 West Boy Scout Boulevard, Suite 200, Tampa, FL 33607
T: (813) 229 0221, F: (813) 229 3646, www.pwc.com/us

pwc

Our audit was conducted for the purpose of forming an opinion on the consolidated basic financial statements as a whole The consolidating information is presented for purposes of additional analysis of the consolidated basic financial statements rather than to present the financial position and results of its operations and changes in net assets of the individual companies The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated basic financial statements taken as a whole



September 30, 2011

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidated Basic Statement of Net Assets
June 30, 2011

(in thousands of dollars)

Assets	
Current assets	
Cash and cash equivalents	$ 52,515
Short-term investments	74,917
Patient accounts receivable, net of allowance for uncollectibles of $148,277	65,911
Due from city and state agencies	7,358
Inventories	9,429
Prepaid expenses and other current assets	6,521
Assets whose use is restricted, current portion	3,460
Total current assets	220,111
Assets whose use is restricted, less current portion	19,500
Capital assets, net	161,359
Other assets	17,752
Total assets	$ 418,722
Liabilities and Net Assets	
Current liabilities	
Long-term debt, current portion	$ 8,578
Capital lease obligations, current portion	487
Accounts payable and accrued expenses	37,820
Accrued salaries and leave payable	22,538
Estimated third-party payor settlements	22,988
Total current liabilities	92,411
Long-term liabilities	
Long-term debt, noncurrent portion	124,687
Capital lease obligations, noncurrent portion	341
Other liabilities	7,894
Total long-term liabilities	132,922
Total liabilities	225,333
Commitments and contingencies	
Net assets	
Invested in capital assets, net of related debt	69,388
Restricted	
Expendable	3,006
Unrestricted	120,995
Total net assets	193,389
Total liabilities and net assets	$ 418,722

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

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidated Basic Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2011

(in thousands of dollars)

Operating revenues	
Net patient service revenue, net of provision for bad debts of $88,874	$ 501,960
Other operating revenue	24,621
Total operating revenues	526,581
Operating expenses	
Salaries and benefits	247,838
Supplies and services	229,253
Depreciation and amortization	22,299
Total operating expenses	499,390
Operating income	27,191
Nonoperating revenues (expenses)	
Other nonoperating losses	(3,381)
Net investment gain, including change in fair value	2,047
Gain on disposal of capital assets, net	5,325
Total nonoperating revenues, net	3,991
Excess of revenues over expenses before transfers, capital contributions, and note payable to Shands	31,182
Transfers and expenditures in support of the University of Florida and its medical programs	(26,647)
Capital contributions, net	206
Note payable to Shands	(42,276)
Decrease in net assets	(37,535)
Net assets	
Beginning of year, as restated (Note 2)	230,924
End of year	$ 193,389

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

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidated Basic Statement of Cash Flows
Year Ended June 30, 2011

(in thousands of dollars)

Cash flows from operating activities		
Cash received from patients and third-party payors	$	500,069
Other receipts from operations		22,930
Salaries and benefits paid to employees		(259,428)
Payments to suppliers and vendors		(229,173)
Net cash provided by operating activities		34,398
Cash flows from noncapital financing activities		
Interest paid		(969)
Payments in support of the University of Florida and its medical programs		(26,647)
Payments of long-term debt		(640)
Net cash used in noncapital financing activities		(28,256)
Cash flows from capital and related financing activities		
Purchases of capital assets		(10,605)
Proceeds from sale of capital assets		11,520
Payments of long-term debt and capital lease obligations		(7,743)
Interest paid		(1,968)
Capital contributions		206
Net cash used in capital and related financing activities		(8,590)
Cash flows from investing activities		
Investment income received		2,239
Purchase of short-term investments and assets whose use is restricted		(5,869)
Net cash used in investing activities		(3,630)
Net decrease in cash and cash equivalents		(6,078)
Cash and cash equivalents		
Beginning of year		58,593
End of year	$	52,515
Disclosure of supplemental cash flow information		
Capital assets financed through capital lease obligations	$	73
Net decrease in fair value of investments		105
Net decrease in fair value of derivatives		50
Loss related to undepreciated costs on capital asset disposals		1,350
Note payable to Shands		42,276

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

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidated Basic Statement of Cash Flows
Year Ended June 30, 2011

(in thousands of dollars)

Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 27,191
Adjustments to operating income to net cash provided by operating activities	
Depreciation and amortization	22,299
Provision for bad debts	88,874
Changes in	
Patient accounts receivable	(95,029)
Prepaid expenses, inventories and other current assets	2,082
Other assets	(10,302)
Accounts payable and accrued expenses	(7,172)
Estimated third-party payor settlements	4,264
Other liabilities	2,191
Total adjustments	7,207
Net cash provided by operating activities	$ 34,398

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

1. Organization

Shands Jacksonville HealthCare, Inc (the "Company") formerly known as Jacksonville Health Group, Inc , is a not-for-profit corporation with direct control over Shands Jacksonville Medical Center, Inc ("SJMC") and direct or indirect control over numerous other facilities SJMC, formerly known as University Medical Center, Inc ("UMC"), is a not-for-profit corporation and the principal operating subsidiary of the Company SJMC operates a teaching hospital located in Jacksonville, Florida, through a lease with the City of Jacksonville (the "City") under the terms described in Note 10 The teaching hospital is licensed to operate 695 beds and provides clinical settings for medical education programs at the University of Florida

The President of the University of Florida ("UF"), or his designee, is responsible for the oversight of the Company The President of UF is appointed by a Board of Trustees that governs UF (the "UF Board") The members of the UF Board are appointed by the Governor and Board of Governors of the state of Florida

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 the Company, but will continue as an affiliated entity under common control of the University of Florida Effective September 27, 2010, the Board of Directors of the Company approved the motion for Shands to no longer be the sole corporate member of the Company The Company continues to receive management and operational services from Shands

2. Summary of Significant Accounting Policies

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

After reassessing its articles of incorporation and bylaws, the Company determined that it meets the definition of a governmental entity and thus, should apply generally accepted accounting principles applicable to governmental entities As of July 1, 2010, the Company 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 do not conflict with GASB pronouncements

- FASB Statements and Interpretations,
- Accounting Principles Board Opinions, and
- 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 The Company uses the proprietary fund method of accounting, whereby revenues and expenses are recognized on the accrual basis

Beginning net assets have been restated for adoption of GASB pronouncements The primary consolidated basic financial statement items affected by the adoption were pension liabilities and other postemployment benefits The adjustment to net assets at July 1, 2010 was as follows

(in thousands of dollars)

Net assets at June 30, 2010 (unadjusted)	$ 187,364
Decrease in pension liability	41,473
Decrease in other postemployment liability	2,087
Change in net assets	43,560
Restated net assets at July 1, 2010	$ 230,924

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
The Company 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 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 consist of money market funds and participation in the Florida State Treasury special investment program ("SPIA") 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 Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the accompanying consolidated basic statement of revenues, expenses, and changes in net assets in the period such fluctuations occur

Inventories
Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out) or market value

Contributions Receivable
Contributions receivable include unconditional promises to give and amounts collected on behalf of the Company held by Southeastern Healthcare Foundation or the University of Florida Foundation Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value Unconditional promises to give that are expected to be collected in the future are recorded at the present value of their estimated future cash flows The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received Conditional promises to give are not included as revenue until the conditions are substantially met Contributions receivable are recorded in other assets in the accompanying consolidated basic statement of net assets

Assets Whose Use is Restricted
Assets whose use is restricted consist primarily of cash and cash equivalents that have been internally designated for clinical support, education, research, and other health programs and amounts to be used to for mandatory redemption of bonds

Capital Assets
Capital assets are recorded at cost, except for donated items, which are recorded at fair value at the date of receipt as an addition to net assets Depreciation for financial reporting purposes is computed using the straight-line method over the estimated useful lives of the related depreciable assets 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 statement of revenues, expenses, and changes in net assets Gains and losses on dispositions are recorded in the year of disposal

Costs of Borrowing
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 Bond issuance costs and original issue discounts are amortized over the period the obligation is outstanding using the effective interest method Amortization expense of approximately $78,000 was recorded for the year ended June 30, 2011 and unamortized bond costs at June 30, 2011 of approximately $486,000 were recorded in other assets in the accompanying consolidated basic statement of net assets

Accrued Personal Leave
The Company 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 The Company 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 full

Long-Term Debt
The fair value of long-term 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 carrying amount at June 30, 2011 is approximately $133,265,000 The estimated fair value at June 30, 2011 is approximately $133,577,000 This value represents a general approximation of possible value and may never actually be realized

Net Assets
Net assets are categorized as "invested in capital assets, net of related debt," "restricted - expendable," 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 related to debt Restricted – expendable net assets have restrictions placed on the use of these net assets through external constraints imposed by contributors 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

Operating Revenues and Expenses
The Company's consolidated basic statement of revenues, expenses, and changes in net assets distinguishes between operating and nonoperating revenues and expenses Operating revenues result from exchange transactions associated with providing health care services, the Company's principal activity Net investment income, interest expense, and gain on disposal of assets are reported as nonoperating revenues 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
SJMC has agreements with third-party payors that provide for payments to SJMC 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 the 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 year ended June 30, 2011, net patient service revenue increased by approximately $6,991,000 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
The Company participates in the federal Medicare program ("Medicare") Approximately 28% of the Company's net patient service revenue in fiscal year 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 The Company is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Company and audits by the Medicare fiscal intermediary The Company's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review As of June 30, 2011, the Medicare cost reports were final settled by the Company's Medicare fiscal intermediary through June 30, 2006

Medicaid
Approximately 26% of the Company's net patient service revenue for fiscal year 2011 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 The Company is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the health care facilities and audits by the Medicaid fiscal intermediary The Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2006 In addition to the tentative payments received by the Company 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 statement of revenue, expenses, and changes in net assets

The Company's Medicaid interim rates are based on the most recent “as filed” Medicare/Medicaid cost reports The rates used in 2011 were based on the unaudited cost reports for 2009

Other Third-Party Payors
The Company 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

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

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 the Company’s policies

Derivative Financial Instruments
The Company uses interest rate swaps, which are not designated as hedge instruments, to manage net exposure to interest rate changes related to its borrowings and to lower its overall borrowing costs The Company accounts for its derivatives in accordance with 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 regarding derivative instruments entered into by state and local governments (Note 7) Changes in fair value of interest rate swaps that do not qualify for hedge accounting are included within other nonoperating losses in the consolidated basic statement of revenues, expenses, and changes in net assets

Future Accounting Pronouncements
In June 2011, the GASB issued GASB Statement No 63, *Financial Reporting and 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 The Company did not adopt GASB No 63 for the year ended June 30, 2011 The Company does not expect the adoption of GASB No 63 to have an 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 period beginning after June 15, 2011 The Company did not adopt GASB No 64 for the year ended June 30, 2011 The Company does not expect the adoption of GASB No 64 to have an impact on its consolidated basic financial statements

3. Unsponsored 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

Community benefit categories include financial assistance, community health services, health professions education, research, and donations The Company 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 ("VHA")

The Company has policies 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 assets criteria Because the Company does not pursue collection of amounts determined to qualify for financial assistance, they are not reported as net patient service revenue The Company maintains records to identify and monitor the level of financial assistance it provides Charges forgone for services provided under the Company's financial assistance policy for the year ended June 30, 2011 were approximately $249,842,000

In addition to direct financial assistance, the Company 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 the Company 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 Also included are scholarships for health professional education related to providing community health improvement services and specialty in-service programs to professionals in the community

- Donations include funds and in-kind services benefiting the community-at-large

The Company's valuation of unsponsored community benefits at cost for the year ended June 30, 2011 is as follows

(in thousands of dollars)

Financial assistance provided	$ 63,259
Government support applied to charity care	(23,776)
Net unreimbursed financial assistance	39,483
Benefits for the broader community	
Community health services	2,024
Health professions education	20,753
Donations	68
Total quantifiable benefits for the broader community	22,845
Total community benefits	$ 62,328

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

The Company 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 and maintaining air ambulance services to help meet the emergency healthcare needs in Jacksonville

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

4. Cash, Cash Equivalents, Investments and Assets Whose Use is Restricted

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

(in thousands of dollars)

		Investment Maturities		
	Market Value	Less Than 1 Year	1–3 Years	More Than 4 Years
Florida Treasury Investment Pool (SPIA)	$ 74,917	$ -	$ 74,917	$ -
Money markets	35,316			
Bank deposits	40,159			
	$ 150,392			

Special Purpose Investment Account ("SPIA") funds are combined with State of Florida funds and invested in fixed income components SPIA participants have the ability to invest and obtain funds same day with an 11 00 a m deadline

Assets whose use is restricted include amounts internally designated by the Board of Directors and amounts held by trustees and are comprised of the following at June 30, 2011

(in thousands of dollars)

Internally designated by the Board of Directors for	
Clinical support, education, research and other health programs	$ 19,500
Held by bank - under reimbursement agreement	3,460
	22,960
Less Current portion	(3,460)
Long-term portion	$ 19,500

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 The Company invests either by participating in the Florida SPIA fund or through an investment agent The agreement with the investment agent has specific objectives and guidelines, which includes issuer credit quality, a list of specific allowable investments and credit ratings

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

(in thousands of dollars)	Fair Value	Ratings AAA	Ratings Af
Money markets	$ 35,316	$ 35,316	$ -
Florida Treasury Investment Pool (SPIA)	74,917	-	74,917
	$ 110,233	$ 35,316	$ 74,917

Concentration of Credit Risk
Investments in any one issuer that represent 5% or more of the Company's 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, 2011, the Company did not have any investments that equaled or exceeded this threshold

Custodial Credit Risk
As of June 30, 2011, the Company's investments were not exposed to custodial credit risk since the full amount of investments were insured, collateralized, or registered in the Company's name

Interest Rate Risk
The Company's investment agent guidelines limits maximum effective maturities to one year as a means of managing its exposure to fair value losses arising from increasing interest rates While SPIA does hold some longer term maturities, participants have the ability to invest and obtain funds same day Refer to the distribution of the Company's investment in fixed income securities by maturity as of June 30, 2011

Deposit Risk
In addition to insurance provided by the Federal Depository Insurance Corporation, all demand deposits are held in banking institutions approved by the State of Florida state treasurer to hold public funds Under the Florida Statutes Chapter 280, *Florida Security for Public Deposits Act* ("Chapter 280"), the state treasurer requires all qualified public depositories to deposit with the treasurer or another banking institution eligible collateral equal to amounts ranging from 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held The percentage of eligible collateral (generally, U S government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280 In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses in excess of amounts insured and collateralized

Investment gain, net for fiscal year 2011 is as follows

(in thousands of dollars)	
Dividends, interest and other income	$ 2,152
Net decrease in the fair value of investments	(105)
Investment gain, net	$ 2,047

5. Capital Assets

A summary of changes in capital assets during fiscal year 2011 is as follows

(in thousands of dollars)	Balance at June 30, 2010	Additions	Deletions	Transfers	Balance at June 30, 2011
Land	$ 27,646	$ 300	$ (5,126)	$ -	$ 22,820
Buildings and leasehold improvements	276,152	2,706	(1,669)	756	277,945
Equipment	237,992	1,923	(3,034)	3,706	240,587
Totals at historical cost	541,790	4,929	(9,829)	4,462	541,352
Less Accumulated depreciation for					
Buildings and leasehold improvements	(166,507)	(10,233)	1,045	-	(175,695)
Equipment	(197,562)	(11,660)	2,308	-	(206,914)
	177,721	(16,964)	(6,476)	4,462	158,743
Construction-in-progress	1,013	6,259	(194)	(4,462)	2,616
Capital assets, net	$ 178,734	$ (10,705)	$ (6,670)	$ -	$ 161,359

Amortization expense on equipment held under capital lease which is included within depreciation and amortization in the consolidated basic statement of revenues, expenses, and changes in net assets was approximately $801,000 for the year ended June 30, 2011 Depreciation and amortization expense was approximately $22,299,000 for the year ended June 30, 2011 There was no interest capitalized during the year ended June 30, 2011

6. Long-Term Debt

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

(in thousands of dollars)

SJMC Hospital Revenue Bonds	
Series 2004A, final maturity February 2014	$ 7,250
Series 2004B, final maturity February 2014	770
Series 2008, final maturity February 2019	59,405
2011 Shands Note Payable, final maturity October 2030	41,635
Hospital Revenue Refunding Bonds Series 2005	
(Methodist Hospital Projects), final maturity October 2015	24,445
	133,505
Less Net unamortized bond discount	(240)
Total long-term debt	133,265
Less Current portion	(8,578)
Long-term portion	$ 124,687

Changes in the Company's long-term debt, excluding any unamortized discounts or premiums were as follows

(in thousands of dollars)	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Amounts Due Within One Year
SJMC Hospital Revenue Bonds					
Series 2004A, final maturity February 2014	$ 9,530	$ -	$ (2,280)	$ 7,250	$ 2,345
Series 2004B, final maturity February 2014	1,025	-	(255)	770	260
Series 2008, final maturity February 2019	59,405	-	-	59,405	-
2011 Shands Note Payable, final maturity October 2030	-	42,276	(641)	41,635	1,368
Hospital Revenue Refunding Bonds					
Series 2005, final maturity October 2015	28,915	-	(4,470)	24,445	4,605
Total long-term debt	$ 98,875	$ 42,276	$ (7,646)	$ 133,505	$ 8,578

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)

	Debt Service	
Year Ending June 30,	**Principal**	**Interest**
2012	$ 8,578	$ 3,606
2013	8,855	3,319
2014	9,111	3,018
2015	9,459	2,703
2016	9,826	2,446
2017-2021	26,623	9,653
2022-2026	33,394	6,120
2027-2031	27,659	1,795
	$ 133,505	$ 32,660

Series 2004A and 2004B Hospital Revenue Bonds
In 2004, the Jacksonville Economic Development Commission ("JEDC") issued the Series 2004A and 2004B Hospital Revenue Bonds ("Series 2004 Bonds") on behalf of SJMC to finance various capital improvement projects, to refund outstanding principal of the Series 1992 City of Jacksonville Hospital Revenue Bonds, and to pay related issuance costs

The remaining Series 2004 Bonds are fixed rate, which are collateralized by the unconditional and irrevocable guarantee of the Ambac Financial Group, Inc which has a termination date coterminous with the bonds Interest on the fixed rate bonds ranges from 2 50% to 5 00% and is payable semiannually

Series 2005 Hospital Revenue Refunding Bonds
In 2005, the JEDC issued the Series 2005 Hospital Revenue Refunding Bonds ("Series 2005 Bonds") on behalf of Methodist Medical Center, Inc , Methodist Health System, Inc , and The Methodist Hospital Foundation, Inc (the "Methodist Group"), of which Shands Jacksonville is the sole member The bonds were used to refund the outstanding principal of the Series 1989A and 1989B City of Jacksonville Hospital Revenue Refunding Bonds and to pay related issuance costs

The Series 2005 Bonds are variable rate bonds, which are backed by a bank letter of credit issued for approximately $29,000,000, which expires in October 2015 There were no amounts outstanding under this letter of credit at June 30, 2011 The Series 2005 Bonds are redeemable at the option of SJMC at par value plus accrued interest at any interest payment date

Series 2008 Hospital Revenue Bonds
In 2008, the JEDC issued the Series 2008 Hospital Revenue Bonds on behalf of SJMC to retire the bridge loan used to retire the 2004A and 2004B auction rate bonds and to pay related issuance costs During 2010, the Series 2008 Bonds were converted from variable to index rate bonds, which are privately held by Wells Fargo Bank, during the five-year initial index rate period The Series 2008 Bonds are redeemable at the option of SJMC at 100% of outstanding principal plus accrued interest at any interest payment date

See Note 11 for further description of the 2011 Shands note payable

SJMC is in compliance with all of its financial covenants related to the SJMC Hospital Revenue Bonds These covenants require minimum tangible unrestricted net assets of $60,000,000, working capital of at least $10,000,000 and a maximum total debt capitalization ratio of no greater than 65%

The Company was in compliance with the covenants at June 30, 2011

Cash paid for interest was approximately $2,937,000 for the year ended June 30, 2011

7. Interest Rate Swaps

On June 30, 2011, the Company had the following nonhedge treatment derivative instruments outstanding

(in thousands of dollars)

Item	Type	Objective	The Company Notional Amount	Counterparty Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
2008	Fixed rate payer interest rate swap	Hedge changes in interest rate	$ 20,875	$ 20,875	1/30/2004	2/1/2021	Receive 67% of USD-LIBOR-BBA, Pay Fixed 3 337%	$ (2,099)
2004A	Fixed rate receiver interest rate	Hedge changes in interest rate	$ 2,345	$ 2,345	1/30/2004	2/1/2012	Receive fixed 3 161%, Pay variable SIFMA	40
2004A	Fixed rate receiver interest rate	Hedge changes in interest rate	$ 2,420	$ 2,420	1/30/2004	2/1/2013	Receive fixed 3 291%, Pay variable SIFMA	110
2004A	Fixed rate receiver interest rate	Hedge changes in interest rate	$ 2,485	$ 2,485	1/30/2004	2/1/2014	Receive fixed 3 401%, Pay variable SIFMA	170
2004B	Fixed rate receiver interest rate	Hedge changes in interest rate	$ 260	$ 260	1/30/2004	2/1/2012	Receive fixed 3 096%, Pay variable SIFMA	4
2004B	Fixed rate receiver interest rate	Hedge changes in interest rate	$ 265	$ 265	1/30/2004	2/1/2013	Receive fixed 3 226%, Pay variable SIFMA	12
2004B	Fixed rate receiver interest rate	Hedge changes in interest rate	$ 245	$ 245	1/30/2004	2/1/2014	Receive fixed 3 350%, Pay variable SIFMA	16

At June 30, 2011, approximately $1,747,000 related to the fair value of interest rate swaps is recorded in other liabilities in the accompanying consolidated basic statement of net assets

The fair values of interest rate swaps are estimated using the present value of expected discounted future cash flows based on the maturity date

Credit Risk
The Company has sought to limit its counterparty risk by contracting only with highly rated entities As of June 30, 2011, the credit ratings for the counterparty of all of the swap agreements was A/A2/A+

Interest Rate Risk
The Company is not exposed to interest rate risk on its fixed rate payer interest rate swap which hedges the changes in interest rates on the Company's Series 2008 (variable rate bonds) The Series 2004A and 2004B fixed rate receiver interest rate swaps convert the Company's fixed rate Series 2004A and 2004B Bonds to a variable rate basis through maturity

Basis Risk
The Company is exposed to basis risk on its fixed rate payer swap agreement because the variable rate payments received by the Company on the derivative instrument is based on a rate or index other than the interest rates the Company pays on its variable rate debt (Series 2008)

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
The Company's 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 the Company's unenhanced credit rating as determined by Moody's Investor Services No collateral was required to be posted on June 30, 2011

Swap Termination
A portion of the 2004A and 2004B fixed receiver interest rate swaps terminated, as scheduled, on February 1, 2011

8. Employee Benefit Plans

Defined Contribution Plan
SJMC has a defined contribution plan which allows participants to defer up to 6% of their salary, pursuant to Section 401(k) of the Internal Revenue Code and all limitations contained therein During 2011, SJMC made contributions of 3% of the salary of all eligible employees and matched employee contributions up to a maximum of an additional 2 25% of the salary Contributions to this plan by SJMC were approximately $5,979,000 for the year ended June 30, 2011

Defined Benefit Pension Plan
The Company participates in the Shands HealthCare Pension Plan (the "Plan") which is a defined benefit pension plan that covers eligible company employees

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 The Company's practice is to make sufficient annual contributions in accordance with the actuarial funding requirements Annual required contributions to the Plan for fiscal year 2011 totaled approximately $3,254,000 The contributions represent approximately 250 37% of current covered payroll for fiscal year 2011 Total pension expense for the year ending June 30, 2011 totaled approximately $3,449,000 As of June 30, 2011, the Company has a pension asset of approximately $11,424,000 Pension expense is allocated to the Company based on valuation of payroll

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

Covered payroll for the calculation of the 2011 actuarial information	$ 1,299,716
Participant data as of July 1, 2010 (date of most recent valuation)	
Active	25
Retired	247
Terminated vested	510
	782

The more significant actuarial assumptions utilized in the most recent actuarial valuation (April 1, 2011) for computing the annual required contributions for the Plan are as follows

Assumed rate of return on investments	7 5% per year (net of expenses)
Mortality basis	2011 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%

	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

The Company's actuarial accrued liability ("AAL") as of April 1, 2011 was approximately $70,369,000 The actuarial value of the Plan assets available to pay these benefits at April 1, 2011 was approximately $62,203,000, leaving a deficit as compared to the AAL of approximately $8,166,000 at April 1, 2011 The AAL and the actuarial value of Plan net assets for the current year are based upon the April 1, 2011 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

The funded status of the Plan as of April 1, 2011, 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, 2011	$ 62,202,826	$ 70,369,005	$ 8,166,179	88 40%	$ 1,299,716	628 30%

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, 2011, the present value of accumulated Plan benefits was approximately $70,318,000

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, 2011	July 1, 2010 (Unaudited)	July 1, 2009 (Unaudited)
Net assets available for benefits as a percentage of the AAL	88 40%	74 83%	78 96%
Unfunded actuarial accrued liability as a percentage of covered payroll	628 30%	963 32%	764 23%
Annual required contributions as a percentage of covered payroll	250 37%	81 21%	42 20%

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

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

	2011	2010 (Unaudited)	2009 (Unaudited)
Annual required contribution	$ 3,254,121	$ 1,469,618	$ 763,720
Interest on net pension obligation	(158,897)	(80,093)	(100,428)
Adjustment to annual required contribution	353,403	88,278	110,691
Annual pension cost	3,448,627	1,477,803	773,983
Contributions made with interest	(12,822,691)	(2,557,267)	(527,500)
(Increase) decrease in net pension asset	(9,374,064)	(1,079,464)	246,483
Net pension asset			
Beginning of year	(2,050,289)	(970,825)	(1,217,308)
End of year	$ (11,424,353)	$ (2,050,289)	$ (970,825)
Percentage of annual pension cost contributed	371 8%	173 0%	68 2%

The net pension asset of approximately $11,424,000 is included within other assets in the consolidated basic statement of net assets

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

(in thousands of dollars)

Statement of Plan Net Assets

Cash and short-term investments	$ 232
Investments at fair value	
Domestic equity funds and securities	19,087
International equity funds and securities	18,593
Fixed income funds	15,189
High yield fund	4,913
Private equity	2,671
Total investments	60,453
Net assets held in trust for pension benefits	$ 60,685

(in thousands of dollars)

Statement of Changes in Plan Net Assets

Beginning investment value of account	$ 42,414
Receipts	
Employer contributions	12,823
Realized and unrealized gains, net	9,617
Interest and dividends	1,323
Total receipts	23,763
Disbursements	
Benefit payments	5,101
Investment management and administrative fees	391
Total disbursements	5,492
Ending investment value of account	$ 60,685

9. Other Postemployment Benefits

SJMC sponsors the Shands Jacksonville Health Plan (the “Health Plan”) In addition to providing pension benefits, the Company provides certain health care benefits for 53 retired employees

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 year 2011 was approximately $583,000 SJMC made approximately $889,000 of actual payments (contributions) during fiscal year 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 year 2011, SJMC contributed approximately $889,000 to the plan, which is net of retiree contributions Retiree contributions for fiscal year 2011 were approximately $101,000 according to the following table

Average annual retiree contributions (pre and post Medicare)	**Retiree**	**Spouse/Family**
Preferred Plan	$ 1,297	$ 1,297
Post 65 BMM	230	230
Dental/Vision	253	253

Annual
OPEB Cost and Net OPEB Obligation – SJMC's 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 SJMC's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in SJMC's net OPEB obligation as of June 30, 2011 are as follows

Annual required contribution	$ 679,326
Interest on net OPEB obligation	48,705
Adjustment to annual required contribution	(144,993)
Annual OPEB cost	583,038
Contributions made	(888,862)
Decrease in net OPEB obligations	(305,824)
Net OPEB obligation	
Beginning of year, as restated (Note 2)	927,720
End of year	$ 621,896

SJMC's 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

(in thousands of dollars) **Fiscal Year Ended**	**Annual OPEB Cost**	**% of Annual OPEB Cost Contributed**	**Net OPEB Obligation**
June 30, 2011	$ 583,038	152 5%	$ 621,896
June 30, 2010 (unaudited)	374,675	77 8%	927,720
June 30, 2009 (unaudited)	388,397	113 5%	844,385

Funded Status and Funding Progress
As discussed above, the GASB does not require, and SJMC has not funded, the AAL As of April 1, 2011, the unfunded actuarial accrued liability ("UAAL") for benefits was approximately $2,925,000

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, 2011 actuarial valuation, the projected unit credit method was used The actuarial assumptions included a 4 75% 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 75% per year
Retiree contribution increases	Retiree contributions are assumed to increase at 5% each year until the point at which the employer cost cap is reached
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 70%
Ultimate Trend Rate	4 50%
Year that the rate reaches the ultimate trend rate	2028

10. Commitments and Contingencies

Leases
SJMC entered into an amended lease agreement with the City as of October 1, 1987, further amended as of October 1, 1999, with respect to the former UMC facilities to provide for a lease term expiring in 2067 with an additional 30-year renewal option The agreement provides for annual rentals of $1 for the lease term The leased assets are returned to the possession of the City at the termination of the lease SJMC is responsible for the management, operation, maintenance, and repair of the facilities

The following is a schedule, by year, of future minimum lease payments under noncancelable operating leases as of June 30, 2011

(in thousands of dollars)

Years Ending	
2012	$ 7,420
2013	5,230
2014	3,830
2015	2,708
2016	2,229
Thereafter	12,159
Total minimum lease payments	$ 33,576

Rent expense related to operating leases for the year ended June 30, 2011 was approximately $9,434,000

Total gross assets under capital leases included in capital assets were approximately $2,995,000 at June 30, 2011 Accumulated amortization on the capital lease at June 30, 2011 was approximately $2,243,000 Amortization expense is included in the accompanying consolidated basic statement of revenues, expenses, and changes in net assets for the year ended June 30, 2011

Future lease payments are as follows

(in thousands of dollars)

Years Ending	
2012	$ 496
2013	246
2014	86
2015	13
Total minimum lease payments	841
Less Amount representing interest	(13)
Present value of net minimum lease payments	$ 828

Construction and Other Commitments
The Company has contracts for the construction and remodeling of facilities and for the purchase and maintenance of computer application software for its core operation systems As of June 30, 2011, the remaining commitment relating to these contracts was approximately $4,278,000

Professional Liability
SJMC participates with other health care providers in the University of Florida J Hillis Miller Health Center/Jacksonville Self-Insurance Program ("UFJSIP") UFJSIP is an operating unit of the Board of Governors of the State of Florida ("FBOG") UFJSIP provides occurrence-based coverage to the Company Insurance in excess of the coverage provided by UFJSIP is provided by the University of Florida Healthcare Education Insurance Company ("UFHEIC") UFHEIC is wholly-owned by FBOG UFHEIC provides coverage to the Company 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 both UFJSIP and UFHEIC and SJMC are not retrospectively rated The costs incurred by the Company related to these policies are expensed in the period that coverage is provided

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

Effective July 1, 2011, the Company 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 increase to $200,000 for any one person for one incident and $300,000 in total for one incident

Self-Insurance
The Company has a self-insurance plan for health and medical coverage for the employees of the Company Amounts contributed by the Company and its employees to the plan are determined by the level of benefits coverage selected by each employee Expenses related to the self-insured health and medical plan for the year ended June 30, 2011 were approximately $25,685,000

SJMC is self-insured for workers' compensation up to $500,000 per occurrence, and has purchased excess coverage from commercial carriers up to the amount allowed by Florida Statutes Total expenses for the year ended June 30, 2011 were approximately $866,000

Litigation
The Company 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 the Company's future consolidated basic financial position or results of operations

11. Transactions with Related Parties

As of June 30, 2011, SJMC and University of Florida Jacksonville Physicians, Inc ("UFJP") were contingently liable as joint and several co-guarantors for the payment of 100% of both the principal and interest on $8,500,000 of Industrial Revenue Bonds related to the indebtedness of the Faculty Clinic, Inc The guarantees were issued in connection with the Industrial Revenue Bonds, which were used to build the facility in which SJMC and UFJP are currently tenants The bonds were issued on January 11, 1989, bearing variable interest rates and mature on July 1, 2019 At June 30, 2011, the outstanding amount of the Industrial Revenue Bonds is $5,000,000 The bonds are collateralized by an irrevocable letter of credit with a bank which expires in December 2011

Shands, a related party controlled by the University of Florida, entered into a Support Services Agreement to support, as needed, the management team of SJMC in the administrative functions of the hospital through the provision of services and personnel Expenses related to these services were approximately $5,214,000 for the year ended June 30, 2011

SJMC receives contracted services at cost from the University of Florida for support of the clinical and research activities of the College of Medicine, maintenance, utilities, telephone communication and various other services Expenses related to these services were approximately $26,647,000 for the year ended June 30, 2011 At June 30, 2011, payables related to this arrangement amounted to approximately $772,000 and are included in accounts payable and accrued expenses in the accompanying consolidated basic statement of net assets

At June 30, 2011, the Company has a note payable of approximately $41,635,000 due to Shands 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 payable of approximately $1,368,000 is included within long-term debt, current portion, and the long-term portion of the note payable of approximately $40,267,000 is included within long-term debt, noncurrent portion, in the accompanying consolidated basic statement of net assets

12. Concentrations of Credit Risk

SJMC grants credit without collateral to its patients, many of whom are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors is as follows

Medicare	24%
Medicaid	35%
Other third-party payors	40%
Patients	1%
	100%

Certain financial instruments potentially subject the Company 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 The Company places its cash and cash equivalents and investments with what management believes to be high-quality financial institutions and thus limits its credit exposure The Company has deposits in excess of the federal insured amount of $250,000 Management does not anticipate nonperformance risk by the financial institutions

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Schedule of Plan Funding Progress (Unaudited)
July 1, 2006 Through June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (1) (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, 2006	$ 55,883,332	$ 60,981,662	$ 5,098,330	91 6%	$ 2,817,438	181 0%
July 1, 2007	63,514,310	62,249,825	(1,264,485)	102 0%	2,292,460	-55 2%
July 1, 2008	58,021,779	63,353,295	5,331,516	91 6%	2,180,660	244 5%
July 1, 2009	51,905,053	65,734,526	13,829,473	79 0%	1,809,586	764 2%
July 1, 2010	51,816,038	69,248,158	17,432,120	74 8%	1,809,586	963 3%
April 1, 2011	62,202,826	70,369,005	8,166,179	88 4%	1,299,716	628 3%

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Historical Summary of Actual and Required Pension Contributions (Unaudited)
July 1, 2005 Through June 30, 2011

(Fiscal) Plan Year	Employer Contributions: Annual Required Contribution	Employer Contributions: Percentage Contributed
July 1, 2005 to June 30, 2006	$ 700,765	149 4%
July 1, 2006 to June 30, 2007	787,480	154 0%
July 1, 2007 to June 30, 2008	178,045	355 5%
July 1, 2008 to June 30, 2009	763,720	69 1%
July 1, 2009 to June 30, 2010	1,469,518	174 0%
July 1, 2010 to June 30, 2011	3,254,141	394 0%

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Historical Summary of Actual and Required Other Postemployment Contributions Under GASB Statement No. 45 (Unaudited)
July 1, 2008 Through June 30, 2011

	Employer Contributions	
(Fiscal) Plan Year	Annual Required Contribution	Percentage Contributed
July 1, 2008 to June 30, 2009	$ 401,329	109 9%
July 1, 2009 to June 30, 2010	386,848	75 3%
July 1, 2010 to June 30, 2011	679,326	130 8%

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidating Basic Statement of Net Assets
June 30, 2011

(in thousands of dollars)

	Shands Jacksonville Medical Center Obligated Group	Other	Eliminations	Consolidated Total
Assets				
Current assets				
Cash and cash equivalents	$ 41,811	$ 10,704	$ -	$ 52,515
Short-term investments	74,917	-	-	74,917
Patient accounts receivable, net	65,911	-	-	65,911
Due from city and state agencies	7,358	-	-	7,358
Inventories	9,429	-	-	9,429
Prepaid expenses and other current assets	4,861	3,346	(1,686)	6,521
Assets whose use is restricted, current portion	3,460	-	-	3,460
Total current assets	207,747	14,050	(1,686)	220,111
Assets whose use is restricted, less current portion	19,500	-	-	19,500
Capital assets, net	151,355	10,004	-	161,359
Other assets	16,876	876	-	17,752
Total assets	$ 395,478	$ 24,930	$ (1,686)	$ 418,722
Liabilities and Net Assets				
Current liabilities				
Long-term debt, current portion	$ 3,973	$ 4,605	$ -	$ 8,578
Capital lease obligations, current portion	487	-	-	487
Accounts payable and accrued expenses	39,491	15	(1,686)	37,820
Accrued salaries and leave payable	22,538	-	-	22,538
Estimated third-party payor settlements	22,988	-	-	22,988
Total current liabilities	89,477	4,620	(1,686)	92,411
Long-term liabilities				
Long-term debt, noncurrent portion	104,897	19,790	-	124,687
Capital lease obligations, noncurrent portion	341	-	-	341
Other liabilities	7,889	5	-	7,894
Total long-term liabilities	113,127	19,795	-	132,922
Total liabilities	202,604	24,415	(1,686)	225,333
Net assets				
Invested in capital assets, net of related debt	83,689	(14,301)	-	69,388
Restricted				
Expendable	2,806	200	-	3,006
Unrestricted	106,379	14,616	-	120,995
Total net assets	192,874	515	-	193,389
Total liabilities and net assets	$ 395,478	$ 24,930	$ (1,686)	$ 418,722

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidating Basic Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2011

(in thousands of dollars)

	Shands Jacksonville Medical Center Obligated Group	Other	Eliminations	Consolidated Total
Operating revenues				
Net patient service revenue, net of provision for bad debts of $88,874	$ 501,960	$ -	$ -	$ 501,960
Other operating revenue	24,779	5,542	(5,700)	24,621
Total operating revenues	526,739	5,542	(5,700)	526,581
Operating expenses				
Salaries and benefits	247,852	(14)	-	247,838
Supplies and services	233,655	1,298	(5,700)	229,253
Depreciation and amortization	20,758	1,541	-	22,299
Total operating expenses	502,265	2,825	(5,700)	499,390
Operating income	24,474	2,717	-	27,191
Nonoperating revenues (expenses)				
Other nonoperating losses	(3,097)	(284)	-	(3,381)
Net investment gain, including change in fair value	2,036	11	-	2,047
Gain (loss) on disposal of capital assets, net	(1,776)	7,101	-	5,325
Total nonoperating revenues (expenses), net	(2,837)	6,828	-	3,991
Excess of revenues over expenses before transfers, capital contributions, and note payable to Shands	21,637	9,545	-	31,182
Transfers and expenditures in support of the University of Florida and its medical programs	(26,647)	-	-	(26,647)
Capital contributions, net	206	-	-	206
Note payable to Shands	(43,051)	775	-	(42,276)
(Decrease) increase in net assets	(47,855)	10,320	-	(37,535)
Net assets				
Beginning of year, as restated (Note 2)	240,729	(9,805)	-	230,924
End of year	$ 192,874	$ 515	$ -	$ 193,389

Additional Data

Software ID: 11000230
Software Version: v2011.1.0
EIN: 59-2142859
Name: SHANDS JACKSONVILLE MEDICAL CENTER 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 Chairman	2 00	X		X				0	875,947	0
JAMES BURKHART President	30 00	X		X				0	641,900	32,083
ANA ALVAREZ Director	2 00	X						0	164,611	0
CHRISTOPHER WILLIAMS Director	2 00	X						0	373,129	0
DANIEL WILSON Director	2 00	X						0	0	0
JSAMPLE MAGEE Director	2 00	X						0	0	0
L JEROME SPATES Director	2 00	X						0	0	0
LAWRENCE DUBOW Director	2 00	X						0	0	0
LINDA EDWARDS Director	2 00	X						0	195,361	0
LYNN PAPPAS Director	2 00	X						0	0	0
NAT GLOVER Director	2 00	X						0	0	0
RAMON BAUTISTA Director	2 00	X						0	189,056	0
RICHARD DANFORD Dirrector	2 00	X						0	0	0
ROBERT NUSS Director	2 00	X						0	435,540	0
SAMIR ARRAY Director	2 00	X						0	252,589	0
SIDNEY GEFEN Director	2 00	X						0	0	0
THEODORE BASS Director	2 00	X						0	518,394	0
WA MCGRIFF Director	2 00	X						0	0	0
CHARLES CANIFF Secretary	30 00			X				0	259,072	25,617
JAMES ROBERTS Secretary	2 00			X				0	815,591	34,882
MICHAEL GLEASON Treasurer	30 00			X				0	352,783	27,367
BARBARA VERNOSKI Director Ancillary Services	40 00				X			161,807	0	19,091
GREG MILLER SVP Hospital Operations	40 00				X			393,169	0	44,369
KELLY MILES Director of Nursing	40 00				X			0	216,100	21,932
LESLI WARD VP Human Resources	40 00				X			0	232,744	25,532

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			
JAY SCHAUBEN Director Poison Center	40 00					X		179,995	0	30,179
MARILYN MAIN Director Perioperative Services	40 00					X		146,914	0	25,658
MATTHEW CALKINS Director Information Services	40 00					X		145,238	0	28,120
PENELOPE THOMPSON VP Government Affairs	40 00					X		171,837	0	22,637
RONALD CHARLTON Director HLA Lab	40 00					X		157,102	0	25,509
BETH MCCAGUE Director	2 00							0	0	0